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Decision 25-12-044 December 18, 2025

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.	Rulemaking 18-07-006

DECISION UPDATING THE AFFORDABILITY FRAMEWORK AND CLOSING PROCEEDING

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DECISION UPDATING THE AFFORDABILITY FRAMEWORK AND CLOSING PROCEEDING

Summary

This decision makes several adjustments to the Commission's affordability framework to improve consideration of affordability for essential utility services.

First, this decision modifies the requirement for the investor-owned energy utilities and Class A water utilities to provide updated affordability metrics in all applications where the revenue increase is estimated to exceed more than one percent of the currently authorized revenues, by narrowing this requirement to only General Rate Case applications.

Second, this decision transitions the updates made to the affordability framework via the issuance of the annual Affordability Report to information postings on the Commission's website, under the affordability page, that includes periodic staff updates to the affordability metrics, tools, and analyses on affordability issues, such as the Affordability Report provided in response to Executive Order N-5-24.

Third, this decision affirms the requirement for the investor-owned energy utilities and Class A water utilities to continue to publicly release the Cost and Rate Trackers and eliminates the option to alternatively submit summaries, known as Quarterly Revenue Reports. This decision also grants the San Diego Gas & Electric Company and Southern California Edison motions for confidential treatment of certain revenue data.

Fourth, this decision requires the Commission's Communications Division to prepare a staff report on affordability considerations unique to the communications industry, including the essential service level for broadband.

Lastly, this decision summarizes the prior public hearings and party comments, the progress to-date in implementation of the proposals made to address affordability and recommends next steps for consideration by the Commission to further address affordability issues facing California ratepayers.

This proceeding is closed.

1. Background

1.1. Procedural Background

On July 12, 2018, the Commission opened this Order Instituting Rulemaking to Establish a Framework and Processes for Assessing the Affordability of Utility Service (OIR), to examine the impacts of individual Commission proceedings and utility rate requests on affordability. Comments on the OIR were filed on August 13, 2018.

A prehearing conference (PHC) was held on October 12, 2018, to discuss the issues of law and fact and determine the need for hearing and schedule for resolving the matter. After considering the comments on the OIR and discussion at the PHC, the Assigned Commissioner issued the First Scoping Memo and Ruling on November 19, 2018.

On January 22, 2019, a workshop was held in this proceeding to explore definitions and metrics for affordability. Subsequently, rulings were issued by the assigned Administrative Law Judge (ALJ) seeking comments from parties on presentations made at the workshop and on a staff proposal to address the issues within the scope of the proceeding as identified by the First Scoping Memo and Ruling. Party comments on the workshop presentations and the staff proposal were received in May and September 2019, respectively.

On November 8, 2019, an Amended Scoping Memo and Ruling was issued, clarifying the scope of Phase 1 and extended the statutory deadline to June 25, 2020.

A revised staff proposal on affordability metrics and methodologies was issued on January 27, 2020. Opening comments on the revised staff proposal were submitted on February 21, 2020 and reply comments were submitted on March 6, 2020. On July 22, 2020, the Commission issued Decision (D.) 20-07-032 (Phase 1 Affordability Decision), establishing the affordability framework methodology and preliminary implementation.

On June 9, 2020, a Second Amended Scoping Memo and Ruling was issued, detailing the scope of Phase 2 and extending the statutory deadline to December 31, 2021. The scope of Phase 2 focused on implementation of the affordability framework.[1]

On September 10, 2020, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a motion to amend and clarify the Second Amended Scoping Memo and Ruling. In response, the Commission issued a Third Amended Scoping Memo and Ruling on October 21, 2020, to include in the scope the issue of cost and rate tracking tools for the water and

[1] The terms affordability metrics and affordability framework may be used interchangeably, as both terms encompass features of the metrics defined and standardized in D.20-07-032: definitions, quantities of essential service, as well as the three adopted metrics.

energy industries[2] and excluded further consideration of the calculation of non-discretionary expenses in the Affordability Ratio metric.

On February 24, 2021, the Commission held an "En Banc Meeting on Cost and Rate Trends" (En Banc) to discuss the Commission's draft report address electric and gas cost and rate trends pursuant to Public Utilities (Pub. Util.) Code Section 913.1, termed the 2021 Senate Bill (SB) 695 Report. Following the En Banc, stakeholders submitted written comments informally to the Commission. The informal comments were memorialized in Addendum 2 of the final 2021 SB 695 Report submitted to the legislature in May 2021.[3]

On April 29, 2021, the Commission released its first annual Affordability Report required by D.20-07-032 in this proceeding, the 2019 Annual Affordability Report. On May 4, 2021, and August 2, 2021, the proceeding was reassigned to Commissioner Darcie L. Houck and ALJ Camille Watts-Zagha, respectively.

On September 15, 2021, a Fourth Amended Scoping Memo and Ruling was issued, which detailed the scope of Phase 3 to address strategies to mitigate electric and gas rate increases, modified the scope of Phase 2, and extended the statutory deadline through December 31, 2023. Parties filed comments on the

[2] Quarterly revenue reports summarizing the data in the Cost and Rate Trackers (Trackers), which informs inputs to the affordability metrics, are available here https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability/quarterly-revenue-request-reports on the Commission's website.

[3] The final 2021 Senate Bill (SB) 695 report is available here https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2021/senate-bill-695-report-2021-and-en-banc-whitepaper_final_04302021.pdf on the Commission's website.

Phase 3 issues on October 15, 2021, and a Phase 3 PHC was held on October 22, 2021.

On November 5, 2021, the assigned Commissioner and assigned ALJ jointly issued a Ruling Entering the Staff Proposal on Implementation of the Affordability Metrics (Implementation Staff Proposal) into the record of this proceeding and invited party comments. Parties filed comments on the Implementation Staff Proposal on January 10, 2022, and reply comments on January 25, 2022.

On January 18, 2022, a Fifth Amended Scoping Memo and Ruling was issued, clarifying the scope of Phase 3. On May 20, 2022 the assigned Commissioner issued a Ruling Updating the Proceeding Schedule and Inviting Comments on Public Outreach Strategies and Proposals to Mitigate Electric and Gas Rate Increases that was subsequently amended by Assigned Commissioner Ruling on June 9, 2022 (ACRs Inviting Comments on Strategies). On August 1, 2022, the following parties filed comments in response: Pacific Gas and Electric Company (PG&E); Southern California Edison Company (SCE); San Diego Gas & Electric Company/Southern California Gas Company (SDG&E/SoCalGas); jointly the California Large Energy Consumers Association (CLECA), Indicated Shippers (IS), Energy Producers and Users Coalition (EPUC), the Agricultural Energy Consumers Association, and the California Farm Bureau Federation (collectively, the Joint Ratepayers); The Utility Reform Network (TURN); the Center for Accessible Technology (CforAT); Cal Advocates; the Environmental Defense Fund (EDF); jointly The Sierra Club, National Resources Defense Council (NRDC), and the California Environmental Justice Alliance (CEJA);

jointly the Association of Bay Area Governments and County of Ventura; and the Rural County Representatives of California.

On August 9, 2022, the Commission issued D.22-08-023 (Phase 2 Affordability Decision), resolving Phase 2 issues of when and how the affordability framework would be applied in Commission energy, water and communication proceedings. D.22-08-023 also required gas and water utilities to submit Cost and Rate Trackers (Trackers). Electric, gas and water utilities were required to either publicly release the Trackers, or summaries of the revenue section of the Trackers known as Itemized Lists of Revenue Requests, Itemized Revenue Lists, or Quarterly Revenue Reports. At the same time, D.22-08-023 established a multi-year period of assessment, asking parties to provide feedback each year after the Commission released the annual Affordability Report.

In early October 2022, the Commission released the 2020 annual Affordability Report. On October 13, 2022, the Assigned Commissioner issued a Ruling Seeking Feedback on the Use and Interpretation of the Affordability Framework, (2022 ACR Seeking Annual Feedback). Parties were asked to: 1) respond to the questions in Section 5.3 of D.22-08-023; 2) comment generally on the use and interpretation of the affordability framework in individual proceedings; and 3) comment generally on the use and interpretation of the affordability framework in the annual Affordability Report.

On November 30, 2022, the following parties filed comments: PG&E; SCE; SDG&E/SoCalGas; jointly PacifiCorp, Liberty Utilities (CalPeco Electric) LLC, Bear Valley Electric Company, Inc.; jointly Calaveras Telephone Company, Cal-Ore Telephone Company, Ducor Telephone Company, Foresthill Telephone

Company, Happy Valley Telephone Company, Hornitos Telephone Company, Kerman Telephone Company, Pinnacles Telephone Company, Ponderosa Telephone Company, Sierra Telephone Company, Inc., Siskiyou Telephone Company, Volcano Telephone company, Winterhaven Telephone Company (collectively the Small LECs); jointly CLECA, IS, and EPUC; TURN; National Diversity Coalition (NDC); Utility Consumers Action Network (UCAN); Small Business Utility Advocates (SBUA); California Community Choice Association (CalCCA); the Greenlining Institute (Greenlining); CforAT; Cal Advocates; California Water Association (CWA); Golden State Water Company (Golden State); California Water Service Company (Cal Water); the California Broadband & Video Association);[4] jointly Santa Barbara Cellular Systems, Ltd., AT&T Mobility Wireless Operations Holdings, Inc., New Cingular Wireless PCS, LLC d/b/a AT&T Mobility, AT&T Corp., Pacific Bell Telephone Company d/b/a AT&T California as AT&T; and CTIA.

Many parties indicated that the framework had not been implemented for long, limiting the value of the initial round of feedback. However, some parties did recommend methodological improvements to the affordability tools. In response, Commission staff implemented several improvements, including adding summary overviews to the Quarterly Revenue Reports, and improving the timeliness of the affordability metrics by producing two years' worth of affordability reports in one report.

[4] On March 14, 2023, California Cable and Telecommunications Associated notified parties to this proceeding of its name change to California Broadband & Video Association.

On May 19, 2023, a Sixth Amended Scoping Memo and Ruling was issued, revising the scope of Phase 3 to conduct the multi-year period of assessment established by D.22-08-023, by scoping the usefulness of the affordability framework and the impacts of the affordability framework on Environmental and Social Justice (ESJ) communities.

In October 2023, the Commission released the 2021/2022 Affordability Report.[5] On December 13, 2023, the assigned Commissioner issued a Ruling Seeking Annual Feedback on the Implementation of the Affordability Framework (2023 ACR Seeking Annual Feedback). Also on December 13, 2023, the ALJ issued a ruling giving notice to parties to individual proceedings in which the affordability metrics had been introduced to seek party status and provide feedback on implementation.

On December 20, 2023, the Commission issued D.23-12-026 extending the statutory deadline to December 31, 2024. On June 26, 2025, the Commission issued D.25-06-057 extending the statutory deadline of this proceeding to October 31, 2025. On October 9, 2025, the Commission issued D.25-10-016 extending the statutory deadline of this proceeding to February 2, 2026.

On January 25, 2024, PG&E, SCE, SDG&E/SoCalGas, the Small LECs, TURN, NDC, CforAT, Cal Advocates, CalCCA, CWA, Golden State, Cal Water, CalBroadband, AT&T, UCAN, the Environmental Defense Fund (EDF), CTIA and the Joint Ratepayers, filed opening comments to the 2023 ACR Seeking

[5] The 2021/2022 Affordability Report and associated maps and tables is available at https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability/2021-and-2022-annual-affordability-refresh on the Commission website.

Annual Feedback. On February 16, 2024, SCE, SDG&E/SoCalGas, PG&E, the Small LECs, AT&T, Cal Advocates, SBUA, CalCCA, CWA, UCAN, and the Joint Ratepayers filed reply comments.

On July 30, 2024, the assigned Commissioner and assigned ALJ issued a Joint Ruling Requiring Service of Cost and Rate Trackers (Joint Ruling) removing the option for energy and Class A water utilities to serve Quarterly Revenue Reports in lieu of serving Trackers.[6] The Joint Ruling directed the energy utilities and Class A water utilities seeking confidential treatment for any data in their Trackers to file motions with the Commission consistent with General Order (GO) 66-D Rule 11.1, and Rule 11.4 of the Commission's Rules of Practice and Procedure (Rules).

On August 13, 2024, SCE and SDG&E filed motions seeking confidential treatment of certain information. On August 23, 2024, EPUC responded opposing SCE's motion for confidential treatment. On August 30, 2024, SCE replied to EPUC's opposition to confidential treatment.

On December 19, 2024, the Commission issued D.24-12-043 extending the statutory deadline of this proceeding to June 30, 2025. On June 26, 2025, the Commission issued D.25-06-057 extending the statutory deadline of this proceeding to October 31, 2025. On October 9, 2025, the Commission issued D.25-10-016 extending the statutory deadline of this proceeding to February 2, 2026.

[6] On August 7, 2024, the ALJ issued a Ruling Correcting Error in Ruling issued July 30, 2024 providing where the Ruling referred to "filing" the Cost and Rate Trackers, the Ruling should be corrected to refer to "serving" the Cost and Rate Trackers.

Parties' comments in response to the 2022 ACR Seeking Annual Feedback, the 2023 ACR Seeking Annual Feedback, the 2022 ACRs Inviting Comments on Strategies and the Joint Ruling constitute the record that is the basis for this decision. Unless otherwise specified, all party comments referenced in the remainder of this decision are the comments filed in response to the 2023 ACR Seeking Annual Feedback.

1.2. Phase 1

The scope of Phase 1 included: 1) identifying and defining the affordability criteria for Commission-jurisdictional utility services; 2) developing methods and processes for assessing affordability impacts across Commission proceedings and utility services; and 3) other issues relating to the Commission's consideration of the affordability of utility services.

Phase 1 was resolved in D.20-07-032, which adopted three affordability metrics: the Affordability Ratio (AR), Hours-at-Minimum-Wage (HM), and the SocioEconomic Vulnerability Index (SEVI). D.20-07-032 also: 1) established the essential service level for communication services to be a combination of basic telephone service or wireless voice service with 1,000 minutes per month in addition to fixed broadband communications service of 25 Megabits per second (Mbps) downstream/3 Mbps upstream;[7] 2) implemented the metrics in various ratesetting proceedings; 3) asked staff to issue annual updates to the metrics via an annual Affordability Report; and 4) required the utilities to submit and

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[7] D.20-07-032 at 18–24.

develop an electric Tracker. Finally, D.20-07-032 concluded that refinements to the affordability metrics would occur in the next phase of the proceeding.[8]

1.3. Phase 2

The scope of Phase 2 included implementation of the newly developed affordability framework and modifications to the calculations and methodology already adopted, if necessary. D.22-08-023 resolved Phase 2 pending a multi-year period of assessment.[9]

D.22-08-023 required all electric, gas and Class A water utilities proposing a revenue increase estimated to exceed one percent of currently authorized revenues systemwide, to include two sets of bill data and affordability metrics to show the differences if the Commission were to approve the request.

D.22-08-023 also expanded the Tracker requirement to include the gas and Class A water utilities,[10] and recommended, but did not require, that the affordability metrics be considered in various communications proceedings.[11]

Finally, D.22-08-023 changed the third affordability metric from the SEVI to the CalEnviroScreen score.

