BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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OPENING COMMENTS OF THE GREENLINING INSTITUTE TO THE ADMINISTRATIVE LAW JUDGE'S RULING INVITING COMMENTS ON STAFF PROPOSAL ON IMPLEMENTATION OF AFFORDABILITY METRICS

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I. INTRODUCTION

On November 5, 2021, the California Public Utilities Commission invited comments on a staff proposal for the Commission to implement the affordability metrics across Commission proceedings. The Greenlining Institute provides this response to relevant questions on affordability and communications. The affordability ratio calculator provides the opportunity to assess the affordability of communications plans across multiple communities, including those across the urban-rural divide, and in low-income and communities of color.

I. DISCUSSION

A. Question #1: What outputs from the Affordability Ratio Calculator would be useful?

1. *The Affordability Ratio Calculator should include additional analysis on other income percentiles for affordability*.

One of the strengths of the affordability ratio calculator and the affordability ratio is that it can be applied to multiple levels of income in a given census tract. Currently, AR_{20} and AR_{50}, or the affordability ratio computed at the 20th percentile and 50th percentile, are the currently recommended income values to estimate affordability of utilities with. In 2021, data from CETF reported that over 10% of households making less than $20,000 annually connected only with a smartphone.[1] According to the 2019 ACS 1-year estimate, 15.9% of California residents make under $25,000, demonstrating that analyzing at only the 20th percentile is not sufficient to

[1] 14% of California households making less than $20,000 report only being connected to the internet via smartphone. CETF, Internet Connectivity and the Digital Divide in California — 2021 *available at* https://www.cetfund.org/wp-content/uploads/2021/03/Annual_Survey_2021_CETF_USC_Final_Summary_Report_CETF_A.pdf

estimate the affordability of low income households.[2] In California, Mobile plans are not a substitute for household broadband, and this pattern reflects low-income families' who must choose between mobile or fixed broadband plans. Using the affordability calculator and its ability to calculate at multiple levels of income, looking at the affordability of utilities for households at the 10th percentile of income in a given census tract would be useful.

2. Utilize the affordability ratio calculator to compare AR values between specific communities facing the digital divide.

The digital divide, or lack of full adoption of broadband access, today disproportionately impacts communities of color and rural communities.[3] Due to the historic effects of redlining and lack of community investment, digital infrastructure has been underdeveloped in neighborhoods with higher concentrations of people of color, leading to neighborhoods lacking high-speed, affordable internet access.[4] Section 281 of the Public Utilities Commission empowers the Commission to identify and prioritize "communities facing socioeconomic barriers to broadband adoption", and has investigated the practice of digital redlining.[5] The Commission should analyze the affordability ratio outputs to assess the differences between PUMA's with high concentrations of groups that traditionally lack broadband access. For example, the Commission could compare AR20 values of PUMAs that are majority people of color or rural to the statewide

[2] "Income in the Past 12 Months (In 2019 Inflation-Adjusted Dollars)". American Community Survey 2019. U.S. Census Bureau. 2019. November 20, 2021.
[3] Vogels, E. A. (2021, October 19). *Some digital divides persist between rural, urban and Suburban America*. Pew Research Center. Retrieved November 25, 2021, from https://www.pewresearch.org/fact-tank/2021/08/19/some-digital-divides-persist-between-rural-urban-and-suburban-america/.
[4] Moya, G., & Le, V. (2020, June 2). *On the Wrong Side of the Digital Divide*. The Greenlining Institute. Retrieved November 28, 2021, from https://greenlining.org/publications/online-resources/2020/on-the-wrong-side-of-the-digital-divide/.
[5] Cal. Pub. Util. Code Section 281(j)(1); *See* R.20-09-001, Assigned Administrative Law Judge's Ruling (May, 28, 2021).

average (or other appropriate comparison metric). Another way to analyze the data would be to compare the average AR20 values of PUMAs with lower adoption rates to the AR20 values of PUMAs with the state average or higher adoption levels. Analysis of the AR output in this manner would help stakeholders better understand trends in affordability in relation to the digital divide.

