



California Public Utilities Commission
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PRESS RELEASE

Docket #: R.18-07-006

CPUC CONTINUES EFFORTS TO ADDRESS AFFORDABILITY OF UTILITY RATES

SAN FRANCISCO, Aug. 4, 2022 – The California Public Utilities Commission (CPUC) today took important actions to address the costs of utility services in California by formalizing methods to consider the affordability of utility services in future CPUC proceedings, including ordering utilities to provide tools for consumers to examine the overall affordability of proposed rate increases across industries and proceedings.

Today’s Decision establishes when and how a previously-[adopted](#) affordability framework will be applied in CPUC proceedings, and further develops the tools and methodologies used to calculate the three affordability metrics: Affordability Ratio, Hours-at-Minimum-Wage, and a holistic measure of a community’s vulnerability. Specifically, the Decision:

- Directs the inclusion of the affordability framework in each energy and water proceeding when the proposed revenue increase exceeds one percent of current revenues, and in the next-to-be-filed investor-owned utility General Rate Cases.
- Provides the option of including implementation of the affordability framework in the [Broadband Infrastructure Deployment](#) and the [California Advanced Services Fund](#) proceedings.
- Requires quarterly submission to CPUC industry Divisions and the Public Advocates Office of water, electric, and gas Cost and Rate Trackers, and quarterly filings by electric, gas, and Class A water utilities of itemized lists of recently approved and pending revenue requests, including a cumulative total. Utilities will make either the Trackers or itemized list available to the public each quarter.

- Adopts the most recent version of California Communities Environmental Health Screening (CalEnviroScreen) as the third affordability metric, replacing the previously adopted SocioEconomic Vulnerability Index.
- Aligns the affordability metrics with the most recent version of the California Environmental Protection Agency’s designation of disadvantaged communities.
- Adopts an additional definition of vulnerable community: Area of Affordability Concern, which captures communities with grave affordability concerns in California.
- Establishes a two-year evaluation period of implementation of the affordability framework to incorporate comments on the use and interpretation of the metrics in individual proceedings and in the annual Affordability Reports.

The CPUC recognizes that consumers need safe, reliable, and affordable utility services. “Today’s Decision is an essential step forward in the CPUC’s efforts to make utility service accessible for all Californians,” said Commissioner Darcie L. Houck, who is assigned to the proceeding. “The metrics we have adopted provide new tools for the public and parties to examine the overall affordability of proposed rate increases across industries and proceedings. These new tools will provide important information to help us make informed decisions.”

“This Decision takes a number of steps to refine our affordability metrics so they are more accurate, transparent, streamlined, and accessible. This is the direction we need to be going. Especially in today’s environment, we must shine a spotlight on how our regulatory decisions could impact disadvantaged communities and low-income customers, who suffer the highest economic burdens,” said CPUC President Alice Busching Reynolds.

Today’s Decision comes from the CPUC’s Affordability Proceeding ([R.18-07-006](#)), which was opened in 2018 to develop common understandings, methods, and processes for assessing the affordability impacts of individual CPUC proceedings and utility rate requests. Phase 1 of the proceeding ([Decision 20-07-032](#)) defined affordability and essential service and identified metrics and data sources for measuring affordability. Phase 2, launched in June 2020, examined issues such as how to implement affordability metrics and methodologies adopted by the CPUC, how to forecast variables used to calculate affordability metrics, how to standardize the calculation of the metrics, and how to set proxy values for unavailable data on the cost of essential utility service.

“This decision will have important impacts throughout the CPUC by directing utilities to calculate affordability metrics whenever they file applications with revenues increases greater than 1 percent. In practice, this will apply to our review of utility General Rate Cases, energy efficiency, wildfire mitigation plans, and transportation electrification and other significant proceedings,” said Commissioner Clifford Rechtschaffen.

“This Decision will bring additional transparency and tools to the utility ratemaking process, supporting the CPUC’s commitment to ensuring essential utility services for energy, water, and communications remain affordable and accessible to all Californians,” said Commissioner Genevieve Shiroma.

Phase 3, launched in February 2022, includes a Ruling to solicit energy affordability recommendations from parties, a workshop to discuss solicited proposals, and a staff proposal on recommended strategies to mitigate energy rate increases.

Today’s action follows many the CPUC has taken toward increased affordability, including initiating a proceeding focused on the San Joaquin Valley to establish a methodology for identifying disadvantaged communities in the region. The proceeding approved \$56 million in funding for 11 pilots that 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, the CPUC has taken numerous measures to help protect consumers in response to the COVID-19 pandemic. These include temporarily halting disconnections for failure to pay utility bills, expanding access to bill subsidy programs, requiring utilities to offer payment plans for customer debt, and authorizing utilities to implement [Percentage of Income Payment Plan \(PIPP\) pilot programs](#). These allow a participant to pay a predetermined affordable percentage of their monthly income toward their electricity or natural gas bill. Participants will receive a monthly bill cap set at four percent of their household’s monthly income.

More information on the Affordability Rulemaking is available at www.cpuc.ca.gov/affordability.

The proposal voted on is available at docs.cpuc.ca.gov/PublishedDocs/Published/G000/M496/K405/496405834.PDF.

Documents related to the proceeding are available at apps.cpuc.ca.gov/p/R1807006.

The CPUC regulates services and utilities, protects consumers, 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.

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