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Agenda ID #16615 (Rev. 1)
Quasi-legislative
7/12/18 Item #49

Decision _____

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.

R. _____

**ORDER INSTITUTING RULEMAKING
TO DEVELOP METHODS TO ASSESS THE AFFORDABILITY IMPACTS OF
UTILITY RATE REQUESTS AND COMMISSION PROCEEDINGS**

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Appendix 1 – Income Qualified Programs

**ORDER INSTITUTING RULEMAKING TO DEVELOP METHODS TO ASSESS
THE AFFORDABILITY IMPACTS OF UTILITY RATE REQUESTS AND
COMMISSION PROCEEDINGS**

Summary

Water, energy, and telecommunications services should be affordable. The purpose of this proceeding is to develop a common understanding and tools to assess, consistent with Commission jurisdiction, the impacts on affordability of individual Commission proceedings and utility rate requests.

Specifically, the goals of this proceeding are to:

- 1) Develop a framework and principles to identify and define affordability criteria for all utility services under California Public Utilities Commission jurisdiction; and,
- 2) Develop the methodologies, data sources, and processes necessary to comprehensively assess the impacts on affordability of individual Commission proceedings and utility rate requests.

1. Jurisdiction

The Commission has broad authority and jurisdiction over investor-owned public utilities, as provided in statute, including Public Utilities (Pub. Util.) Code Sections 216,222, 228, 399.11 through 399.31, 451, 453, 701, 761, 784, and 950 through 969. In particular, the Commission has broad responsibility to ensure utility rates are just and reasonable:

All charges demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable. Every unjust or unreasonable charge demanded or received for such product or commodity or service is unlawful. (Pub. Util. Code § 451).

There are also several sections of the Pub. Util. Code that speak to maintaining affordable rates across different industries. For example, Pub. Util.

Code § 382(B) states “recognizing that electricity is a basic necessity, and that all residents of the state should be able to afford essential electricity and gas supplies, the Commission shall ensure that low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures.” Further, Pub. Util. Code § 739(d)(2) states that the Commission shall ensure that rates recover a just and reasonable amount of revenue, “while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable.” Regarding water utility service, Pub. Util. Code § 739.8(a) states that “Access to an adequate supply of healthful water is a basic necessity of human life, and shall be made available to all residents of California at an affordable cost.” Finally, Pub. Util. Code §709(a) dictates that California’s telecommunications policies should “continue our universal service commitment by assuring the continued affordability and widespread availability of high-quality telecommunications services to all Californians.”

We recognize these broad authorities as we consider the development of a more transparent and comprehensive framework for assessing affordability across utility industries and Commission proceedings.

2. Background and Purpose of the Proceeding

Californians rely on utility services, including electricity, gas, water, and telecommunications, to live and work. The Commission’s commitment to ensuring these services remain affordable and accessible to Californians is articulated in Strategic Directive (SD) 04 on Rates and Affordability and SD 05 regarding Universal Access.¹

Although the Commission has regularly considered issues of affordability in a variety of forums, it currently lacks a working definition of what is meant by

¹ The Commission’s Strategic Directives are accessible here:
<http://www.cpuc.ca.gov/strategicplanninginitiative/>

“affordable,” as well as a framework to consistently and comprehensively analyze affordability issues across individual proceedings and utility services.

Part of the challenge in defining and measuring “affordability” is determining the appropriate scale and targeted threshold. For example, energy burden, or the ratio of the median cost of a service to the medium income, is one of the simplest metrics used to evaluate affordability today; however, an evaluation of energy burden will have very different results if conducted on a statewide vs. local regional level, while the results themselves may have different meanings to different people. A second challenge in defining affordability is that the term is relative to factors that often evolve over time, some of which are under the purview of the Commission, many of which are not. For utility service, more fundamental factors include utility service rates, customer demand for services, and customer income and other expenses. Each of these factors is in turn impacted by other external factors that are continually in flux; utility rates are affected by utility infrastructure procurements, commodity costs, reliability and safety requirements, and other utility operating costs. Demand for services is affected by things like climate, weather, building technology, income and social status, family size and age, and conservation practices. Incomes are derivative of a number of complex socio-economic factors, which can change in response to market fluctuations or as individual circumstances change (e.g. loss of a job, or medical disability).