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[8] *Id.* at CoL 38.

[9] D.22-08-023 at CoL 20.

[10] *Id.* at OP 4. Trackers and Quarterly Revenue Reports can be found on the Commission website: https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability/quarterly-revenue-request-reports

[11] These included Rulemaking (R.) 20-08-021 Order Instituting Rulemaking Regarding Revisions to the California Advanced Services Fund (CASF), R.20-09-001 Order Instituting Rulemaking Regarding Broadband Infrastructure Deployment and to Support Service Providers in the State of California; California Lifeline, Deaf and Disabled Telecommunications Program, California High Cost Fund A and B, and the California Teleconnect Fund. *See* D.22-08-023 at OPs 10, 11.

1.4. Phase 3

In Phase 3, the Commission conducted the multi-year period of assessment of the affordability framework, an assessment of affordability in each of the industries subject to the affordability framework and across industries combined.[12] During this assessment period, the affordability metrics were introduced for consideration in the following proceedings:[13]

PG&E Applications

- Application (A.) 21-06-021, Application of PG&E for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2023 (PG&E 2023 GRC);
- A.23-05-012, Application of PG&E for Adoption of Electric Revenue Requirements and Rates Associated with its 2024 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation (PG&E 2024 ERRA Forecast Application);[14]
- A.22-12-009, Application of PG&E for Recovery of Recorded Expenditures Related to Wildfire Mitigation, Catastrophic Events, and Other Recorded Costs (PG&E 2021 WMCE Application);

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[12] The multi-year assessment period began August 2022 with the issuance of D.22-08-023 and concluded February 2024 upon the parties' filing of reply comments in response to the 2022 ACR Seeking Annual Feedback.

[13] The list of proceedings with affordability metrics subsequent to the assessment period are in Appendix C.

[14] As noted in the 2021/2022 annual Affordability Report, this application did not propose an increase exceeding one percent of systemwide electric revenues but PG&E included the metrics in the event the amount would be modified.

- A.23-06-008, Application of PG&E for Recovery of Recorded Expenditures in Memorandum and Balancing Accounts Related to Wildfire and Gas Safety Costs (PG&E 2020 – 2022 WGSC Application);
- A.23-07-012, Application of PG&E Regarding ERRA Trigger Mechanism;
- A.23-12-001, Application of PG&E for Recovery of Recorded Expenditures Related to Wildfire Mitigation, Catastrophic Events, and Other Recorded Costs;
- A.24-03-018, Application of PG&E to Recover in Customer Rates the Costs to Support the Extended Operation of Diablo Canyon Power Plant from September 1, 2023 through December 31, 2025 and for Approval of Planned Expenditure of 2025 Volumetric Performance Fees;
- A.24-05-009, Application of PG&E for 2025 ERRA and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Revenue Return and Reconciliation;[15] and
- A.24-06-013, Application of PG&E for Authority to Issue Wildfire Rate Relief Bonds for Wildfire Costs and Expenses Pursuant to Article 5.8 of the California Public Utilities Code.

SCE Applications

- A.23-05-010, Application of SCE For Authority to Increase Its Authorized Revenues for Electric Service In 2025, Among Other Things, and to Reflect That Increase in Rates;
- A.22-09-017, Application of SCE Regarding ERRA 2022 Trigger Mechanism (SCE ERRA 2022 Trigger Mechanism);
- A.23-01-020, Application of SCE Regarding ERRA 2023 Trigger Mechanism (SCE ERRA 2023 Trigger Mechanism);

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[15] This application did not propose an increase exceeding one percent of systemwide electric revenues but PG&E included the metrics in the event the amount would be modified.

- A.23-08-013, Application of SCE for Authority to Recover Costs Related to the 2017 Thomas Fire and 2018 Debris Flow Events Recorded in the Wildfire Expense Memorandum Account and the Catastrophic Event Memorandum Account;
- A.23-10-001, Application of SCE to Recover 2022 Incremental Costs Related to Wildfire Mitigation and Vegetation Management; and
- A.24-05-005, Application of SCE for Authorization to Recover Incremental Costs Related to Wildfire Mitigation, Vegetation Management, Catastrophic Events, and Wildfire Liability Insurance.

SoCalGas Applications

- A.22-05-015 et al., Application of SoCalGas for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2024.

SDG&E Applications

- A.22-05-016, Application of SDG&E for Authority, Among Other Things, to Update its Electric Revenue Requirement and Base Rates Effective on January 1, 2024;
- A.22-12-008, Application of SDG&E for Recovery of Undercollection Recorded in the Tree Trimming Balancing Account (SDG&E 2020 – 2021 Tree Trimming Balancing Account Application); and
- A.23-01-008, Application of SDG&E for Authority to Update Marginal Costs, Cost Allocation, and Electric Rate Design.

Liberty Utilities Application

- A.22-10-022, Application of Liberty Utilities (CalPeco Electric) LLC for Authorization to Recover Costs Recorded in Various Memorandum Accounts (CalPeco Electric

Wildfire Mitigation and Catastrophic Event Cost Recovery Application).

Water Utilities Proceedings

- A.22-07-001, California-American 2022 GRC with 2024 Test Year;
- A.23-01-001, Application of Suburban Water Systems for Authority to Increase Rates Charged for Water Service in 2026;
- A.23-05-001, Application of San Gabriel Valley Water Company for Authority to Establish an Authorized Cost of Capital for 2024 through 2026;
- A.23-05-004, Joint Application of Liberty Utilities (Park Water) Corp. and Liberty Utilities (Apple Valley Ranchos Water) Corp. for Authority to Establish an Authorized Cost of Capital for 2024 – 2026;
- A.23-08-010, Golden State Water Company 2023 GRC with 2025 Test Year;
- A.24-01-002/003, Joint Application of Liberty Utilities (Park Water and Apple Valley Ranchos Water 2024 GRC with 2025 Test Year);
- A.24-07-003, California Water Service 2024 GRC with 2026 Test Year;
- A.25-01-001, San Gabriel Valley Water Company 2025 GRC with 2026 Test Year;
- Resolution W-5264, Golden State Water Company Acquisition of Crescent Bay Improvement Company; and
- Resolution W-5282, San Gabriel Valley Water Company Amortization of Under-Collected Balances in Its Drought Lost Revenue Memorandum Account.

Discretionary Inclusion of Affordability Metrics

- A.22-10-001 et al., Applications of SCE, SDG&E, and PG&E for Approval of Its 2021-2025 Investment Plan for the Electric Program Investment Charge, (EPIC 2021-2025 Applications);
- A.22-01-003, Application of San Gabriel Valley Water Company for Authority to Increase Rates Charged for Water Service in its Los Angeles County Division, and in its Fontana Water Company division (San Gabriel Valley Water 2024 GRC);
- R.21-02-014, Order Instituting Rulemaking to Address Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic (COVID-19 Relief Rulemaking);[16]
- A.19-11-004 et al., Application of PG&E, SCE, SDG&E, and SoCalGas for Approval of Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for 2021-2026 Program Years (2021 – 2026 Low-Income Programs Proceeding);
- R.17-06-024, Phases 2 & 3, Order Instituting Rulemaking Evaluating the Commission's 2010 Water Action Plan Objective of Achieving Consistency between Class A Water Utilities' Low-Income Rate Assistance Programs, Providing Rate Assistance to All Low – Income Customers of Investor-Owned Water Utilities, and Affordability (Water Low-Income Assistance Proceeding);
- R.20-02-008, Order Instituting Rulemaking to Update the California Universal Telephone Service (California Lifeline) Program; and
- R.22-03-016, Order Instituting Rulemaking to Consider Amendments to General Order 133.

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[16] Subsequent to issuance of D.23-04-037, R.21-02-014 was closed and further consideration of the issues transferred to R.18-07-005, Arrearages Case Management Proceeding.

The Commission has issued final decisions or resolutions in the following ratesetting applications: PG&E 2023 GRC, San Gabriel Valley Water 2024 GRC, PG&E 2024 ERRA Forecast Application, SCE ERRA 2022 and 2023 Trigger Mechanism Applications, SDG&E 2020 – 2021 Tree Trimming Balancing Account Application, CalPeco Electric Wildfire Mitigation, Catastrophic Event Cost Recovery Application, Golden State Water Acquisition of Crescent Bay Improvement Company, EPIC 2021-2025 Applications, and in the 2021 – 2026 Low-Income Programs Proceeding. The Commission included discussion of affordability metrics filed in two applications, the PG&E 2021 WMCE Application and the PG&E 2020 – 2022 WGSC Application, in the interim decisions issued granting interim rate relief in these proceedings. In industry-wide quasi-legislative proceedings, the Commission has issued final decisions in the COVID-19 Relief Rulemaking, and the Water Low-Income Assistance Proceeding.

1.5. Submission Date

The proceeding was submitted on August 30, 2024, upon SCE's filing of a response to EPUC's response to SCE's August 13, 2024 motion seeking confidential treatment of certain information.

2. Issues

This decision addresses the issues identified in the Sixth Amended Scoping Memo and Ruling as well as the residual issue of implementation of the affordability framework.[17]

2.1. Usefulness of the Affordability Framework

1. Are the affordability tools, including the affordability metrics, maps, Affordability Ratio Calculator, and quarterly revenue reports, proving useful during the consideration of individual programs and applications? (Sixth Amended Scoping Memo and Ruling Issue 2)
2. Does the affordability framework help describe the choices before the Commission as more or less affordable? (2023 ACR Seeking Annual Feedback, Question 1.c.)
3. Does the affordability framework make utility rates and bills meaningful or useful for the type of decision being made? (2023 ACR Seeking Annual Feedback, Question 1.a.)
4. How have non-utilities utilized the affordability framework to inform their participation and/or develop their positions? If not at all, is it due to difficulty understanding the affordability tools/metrics, difficulty incorporating the tools/metrics into parties' positions, or some other reason? (2023 ACR Seeking Annual Feedback, Question 1.e.)
5. How have the annual Affordability Reports been used? (2023 ACR Seeking Annual Feedback, Question 3)

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[17] Consistent with the Conclusion of Law 20 in D.22-08-023, parties providing feedback on the implementation of the framework were invited to address the questions in Section 5.3 of D.22-08-023.

2.2. Usefulness of the Cost and Rate Trackers

1. Are the quarterly revenue reports[18] providing insight into the cumulative impact of electric and gas costs, rates and bills? (Sixth Amended Scoping Memo and Ruling Issue 1)
2. With regards to the water Tracker:
    a. Should the definition of "Last Adopted Revenue Requirement" mean a utility's authorized revenue requirement from the adopted GRC [General Rate Case] or start fresh on January 1 of the year before the year in which the water Tracker is filed? (2023 ACR Seeking Annual Feedback, Question 2.a.)
    b. Should the water Tracker provide incremental revenue requirements and bill impacts changes between last adopted GRC and next adopted GRC or continue using a continuous forward-looking tracker? (2023 ACR Seeking Annual Feedback, Question 2.b.)
    c. If the water Tracker is changed to capture incremental changes between GRCs, should these changes be implemented post-adoption of each water utility's next GRC revenue requirements, or sooner? (2023 ACR Seeking Annual Feedback, Question 2.c.)

2.3. Impacts on Environmental and Social Justice (ESJ) Communities

1. What are the impacts on environmental and social justice communities? (Sixth Amended Scoping Memo and Ruling Issue 3and 2023 ACR Seeking Annual Feedback, Question 1.d.)

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[18] Quarterly revenue reports summarize the information contained in the Cost and Rate Trackers at a high level. As described in the Procedural Background section of this decision, until July 30, 2024, the energy and Class A water utilities had the option to serve itemized revenue lists, also known as Quarterly revenue reports, in lieu of serving Trackers.

2.4. Communications Affordability

Phase 3 was predominantly focused on energy affordability. However, in the Fifth Amended Scoping Memo and Ruling the Commission stated that, "we may revisit affordability specific to the water and communications industries in a subsequent phase of this proceeding."[19] Thus, this decision will determine the next steps in addressing affordability unique to the communications industry.

3. Issue 1: Usefulness of the Affordability Framework

3.1. Background

In the decisions resolving Phase 1 and Phase 2 issues, the Commission identified statutory mandates requiring the Commission to make certain levels of energy, water and communications service affordable. The Commission concluded that the standardized format of the affordability framework improved the assessment of affordability impacts and further concluded that introducing the affordability framework in individual proceedings would aid the Commission in fulfilling its statutory mandates.[20] The Commission has gained some experience with affordability metrics filed in individual proceedings as described above in this decision in section 1.4 *Phase 3.*

A significant issue for resolution in this decision is what additional refinements should be made to the affordability metrics and framework.

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[19] Fifth Amended Scoping Memo and Ruling at 7.

[20] D.22-08-023 at CoL 1–6.

3.2. Party Comments

3.2.1. Advancing Affordability Generally

Parties are concerned that "without a discussion of how to act on affordability impacts, the Affordability Metrics will not advance the Commission's environmental and social justice goals."[21] Some parties believe rates are unaffordable,[22] although energy and water utilities' comments assert that statutorily, affordability must be secondary to safe and reliable service.[23] Other parties argue that the Commission is obligated by Pub. Util. Code Section 451 to consider affordability on par with safety and reliability in decision-making, while also acknowledging tension between the costs necessary for safe and reliable service and burdens on ratepayers.[24]

Parties disagree on how to align affordability goals with statutory mandates for safe and reliable service. Some parties argue that affordability itself supports other policy goals. SBUA states that focusing on non-residential affordability can advance the Commission's ESJ plans; CalCCA sees affordability aligned with the state goals for building out clean energy resources; and TURN and EDF both view the affordability framework as a means to identify the most vulnerable ESJ communities.[25]

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[21] CalCCA Opening Comments at 13.

[22] CalCCA Opening Comments at 2; UCAN Opening Comments at 5, EDF Opening Comments at 3-4, SBUA Opening Comments at 4-5, TURN Comments on Phase 3 Rulings, August 1, 2022 at 4, Joint Ratepayers Reply Comments February 16, 2024 at 2.

[23] *See,* among others, PG&E Opening Comments at 2, 14-15; CWA Opening Comments at 2.

[24] Joint Ratepayers Opening Comments at 4.

[25] SBUA Opening Comments at 4; CalCCA Opening Comments at 8; TURN Opening Comments at 8; EDF Opening Comments at 6-7.

3.2.2. Combining Metrics with Additional Data and Indicators

UCAN cites to the SB 695 report showing that overall the increases in utility rates are outpacing economy-wide inflation.[26] UCAN ties affordability directly to disconnection rates, stating one-fifth to one-quarter of residential households have utility bill arrearages (at the beginning of 2024), asserting that SDG&E has the highest electric rates in the U.S., and that PG&E's and SCE's rates have escalated in recent years.[27] Finally, UCAN recommends that the Commission benchmark the utilities rates to the public utilities rates in California, particularly to Sacramento Municipal Utility District and Los Angeles Department of Water and Power, and cap regulated utilities' rates at no more than 10 percent above those of the public utilities.[28]

CalCCA points out that by the Commission's own affordability reports, electric bills started becoming unaffordable in 2022 and will continue along this trend.[29] CalCCA recommends that the Commission include high level analysis of affordability data, and summaries of the utilities quarterly revenue reports on its affordability webpage, or in annual reports, using time series data showing changes in affordability over time, and a comparison of affordability trends to the Consumer Price Index's electricity index.[30]

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[26] UCAN Opening Comments at 3.