B. Question #2: Are there additional ways the metrics can be used to identify/designate vulnerable communities?

1. Adjust CPI values to reflect the urban-rural divide

The Consumer Price Index (CPI) reflects changes in consumer prices for a market basket of goods. This metric is widely used as a proxy for income growth and is often used in cost of living wage adjustments. The affordability ratio calculator currently uses two versions of CPI — CPI-U when calculating for those at the 50th percentile (AR_{50}) and CPI-W for the 20th income percentile (AR_{20}).[6] CPI-U is meant to represent all urban consumers, while CPI-W more accurately reflects urban wage earners and clerical workers, and is applied to reflect low and middle income workers better.[7] However, income growth varies widely across income percentiles and across urban-rural areas.[8] As a result, we recommend using a different calculation standard for urban as opposed to rural low and middle income wage earners to more accurately reflect income changes across different areas.

2. Defining communication pricing data areas

[6] "Consumer Price Index Frequently Asked Questions," U.S. Bureau of Labor Statistics. https://www.bls.gov/cpi/questions-and-answers.htm

[7] "Why Does BLS Provide Both the CPI-W and CPI-U?" U.S. Bureau of Labor Statistics. https://www.bls.gov/opub/btn/volume-3/why-does-bls-provide-both-the-cpi-w-and-cpi-u.htm

[8] Thiede, B., Brown, D. L., Butler, J., & Jensen, L. (2021, April 14). *Income inequality is getting worse in US urban areas*. The Conversation. Retrieved November 29, 2021, from https://theconversation.com/income-inequality-is-getting-worse-in-us-urban-areas-132417.

For communications, the Commission needs to continue to push for the further clarification of pricing data from the basket of broadband providers in order to identify the vulnerable communities at hand. Currently, internet service providers (ISPs) only provide pricing information to the service territory boundary, which does not align or match with public use microdata areas (PUMA) boundaries.[9] Providing more specific pricing data that matches or aligns the PUMA boundaries allows for a more accurate representation of affordability.

3. Including the DAC to include an environmental framework

The Socioeconomic Vulnerability Index (SEVI) already assists with identifying vulnerable communities through the SEVI-DAC, a census tract that has a SEVI score in the top 25 percent. We also recommend incorporating the original DAC definition, which is a census tract that has a CalEnviroScreen score in the top 25 percent, into consideration.[10] CalEnviroScreen incorporates economic, environmental, and social factors into its score. While SEVI-DAC and DAC are both valuable in determining vulnerable communities, incorporating DAC could provide an additional perspective in how digital equity gaps can inform environmental concerns.[11]

C. Question #12: Staff identifies the California Advanced Services Fund as a key CPUC public purpose program that can benefit from incorporating the affordability framework. Should other CPUC efforts or public purpose programs incorporate the affordability framework into their decision-making process? If so, how?

[9] CPUC. Affordability Metrics Framework Staff Proposal. January 24, 2020.
[10] https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M420/K328/420328555.PDF
[11] Cooper, Courtney B. (2021, August 13). *Digital Equity is an Environmental Justice Issue.* University of San Francisco. *https://repository.usfca.edu/cgi/viewcontent.cgi?article=2523&context=capstone*

1. *California Teleconnect Fund*

California Teleconnect Fund Program is a program that provides a discount on select telephone and broadband services to schools, libraries, hospitals, and about 7,000 community based organizations in order to help close the digital divide. Affordability is the main reason that keeps households from adopting broadband, and nearly 40% of unconnected or underconnected households use the Internet outside the home, including in public libraries and other public spaces.[12] The affordability framework may help identify organizations such as libraries in areas with more unaffordable broadband plans.

2. *California High Cost Fund-A*

Using the affordability ratio calculator, the CPUC can prioritize efforts with the California High Cost Fund-A in SEVI-DAC and vulnerable community areas. The California High Cost Fund-A reduces the cost to consumers of basic telephone services in relatively low-density areas served by small, privately-owned telephone carriers where rates may be unaffordable. This affordability framework can help identify areas where the available plans do not meet the standard basic telephone service, or where said plans are not financially affordable or feasible for consumers in that area. This can help the California High Cost Fund in identifying areas for further financial support or development.

II. CONCLUSION

The Greenlining Institute values this opportunity to respond to the questions proposed on the affordability ratio calculator and looks forward to working with the Commission to improve

[12] CETF, Internet Connectivity and the Digital Divide in California — 2021 *available at* https://www.cetfund.org/wp-content/uploads/2021/03/Annual_Survey_2021_CETF_USC_Final_Summary_Report_CETF_A.pdf

affordability analysis for multiple communities. Greenlining respectfully requests that the Commission adopt the above recommendations.

Respectfully submitted,

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