Despite these challenges, the Commission has developed a number of affordability metrics that are used to support the decision-making process of many proceedings. Unfortunately, there is no readily available list of these metrics, the methods used in their development, the data that was used in

making them, or the proceedings in which they were developed. In general, however, these metrics can be categorized into three classes:

- *Rate impact metrics*: These are the most common metrics used by the Commission to assess affordability of services, and are generally used as part of the general rate case (GRC) process. System Average Rates (SAR) serve as a high level example of rate impact metric, but GRCs typically go into more detail to estimate the rate impact for various customer segments.²
- *Household-level metrics*: These metrics assess the financial impact of utility service on an individual household. Perhaps the most common of these household metrics is the energy burden - the ratio of the cost of the service to the household income.³ Another household metric that is increasingly discussed is a residual income metric, which is a measure of the income that is left over after paying utility bills.
- *Market-level metrics*: Market-level metrics assess the affordability impact to a particular population. The affordability impact of programmatic and tariff design changes fall into this category. (See for example the Residential Rate Reform Rulemaking (R.) 12-06-013.)⁴

Each of these affordability categories addresses some specific issue of decision-making – e.g. setting rates for customer classes, determining strategies to mitigate cost for low-income communities, or evaluating the effectiveness and reach of programs. These categories, however, address just three types of the affordability issues that the Commission faces. Additional categories of affordability metrics, such as affordability for populations at risk, and service accessibility, might focus on other issues. The goal of this Rulemaking is to develop a sufficient range of metrics to be able to guide decision-makers in

² See for example Pacific Gas and Electric Company (PG&E) 2017 GRC phase II, Exhibit (PG&E-1) Vol 2, Appendices to Exhibit (PG&E-1) Vol 1

³ See for example “Needs Assessment for the Energy Savings Assistance and the California Alternate Rates for Energy Programs” Vol 1, 2016, Evergreen Economics; CALMAC ID: SCE0396.01

⁴ For detailed study of bill impacts to specific customer classes see “[California statewide Opt-in Time-of-Use Pricing Pilot, Second Interim Evaluations](#)”

assessing affordability issues, including the many potential factors that impact affordability.

While issues of cost reasonableness and affordability are considered in the majority of Commission proceedings, we also currently lack a framework to comprehensively analyze the cumulative impact of rate requests and programs across proceedings and industries.⁵ Developing such a framework is important since the nature of utility costs and multitude of programs have caused the rate-setting process and determination of utility revenue requirements, or the total amount of money a utility is authorized to collect from customers to pay operating and capital costs, to become more complex over time.

For example, in 2017, GRC-authorized revenue requirement for each of the three largest electric investor-owned utilities made up less than half of the total system revenue requirement for the year.⁶ Significant other revenues were collected as part of Energy Resource Recovery Account (ERRA) proceedings, transmission rate cases at the Federal Energy Regulatory Commission (FERC), as well as other CPUC program costs.

The Commission also manages various programs to reduce the costs of utility services to low-income customers, including the California Lifeline Program, California Alternate Rates for Energy (CARE), and California Alternate Rates for Water (CARW) Program, which provide assistance with phone, energy, and water bills respectively (a full list of available programs is in Appendix A). While these programs are vital to ensuring that low-income customers have

⁵ There are examples of cumulative rate impact reports. For example, the three large electric utilities file year end true-up or consolidated revenue requirements (*see* SCE Advice Letter (AL) 3515-E-A, PG&E AL 4902-E-B, and SDG&E AL 3028-E); however, this type of information isn't available in real-time to be considered across Commission proceedings.

⁶ *See* the CPUC's April 2018 'California Electric and Gas Utility Cost Annual Report' to the Governor and Legislature (PU Code 913).

access to utility services, they do not address the issue of whether services are affordable - for low-income customers under subsidized rates, or for middle-income earners or for customers just above the qualifying income limit - nor how the consumption of multiple services, such as electricity, gas, water, and telecommunications, may impact affordability.