[27] *Id.* at 2 and UCAN Reply Comments at 2.

[28] UCAN Opening Comments at 3-4.

[29] CalCCA Opening Comments at 2.

[30] *Id.* at 5-6.

TURN argues that the metrics suffer from lack of an objective marker to show when rates are unaffordable, and from lack of recognition of concurrent rate increases pending, but finds valuable the "time series" that is created by requiring sequential filing of the metrics.[31] Regarding the need for an objective marker, or affordability benchmark, TURN argues the subjective inflection points determining the Areas of Affordability Concern "begin to put relative affordability into context," and that tracking changes in affordability over time "will create a strong basis for the Commission to set objective affordability benchmarks in the future."[32] TURN also argues that metrics showing the impact only of one proposal in an individual proceeding misses the context that several other rate increases may be pending.

Cal Advocates states that the ongoing tracking and reporting demonstrate incremental trends that all parties can follow to develop and support their positions in proceedings.[33] Cal Advocates argues generally that the metrics must be supplemented by contextual information. Specifically, Cal Advocates argues the information in the Trackers is one piece of necessary context.[34]

EDF recommends that each gas utility discuss affordability impacts over a longer time horizon, correctly pointing out that the affordability metrics are a "lagging indicator."[35]

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[31] TURN Opening Comments at 1.

[32] *Id.* at 1-3.

[33] Cal Advocates Opening Comments at 4.

[34] *Id.* at 6.

[35] EDF Opening Comments at 4, 6.

3.2.3. Usefulness in Individual Proceedings

CalCCA argues that the Commission should use the metrics in non-ratesetting proceedings that may have impacts on rates, such as Demand Flexibility R.22-07-005, Resource Adequacy R.23-10-001, or Integrated Resource Planning R.20-05-003.

Joint Ratepayers state that Commission's approval of revenue requirements in PG&E's and SCE's recent GRCs prioritize utility spending over affordability. Joint Ratepayers are concerned that the utility revenue requests and ratebase expansion (ratebase reflects capital spending) plans are unaffordable. Joint Ratepayers cite the Commission's approval of PG&E's GRC Phase 1 in D.23-11-069, and SCE's 2021 GRC in D.21-08-036 which included $4.9 billion of capital expenditures.[36] Joint Ratepayers also state that $2 billion in unpaid residential customer arrearages, and the fact that 25 percent of California households are behind on utility bills means that bills are unaffordable.[37]

SDG&E/SoCalGas question the value of including metrics in rate design applications such as GRC Phase 2 rate design proceedings. They state that rate design proceedings have different implications for each customer class or even each rate schedule; however, they do not request additional funding and are thus re-allocating existing authorized costs. Other parties also urge the Commission to prioritize cost reduction strategies over cost allocation/rate design strategies,

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[36] Joint Ratepayers Opening Comments at 4.

[37] *Id.* at 5.

and particularly capital cost reduction strategies, as having the greater impact on affordability.[38]

PG&E questions the value of providing metrics in individual proceedings and believes an annual update in the annual Affordability Report is sufficient.

UCAN frames the transition from natural gas to electricity as a looming affordability crisis for those residential natural gas ratepayers who are the later among Californians to switch to all electric service.[39] UCAN recommends two strategies to manage affordability specifically during the transition away from gas: gas utilities should rapidly depreciate their assets, and a large exit fee be imposed upon customers leaving gas service, all with the idea of not saddling the last gas customers with an unbearable burden of paying for stranded assets over a shrinking customer base.[40]

EDF also argues the Commission should address the dual risks of gas rates and stranded assets.[41] SDG&E/SoCalGas and PG&E assert the affordability impacts of the transition of gas to electricity is better considered in the gas rulemaking R.20-01-007.[42]

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[38] Joint Ratepayers Comments on 2022 ACRs Inviting Comments on Strategies at 4, CforAT Comments on 2022 ACRs Inviting Comments on Strategies at 8, Sierra Club/NRDC/CEJA Comments on 2022 ACRs Inviting Comments on Strategies at 7-8, Cal Advocates Comments on 2022 ACRs Inviting Comments on Strategies at 26-27.

[39] UCAN Reply Comments at 6-7.

[40] *Id.* at 6-8.

[41] EDF Opening Comments at 4.

[42] SDG&E/SoCalGas Reply Comments at 3, PGE Reply Comments at 6–7.

3.3. Discussion

Over the past years, energy and Class A water utilities have calculated and produced metrics in dozens of proceedings. For example, the Commission issued D.24-12-074 resolving Phase I of the SDG&E and SoCalGas consolidated GRC proceedings A.22-05-015 and A.22-05-016 in which the parties analyzed the affordability of rates utilizing the affordability metrics. SoCalGas and SDG&E presented metrics including: 1) Essential usage bills by climate zone; 2) Average usage bills by climate zone; 3) AR50 by climate zone; 4) Affordability Ratio 20 by climate zone; 5) Hours required to work at minimum wage to pay monthly gas bill (HM); and 6) For climate zones with Areas of Affordability Concern (AAC) as defined in the most recent 2020 Annual Affordability Report, AR20 by climate zone subdivided by Public Use Microdata Area. SoCalGas and SDG&E included additional analyses of 1) the California Alternate Rates for Energy (CARE) discounts for low-income households; and (2) the energy burden to isolate the impact of the electric and gas revenue requirements being requested.[43] SoCalGas and SDG&E undertook efforts to make their rates more affordable for customers by removing long-term incentive compensation and Sempra executive officer compensation from the proceeding, in addition to other efforts outside of the proceeding.[44] D.24-12-074 required SoCalGas and SDG&E to continue to utilize the affordability metrics adopted in D.22-08-023 and D.20-07-032 to evaluate the impact of its rate increases on its customers and continue to take necessary

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[43] D.24-12-074 at 31.

[44] *Id.* at 30.

measures to ensure that its rates are affordable for the customers most impacted as demonstrated by the Affordability Metric calculations.[45]

Some parties, particularly TURN, have incorporated the affordability metrics in filings and testimony in individual proceedings.[46] Many parties argue that the metrics are useful and valid particularly now that several years of data have accumulated and trends are able to be shown. However, most parties also recommend that the metrics be supplemented with additional context. TURN provides two examples of how the affordability metrics without additional context may cause decision makers to miss the bigger picture. Citing D.23-06-004's consideration of affordability metrics in isolation, TURN argues that the analysis distorts the affordability impact on customers. In D.23-06-004, the Commission estimated about a $9 electric bill increase as a result of the decision. However, TURN estimated that customers experienced about a $42 electric bill increase due to other individual proceeding decisions issued shortly after. In another example, TURN highlights how representing affordability for any single year conflicts with how capital investment costs are recovered from customers (over time with utility profit percentage) and thus the single year focus "limits the transparency of the full costs that ratepayers will pay over time for capital expenditures."[47]

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[45] *Id.* at 42.

[46] TURN Opening Comments at 4, 6.

[47] *Id.* at 6 – 7.

This proceeding has scoped how to make the metrics publicly available and accessible, beginning with the second amended Scoping Memo through the final sixth amended Scoping Memo. Non-industry parties have consistently urged the Commission to adopt an objective marker, or threshold of affordability and unaffordability.[48] TURN references the Affordability Report's marker of affordability "that serves as a boundary of sorts: a small percentage of households are located in areas where the AR20 is significantly higher than the inflection point…." and asserts, correctly "[t]hese inflection points are a first step in creating benchmarks to define affordability."[49] TURN also asserted that "[t]he Commission cannot make an affordability-informed decision without completely understanding the rate and bill implications of IOU requests."[50]

In 2023 Annual Feedback comments, TURN explains "A 3 percent electricity, gas, telecom and water bill increase collectively adds up to a 12 percent incremental increase in household budgets whose wages may only grow at the historical rate of inflation and sometimes even less than that for lower income households."[51] CalCCA similarly recommends requiring utilities to compare "trends in the Annual Affordability Reports with the Consumer Price Index's electricity index," asserting this would further operationalize the intents of the affordability Metrics.[52] In response to these proposals, SCE urges the

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[48] *See*, for example, TURN Opening Comments at 1-2.

[49] *Id.* at 2-3.

[50] *Id.* at 4.

[51] TURN Opening Comments at 5.

[52] CalCCA Opening Comments at 5.

Commission to retain its initial analysis that metrics should not be used as a bright line to conclude that utility bills are or are not affordable.[53] SDG&E/SoCalGas oppose the characterization to provide "additional context" in the form of graphical displays of revenue and rate trends, broken down by capital expenses and all other expenses, as required below, claiming these requirements are outside of scope and without record. The SDG&E/SoCalGas claims are faulty as a review of the record shows.

We are persuaded by parties arguing that more contextual data alongside the metrics will improve the usefulness of the metrics. While we have yet to determine an absolute threshold, parties recommend a common and understandable inflation trend to compare to revenue and rate trends. In combination with requirements for utilities to provide additional context with the metrics, we also reduce the number of proceedings in which to require recalculation of the metrics related to the proposed revenue increase.

This does not mean that the utilities are relieved from providing such information in other proceedings not required by this decision. The assigned Commissioner or ALJ has the discretion to require such information on a proceeding-by-proceeding basis.

As described in greater detail below, we require all investor-owned energy utilities to supply more context alongside the metrics. We determine that tracking revenue requirement and rate changes against inflation is appropriate context to require with affordability metrics, when affordability metrics are

[53] SCE Reply Comments at 4-6.

required in GRC Phase 1 applications, or when an assigned Commissioner or ALJ requires the utility to submit metrics in a specific proceeding. We require all Class A water utilities to selectively highlight metrics for disadvantaged customer groups as recommended in the 2021/2022 annual Affordability Report. The investor-owned energy utilities are required to also highlight the metrics of disadvantaged customer groups as recommended in the 2021/2022 annual Affordability Report.[54]

3.3.1. Energy Utilities Are Required to Compare Rates and Revenue Trends to General Inflation Separately by Operational and Capital Spending

This decision requires a comparison of basic trends of revenue and rate changes to inflation whenever the utilities are required to submit affordability metrics in order to compare the rate and bill implications of utility requests to a common, understandable benchmark. An understandable benchmark is needed to help parties and decisionmakers have more context around relative changes in affordability, as suggested by parties.[55] First, each utility shall present a graph of historical residential average rate, which shall exclude the California Climate Credit (CCC). This graph is to provide data for the two most recently completed GRC cycles and continuing with the rates proposed in the GRC. Second, each utility shall present a graph of the total GRC revenue collected in the year in which the application is filed, and a projection of revenue collection proposed in

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[54] SCE and PG&E report they have already implemented the recommendations in the 2021/2022 annual Affordability Report.

[55] Cal Advocates Opening Comments on ACR Ruling, January 2024 at 2; UCAN Opening Comments on Phase 2 Proposed Decision, June 2022 at 6.

the GRC application. The utilities shall separate the rates and revenue data into two categories, for both graphs: 1) rates and revenue associated with operational expense approvals, where operational expense is all non capital-related expense, and 2) rates and revenue associated with capital expenditure approvals. These graphs shall also exclude the CCC. Exclusion of the CCC is reasonable, as it would otherwise distort actual rate level. Furthermore, the CCC varies from year to year and would introduce an additional layer of uncertainty in revenue and rate projections. The general inflation rate shall be displayed on the same graph, using the statewide Consumer Price Index for All Urban Consumers, or CPI-U, as reported by the California Department of Finance.

Presented below are examples of the required graphs, using data from SCE's 2025 Test Year GRC application. The first example comparing historical and proposed rate growth to inflation is not separated into operational-expense and capital-expense components but shall be separated when presented in applications. The second example includes the required separation by operational and capital expense components.

TABLE 1

Example: Historical Residential Average Rate (RAR) Growth of Two GRC Cycles, Projected RAR Growth Associated with Rate Request in GRC Application, Compared to Historical and Projected Inflation[56]

[56] A.23-05-010, Application of Southern California Edison For Authority to Increase Its Authorized Revenues for Electric Service In 2025, Among Other Things, and to Reflect That Increase in Rates, Data Request Set ED-SCE-014. 2025 GRC data depicted corresponds to SCE Update Testimony filed June 7, 2024.

