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**PRESS RELEASE**

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## **CPUC ISSUES AFFORDABILITY REPORT HIGHLIGHTING TRENDS IN AFFORDABILITY OF COMBINED ESSENTIAL UTILITY SERVICES**

SAN FRANCISCO, April 29, 2021 – The California Public Utilities Commission (CPUC), in its ongoing efforts to address the affordability of utility services, issued its first annual Affordability Report for California. The report shows trends in the affordability of energy, water, and communications. The report provides a methodology for reviewing the affordability of combined utility service for each region in California. As a result, decision-makers and stakeholders will have a baseline to consider when assessing the impacts of CPUC decisions as well as inform important policy discussions to promote long-term affordability for residential customers thereby reducing financial hardship, non-payments, and disconnections.

The report shows Californians experience varying utility service affordability based on where they live and their income levels. Roughly 11 percent of lower income households in the state spend more than a third of their income on utilities, after housing costs are accounted for. These areas include parts of Oakland, Stockton, Fresno, Modesto, Tulare, Bakersfield, San Bernardino, and Los Angeles.

The analysis focuses on the affordability of essential electricity, natural gas, water, and communications services, primarily for low-income and disadvantaged households. The metrics used include critical considerations such as income, poverty levels, housing costs, and other socioeconomic indicators.

Among the report's findings for 2019 for low-income households in the 20th percentile:

- **Electricity:** Over 13 percent of Californians spend more than 15 percent of their income on utilities, after housing costs are accounted for. This includes parts of Chico, Los Angeles, the San Francisco Bay Area, and the San Joaquin Valley, where incomes are extremely low.



- **Natural Gas:** 6 percent of households pay over 10 percent.
- **Water:** Lower income households in rural areas are extra burdened by high essential service charges, and higher-than-average water costs.
- **Communications:** A stark digital divide from a lack of affordable telephone and broadband services is prevalent across the state, particularly in places with high cost of service areas.

The report shows that resources for addressing combined utility affordability can be most effective if targeted to the specific communities identified by the metrics. These targeted efforts may include marketing, education, and outreach for existing subsidy and other programs, as well as consideration of additional programs to address community affordability concerns.

Over the last year, the CPUC has initiated many of these recommended actions. For instance, a proceeding focused on the San Joaquin Valley established a methodology for identifying disadvantaged communities in the region and approved \$56 million in funding for 11 pilots which seek to reduce energy costs for households in these communities by way of appliance retrofit pilots, expanded outreach and enrollment in existing demand-side management programs, and new bill protection measures. In addition, in response to the COVID-19 pandemic, which has exacerbated affordability challenges, the CPUC has taken numerous measures to help protect consumers in all areas of the state where regulated entities serve from hardship, including temporary moratoria on disconnections for failure to pay utility bills, expanded access to bill subsidy programs, and requiring utilities to offer payment plans for customer debt.

The CPUC recognizes that consumers need affordable and improved utility services. This Affordability Report is part of the CPUC's continued examination of utility rate increases. Another recent CPUC white paper found that energy bills for most California consumers increased faster than inflation over the past decade, and could rise by as much as 4.5% annually for consumers in hotter regions between now and 2030.

"Affordability poses real challenges for low-income ratepayers," said Commissioner Clifford Rechtschaffen, "This report shows a tale of two states -- lowest income Californians, especially in hotter regions, of California, spend a significant portion of their income on utilities. It is important



for us to be able to comprehensively evaluate these impacts as we design programs and consider spending requests of utilities."

In July 2018, the CPUC opened [Rulemaking 18-07-006](#) to examine the impacts on affordability of combined energy, water, and communications services under CPUC jurisdiction. The proceeding helps the CPUC meet statutory requirements to consider affordability when designing rates for essential utility services. The report methodology for evaluating affordability was developed by the CPUC and adopted in [Decision 20-07-032](#).

The report is available at: [www.cpuc.ca.gov/affordability](http://www.cpuc.ca.gov/affordability).

The CPUC regulates services and utilities, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services. For more information on the CPUC, please visit [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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