In addition to providing a more intentional and comprehensive approach to assessing affordability across proceedings, we are further motivated to commence this inquiry now due to several trends that may exert long-term impacts on rates. Some of these trends include:

- Weather and climate change related changes to supply and system reliability (wildfires, drought, etc.). (*For example, see Rulemaking to develop and adopt fire-safety maps and regulations, R.15-05-006; applications to establish Catastrophic Event and Wildfire Memorandum Accounts, A.15-09-010, A.16-10-019 and A.17-07-011; and, application for new water supply project, A.12-04-019*)
- Geographical differences in demand, leading to higher utility burden in certain regions across the state. (*For example, see PG&E's Jan. 31, 2017, "Opening Comments Responding to Appendix B Questions on Electric Baselines from Assigned Commissioner's Ruling of November 17, 2017" in A.16-06-013*).
- For energy, program investments and market structures to support wider deployment of zero-carbon and grid modernization resources (*for example, see Renewables Portfolio Standard Rulemaking, R.15-02-020; Transportation Electrification Applications at: <http://www.cpuc.ca.gov/sb350te/>; energy storage applications at: <http://www.cpuc.ca.gov/general.aspx?id=3462>; Distribution Resource Plan Rulemaking, R.14-08-013; and, Integrated Distributed Energy Resources Rulemaking, R.14-10-003*).
- For energy in particular, continued increases in new transmission capital expenditures (*See the CPUC's 2018 Report on "Actions to Limit Utility Costs and Rates" (PU Code 913.1)*)
- For energy and telecommunications (particularly landline service), increasing customer choice and departing load (self-generation and Community Choice Aggregation), and

flattening or declining utility sales (*see CPUC's Draft Report "California Customer Choice: An Evaluation of Regulatory Framework Options for an Evolving Electric Market"; the CPUC's 2018 Report on "Actions to Limit Utility Costs and Rates" (PU Code 913.1); and CPUC's Communication Division January 2015 Report entitled "Market Share Analysis of Retail Communications in California June 2001 – June 2013: Expanding Markets, Market Concentration, and the Impact of Intermodal Competition"*)

Recent data also highlights some of the growing impacts of these trends.

Starting in 2013, the SAR, or a utility's authorized revenue requirement divided by total kilowatt-hour (kWh) sales, for the three large electric investor-owned utilities has outstripped the rate of inflation, increasing annually between 2013-2017 by approximately 1% for Southern California Edison (SCE), 4% for PG&E, and 8% for San Diego Gas & Electric (SDG&E).⁷ Meanwhile, the statewide monthly disconnection rate for non-CARE customers taking service from PG&E, SCE, SDG&E and Southern California Gas Company (SoCalGas) has steadily increased from .2% in 2011 to .4% in 2016.⁸

In water, significant declines in water sales are being realized through conservation efforts and as drought-related goals are being met.⁹ As quantities of water consumed decline, the cost of water service per quantity delivered is expected to rise in order to meet the revenue requirements necessary to pay the costs of the water systems. Whether this increase results in unaffordable rates will likely depend in part upon the region and affordability metrics used.¹⁰

⁷ See CPUC's 2018 Report Submitted to the Legislature on "Actions to Limit Utility Costs and Rates" (PU Code 913.1).

⁸ See "A Review of Residential Customer Disconnection Influences and Trends," CPUC Policy and Planning Division, December 2017.

⁹ See "Declining Water Deliveries – How Rates and Bills will be Impacted," CPUC Policy and Planning Division, September 2016.

¹⁰ See "Assessing Water Affordability: A Pilot Study in Two Regions of California," by The Pacific Institute, August 2013.

Finally, in telecommunications, the last reported California subscribership rate was over 96%; however, rate affordability remains a concern, especially during poor economic conditions or relatively high unemployment.¹¹ The impact of surcharges and taxes (and their variability), can also affect the affordability of telecommunication services for residential customers.