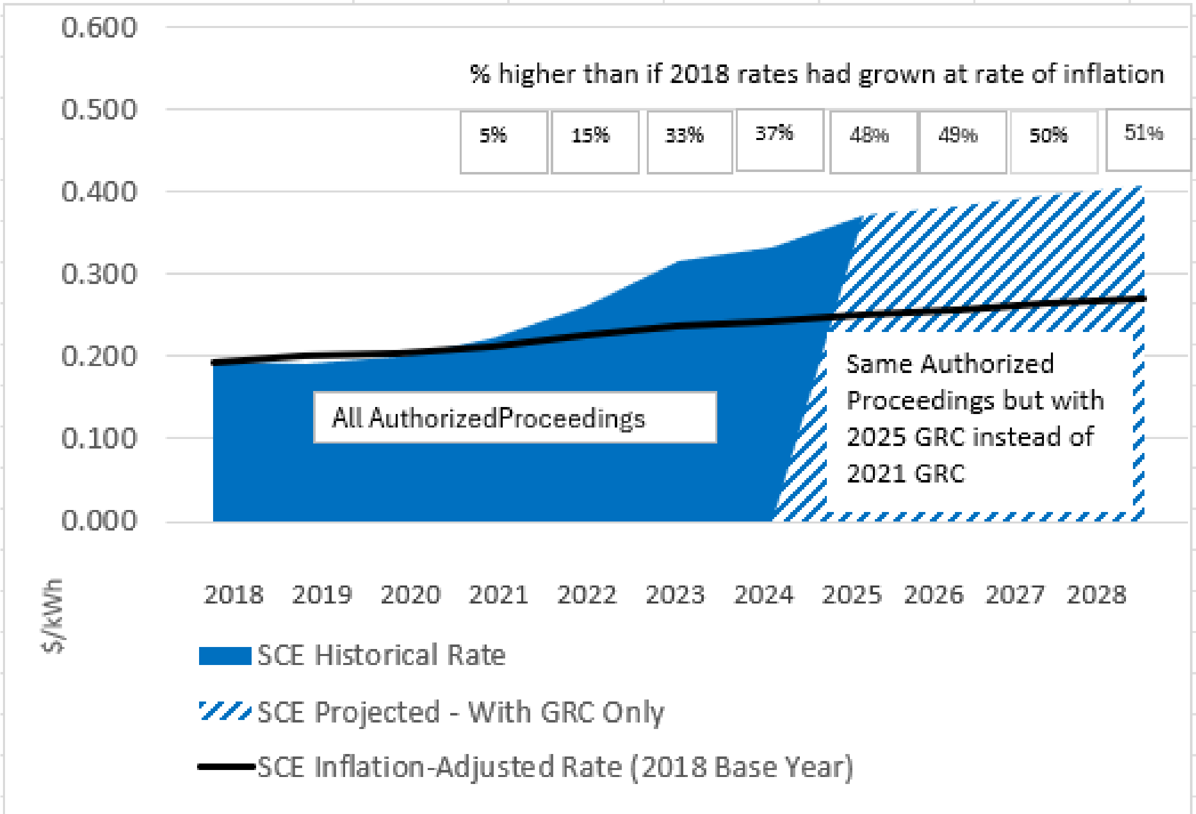
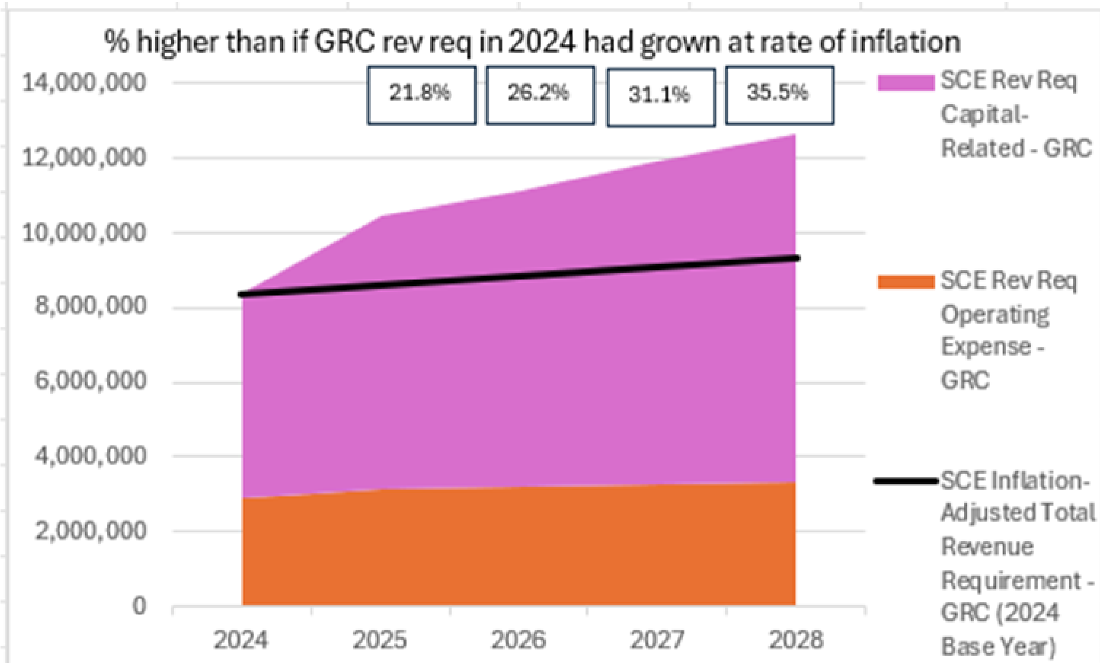

0.600
0.500
0.400
0.300
0.200
0.100
0.000
% higher than if 2018 rates had grown at rate of inflation
5%
15%
33%
37%
48%
49%
50%
51%
All AuthorizedProceedings
Same Authorized Proceedings but with 2025 GRC instead of 2021 GRC
$/kWh
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
SCE Historical Rate
SCE Projected - With GRC Only
SCE Inflation-Adjusted Rate (2018 Base Year)

TABLE 2

Example: Current and Projected GRC Revenue in a GRC Application, Compared to Historical and Projected Inflation[57]



[57] A.23-05-010, Application of Southern California Edison For Authority to Increase Its Authorized Revenues for Electric Service In 2025, Among Other Things, and to Reflect That Increase in Rates, Data Request Set ED-SCE-014 and Exhibit SCE-40 at 7. 2025 GRC data depicted corresponds to SCE Update Testimony filed June 7, 2024 and uses total GRC revenue collected in the year in which update testimony was filed.

TABLE 3

Example: Current and Projected Revenue Associated with Operational Expense Approvals

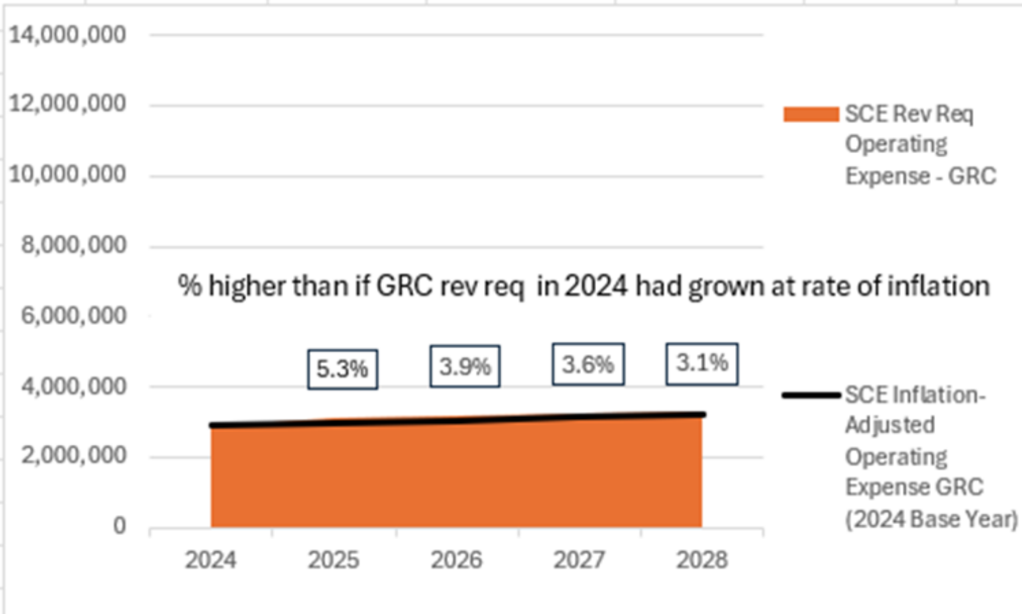
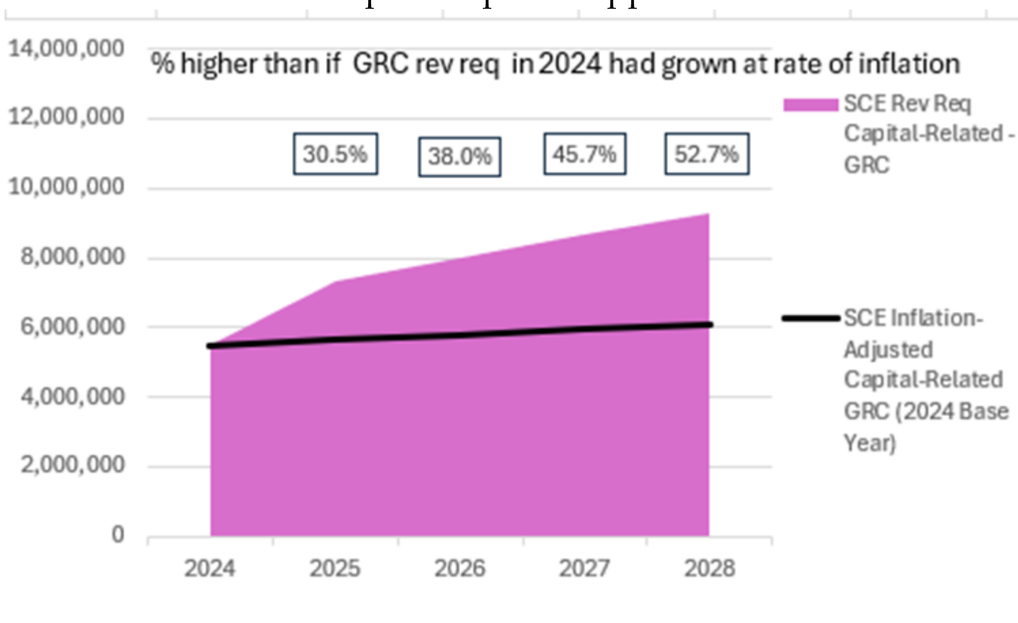


TABLE 4

Example: Current and Projected Revenue Associated with Capital Expense Approvals



The arguments presented by EDF, TURN and Joint Ratepayers were persuasive. These parties demonstrated that the revenue approvals associated with capital investments impact rates over long period of time, over decades. According to TURN, "while expense reflects the annual cost of a proposal that must be recovered each year in the revenue requirement, capital is recovered over a longer, multi-year period and a fraction of the capital is recovered in each year over the life of the investment. Even though the bill and rate impact of utility proposals may be higher in later years than in the early years, the IOUs typically only provide customer impacts for the first three to four years in the case of a GRC and often for only the first year for less comprehensive proceedings."[58] We agree that isolating the rate changes attributable to operational expenses from the rate changes attributable to capital expenses will meaningfully inform the proceeding. Currently, the affordability metrics do not capture the ratepayer burden of approvals of the capital expenses.[59] We are also persuaded by multiple parties' requests, Cal Advocates and CalCCA specifically, to better connect rate changes to the metrics.[60]

Some parties have identified differential factors driving how capital-related costs are incorporated into revenue and rates, and assert such drivers make isolating capital costs inappropriate. While capital-related revenue requirements may increase at a rate greater than inflation due to baked-in costs from previous GRC cycles, this phenomenon nonetheless exists and should be demonstrated. Separating the rate impact drivers by operational and capital revenue approvals is a potential step to better inform parties and decisionmakers regarding the rate and bill increases that, once approved, will continue to be collected for the long-term (over the life of the capital asset).

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[58] TURN Opening Comments on ACR Ruling at 6. *Also see* SCE opening comments on the proposed decision, explaining that once an approved capital expenditure goes into service on behalf of customers, a utility begins to depreciate that asset on its books over its expected useful life, based on Commission-approved depreciation parameters. Accordingly, customers appropriately pay through their rates the associated depreciation expense and tax costs over that time period as well as the return on investment associated with the approved capital spending. For example, in the 2025 SCE GRC final decision (D.25-09-030, App. B, p. 4), 28.2 percent of the total approved Test Year revenue requirement is for depreciation expense.

[59] TURN Opening Comments at 6-7, EDF Opening Comments at 6, Joint Ratepayers Reply Comments at 10-11.

[60] Cal Advocates Opening Comments at 4, CalCCA Opening Comments at 5-6.

3.3.2. Energy and Class A Water Utilities Required to Highlight Metrics for Vulnerable Customer Groups

Parties argue that it is too soon to determine the value added of requiring the affordability metrics in water proceedings. With regard to the value of the metrics for both water and energy utilities, parties also express doubts about the sheer volume of data and metrics that is now generated in individual applications.

The 2021/2022 annual Affordability Report proposes to address the sheer volume of the metrics required, recommending that utilities include a snapshot from "what is essentially a lot of data presented in many tables in affordability metrics filings."[61] In the 2021/2022 annual Affordability Report, staff recommended that in addition to the required affordability metrics presentations, the utilities summarize the affordability metrics to highlight impacts on the most disadvantaged customers whenever filing the required metrics, as follows:

- Include additional summary data and narrative in the format of Table 19 of the 2021/2022 Annual Affordability Report to highlight the results for the utility's most disadvantaged customers, by three groupings: AR20, Hours at Minimum Wage (HM), and AR20 within the Areas of Affordability Concern.
- Present the changes in the AR20 and AR50 caused by the proposed revenue increase as a simple incremental change.
- Indicate the version of the Affordability Ratio Calculator used to calculate the metrics filed.

[61] 2021/2022 annual Affordability Report at 56.

- Disaggregate the AR and HM metrics at the average level, as such aggregation obscures the geographic basis of the metrics.
- Provide a narrative directly about the highlighted affordability impacts, including how the utility reconciles the affordability impacts with its proposal.[62]

The 2023 ACR Seeking Annual Feedback specifically asked parties to comment on the staff recommendation above. Most parties supported this presentation, which whittles down the volume of the metrics.[63] In particular, SCE and PG&E report already partially incorporating the staff recommendations in their filings and their intention to incorporate all the recommendations. TURN emphasizes that the first recommendation, to highlight the impacts on disadvantaged customers, is additional to existing presentations of metrics. TURN and SDG&E/SoCalGas continue to support the average metric at the climate zone level, and TURN disagrees with stating changes as a simple directional change rather than a percentage change more meaningful than a simple directional change.

For energy and Class A water utilities, we require the additional contextual data recommended in the 2021/2022 annual Affordability Report to accompany the filing of affordability metrics when required in individual proceedings. With regard to water proceedings, we find this approach

[62] *Id.* at 56 – 57.

[63] Cal Advocates Opening Comments at 19-20, SCE Opening Comments at 4-5, PG&E Opening Comments at 15, SDG&E/SoCalGas Reply Comments at 6-7, TURN Opening Comments at 14.

reasonable because, as argued by water industry stakeholders, only two of the many water proceedings in which affordability metrics have been included had yet to conclude. Thus, a minor change to the requirement to produce updated metrics in water proceedings is appropriate. We also find this approach to be consistent with D.24-03-005 approving the San Gabriel Valley Water 2024 GRC, which required San Gabriel Valley Water to discuss the impacts of rate increases on disadvantaged communities as defined and described in the Commission's ESJ Action Plan in its next GRC and provide additional updates to the affordability metrics on a quarterly basis.[64]

We encourage, but do not require, the Class A water utilities to provide comparisons to other economic trends such as those required for the investor-owned energy utilities as discussed in this decision, based on the specifics of the geographic areas they serve.

With regard to energy proceedings, we find PG&E and SCE's voluntary incorporation of the staff recommendations in their filings convincing evidence of the value of this change and make this a standard requirement for all energy utilities. Bear Valley will file its 2027-2030 GRC by January 31, 2026. To ensure Bear Valley has sufficient time to implement and provide the newly required information in its GRC filings, this decision finds it reasonable to allow Bear Valley to comply with the new requirements in Ordering Paragraph 1 within 120 days of the issuance of this decision.

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[64] D.24-03-005 at OP 10.

3.3.3. Criteria for Including Affordability Metrics in Individual Proceedings

This decision narrows the requirement to include affordability metrics in all applications meeting certain criteria to only GRC applications meeting certain criteria.[65] Selecting fewer applications in which to include the metrics, in combination with the new requirements, to present additional context with the metrics as described above, is intended to generate more useful analysis supporting affordability. GRCs affect a large portion of utility revenues, tend to have broad party participation, and for these reasons are excellent candidate proceedings in which to continue to require the affordability metrics.

CalCCA and Joint Ratepayers mistakenly argue that limiting submission of affordability metrics to GRCs will impede tracking of cumulative rate changes. CalCCA and Joint Ratepayers fail to acknowledge how filing metrics in GRCs has been expanded by a new requirement to better explain cumulative impacts. Isolating capital expense trends provides increased perspective on a driver of affordability.

