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## APPENDIX B

## Appendix B

### Questions to be Addressed in Parties' Comments in Response to the Phase 3B Staff Proposal

1. Should the Commission eliminate or modify line extension subsidies (*i.e.*, allowances, refunds, and discounts) provided in current electric rules for all or some of the customer classes (residential and non-residential) that seek to build mixed-fuel new construction (*i.e.*, building projects that use gas and/or propane in addition to electricity)? If so, explain why.
  - a. If the position is to modify and not eliminate the subsidies, provide a specific recommendation on how the subsidies should be modified and for which customer class.
  - b. What are the implications of your recommendation for the affordable housing sector and low-income customers? How can any potential negative implications be mitigated?
2. Should applicant builders of mixed-fuel new construction projects be required to pay actual costs encumbered by the electric investor-owned utility (IOU) to facilitate electric line extension rather than only estimated costs? Support your response with a detailed explanation.
3. Should the electric IOUs be required to report in May of each year – starting May 1, 2024 – on electric line extension expenditures broken down separately by customer class for both mixed-fuel new construction and all-electric new construction, including (1) total line extension requests from applicant builders, (2) total electric line extension estimated costs (refundable and non-refundable amounts), (3) total electric line extension actual costs (refundable and non-refundable amounts), and (4) total subsidies (allowances, refunds, and discounts)?

4. Should applicant builders of mixed-fuel new construction projects be exempt from any potential elimination of electric line extension subsidies if the building project is granted an exemption by the Commission from the elimination of gas line extension subsidies?
5. Aside from lowering the upfront costs of the electric line extension to the builder or homeowner, what ancillary benefits to stakeholders (including but not limited to the utility, builder, homeowner, ratepayers, society), are provided, if any, through continuing electric line extension subsidies for mixed-fuel new construction?
6. What impact (including but not limited to financial, economic, environmental, and/or equity), if any, would the elimination of electric line extension subsidies for mixed-fuel new construction have on the following groups or items in the short-term and long-term. How can any potential negative impacts be mitigated?
  - a. Current and future gas ratepayers;
  - b. Current and future electric ratepayers;
  - c. New home and/or new home construction prices;
  - d. New commercial building and/or commercial building construction prices;
  - e. Contractor and Builder community;
  - f. Affordable housing developers;
  - g. New homeowners;
  - h. Commercial property owners;

- i. Low-income, disadvantaged,<sup>1</sup> low-ranked Socioeconomic Vulnerability Index communities,<sup>2</sup> and Environmental and Social Justice (ESJ) communities;<sup>3</sup>
  - j. Gas and/or electric industry workforce;
  - k. The electric grid and electricity demand;
  - l. Propane use (particularly in remote and geographically challenged areas) and propane demand;
  - m. The gas system and gas demand; and
  - n. Gas and electric utilities.
7. How would the proposed elimination of electric line extension subsidies for mixed-fuel new construction impact the utility bills of those customers in a new all-electric building versus a new mixed-fuel building in the short-term and long-term?
8. Public Utilities (Pub. Util.) Code Section 783(b) states that whenever the Commission “institutes an investigation into the terms and conditions for the extension of services provided by gas and electrical corporations to new or

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<sup>1</sup> California Environmental Protection Agency, Designation of Disadvantaged Communities Pursuant to Senate Bill 535 (De Leon) (<https://calepa.ca.gov/wp-content/uploads/sites/6/2017/04/SB-535-Designation-Final.pdf>).

<sup>2</sup> California Public Utilities Commission, Socioeconomic Vulnerability Index Interactive Map (<https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability/socioeconomic-vulnerability-index>).

<sup>3</sup> ESJ communities are commonly identified as those where residents are predominantly communities of color or low-income, underrepresented in the policy setting or decision-making process, subject to a disproportionate impact from one or more environmental hazards, and likely to experience disparate implementation of environmental regulations and socioeconomic investments in their communities. Environmental and Social Justice Action Plan, Version 2.0, April 7, 2022 at 21-22.

(See <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf>.)

existing customers, or considers issuing an order or decision amending those terms or conditions, the commission shall make written findings” on seven distinct issues. Therefore, to assist the Commission in making written findings, we invite party comments on the issues outlined in Pub. Util. Code Section 783(b):

- a. The economic effect of the line and service extension terms and conditions upon agriculture, residential housing, mobile home parks, rural customers, urban customers, employment, and commercial and industrial building and development.
- b. The effect of requiring new or existing customers applying for an extension to an electrical or gas corporation to provide transmission or distribution facilities for other customers who will apply to receive line and service extensions in the future.
- c. The effect of requiring a new or existing customer applying for an extension to an electrical or gas corporation to be responsible for the distribution of, reinforcements of, relocations of, or additions to that gas or electrical corporation.
- d. The economic effect of the terms and conditions upon projects, including redevelopment projects, funded or sponsored by cities, counties, or districts.
- e. The effect of the line and service extension regulations and any modifications to them on existing ratepayers.
- f. The effect of the line and service extension regulations, and any modifications to them, on the consumption and conservation of energy.
- g. The extent to which there is cost justification for a special line and service extension allowance for agriculture.

9. What other issues and/or factors should the Commission consider in determining whether or not to adopt the Phase 3B Staff Proposal recommendation?
10. How will removing electric line extension subsidies for mixed-fuel buildings affect Customer Advances for Construction (CAC) (*i.e.*, advances by customers for construction which are to be refunded either wholly or in part)?
11. How are electric line extension subsidies and CAC accounted for in the ratemaking process by utilities? Are they included in the ratebase or operating and maintenance expenses? And why?
12. What will be the impact on ratebase and revenue requirements in the short-term (within the term of the utility's subsequent general rate case (GRC) cycle) and long-term (beyond the term of the utility's subsequent GRC cycle) if electric line extension subsidies for mixed-fuel buildings are eliminated?
13. How long (time period) does it typically take for utilities to fully refund electric line extension refundable costs to customers/developers (*i.e.*, the full 10 years or less) under current rules?
14. What additional tariff changes may be needed if the Commission were to adopt recommendations as reflected in the Staff Proposal?

**(END OF APPENDIX B)**