Given the Commission's interest in assuring affordability, changing utility markets, and increased investment needs, it is timely to develop methodologies to assess affordability impacts of utility investments and Commission programs. Such metrics will promote greater transparency and further inform the trade-offs the Commission needs to consider with regards to assuring sufficient investment in services and increasing customer choice, while also assuring that customers continue to have safe and reliable access to those services. Our intention is to develop these metrics across utility industries to reflect the cumulative impacts of such expenditures given how people actually consume utility services - since a customer often pays for electricity, gas, water, and telecommunications services under a single household budget.

3. Order Instituting Rulemaking, Preliminary Scoping Memo

The Commission opens this Order Instituting Rulemaking (OIR) on its own motion to develop the tools and information necessary to allow the Commission to proactively assess the affordability of utility services.

In accordance with Rule 7.1(d) of the Commission's Rules of Practice and Procedure, this OIR contains a preliminary scoping memo that sets forth the scope and schedule of this Rulemaking proceeding, preliminarily determines the

¹¹ See CPUC's September 2010 Report submitted to the Legislature on "Affordability of Basic Telephone Service" (PU Code § 739)

category of this proceeding and the need for hearings, and addresses other matters that are customarily the subject of scoping memos.

3.1. Preliminary Issues

We preliminarily identify the following issues to be included in the scope of this OIR:

- 1) Identification and definition of affordability criteria for Commission- jurisdictional utility services.
- 2) Methods and processes for assessing affordability impacts across Commission proceedings and utility services.
- 3) Other issues relating to the Commission's consideration of the affordability of utility services.

In addressing these issues, the Commission may wish to consider the answers to a number of questions. Parties do not need to answer the following questions in comments on this OIR, but should be prepared to address them in the course of this proceeding:

1. Would the application of a framework to assess affordability of water, energy, and telecommunications service for the residential class help achieve the goals of the OIR?
2. Are there any water, energy, broadband/internet access, or telecommunications services for which an affordability assessment should not be made?
3. What are the possible challenges with assessing affordability? Are there any particular challenges with assessing affordability across industries?
4. What are the key terms associated with affordability, and how should they be defined? Is there relevant public and/or academic research available on this question?
5. What data, metrics, and thresholds should be used to assess affordability for residential utility customers in California? Is

- there relevant public and/or academic research available on this question?
- a. Localized by residential class, income level, climate zone, household size, building features, and other criteria;
 - b. Including impacts of climate change.
6. What processes are needed for collecting, measuring, reporting, and regularly updating information to monitor affordability, and how should these processes be incorporated into Commission proceedings?
 7. Are there any affordability-related terms, data sources, metrics, tools or processes from other states or agencies that should be used to inform this proceeding?
 8. Which formal and informal proceedings have a high impact on affordability? Which proceedings might be most useful for assessing affordability?
 9. Are there any other issues relevant to affordability that should be considered in this proceeding?

3.2. Issues Outside the Scope of this OIR

This rulemaking is focused on the development of metrics and processes to help inform the affordability of utility service within the Commission's jurisdiction. In order to effectuate a manageable caseload this OIR is focused on assessing affordability issues within the residential class; any tools developed in this proceeding that may be applicable to other customer classes may be pursued separately by the Commission. This rulemaking is not intended to set rates, evaluate the effectiveness of existing affordability programs, or create new customer programs to address affordability. This rulemaking will also not consider new approaches to disconnections and reconnections, which will be addressed in a companion OIR.

3.3. Preliminary Schedule

The following schedule is subject to change by the assigned Commissioner or Administrative Law Judge (ALJ) in this proceeding. It is anticipated that this proceeding will be resolved within 18 months of the date this Rulemaking is opened. (*See Pub. Util. Code § 1701.5.*)

ITEM	DATE
Comments on OIR and Preliminary Scoping Memo	20 days from date OIR issued
Prehearing conference	To be determined by assigned Commissioner and Administrative Law Judge
Scoping Memo	To be determined
Staff Proposal	To be Determined
Workshops	To be determined

Comments on this OIR, including the Preliminary Scoping Memo, may be filed and served not later than 20 days from the date this OIR is issued. Comments should address any recommended processes (e.g. workshops, party proposals, comments, etc.) and schedule for reaching a decision in this proceeding. Any objections to the preliminary scoping memo regarding category, need for hearing, issues to be considered, respondents, or schedule must be included in these comments. (Rule 6.2.) Where appropriate, objections should include references to academic literature and publically-available data sources.