SDG&E was the only electric investor-owned utility with a GRC Phase 2 (also called a rate design) proceeding scheduled during the assessment period, therefore D.22-08-023 required only SDG&E to include the affordability metrics in its rate design and revenue allocation in A.23-01-008. The SDG&E test case of introducing the affordability metrics in a GRC Phase 2 proceeding did not result

[65] The certain criteria is not changing; the application must seek a revenue increase beyond one percent of system-level revenue and individually by fuel gas or electric revenues. Implementation Staff Proposal at 26-27, 37.

in stakeholders in A.23-01-008 incorporating the affordability metrics into their testimony in the GRC.

Based on the lack of utilization of the metrics in A.23-01-008, and in accordance with party recommendations, this decision will not require affordability metrics in other rate design proceedings, unless directed by the assigned Commissioner or ALJ.

3.3.4. Affordability Metrics for Business and Commercial Customer Classes

Joint Ratepayers and SBUA emphatically request that the Commission develop, and require utilities to calculate affordability metrics for commercial, industrial and small commercial customer classes.[66] SDG&E/SoCalGas do not oppose the inclusion of non-residential metrics into the affordability framework.

As described below in section 4, approved cumulative revenues are allocated across all customer classes and therefore the Trackers provide some insight into the changes to non-residential affordability. Additionally, in recognition of the affordability challenges faced by small commercial ratepayers, the Trackers now produce sample bills for small commercial customers on a quarterly basis.[67] Measuring affordability for large commercial, industrial and agricultural customers is even more challenging. For example, widely varying load profiles prohibit the development of sample bills. Measuring affordability for larger non-residential customer classes is not as simple as grafting the

[66] Joint Ratepayers Comments on 2022 ACRs Inviting Comments on Strategies at 3-4, SBUA Opening Comments at 4-5.

[67] Commission staff worked cooperatively with IOUs to develop the function of converting revenue changes into bills for small commercial customers.

residential (and small commercial) methodology on to larger customers, for the following reasons:

- The adopted definition of residential affordability includes the concept of a customer's "ability to pay," which may not be applicable to large-user customers.
- Usage within non-residential classes varies greatly by customer and there are no such "typical" or "average" customers.
- The current Affordability Ratio Calculator developed by Energy Division for use with the affordability metrics contains data relevant to the residential metrics, such as household income and housing cost assumptions, neither of which would be relevant nor appropriate for non-residential metrics. Moreover, there is no publicly available dataset that contains typical nondiscretionary costs for representative non-residential customers, similar to the housing cost data that is available through the U.S. Census Bureau.

Therefore, we do not find it feasible for purposes of this proceeding to develop affordability metrics for commercial, industrial and small commercial customer classes because the affordability framework, and underlying data, has been designed around residential rates. We recognize that affordability concerns cut across each of these customer classes and that the Commission should consider how best to address such concerns in the future.

3.3.5. Annual Affordability Report

Beginning in 2019, the annual Affordability Report has been one presentation vehicle for the annual refresh of the affordability tools and annual analysis of affordability by industry and overall. The Affordability Reports analyze the affordability framework and provide the AR Calculator, maps displaying the metrics by industry, and forecasts of revenue and rate changes for the next several years based on the electric utilities' Trackers. The Commission has also introduced process changes informally via the Affordability Reports, such as draft AR Calculators, changes to Trackers, and updates on Commission staff improvements.

Many parties state that they value the additional analysis and explanation that appears in the annual Affordability Reports.[68] Some parties request that the annual Affordability Reports include different types of analysis, discuss affordability impacts in plain language, and explain how the Commission employs the affordability metrics in its considerations.[69]

TURN states that it has trouble lining up the Public Use Microdata Areas used in the AR Calculator with those of the U.S. Census Bureau.[70] SDG&E and SoCalGas also state that the 2021/2022 AR Calculator attached Public Use Microdata Areas to SDG&E where they did not belong. SCE supports the AR Calculator and says that the calculations are easy to use.[71]

We agree with parties that the annual Affordability Report is useful but that the presentation of information can be improved. We determine that the content and analysis currently presented in the annual Affordability Report is better suited for presentation on the Commission's website, under the

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[68] TURN Opening Comments at 13, PG&E Opening Comments at 11, Cal Advocates Opening Comments at 2–5 and 18–20, CalCCA Opening Comments at 4.

[69] UCAN Opening Comments at 6–8, Cal Advocates Opening Comments at 18–20.

[70] TURN Opening Comments at 9-11.

[71] SCE Opening Comments at 2, *related see* UCAN Reply Comments at 9.

affordability page, and does not warrant ongoing issuance of a separate annual report as required by D.20-07-032. By moving the reports online, the Commission can more efficiently update the tools and information, as the affordability framework involves complex, data-intensive analysis that is better suited to an electronic format than a static, annual report. The online format allows for updates and adjustments to be made on a rolling ongoing basis, rather than waiting for the annual report to be compiled that issues the information simultaneously. Lastly, we recognize the need for simplicity and clarity called for by many parties and find that publishing affordability information online will provide opportunities to present the information in simplified ways over time and over multiple years.

We therefore eliminate the requirement of Ordering Paragraph 3 of D.20-07-032 that the affordability metrics shall be used to generate an annual Affordability Report. Instead, affordability information will be updated on the Commission's website and may include the following:

- AR Calculator,
- Maps displaying affordability metrics by industry,
- Forecasts of revenue and rate changes for the forthcoming several years based on the electric utilities' Trackers.
- Proposed changes to AR Calculators and Trackers
- Updates on Commission staff improvements.

4. Issue 2: Usefulness of Cost and Rate Trackers

4.1. Background

The next issue for resolution concerns the Cost and Rate Trackers, whether the high-level summaries of the information in the Trackers, called Quarterly Revenue Reports, prove useful and provide insight into the cumulative impact of electric and gas costs, rates and bills, and confidential treatment of the Trackers.

4.2. Usefulness of the Trackers

Since ordered by the Commission in D.20-07-032, the decision resolving Phase 1, SDG&E, SCE and PG&E have been submitting electric Trackers quarterly to the Commission's Energy Division.

In D.22-08-023, the decision resolving Phase 2, the Commission extended the requirement to gas and Class A water utilities.[72] PG&E submitted its first gas Tracker in September 2020. SDG&E and SoCalGas submitted their first gas Trackers in the third quarter of 2022. The Class A water utilities submitted their first Trackers on November 1, 2022.

While the Trackers were submitted directly to the Commission, D.22-08-023 permitted an alternative to filing the Trackers publicly, on the basis that the summaries in the Quarterly Revenue Reports would be sufficient to "plainly distinguish the drivers of rate and bill increases."[73] The energy utilities opted to

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[72] The Commission requires electric Tracker submissions pursuant to OP 1 of D.20-07-032 and gas and water Tracker submissions pursuant to OP 2 and OP 3, respectively, of D.22-08-023. Also *see* FoF 6, where the Commission finds "The projected residential rate and bill impacts produced by Water and Energy Trackers facilitates tracking of costs, rates, and bill impacts and may strengthen the Commission's decision-making abilities."

[73] D.22-08-023 at Conclusion of Law 5, 6, 7 and OP 4.

publicly provide Quarterly Revenue Reports, but not Trackers, until Q1 2024 when PG&E first made its electric Tracker publicly available. The other electric and gas utilities made their Trackers publicly available in whole or in part after being ordered to do so in the Joint Ruling issued July 2024.

With regard to water utilities, Great Oaks Water Company, Liberty Utilities (Apple Valley Ranchos and Park Water), San Gabriel Valley Water Company, San Jose Water Company, and Suburban Water Systems have made their water Trackers publicly available from the outset, while California-American Water Company, California Water Service Company, and Golden State Water Company initially issued the Quarterly Revenue Reports publicly and began issuing their water Trackers publicly after being ordered to do so.

Trackers provide the basis for cumulative revenue and rate forecasts and projected bill impacts displayed in the Commission's SB 695 Reports.[74]

4.2.1. Party Comments

In comments on the Rulings Seeking Annual Feedback, parties responded to the set of assessment questions in Section 5.3 of D.22-08-023, including:

- Are the energy and water trackers good mechanisms to provide a view of current and prospective cumulative revenues from which forecasted rates are derived and from which projected essential usage bills are derived?

Joint Ratepayers assert "the lack of robust, cumulative affordability metrics gravely exacerbates the problem of pancaked revenue requirements."[75] Joint

[74] https://www.cpuc.ca.gov/about-cpuc/divisions/office-of-governmental-affairs

[75] Joint Ratepayers Reply Comments dated February 16, 2024 at 10.

Ratepayers explain that asserting one such problem is "capital spending and pancaked additions to rate base."[76]

The large IOUs assert the energy Trackers are appropriate mechanisms to present a cumulative view of current and prospective revenue requirements.[77] Many parties view the Trackers as an integral part of the affordability framework.

UCAN states that while "the affordability framework provides a wealth of detail about utility rates, it is not readily accessible to the lay public."[78] CalCCA asks the Commission to summarize the Trackers on the Commission webpage. Parties argued that keeping the Trackers confidential limits public understanding and falls short of accomplishing the Commission's intention.[79]

EDF, SDG&E and SoCalGas do not address the Trackers directly, but comment on demand forecasts, a determinative piece of data in the Trackers. SDG&E/SoCalGas address the choice of inflation indicators currently used to forecast affordability in the AR Calculator, stating that rates and bills are affected by a number of factors, among them demand forecasts.[80] EDF argues that gas demand forecasts in GRCs and in the affordability metrics inadequately account for reductions in gas customers and increased demand for electricity brought

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[76] *Id.*

[77] SDG&E/SoCalGas Opening Comments at 6.

[78] UCAN Reply Comments at 3.

[79] Cal Advocates Opening Comments dated January 25, 2024 at 18 – 19 and Reply Comments dated February 16, 2024 at 2 – 3, California Large Energy Consumers Association Reply Comments dated February 16, 2024 at 8 – 15, among others.

[80] SDG&E/SoCalGas Opening Comments at 5.

about by decarbonization policies. EDF asserts that these inadequacies create significant challenges to planning for affordability impacts over the long term.[81]

Cal Advocates, UCAN, Joint Ratepayers and TURN argue that the Quarterly Revenue Reports have proven to be insufficient and asked the Commission to require utilities to publicly provide their Trackers.[82] Cal Advocates argue that it is critical that the function that converts revenue changes to rate and bill impacts be made publicly available. They argue that the Quarterly Revenue Reports lack such functionality and therefore compromise a complete understanding of customer impacts.[83] They also argue that "utilities supplying the same service differ in their forecasted sales and the numbers of customers served, so a revenue of the same amount in nominal dollars will result in differing rate and bill changes."[84]

Finally, Joint Ratepayers, TURN, Cal Advocates and CalCCA assert that cumulative impacts should be considered in individual proceedings, a position with which the large energy utilities disagree.

4.2.2. Discussion

The Joint Ruling initially addressed the concerns that keeping Trackers confidential limits understanding, by removing the option for utilities to file Quarterly Revenue Reports in lieu of the Trackers and also requiring any utility

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[81] EDF Opening Comments at 4.

[82] Cal Advocates Opening Comments at 5 and Reply Comments at 3, TURN Opening Comments at 4, 7, Joint Ratepayers Reply Comments at 13–14.

[83] Cal Advocates Opening Comments at 9.

[84] *Id.* at 4.

asserting confidentiality of the data in their Trackers to file motions with the Commission for confidential treatment. The motions are discussed below in section 4.3 of this decision.

Trackers provide valuable and timely information into the cumulative effects of all Commission approvals for the rate regulated electric, gas, and Class A water utilities. The Commission's energy and water divisions have continued to develop the Trackers in coordination with the regulated utilities. For example, and in response to party feedback in 2022, the Trackers now include several high-level summaries. In particular, the electric Trackers summarize rate and bill impacts of not just residential customers but also of small business customers.

The Trackers will continue to be served quarterly to the docket of this proceeding, and for the most part, publicly, as described below. To the degree that cumulative revenue, rate and bill impacts are within the scope of any individual proceedings, the Trackers provide relevant data that may be introduced as determined by the assigned Commissioner or ALJ.

4.3. Motions for Confidential Treatment of Data in Trackers

In the Joint Ruling, the Commission determined that data in the Trackers should be provided publicly in most cases and should display the formulas converting revenues to rate and bill amounts. The Joint Ruling removed the option for utilities to file Quarterly Revenue Reports in lieu of the Trackers. The Joint Ruling also directed any utility seeking confidential treatment for any data in their Trackers to file motions with the Commission for confidential treatment consistent with GO 66-D, Section 3.2 including specific citations to the California

Public Records Act, Rule 11.1, and Rule 11.4. Finally, the Joint Ruling directed utilities to serve public and confidential versions of the Trackers in the docket of this proceeding concurrently with quarterly service of their Trackers pursuant to Ordering Paragraph 4 of D.22-08-023.

On August 1, 2024, all Class A water utilities publicly served their Trackers for Q3 2024, without any redactions. On September 3, 2024, PG&E, SDG&E (gas only) and SoCalGas publicly served their Trackers for Q3 2024, without any redactions. Also on September 3, 2024, SDG&E (electric only) and SCE served public versions and redacted versions of their Trackers, as well as Motions for Confidential Treatment.

SCE seeks confidential treatment for bundled service customer forecast sales information for the three years in the Tracker, the year in which the Tracker is produced, which is the present year, and for two years subsequent. SCE also seeks confidential treatment for other data in the Tracker that would allow the derivation of bundled forecast sales. The other data that would allow the derivation of bundled forecast sales includes, for both system average rates and specific other rate schedules, generation and bundled revenues, bundled revenue allocators, percent of sales per rate schedule to bundled system sales, average rates, proposed rates and revenues, and customer counts.

SDG&E seeks to keep confidential the revenue data from one bilateral contract that it procures for tree mortality work. It states that the contract providing input for the tree mortality revenue requirement input shown in the Tracker as the "Tree Mortality Non-Bypassable Charge," or TMNBC line entry consists of a single bilateral contract that has not been publicly disclosed. If disclosed, it would allow market participants to gain insight into SDG&E's procurement needs and negotiating position, thus compromising competitive contractual pricing terms.

Both SCE and SDG&E assert their data matches data in the Commission's modified Matrix of Allowed Confidential Treatment of Investor-Owned Utility Data (the Matrix) appended to D.21-11-029.[85] The Matrix was first adopted in D.06-06-066, modified by D.07-05-032, which determined confidentiality preemptively in the context of energy procurement information. The Matrix classifies various energy procurement information and determines, for each classification, whether the information is presumptively confidential.

The Joint Ruling expressly directed utilities to adhere to section 3.2 of GO 66-D and provide specific references to the applicable sections of the California Public Records Act. GO 66-D, effective January 1, 2018, sets forth the Commission's rules and guidelines concerning the submission of confidential information to the Commission and access to its records. Subsequently the Commission through issuance of D.20-03-014 updated its GO 66-D rules to make Commission records more accessible.[86]

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[85] The modified Matrix of Allowed Confidential Treatment of IOU Data appended to D.21-11-029 updates the Matrix originally appended to D.06-06-066.

