

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Establish a
Framework and Processes for Assessing the
Affordability of Utility Service.

Rulemaking 18-07-006
(Filed July 12, 2018)

**GRID ALTERNATIVES' REPLY COMMENTS ON THE ADMINISTRATIVE LAW
JUDGE'S RULING INVITING COMMENTS ON STAFF PROPOSAL**

GRID Alternatives

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I. AFFORDABILITY METRICS AND LOW-INCOME DEFINITIONS

It is GRID's understanding that a primary goal of the Affordability Proceeding is to help contextualize how low-income households and low-income communities experience and manage the monthly bill obligations that essential services necessitate. GRID reiterates our appreciation that the Commission staff has dedicated towards tackling the affordability of essential services but is cautious about the potential that any new metric or combination of metrics may unintentionally limit eligibility to low-income programming through the establishment of a new affordability/low-income threshold. For example, in opening comments, GRID described a scenario and questioned if the Ability-to-Pay Index (API) threshold for low-income customers, which is set at 579.6¹, was more restrictive than other currently recognized measurements of low-income thresholds, such as household income that is 80% or below the area median income (AMI).² Here, GRID expands upon that question and is curious to know if 80% AMI based on the Public Use Microdata Samples (PUMS) data inputs into the API and then folded into a singular indicator combining the three affordability metrics of API, Hours of Minimum Wage

¹ 579.6 equals 80% or less of Area Median Income (AMI) based on aggregated data from the Public Use Microdata Samples (PUMS)

² See eligibility requirements of the Single-Family Affordable Solar Homes (SASH) Program here, <https://www.cpuc.ca.gov/general.aspx?id=3043>

(HM), and the Affordability Ratio (AR) is more restrictive than 1) household income that is 80% or below AMI or 2) the Disadvantaged Communities Advisory Group’s definition of low-income and Disadvantaged Communities:

- CalEnviroScreen, as defined by CalEPA,
- Tribal Lands,
- Census tracts with area median household income/state median income, less than 80%, and
- Households with median household income less than 80% of AMI.³

To this end, GRID agrees with the California Community Choice Association (CalCCA) that “map layers of affordability metrics should be used in conjunction with maps of disadvantaged communities, defined according to the Disadvantaged Communities Advisory Group’s Equity Framework.”⁴ GRID realizes that there are existing mapping tools that already include some of these layers identified by the DACAG’s Equity Framework, including the CEC’s Equity Indicators Interactive Story Map⁵ (Figure 3), as well as, SGIP’s Equity Budget Map.⁶ However, a map showing the eligibility requirements (e.g. income thresholds) based on the results of an affordability test layered on top of the DACAG Equity Framework’s definition of low-income and disadvantaged communities would help illuminate how impactful an affordability test could be to our state’s low-income and disadvantaged communities. Again, GRID appreciates the work the Energy Division, Water Division, and Telecommunications Division staff put into developing an affordability metric, but GRID is cautious about setting a new precedent that may unintentionally be more restrictive to certain sub-sets of low-income and disadvantaged communities.

³ Disadvantaged Communities Advisory Group Equity Framework, available at [https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/Infrastructure/DC/DAC%20AG%20Equity%20Framework%20\(Revised\).pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/Infrastructure/DC/DAC%20AG%20Equity%20Framework%20(Revised).pdf)

⁴ CalCCA at p. 8

⁵ CEC Equity Indicators Interactive Story Map, <https://caenergy.maps.arcgis.com/apps/MapJournal/index.html?appid=d081a369a0044d77ba8e80d2ff671c93>

⁶ SGIP Equity Budget map, <https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/lowincomemapfull.htm>

II. IMPLEMENTING AN AFFORDABILITY FRAMEWORK

GRID agrees with the Center for Accessible Technology (CforAT) that “affordability should be evaluated any time a rate increase is authorized for utility services.”⁷ Similarly, GRID agrees with The Utility Reform Network (TURN) that “Each time a utility seeks to increase rates, the utility should have the burden of demonstrating both 1) the effect of the request on the affordability metrics and 2) the cumulative effect of the request and other pending requests for rate increases on the affordability metrics.”⁸ By running an affordability test before requesting a revenue/rate increase, the utilities will have information on how their requests would impact different customer segments, enabling them to strategically identify communities that will need low-income energy/water/telecommunications rate relief and/or programming designed to lower those customers’ utility burdens. GRID agrees with these recommendations because of troublesome data found in the Staff Proposal that identified “Hours of Minimum Wage shows that for a minimum wage earner, **about 30 hours**, or $\frac{3}{4}$ of a full-time workweek, are required to pay for a month’s essential utility services.”⁹ This analysis was conducted by applying the affordability metrics to a 2017 Pacific Gas & Electric (PG&E) General Rate Case (GRC) Phase II that actually resulted in a 3% average monthly electricity bill reduction for “PG&E residential ratepayers receiving basic service on the standard rate in baseline territory & within PUMA 0601500.”¹⁰ Even though the average residential customer in PUMA 0601500 received a modest monthly rate reduction, the affordability metrics uncovered that the utility burden was too expensive for workers accruing income at minimum wages to begin with, and of course a rate increase would have further negatively impacted minimum wage workers in that area. Lastly, GRID agrees with TURN that “...the Affordability Ratio can be significantly improved by including essential non-utility expenditures in the analysis.”¹¹ If the Affordability Ratio (AR) is updated to include the non-utility essential services in the equation, then running past and future rate/revenue requests through an affordability calculator would provide the

⁷ CforAT at p. 6

⁸ TURN at p. 11;

⁹ Staff Proposal at p. 30

¹⁰ Staff Proposal at p. 29

¹¹ TURN at p. 1

Commissioners a new and informative insight into how (un)affordable the essential services are that “Californian’s rely on...to live and work.”¹²

Respectfully submitted,

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¹² R.18-07-006, p.3, 12 July 2018