3.4. Proceeding Category and Need for Hearings

Pursuant to Rule 7.1(d), we preliminarily determine that: (1) the category for this Rulemaking proceeding is quasi-legislative, as that term is defined in

Rule 1.3(d); and (2) there is no need for evidentiary hearings in this proceeding. As permitted by Rule 6.2, parties may address these preliminary determinations in their written comments that are to be filed and served in accordance with the preliminary schedule for this proceeding. The assigned Commissioner will make the final determination regarding the category of this proceeding and the need for hearings in a scoping memo issued pursuant to Rules 7.1(d) and 7.3(a).

Pursuant to Pub. Util. Code § 1708, the Commission intends to conduct this proceeding using notice and comment rulemaking procedures. Accordingly, the comments submitted pursuant to the preliminary schedule may constitute the record used by the Commission to decide matters within the scope of this proceeding. In addition to responding to those questions, parties should include in their comments all information they want the Commission to consider in this proceeding.

3.5. *Ex Parte* Communications

This proceeding is preliminarily categorized as quasi-legislative. In a quasi-legislative proceeding, *ex parte* communications with the assigned Commissioner, other Commissioners, their advisors, and the ALJ are permitted without restriction or reporting as described in Pub. Util. Code § 1701.4(b) and Article 8 of the Commission's Rules of Practice and Procedure.

Any workshops in this proceeding shall be open to the public and noticed in the Commission's Daily Calendar. The notice in the Daily Calendar shall inform the public that a decision-maker or an advisor may be present at the workshop. Parties shall check the Daily Calendar regularly for such notices.

4. Respondents

This OIR shall be served upon the following companies as respondents:

Pacific Gas and Electric Company; Southern California ~~Electric~~ Edison Company; San Diego Gas and Electric; Southern California Gas Company; Southwest Gas Corporation; Liberty Utilities, LLC; Bear Valley Electric Service; and PacifiCorp.

California Water Service Company; California-American Water Company; Golden State Water Company; Great Oaks Water Company; Liberty Utilities Apple Valley Ranchos Water Company; Liberty Utilities Park Water Company; San Gabriel Valley Water Company; San Jose Water Company; Suburban Water Systems; Alisal Water Corporation; Del Oro Water Co., Inc. (All Districts); Fruitridge Vista Water Company; East Pasadena Water Company; and Bakman Water Company.

AT&T California; Verizon California Inc.; Frontier Communications of America, Inc.; SureWest Telephone; Citizens Telecommunications Co. of California; New Cingular Wireless Pcs, LLC; Cellco Partnership and California RSA #3 Ltd Pship; Sprint Telephony PCS, LP; T-Mobile West LLC; Comcast Phone of California LLC; Time Warner Cable Information Services (California), LLC; Cox California Telecom LLC; and Charter Fiberlink CA-CCO, LLC; and any affiliate of these utilities providing Voice over Internet Protocol (VoIP), wireless, or broadband internet access service in California. Respondents must submit data in this proceeding on behalf of all of their corporate affiliates operating in California.

Cal-Ore Telephone Company; Calaveras Telephone Company; Ducor Telephone Company Foresthill Telephone Company; Happy Valley Telephone Company; Hornitos Telephone Company; Kerman Telephone Company;

Pinnacles Telephone Company; Ponderosa Telephone Company; Siskiyou Telephone Company; Volcano Telephone Company; and Winterhaven Telephone Company; and any affiliate of these utilities providing VoIP, wireless, or broadband internet access service in California.

5. Service of the Order Instituting Rulemaking

While all utilities subject to the Commission's jurisdiction may be bound by the outcome of this proceeding, only those who notify us that they wish to be on the service list will be accorded service through the remainder of this proceeding.