[86] *See* D.17-09-023, at 11-12, 14; *see* also D.20-03-014, at 22-23 ("Because of the need to promote greater transparency by providing more public access to Commission proceedings and the related documents developed therein, on November 14, 2014, the Commission opened R.14-11-001 [fn. omitted] "to increase public access to records furnished to the Commission by entities we regulate, while ensuring that information truly deserving of confidential status retains that protection." [fn. 56 cites R.14-11-001, at 1.].)

First, the Commission's disclosure requirements must be consistent with Article 3, subdivision (b)(2) of the California Constitution, which states that statutes, court rules, and other authorities limiting access to information must be broadly construed if they further the people's right of access, and narrowly construed if they limit the right of access. Rules that limit the right of access must be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.[87]

Second, the Commission's disclosure requirements must meet the CPRA, which furthers public access by requiring public agency records be open to public inspection unless the records are exempt from disclosure under the provisions of the CPRA.[88] "Public records" are broadly defined to include all records "relating to the conduct of the people's business;" only records expressly excluded from the definition by statute, or of a purely personal nature, fall outside this definition.[89] Since records received by a state regulatory agency from regulated entities relate to the agency's conduct of the people's regulatory business, the CPRA definition of public records includes records received by, as well as generated by, the Commission.[90] The CPRA requires the Commission to

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[87] *Ibid.*

[88] *Roberts v. City of Palmdale* (1993) 5 Cal.4th 363, 370 ("The Public Records Act . . . was enacted in 1968 and provides that 'every person has a right to inspect any public record, except as hereafter provided.' We have explained that the act was adopted for the explicit purpose of increasing freedom of information by giving the public access to information in possession of public agencies.") (internal citations and quotation marks omitted).

[89] *See*, *e.g.*, *Cal. State University v. Superior Court* (2001) 90 Cal.App.4th 810, 825.

[90] *See* Gov. Code, § 6252, subd. (e).

adopt written guidelines for access to agency records, and requires that such regulations and guidelines be consistent with the CPRA and reflect the intention of the Legislature to make agency records accessible to the public.[91]

Third, GO 66-D, Section 3.4(a), addresses "confidential matrices" that are by default preemptively designated as either confidential or not confidential.[92] When an information submitter claims confidentiality on the basis that the information is that of a classification included in the Matrix, it is the burden of the information submitter to establish that the data for which it seeks confidential treatment matches a category in the Matrix.[93] Specifically, the petitioner must include in its claim:

- That the material it is submitting constitutes a particular type of data listed in the Matrix;
- Which category or categories in the Matrix the data corresponds to;
- That it is complying with the limitation on confidentiality specified in the Matrix for that type of data;
- That the information is not already public; and

[91] Gov. Code, § 6253.4, subd. (b) ("Guidelines and regulations adopted pursuant to this Section shall be consistent with all other Sections of this chapter and shall reflect the intention of the Legislature to make the records accessible to the public.").

[92] "Confidential Matrices" is defined in GO 66-D as a Commission determination that specific classifications of information are confidential per Section 3.4 of GO 66-D. The determination is made prior to the submission of such information and applies broadly to a classification of information.

[93] D.06-06-066 as amended by D.07-05-032 at OP 2.

- That the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure[94] of information is lawful.

SDG&E argues that the price information it seeks to redact is protected by a number of California laws and Commission decisions protecting the confidentiality of third-party proprietary financial information. SDG&E specifically cites the CPRA Government Code Section 6254(k) prohibiting disclosure of information prohibited pursuant to federal or state law; Pub. Util. Code Section 454(g) protecting market sensitive information related to an electrical corporation's approved procurement plan, Pub. Util. Code Section 583 establishing right to confidential treatment of information otherwise protected by law; *Valley Bank of Nev. V. Superior Court*, s15 Cal. 3d 652, 658 (1975) protecting financial information especially of non-parties; and D.20-03-021 at 10 and D.20-02-052 at 11. Finally, SDG&E argues that the data it seeks to protect, its bi-lateral tree mortality contract, matches the category of "Generation Cost Forecast of Non-Qualifying Facilities Bilateral Contracts, labeled within the Matrix as II.B.4. SDG&E states it has not publicly disclosed this information and is not aware of the information having been publicly disclosed.

SCE identified all cells containing 2024-2026 bundled sales (kWH) and other related cells that would allow the derivation of bundled sales data as within Matrix Section V (C.1), labeled "RPS Compliance Reporting Load Forecast Information-Bundled Customer (MWh)." SCE acknowledges that the Joint Ruling expressly requires citation to applicable parts of the CPRA, however SCE

[94] *Ibid.*

argues that GO 66-D exempts petitioners able to match their data to a presumptively confidential category in the Matrix as exempt from any further burden to establish facts and law support confidential treatment.[95] SCE endeavors to comply with additional citations supporting its request. SCE identifies Pub. Util. Code Section 454(g) protecting market sensitive information related to an electrical corporation's approved procurement plan, and Government Code Sections 7922.000 and 7927.705 establishing that the public interest served by not disclosing information outweighs the public interest served by disclosure.[96]

4.3.1. Party Comments

EPUC argues that SCE has provided similar data in its 2025 GRC, A.23-05-010. Specifically, SCE provided both historical and forecast annual customer counts and GWh, by rate class, through the year 2028. EPUC states SCE also provided publicly detailed forward-looking tariff summaries by revenue component and average rate detail for bundled customers in the test year 2025.

In response, SCE identifies how the information on bundled sales forecasts generally included in its Tracker is not the same as the information cited by EPUC, with one exception. Specifically, SCE utilizes recent forecasts from its ERRA applications in its Tracker for the years 2024 and 2025, while the information cited by EPUC is from SCE's GRC, which was a forecast made in Q4 2022 for the years 2025 – 2028. The one exception to SCE's distinction

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[95] SCE Motion at 5 (footnote 6).

[96] *Id.* at 5–6 (Table I-2).

between the data is that SCE acknowledges one year of the GRC forecast data, that of 2026, is the same as the 2026 data in its Trackers submitted in SCE's "current" Q3 2024 Tracker.[97] SCE states the next quarterly submission of the Tracker, that it makes in Q4 2024, will contain bundled sales forecast information starting with year 2026 from the more recent ERRA filing.

4.3.2. Discussion

No party opposed SDG&E's motion for confidential treatment of its specific data. SDG&E has met its burden to show that the revenue requirement associated with the tree mortality bilateral contact is indeed within the category of information preemptively determined confidential in D.06-06-066. Therefore SDG&E's motion is granted.

SCE is correct that the bundled sales forecast data updated annually was not provided in its GRC nor in its ERRA proceedings and therefore, SCE has not previously publicly disclosed its bundled customer sales forecast data, with the exception of the 2026 data. SCE agrees with EPUC that the 2026 bundled sales customer forecast that it made public in its 2025 Test Year GRC is the same data included in the Q3 2024 Tracker.

SCE is correct that the data it seeks to protect is equivalent to the category of data presumptively granted confidential treatment in the Matrix. The Matrix and Pub. Util. Code Section establish confidentiality in the context of an electrical corporation's approved procurement plan, which is not the context in which the Trackers are produced. The Trackers utilize customer sales forecasts (also

[97] SCE Reply to EPUC Response, Revised Declaration of Robert Thomas at item 7.

known as demand forecasts) to calculate how revenues may impact rate changes and bill changes. However, Section 454.5(g) specifically refers to market sensitive information "submitted in an electrical corporation's proposed procurement plan or resulting from or related to its approved procurement plan," and the Commission interpreted this in D.06-06-066 as encompassing information contained in procurement plans or power purchase agreements or than "relate to these documents."[98]

In granting SCE's motion for confidential treatment, we note that in their Trackers served September 3, 2024, other electric utilities publicly provided the same information. Many parties commented on how the sample rates and bills produced by the Trackers are dependent upon sales forecasts as well as the related data such as customer counts and proposed rate schedules. While SCE has yet to provide publicly the specific customer sales forecasts of only its bundled customers (notwithstanding the exception noted above for the 2026 forecast bundled sales information in its current Tracker), such forecast data is an integral part of understanding the projections in the Trackers. Trackers are currently the only window into cumulative ratepayer impacts of multiple rate increases per year. Parties have the option to seek access to the SCE bundled service customer forecast sales data through entering into a nondisclosure agreement with SCE in order to review the confidential version.

[98] D.06-06-066 at 41.

4.4. Water Trackers

The Joint Ruling directed that 1) the baseline revenue displayed in the Tracker be updated annually on the first of the year making a new reference point annually, against which incremental changes are displayed, and 2) the formulas displaying the conversion of revenues into sample rates and bills be included and accessible to stakeholders.

4.4.1. Party Comments

CWA and CWS argued to retain the current practice of water Trackers referencing revenues in effect each January 1, while Cal Advocates continued to argue that water Trackers should reference the GRC revenue requirement, which generally changes every 3 years.

4.4.2. Discussion

We agree with CWA and CWS and will continue to have the water Tracker reference the revenue collected on January 1 of each year to compare differences from the revenue adopted in the GRC. First, the electric and gas Trackers already present data from the first of each year. Starting fresh each year preserves a longer-term forecast of future revenue changes. One of the functions of the Tracker is to forecast future changes. Second, the information sought by Cal Advocates is available in separate filings. There is no difference in the information available to parties by maintaining the current practice. Third, imposing a consistent timeframe on the Trackers is better than pegging the data in the Trackers because Class A water utility GRC applications are submitted at various times throughout the year. Utilizing the same start date across all Class

A water utility Trackers therefore allows for easier comparison and review than would be possible if the Tracker data was dependent upon the GRC timing.

5. Issue 3: Impacts on Environmental and Social Justice Communities and Areas of Affordability Concern (AAC)

The third main issue for resolution in Phase 3 is to determine whether and how the affordability framework supports consideration of affordability in ESJ communities. ESJ communities overlap with AACs, and therefore we address the AACs in this section.

5.1. Background

AACs are pockets of the state where lower-income Californians spend much more of their available budget than the vast majority of Californians on essential utility service.[99] As of the 2021/2022 annual Affordability Report, AACs are communities where households at the 20th percentile of the community's income distribution spend more than 15 percent of their available budget on essential levels of electricity or communications services, or more than 10 percent of their available budget on either essential levels of gas or water service.

5.2. Party Comments

SDG&E and SoCalGas argue that AACs have some limitations and can lead to results that are difficult to interpret. They assert that the inclusion of housing costs in the AR in some cases equals the household's entire income, and

[99] The pockets of California where communities spend much more on utility services than most Californians can be put in numerical terms. For example, the 2019 Affordability Report shows that eleven percent of Californians are spending more than 35 percent of their available budget for all utility services. This means that they spend "much more" on utilities than the vast majority of Californians.

for these households, the AR offers no insight into the affordability of the subject utility service. Therefore, they argue that AACs are better suited for annual affordability reports instead of individual proceedings.[100]

Cal Advocates recommends disbanding the AACs, suggesting that despite the intention of the Commission to use AACs to highlight geographic areas facing the most economic hardship in the state, they can be misconstrued to argue that an Affordability Ratio value lower than the AAC demarcation of 10 or 15 percent spent, after accounting for income-after-housing, is therefore affordable.[101]

Cal Water, PG&E, TURN and SCE find the AACs useful.

5.3. Discussion

AACs are one of several methods of identifying where to find and how to address the needs of the most vulnerable communities and ESJ communities. The Commission has made clear that AACs are not a benchmark for affordability. Understanding the locations where the costs of living consume all, or nearly all, of available income relative to other parts of the state is valuable information that will be retained and available to parties, even if changes to utility bills cannot change that equation. Use of AACs will remain part of the analytic toolbox available to stakeholders and may help identify whether ESJ communities are being disproportionally impacted.[102]

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[100] SDG&E/SoCalGas Opening Comments at 8.

[101] Cal Advocates Opening Comments at 7.

[102] As emphasized by CforAT in comments on the proposed decision, individuals with disabilities, including those with Access and Functional Needs and other medical

Footnote continued on next page.

6. Issue 4: Affordability in Communications

6.1. Background

Although Phase 3 of this proceeding has been mainly focused on energy affordability, the Fifth Amended Scoping Memo and Ruling stated that the Commission may revisit communications affordability in future phases. Accordingly, we discuss the affordability of communication services and whether the metrics should be applied in communications proceedings, as well as identify relevant information regarding the essential service level for communication services established in D.20-07-032 from Phase 1.

6.2. Affordability of Communications Services

For decades, the Commission has administered multiple universal service programs designed to ensure widespread affordability of communications services, primarily voice telephone service but increasingly broadband internet service as well. These include the California High Cost Fund A and California High Cost Fund B, which provide universal service rate support to telephone corporations to promote access to service that is reasonable comparable to that in urban areas, the California LifeLine program, which provides discounts to basic landline and wireless phone service to qualifying low-income residents, and the California Advanced Services Fund, which provides grants to support closing the Digital Divide through infrastructure deployment and adoption programs.

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vulnerabilities, are not included in the formal definition of ESJ communities in version 2.0 of the ESJ Action Plan.

Affordability has grown in importance as Californians have increasingly turned to broadband service as their primary means of communication. Survey data indicate that 61 percent of Californians who do not adopt internet service report cost as a reason, and 36 percent cite cost as the main reason.[103] In 2020, the Federal Communications Commission (FCC) established the Emergency Broadband Benefit (EBB), which provided a subsidy to households struggling to afford the cost of broadband internet, made even more essential during the COVID-19 pandemic. Later, the EBB was converted into the Affordable Connectivity Program (ACP), which provided a smaller income-qualified subsidy for broadband service.

Uptake of both the EBB and ACP in California was significant, with over half of eligible Californians enrolling in the ACP by the time the FCC announced the end of new enrollments due to expiration of temporary funding.[104] According to research conducted by the FCC in December 2023, 68 percent of ACP enrollees reported inconsistent or zero connectivity before the ACP, and 80 percent of these respondents reported affordability was the primary reason for not subscribing.[105] Based in part on the demonstrated need in California for subsidies to access broadband, AB 1588 (Wilson, 2024) and SB 617 (Durazo, 2025) have proposed modernizing the California LifeLine program by authorizing the

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[103] "2023 Statewide Digital Equity Survey: Final Report," August 31, 2023 at 36-37. https://broadbandforall.cdt.ca.gov/wp-content/uploads/sites/19/2023/12/2023-Statewide-Digital-Equity-Survey-Final-Remediated-Report.pdf

[104] *See* https://broadbandforall.cdt.ca.gov/affordable-connectivity-program/acp-enrollment/

[105] "ACP – Measuring Impact," Federal Communications Commission, https://www.fcc.gov/sites/default/files/Measuring-Impact-ACP-Survey-Fact-Sheet.pdf

Commission to subsidize broadband-only service for the first time, and the Commission recently approved a Home Broadband Pilot for California LifeLine.[106]

6.2.1. Party Comments

CalBroadband argues that the affordability metrics as developed are "inapposite," and identifies several alleged limitations of the affordability metrics in the context of communications services.[107] The Small LECs support this position.[108]

CalBroadband states that many Californians benefit from significant competition for broadband services, mitigating affordability concerns. CalBroadband also objects to the use of geographic indicators and data on other costs faced by households, such as housing, that are beyond the control of providers in calculating affordability.