Because this OIR will examine affordability of electric services for California customers, this OIR shall also be served on certified Community Choice Aggregators (CCAs), including: Marin Clean Energy, Sonoma Clean Power, Clean Power SF, Peninsula Clean Energy, Silicon Valley Clean Energy, Redwood Coast Energy Authority, Monterey Bay Community Energy, Pioneer Community Energy, East Bay Community Energy, San Jose Community Energy, Valley Clean Energy Alliance, King City, Lancaster Choice Energy, Clean Power Alliance, Pico Rivera Innovative Municipal Energy, Apple Valley Choice Energy, Desert Community Energy, San Jacinto Power, Rancho Mirage Energy Authority, Solana Energy Alliance. Although the CCAs are not named as respondents, we encourage CCAs to become parties and to participate in the OIR. We note that CCAs may be affected by the outcome of this proceeding.

In addition, a copy of this OIR will be served via electronic mail to the service lists for the following proceedings:

1. The Safety Model Assessment Proceedings, Consolidated Applications (A.) 15-05-002, et al.
2. Pacific Gas & Electric General Rate Case, A.15-09-001

3. Pacific Gas & Electric Gas Transmission and Storage Rate Case, A.17-11-009
4. Pacific Gas & Electric Gas Cost Allocation Proceeding, A.17-09-006
5. Southern California Edison Company Residential Rate Design Window, A.17-12-012
6. San Diego Gas & Electric Company Residential Rate Design Window, A.17-12-013
7. Pacific Gas and Electric Company Residential Rate Design Window, A.17-12-021
8. Southern California Edison General Rate Case, A.16-09-001
9. San Diego Gas & Electric General Rate Case, A.17-10-007
10. Southern California Gas Co. General Rate Case, A.17-10-008
11. Southwest Gas Corporation General Rate Case, A.12-12-024
12. Bear Valley Electric Services (Golden State Water Company) General Rate Case, A.17-05-004
13. Liberty Utilities (CalPeco Electric) General Rate Case, A.15-05-008
14. PacifiCorp General Rate Case, A.09-11-005
15. Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment, R.17-06-026
16. Integrated Resource Planning, R.16-02-007
17. California Water Service Company General Rate Case, A.15-07-015
18. California-American Water Company General Rate Case, A.16-07-002
19. Golden State Water Company General Rate Case, A.17-07-010
20. Great Oaks Water Company General Rate Case, A.15-07-001

21. Liberty Utilities Apple Valley Ranchos Water Company General Rate Case, A.18-01-002
22. Liberty Utilities Park Water Company General Rate Case, A.18-01-003
23. San Gabriel Valley Water Company General Rate Case, A.16-01-002
24. San Jose Water Company General Rate Case, A.18-01-004
25. Suburban Water Systems General Rate Case, A.17-01-001
26. Alisal Water Corporation General Rate Case, Reso. W-4577
27. Del Oro Water Co., Inc. (All Districts) General Rate Cases, Reso. W-5114 (Arbuckle); Reso. W-5130 (Black Butte); A.16-07-008 (Benbow Acquisition); Reso. W-5068 (Buzztail Acquisition), Reso. W-5077 (CA Pines); Reso. W-4737 (County Estates); Reso. W-4988 (Ferndale); Res. W-4958 (Johnson Park); A.16-07-005 (Lake Meadows Acquisition); Reso. W-5003 (Lime Saddle); Reso. W-5012 (Magalia); Reso. W-5108 (Metropolitan); A.08-01-019 (Mount Lassen Acquisition); Reso. W-5032 (Paradise Pines); Reso. W-5121 (River Island); Reso. W-5146 (Stirling Bluffs); Reso. 5075 (Strawberry); Reso. W-5132 (Traver); Reso. W-5148 (Tulare); Reso. W-4956 (Walnut Ranch)
28. Fruitridge Vista Water Company General Rate Case, Reso. W-5017
29. East Pasadena Water Company General Rate Case, Reso. W-5039
30. Bakman Water Company General Rate Case, Reso. W-4640
31. Order Instituting Investigation into the State of Competition Among Telecommunications Providers in California, I.15-11-007
32. Order Instituting Rulemaking Regarding Revisions to the California Universal Telephone Service (LifeLine) Program, R.11-03-013

In the interest of broad notice, this OIR will also be served on the following state agencies:

33. Governor's Office of Planning and Research
34. California Energy Commission
35. California Air Resources Board
36. Department of Water Resources
37. State Water Resources Control Board

Service of this rulemaking does not confer party status or place a person or organization that has received such service on the service list for this proceeding, except that Respondents are automatically parties. Persons or entities that file comments on the Rulemaking will be conferred party status. To be placed on the service list, persons or entities should follow the instructions below.

E-mail communication about this OIR proceeding should include, at a minimum, the following information on the subject line of the e-mail: R.18-0x-0xx – Affordability Framework Rulemaking. In addition, the party sending the e-mail should briefly describe the attached communication; for example, “Comments.” As required by Rule 1.10(e) paper format copies, in addition to electronic copies, shall be served on the assigned ALJ, unless the assigned ALJ directs otherwise in a future ruling.

6. Addition to Official Service List

Addition to the official service list is governed by Rule 1.9(f) of the Commission's Rules of Practice and Procedure.

Any person will be added to the “Information Only” category of the official service list upon request for electronic service of all documents in the proceeding, and should do so promptly in order to ensure timely service of comments and other documents and correspondence in the proceeding. (*See* Rule 1.9(f).) The request must be sent to the Process Office by e-mail (process_office@cpuc.ca.gov) or letter (Process Office, California Public Utilities

Commission, 505 Van Ness Avenue, San Francisco, California 94102). Please include the Docket Number of this Rulemaking in the request.

Persons who file responsive comments become parties to the proceeding (see Rule 1.4(a)(2)) and will be added to the “Parties” category of the official service list upon such filing. *In order to assure service of comments and other documents and correspondence in advance of obtaining party status, persons should promptly request addition to the “Information Only” category as described above; they will be removed from that category upon obtaining party status.*

7. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures may obtain more information by visiting the Commission’s website at <http://consumers.cpuc.ca.gov/pao>, by calling the Commission’s Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TTY), or by e-mailing the Public Advisor at public.advisor@cpuc.ca.gov.

8. Intervenor Compensation

In accordance with Pub. Util. Code § 1804(a)(1) and Rule 17.1, a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation no later than 30 days after the date of the prehearing conference or as otherwise directed by the assigned Commissioner or ALJ.

Therefore, **IT IS ORDERED** that:

1. This Order Instituting Rulemaking is adopted pursuant to Public Utilities Code Sections 365, 365.1, 365.2, 366, 366.1, 366.2, and 366.3, and Rule 6.1 of the Commission’s Rules of Practice and Procedure.
2. The preliminary categorization is quasi-legislative.
3. The preliminary determination is that hearings are not needed.

4. The preliminary scope of issues is set forth above.

5. The schedule set forth above is adopted, subject to any changes made in the Scoping Memo or by the assigned Commissioner or Administrative Law Judge. It is the Commission's intent to resolve this proceeding within 18 months of the date the Order Instituting Rulemaking is issued.

6. The following California investor-owned electric and natural gas utilities are named as Respondents to this Rulemaking: Pacific Gas and Electric Company; Southern California Edison Company; San Diego Gas & Electric; Southern California Gas Company; Southwest Gas Corporation; Liberty Utilities, LLC; Bear Valley Electric Service; and PacifiCorp.

7. The following Class A and Class B California water utilities are named as Respondents to this Rulemaking: California Water Service Company; California-American Water Company; Golden State Water Company; Great Oaks Water Company; Liberty Utilities Apple Valley Ranchos Water Company; Liberty Utilities Park Water Company; San Gabriel Valley Water Company; San Jose Water Company; Suburban Water Systems; Alisal Water Corporation; Del Oro Water Co., Inc. (All Districts); Fruitridge Vista Water Company; East Pasadena Water Company; and, Bakman Water Company.