CalBroadband is joined by AT&T in arguing that the Commission lacks jurisdiction over broadband pricing, and AT&T further argues that the Commission lacks jurisdiction over pricing of wireless services.

Cal Advocates and CforAT assert it is both within the Commission's purview to gather and present affordability data for broadband services.[109]

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[106] D. 25-08-050.

[107] CalBroadband Opening Comments at 18.

[108] Small LECs Reply Comments at 5.

[109] Cal Advocates Reply Comments at 13–15, CforAT Reply Comments at 4-6.

6.2.2. Discussion

Regarding the argument that competition mitigates affordability concerns, the Commission's own data on California's broadband marketplace from the 2018 Competition Study has indicated that as few as 6.8 percent of California households have access to served speeds of 25/3 Mbps from 3 or more wireline providers.[110] According to data on the FCC's National Broadband Map as of December 2024, only 9.3 percent of California households have access to served speeds of 25/3 Mbps from 3 or more wireline providers.[111] When the higher speed threshold used by the FCC to define broadband of 100/20 Mbps is utilized, this percentage drops to less than 5 percent. While more than one communications service provider may be available to some Californians, many are left with little or no choice in broadband providers, particularly those living in rural, Tribal, and low-income communities, and thus may be subject to similar affordability concerns seen for energy or water.

Some communications companies' arguments are not unique to communications, such as the argument to exclude housing costs when calculating a household's disposable income. It is true that providers do not control housing costs, but high housing costs can directly affect a family's ability to afford essential services such as internet and telephone. As the Commission

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[110] "Retail Communications Services in California: Report of the Communications Division Pursuant to Ordering Paragraph 3 of Decision 16-12-025 Analyzing the California Telecommunications Market," California Public Utilities Commission, December 2018, Table 1, page 14

[111] FCC National Broadband Map data as of December 31, 2024.

has explained before during the development phase of the metrics, while the Commission acknowledges that further refinement of the metrics may be helpful to better identify those communities facing the highest affordability burden in communications services, it is shortsighted to exclude housing costs when calculating a household's discretionary income. With regard to the communications industry parties' continual assertion that the Commission lacks jurisdiction over pricing, it bears repeating that tracking affordability does not impact pricing and is not rate regulation. Moreover, the extent to which the Commission requires pricing obligations as a condition for accepting state funds also does not constitute rate regulation.[112]

It is reasonable for the Commission to continue gathering and analyzing affordability data to better understand how prices and plans affect Californians in different parts of the state to access essential communications services. The

[112] In National Lifeline Association v. Marybel Batjer, et al, the Ninth Circuit reversed and remanded a district court order that granted a permanent injunction against the implementation of the Commission's 2020 LifeLine decision, which established that wireless carriers who wish to be avail themselves of state LifeLine subsidy monies must offer at least one plan to the low-income subscribers at no additional cost. This Ninth Circuit decision confirmed what the CPUC has long argued: the state attaching a condition to the grant of a state subsidy, where provider participation is purely voluntary, is not the same thing as rate regulation of communications companies, where such regulation is proscribed under the federal Communications Act. The Court concluded that California has the discretion to subsidize only plans that advance its statutory interest of affordable universal service, and service providers are free to decline the subsidy and set their own rates on the open market. The reference by some parties in comments to requirements for the Broadband Equity, Access, and Deployment (BEAD) program and accompanying guidance by the National Telecommunications and Information Administration (NTIA) are not relevant to this underlying legal principle governing the Commission's authority to establish conditions when awarding state funds through voluntary programs.

Communications Division should initiate an affordability study within twelve months of the effective date of this decision and subsequently produce a report.

6.3. Essential Service Level

In D.20-07-032, the Commission adopted a definition of essential level of broadband communications service of 25 Mbps downstream and 3 Mbps upstream and noted that the FCC identified a speed benchmark for fixed broadband service to meet the standard of "advanced telecommunications capability," as defined by the federal Telecommunications Act of 1996. When D.20-07-032 was adopted, the FCC's most recent broadband deployment report stated that fixed services with speeds of "25 Mbps/3 Mbps continue[d] to meet the statutory definition of advanced telecommunications capability."[113] While this decision will not take action to modify the essential level of broadband communications service, as predicted in D.20-07-032, customer needs have continued to evolve, and it is appropriate for the Commission's Communications Division to conduct a study on unique affordability challenges within the communications marketplace. Communications Division should ensure this study is appropriately scoped to produce findings that are relevant to the current market conditions and customer broadband needs.

On March 14, 2024, the FCC adopted the most recent version of the broadband deployment report, in which the FCC adopted "a new, long-overdue benchmark for defining advanced telecommunications capability for fixed

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[113] FCC Order 15-10 at 3. *See* also FCC Order 19-44 at 5, affirming that as of 2019 the FCC "conclude[d] that the current speed benchmark of 25 Mbps/3 Mbps remains an appropriate measure by which to assess whether a fixed service is providing advanced telecommunications capability."

broadband of 100 Mbps download speed paired with 20 Mbps upload speed.[114] In adopting this higher benchmark, the FCC noted that the United States Congress had enacted in 2021 the Infrastructure Investment and Jobs Act, including the "largest ever federal investment in high-speed broadband," which identified areas receiving broadband speeds of less than 100 Mbps download speed/20 Mbps upload speed as "not adequately served with high enough speeds," and created the Broadband Equity, Access, and Deployment program to deploy broadband at speeds of at least 100/20 Mbps to locations without access to adequate broadband.[115] The FCC also noted that consumer behavior has demonstrated need for increased speeds, particularly since the COVID-19 pandemic, with increased demands for faster broadband services to meet needs related to remote work, remote learning, and telehealth, among numerous other applications,[116] and offerings by broadband providers reflect consumer demand for higher broadband speeds, with 100 Mbps download speed/20 Mbps upload speed increasingly representing the standard for deployment and marketing.[117]

At the same time federal definitions of broadband have evolved to reflect the 100/20 Mbps standard, California programs to deploy broadband and close the Digital Divide, including those administered by the Commission, have also recognized 100/20 Mbps as the appropriate definition of broadband service. In 2020, Governor Newsom issued an Executive Order directing state agencies to

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[114] FCC Order 24-27 at 2. https://docs.fcc.gov/public/attachments/FCC-24-27A1.pdf

[115] *Id.* at 24, 26.

[116] *Id.* at 29–25.

[117] *Id.* at 36–27.

pursue a minimum broadband speed goal of 100 Mbps downstream to guide investments and program implementation for the Broadband For All initiative.[118] SB 156, signed by Governor Newsom in 2021, raised the statutory minimum speed requirement for deployments funded by the CASF Broadband Infrastructure Grant Account to 100 Mbps download speed/20 Mbps upload speed.[119] This higher speed threshold has since been incorporated into the Commission's rules for the CASF Broadband Infrastructure Grant Account.[120]

SB 156 also enacted the Federal Funding Account (FFA) program, administered by the Commission, to deploy broadband to unserved locations throughout California, identified as locations lacking access to at least 100 Mbps download speed/20 Mbps upload speed.[121] Finally, in 2024, the Commission adopted new rules for the CASF Broadband Public Housing Account requiring funded projects to meet a 100/20 Mbps speed standard.[122] Therefore the report prepared by the Commission staff should consider the affordability of service based on current customer broadband needs and market standards.

6.3.1. Party Comments

CalBroadband identifies areas for potential improvement in the accuracy of the metrics to assess the affordability of communications services, such as incorporating data related to the typical essential level of service and price paid

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[118] Executive Order N-73-20.

[119] Pub. Util. Code Section 281(f)(5).

[120] *See* D.22-11-023.

[121] Pub. Util. Code Section 281(n)(3).

[122] *See* D.24-03-021.

by California households for broadband, including the price of low-cost and promotional offerings by ISPs.

6.3.2. Discussion

The actions taken by the federal government, California, and the Commission itself demonstrate that consumer broadband needs continue to evolve from the 25/3 Mbps standard established in D.20-07-032 and left unmodified here for purposes of calculating affordability metrics. While modifications to the essential level of broadband service are not made here, the Commission recognizes that the essential level of broadband service established in D.20-07-032 may not be aligned with modern customer broadband needs and standards in federal and state programs, and, informed by the work conducted in this proceeding consistent with the proceeding's scope will continue analyzing affordability of communications services using parameters that are consistent with the Commission's statutory and policy goals and reflect the communications needs of Californians.

7. Potential Future Analysis and Consideration of Affordability Mitigation Measures

As development of the affordability framework concludes, the framework is now available to enhance the assessment of affordability in individual Commission proceedings.

7.1. Party Comments

Parties proposed application of the framework in a number of issue areas and proceedings, including: Percentage of Income Payment Program (PIPP), clean energy financing, long-term gas system planning, demand flexibility, and oversight of transmission costs.[123] Several parties recommend affordability be measured in conjunction with advancing climate and clean air objectives.[124] Other parties were more specific about the policy objectives meriting affordability measurements, such as:

- PIPP combined with community solar, electrification, and weatherization;
- Lowering the rate of return of public utilities;
- Prohibiting new fossil fuel and dairy methane investments;
- Exploring supplemental state funding for clean energy priorities outside of rates;
- Reducing consumption charge associated with income-based fixed charges; and
- Implementing a one-stop shop for ratepayers to access programs for energy efficiency, demand response, community solar, and building electrification.[125]

7.2. Response To Executive Order to Reduce Electric Bills

Governor Newsom issued Executive Order N-5-24 on October 30, 2024. The Governor's Executive Order asked the Commission to take immediate action to reduce electric bills by eliminating underperforming programs and improving

[123] SDG&E/SoCalGas Comments on 2022 ACRs Inviting Comments on Strategies at 2, SCE Comments on 2022 ACRs Inviting Comments on Strategies at 4, Cal Advocates Comments on 2022 ACRs Inviting Comments on Strategies at 28-31, CforAT Comments on 2022 ACRs Inviting Comments on Strategies at 7-8.

[124] SDG&E/SoCalGas Comments on 2022 ACRs Inviting Comments on Strategies at 2, SCE Comments on 2022 ACRs Inviting Comments on Strategies at 3, EDF Comments on 2022 ACRs Inviting Comments on Strategies at 3.

[125] Sierra Club/NRDC/CEJA Comments on 2022 ACRs Inviting Comments on Strategies at 7-8; Cal Advocates Comments on 2022 ACRs Inviting Comments on Strategies at 2-26.

cost-effectiveness, and to recommend additional actions to reduce costs to electric ratepayers without compromising public health and safety, electric grid reliability, or the achievement of the State's 2045 clean electricity goal and the State's 2045 economywide carbon neutrality goal.

The Commission responded publicly in a report issued February 18, 2025, stating that " *… ratepayer bills are rising because of: wildfire risk reduction surrounding utility infrastructure, inequitable rate structures, programs that require energy procurement that is not needed or is not competitively priced, and programs that provide bill reductions or discounts to one group of ratepayers, thus leaving other customers with a larger share of overall costs*."

The Commission recommends three ways to reduce electricity bills: 1) control growth in utility spending, 2) find additional funding sources for wildfire mitigation, rooftop solar cost-shift and future cost-shifts, low-income assistance, non-cost-effective programs, and 3) reduce rate inequities that exempt advantaged customers from paying fixed costs.

7.3. Discussion

It is critical that the Commission continue to consider a full range of options as to how to reduce electricity bills for customers through review of utility provider applications, rulemaking proceedings and through coordination and education of ratemaking mechanisms and principles with the legislature. The record and recommendations of the parties presented in this proceeding has carried over to other proceedings where the Commission is examining and implementing proposals made during two Commission hosted Affordability en banc events.[126] The affordability metrics and the information gained through this proceeding helped inform the report provided to the Governor in response to Executive Order N-5-24 and will continue to inform the Commission's assessment of issues presented in proceedings consistent with this decision.

This includes, but is not limited to, General Rate Cases and other ratesetting proceedings in which the affordability of authorized rates for residential customers and unique characteristics of affordability as applied to different customer classes, among other considerations related to affordability of service, are relevant to the Commission's decision making process.

The issue of non-residential affordability will continue to be addressed through GRC Phase 2 proceedings, including the currently open proceedings for PG&E (A.24-09-014) and SCE (A.24-03-019). While the affordability metrics that were adopted for residential customers in this proceeding are not directly applicable to non-residential customer classes, the definitions and concepts that were adopted in this proceeding can help guide the discussion of affordability concerns in those proceedings.

8. Conclusion

Today's decision refines the implementation of the Commission's affordability framework to sharpen the focus on affordability. We require more context to be included with the filing of updated affordability metrics in individual proceedings, to generate more robust analysis of the affordability

[126] The initial En Banc on Rates and Costs held on February 24, 2021 and the Affordability En Banc held on February 28 and March 1, 2022

metrics. This decision also requires updated affordability metrics, and impacts of the proposed increase, be produced in GRC Phase 1 proceedings where the revenue increase is estimated to exceed more than one percent of the currently authorized revenue. However, updated affordability metrics will only be required in other proceedings if directed by the assigned Commissioner or ALJ. Nonetheless, we affirm that affordability of service is an issue of major importance across Commission proceedings and industries. Affordability issues merit inclusion across a wide range of proceedings, including GRCs, and analysis of those issues will benefit from utilization of the metrics developed in this proceeding. Moreover, while the metrics developed in this proceeding will help advance consideration of affordability in an objective and data-driven manner, we also recognize that additional work may be appropriate to understand the specific affordability challenges affecting different customers, such as non-residential customers, which should be considered in the context of future proceedings, including GRCs.

For efficiency, flexibility and transparency, we transition the production of the affordability metrics, maps, and analysis from a static annual report to the Commission's affordability webpages.

As we recognize that cumulative impact across all Commission proceedings is a critical piece of the affordability framework, we make several changes to the Trackers in which energy and water utilities quarterly update their revenues in effect. We affirm the prior order in this proceeding to require public release of the Trackers for electric, gas and Class A water utilities and eliminate the option to provide a summarized report. We also affirm the prior order in this proceeding for the water Tracker to include the function that converts revenue into rate and bill impacts.

Finally, with regard to the communications industry, we direct the Commission's Communication Division to initiate an affordability study within twelve months of the effective date of this decision analyzing affordability of communications services, including broadband using a standard aligned with federal and state programs and modern customer needs, and subsequently produce an affordability report that uniquely considers communications service affordability.

9. Comments on Proposed Decision

The proposed decision of Commissioner Darcie L. Houck in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3. Comments were filed on December 3, 2025 by Bear Valley, SCE, Small LECs, PG&E, CalCCA, CalBroadband, UCAN, SDG&E/SoCalGas, CforAT, Cal Advocates, and SBUA and reply comments were filed on December 9, 2025 by Bear Valley, SCE, Small LECs, Cal Water, CTIA, CalCCA, Joint Ratepayers, PG&E, UCAN, and SBUA.