8. The following telecommunications carriers are named as Respondents in this Rulemaking: AT&T California; Verizon California Inc.; Frontier Communications of America, Inc.; SureWest Telephone; Citizens Telecommunications Co. of California; New Cingular Wireless Pcs, LLC; Cellco Partnership and California RSA #3 Ltd Pship; Sprint Telephony PCS, LP; T-Mobile West LLC; Comcast Phone of California LLC; Time Warner Cable Information Services (California), LLC; Cox California Telecom LLC; and Charter Fiberlink CA-CCO, LLC; and any affiliate of these utilities providing Voice over

Internet Protocol (VoIP), wireless, or broadband internet access service in California. Also, Cal-Ore Telephone Company; Calaveras Telephone Company; Ducor Telephone Company; Foresthill Telephone Company; Happy Valley Telephone Company; Hornitos Telephone Company; Kerman Telephone Company; Pinnacles Telephone Company; Ponderosa Telephone Company; Siskiyou Telephone Company; Volcano Telephone Company; Winterhaven Telephone Company; and, any affiliate of these utilities providing VOIP, wireless, or broadband internet access service in California.

9. Comments responding to this Order Instituting Rulemaking may be filed not more than 20 days from the date this Order Instituting Rulemaking is issued.

10. The Executive Director will cause this Order Instituting Rulemaking to be served on all investor owned utilities and all electric service providers (including the named Respondents), on all community choice aggregators (including those listed in Section 5 above), and on the service lists for the Commission proceedings listed in Section 5 above.

11. *Ex parte* communications in this proceeding are allowed without restriction or reporting requirements.

12. Any party that expects to claim intervenor compensation for its participation in this Rulemaking must file its notice of intent to claim intervenor compensation within 30 days of the prehearing conference.

This order is effective today.

Dated _____, at San Francisco, California.

Appendix 1

Income qualified programs

APPENDIX 1. Income Qualified Programs DRAFT (Rev. 1)

Resource	Income Qualified Programs	Description
Energy	California Alternatives Rates for Energy (CARE)	Provides a 20-35% discount on electric bills and 20% on gas bills
	Family Electric Rate Assistance Program (FERA)	Families whose income slightly exceeds the CARE allowances will qualify to receive FERA discounts of 12% on electricity bills
	Energy Savings Assistance Program (ESA)	Provides no-cost energy efficiency measures
	Discounts and Bill Assistance Programs	Individual utilities offer payment assistance programs for their customers
	Level Payment Plans	Allows a customer to pay the same amount every month by averaging household energy costs for the last 12 months
	Medical Baseline	Extra allowances of energy are billed at the lowest rate for customers who rely on medical-related equipment
	Federal Low-Income Programs (LIHEAP)	Federal programs administered by the California Department of Community Services and Development (CSD)
Water	California Alternatives Rates for Water (CARW)	Provides a discount on water bills. The amount of the discount is different for each water IOU.
	Low-Income Customer Assistance Program (LICAP)	Similar to CARW
	Water Rate Assistance Program (WRAP)	Similar to CARW
	Water Invoice and Statement Help (WISH)	Similar to CARW
	Low-Income Ratepayer Assistance (LIRA)	Similar to CARW
	Help to Others (H2O)	Similar to CARW

Communications	California Advanced Services Fund (CASF)	CASF provides grants to “telephone corporations” as defined under P.U. Code § 234 to bridge the “digital divide” in unserved and underserved areas in the state
	California High Cost Fund A (CHCF-A)	CHCF-A promotes customer access to advanced services and deployment of broadband-capable facilities in rural areas that is reasonably comparable to that in urban areas
	California High Cost Fund B (CHCF-B)	It provides subsidies to carriers of last resort (COLRs) for providing basic local telephone service to residential customers in high-cost areas
	California Lifeline (ULTS)	The California LifeLine Program provides discounted home phone and cell phone services to qualified households.
	California Teleconnect Fund (CTF)	The CTF program provides a 25% off voice services and a 50% discount for broadband on select communications services to schools, libraries, hospitals and other non-profit organizations.
	Deaf & Disabled Telecommunications Program (DDTP)	A program to provide telecommunications devices to deaf or hearing impaired consumers. Subsequent legislation expanded DDTP to serve California individuals with hearing, vision, speech, cognitive and mobility disabilities.

(End of Appendix 1)

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