Regarding the communications affordability determinations, we agree with CalBroadband, the Small LECs, and CTIA that the determination to raise the 25 downstream/3 upstream Mbps broadband component of the communications essential service level originally established in D.20-07-032 to 100/20 Mbps to be consistent with FCC benchmark for defining advanced telecommunications capability and California broadband grant programs may benefit from additional consideration and instead determine to include this issue within the anticipated staff report on communications affordability. With regard to CalBroadband's position that communications affordability is outside the scope of this proceeding, this decision clarifies the sixth amended Scoping Memo and Ruling defining the scope of Phase 3 of this proceeding must be read in conjunction with rulings seeking feedback on the implementation of the affordability framework and rulings noticing parties to proceedings in which affordability metrics were filed of the opportunity to provide feedback.

Regarding the newly required revenue and rate trend data and charts required by this decision, we address the concerns of SDG&E/SoCalGas, SCE and Cal Water that capital spending approvals and trends omit the fact that invested capital's impact on revenue requirement incorporates approved capital spending from the past (over decades). Clarifications are made to describe how capital-related revenue requirements work, and the importance of distinguishing capital trends from all other spending approved. Relatedly, we incorporate PG&E's recommendations to better define operational cost data in revenue and rate trend graphs as all cost approvals other than capital approvals, and we find Cal Advocates' recommendation to exclude the CCC from revenue and rate trends and projections to be reasonable, since the CCC would otherwise mask actual trends and would introduce an additional element of uncertainty to projections. We find SCE's recommendation to change the rate trend data from Residential Average Rates to System Average Rates inappropriate because the affordability framework has been developed for residential affordability.

Regarding SBUA and Joint Ratepayer requests to address non-residential affordability, we agree that affordability for non-residential customer classes is important and deserves attention. We further explain that while the metrics developed do not translate to non-residential classes for the reasons described in Section 3.3.4, the concepts of the affordability framework may provide guidance when addressing small commercial and other non-residential customer classes in other proceedings. Additionally, in recognition of the affordability challenges faced by small commercial ratepayers, the Trackers now produce sample bills for small commercial customers on a quarterly basis, which is a result of Commission staff having worked cooperatively with IOUs to develop the function of converting revenue changes into bills for small commercial customers.

Additional revisions are made to 1) remove the delegation of authority to Energy Division to revise the newly required graphical information, as it is too broad and not aligned with prior delegations, especially given that this proceeding is closing; 2) grant SCE motion for confidential treatment of certain information because SCE provided additional support to find its bundled service customers sales forecast data in the Tracker equivalent to the category of data presumptively granted confidential treatment in the Matrix established in the procurement context; and 3) extend the time by which Bear Valley must comply with the filing requirements decision due to the limited time between the issuance of this decision and Bear Valley's 2027-2030 GRC filing.

CalCCA, CforAT, Joint Ratepayers and UCAN highlight the need to address affordability concretely in future proceedings. The CalCCA recommendation to adopt a process to allow parties to request affordability metrics in individual proceedings already exists as described in the Commission

Rules and we encourage parties to request inclusion of the affordability metrics as appropriate via existing mechanisms.

10. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Camille Watts-Zagha is the assigned ALJ in this proceeding.

Findings of Fact

1. D.22-08-023, the decision resolving Phase 2, implemented the affordability framework subject to refinement after gaining experience with affordability metrics filed in individual proceedings.

2. The Commission solicited and considered party comments on the use and interpretation of the framework in individual Commission proceedings and in the annual Affordability Reports subsequent to the release of the 2020 Affordability Report and the 2021/2022 Affordability Report.

3. Comparing historical revenue and rate trends to inflation and presenting these graphical trends as specified in this decision will provide context when affordability metrics are required to be filed in energy utility GRC applications.

4. The 2021/2022 Affordability Report included a staff recommendation for utilities to summarize the affordability metrics to better highlight impacts on the most disadvantaged customers whenever the metrics are filed in proceedings.

5. Requiring the energy and Class A water utilities to summarize the affordability metrics in accordance with the 2021/2022 Affordability Report will provide context when affordability metrics are required to be filed in energy and Class A water utility GRC applications.

6. Reducing the number of individual proceedings in which affordability metrics are required, combined with requiring additional context to be included with the metrics will generate more robust information about affordability.

7. Updating the affordability metrics and analysis and posting them directly on the Commission's website will be more efficient than issuing such updates in the static annual Affordability Report.

8. Quarterly Revenue Reports are insufficient to plainly distinguish the drivers of rate and bill increases.

9. Trackers provide quarterly rate and revenue data that is useful and relevant in individual proceedings.

10. Trackers do not display how capital ratemaking impacts the revenue requirement nor how capital-related costs are recovered over time.

11. The affordability framework is deficient without better accounting of cumulative impacts of how capital ratemaking impacts the revenue requirement.

12. Cumulative revenues collected by the utilities and reported in the Trackers are allocated across all customer classes.

13. The electric Trackers include small commercial rate and bill impacts.

14. Delegating authority to Commission staff to change the content or format of the data presented in the Trackers furthered development of the Trackers subsequent to the decision requiring the submission of Trackers.

15. SDG&E has met its burden to show that the data it seeks confidential treatment of is within the category of information preemptively determined confidential in D.06-06-066.

16. SCE has met its burden to show that the data it seeks confidential treatment of is within the category of information preemptively determined confidential in D.06-06-066.

17. The affordability framework reflects impacts on ESJ communities through the designation of AACs.

18. With regard to the California Advanced Services Fund programs, additional measures may be warranted to ensure the historic investment in broadband infrastructure supports the goal of affordable broadband for all Californians.

19. The 25 downstream/3 Mbps upstream broadband component of the communications essential service level originally established in D.20-07-032 is inconsistent with FCC benchmark for defining advanced telecommunications capability for fixed broadband of 100 Mbps download speed paired with 20 Mbps upload speed and California broadband grant programs.

20. There is a need for the Commission to conduct a study of affordability issues unique to the communications industry and issue a report on the findings.

21. Bear Valley requires additional time to include the required charts ordered in this decision in its 2027-2030 GRC filing.

Conclusions of Law

1. Energy utilities should be required to include comparisons of revenue and rate trends to inflation and present these graphical trends as specified in this decision when filing updated affordability metrics in individual proceedings.

2. Energy and Class A water utilities should be required to include the additional contextual data recommended in the 2021/2022 Affordability Report when filing updated affordability metrics in individual proceedings.

3. The criteria for including affordability metrics in individual proceedings should be narrowed to apply only to General Rate Case applications where the revenue increase is estimated to exceed more than one percent of the currently authorized revenues.

4. This decision should supersede Ordering Paragraphs 5, 6 and 8 of D.22-08-023 to file affordability metrics in certain proceedings.

5. It is reasonable to eliminate the requirement on Commission staff of Ordering Paragraph 3 of D.20-07-032 that the affordability metrics shall be used to generate an annual Affordability Report.

6. It is reasonable for Commission staff to continue to produce the Affordability Ratio, the Hours-at-Minimum-Wage, the most recent CalEnviroScreen scores, the AR Calculator, interactive maps displaying affordability metrics by industry, forecasts of revenue and rate changes for the forthcoming several years based on the electric utilities' Trackers and post these affordability metrics, tools and proposed changes to the tools, and updates directly on the Commission's website.

7. The utilities should no longer have the option to make publicly available the itemized list and tally of revenue requests called Quarterly Revenue Reports instead of the Tracker.

8. The investor-owned energy utilities and Class A water utilities should continue to serve quarterly to the docket of this proceeding public versions of the Tracker.

9. The motion of SDG&E seeking confidential treatment of certain data should be granted.

10. The motion of SCE seeking confidential treatment of certain data should be granted.

11. AACs should remain part of the analytic toolbox available to stakeholders.

12. The fixed broadband component of essential communications service of 25 download speed/3 upload speed is out of alignment with the FCC and California broadband grant program standards of 100 Mbps download speed/20 Mbps upload speed.

13. The Commission should gather and analyze communications services affordability data and present their recommendations in a report to better understand how prices and plans, including for broadband service, affect Californians in different parts of the state.

14. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, Southern California Gas Company, PacifiCorp, Liberty Utilities (CalPeco Electric) LLC, Southwest Gas Corporation, and Bear Valley Electric Company, Inc. shall include in all initial General Rate Case (GRC) Phase 1 applications where the revenue increase is estimated to

exceed one percent of currently authorized revenues systemwide for a single fuel, the following in accordance with the specifications in Appendix A:

a. Updated affordability metrics associated with revenues in effect at the time of filing the GRC application;

b. Changes in the affordability metrics associated with the proposed revenue request;

c. Quantitative summary of change to affordability for the utility's most disadvantaged customers and narrative analysis reconciling the quantitative changes with affordability;

d. Historical and projected residential average rate growth, excluding the California Climate Credit, compared to inflation; and

e. Current and projected GRC revenue growth compared to inflation.

2. Bear Valley Electric Company, Inc. is granted an extension of time to comply with Ordering Paragraph 1 when filing its 2027-2030 General Rate Case and shall comply within 120 days of the issuance of this decision.

3. Ordering Paragraph 1 modifies the criteria established in Decision 22-08-023 for electric and gas utilities including affordability metrics in individual proceedings and therefore supersedes Ordering Paragraphs 5 and 6 in Decision 22-08-023.

4. California Water Service Company, Golden State Water Company, San Jose Water Company, California American Water Company, San Gabriel Valley Water Company, Suburban Water Systems, Liberty Utilities (Park Water Company and Apple Valley Ranchos Water Company), and Great Oaks Water Company shall include in all initial General Rate Case applications where the

revenue increase is estimated to exceed one percent of currently approved revenues systemwide, updated affordability metrics, and the change to affordability associated with the proposed revenue request, in accordance with the specifications in Appendix B.

5. Ordering Paragraph 3 modifies the criteria established in Decision 22-08-023 for Class A water utilities including affordability metrics in individual proceedings and therefore supersedes Ordering Paragraph 8 in Decision 22-08-023.

6. Pacific Gas and Electric Company, Southern California Electric Company, San Diego Gas & Electric Company, Southern California Gas Company, California Water Service Company, Golden State Water Company, San Jose Water Company, California-American Water Company, San Gabriel Valley Water Company, Suburban Water Systems, Liberty Utilities (Park Water Company and Apple Valley Ranchos Water Company), and Great Oaks Water Company shall publicly serve their Cost and Rate Trackers in the docket of this proceeding.

7. The requirements of Ordering Paragraph 3 of Decision 20-07-032 are eliminated.

8. The motion of San Diego Gas & Electric Company Seeking Confidential Treatment of Certain Information in its Cost and Rate Trackers and Authorization to Comply with the July 30, 2024 Ruling by Serving a Public Version of its Quarterly Tracker to Protect that Confidential Data is granted.

9. The motion of Southern California Edison Seeking Confidential Treatment of Certain Information in its Cost and Rate Trackers and Authorization to

Comply with the July 30, 2024 Ruling by Serving a Public Version of its Tracker to Protect that Confidential Data is granted.

10. Rulemaking 18-07-006 is closed.

This order is effective today.

Dated December 18, 2025, at Sacramento, California.

ALICE REYNOLDS
President
DARCIE L. HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
Commissioners

Commissioner Matthew Baker recused himself from this agenda item and was not part of the quorum in its consideration.

APPENDIX A

Affordability Framework Filing Requirements for Energy Utilities

APPENDIX A

Affordability Framework Filing Requirements for Electric and Gas Investor-Owned Utilities

General Rate Case (GRC) Phase 1 applications with a revenue increase estimated to exceed one percent of currently authorized revenues systemwide for a single fuel shall include:

1. Updated Affordability Ratio 20 (AR20) by climate zone, Affordability Ratio 50 (AR50) by climate zone, and Hours at Minimum Wage (HM) associated with revenues in effect at the time of the filing, and:
    a. Essential usage bills by climate zone, underlying the affordability metrics associated with revenues in effect at the time of filing;
    b. Average usage bills by climate zone associated with revenues in effect at the time of filing; and
    c. For climate zones with Areas of Affordability Concern (AAC) as defined in the most recent annual Affordability Report, AR20 by climate zones subdivided by Public Use Microdata Area.
2. Changes in the Affordability Ratio 20 (AR20) by climate zone, Affordability Ratio 50 (AR50) by climate zone, and Hours at Minimum Wage associated with the proposed new revenue requested, annually for each year in which new revenues are proposed, and:
    a. Essential usage bills by climate zone, underlying the affordability metrics associated with proposed revenues;
    b. Average usage bills by climate zone associated with proposed revenues;

c. For climate zones with Areas of Affordability Concern (AAC) as defined in the most recent annual Affordability Report, AR20 by climate zones subdivided by Public Use Microdata Area; and

d. Concurrent with any modeling effort necessary to represent rate and bill impacts of an authorized revenue requirement associated with a Proposed Decision, the same entity updating the rates associated with an authorized revenue requirement shall update the affordability metrics for production in the same Commission document that presents the rate impacts.

3. Quantitative summary of change to affordability for the utility's most disadvantaged customers and narrative analysis reconciling the quantitative changes with affordability, by three groupings: AR20, Hours at Minimum Wage (HM), and AR20 within the Areas of Affordability Concern. In the quantitative summary, for each grouping:

Show the range of impacts by climate zone, and separately for CARE and non-CARE customers.

Present the changes in the AR20 and AR50 caused by the proposed revenue increase as a simple incremental change.

4. Indicate the version of the Affordability Ratio Calculator used to produce the affordability metrics.

5. Historical residential average rate growth of two GRC cycles and projected residential average rate growth corresponding to the revenue requested in the

GRC for all years in the GRC cycle compared to inflation, in total and separated by operating expense and capital-related expense, specifically:

a. A graphical comparison to general inflation of January 1 historical residential average rate increases attributable to authorized operations expenses starting with the test year of the penultimate competed GRC cycle;
b. A graphical comparison to general inflation of January 1 residential average rate increases projected in the GRC attributable to requested operations expenses for each year of the GRC cycle;
c. A graphical comparison to general inflation of January 1 historical residential average rate increases attributable to authorized capital-related expenses starting with the test year of the penultimate completed GRC cycle; and
d. A graphical comparison to general inflation of January 1 residential rate increases projected in the GRC attributable to requested capital-related expenses for each year in the GRC cycle.

6. Revenue for current year and years in projected GRC cycle compared to inflation, in total and separated by operating expense and capital-related expense, specifically:

a. A graphical comparison to general inflation of the January 1 total authorized GRC revenue requirement attributable to authorized operations expenses in the year in which the GRC application is filed;

b. A graphical comparison to general inflation of the January 1 total proposed GRC revenue requirement in the current GRC application attributable to requested operations expenses for each year in the GRC cycle;

c. A graphical comparison to general inflation of the January 1 total authorized revenue requirement attributable to authorized capital-related expenses in the year in which the GRC application is filed; and

d. A graphical comparison to general inflation of the January 1 total proposed GRC revenue requirement in the current GRC application attributable to requested capital-related expenses for each year in the GRC cycle.

APPENDIX B

Affordability Framework Filing Requirements for Class A Water Utilities

APPENDIX B

Affordability Framework Filing Requirements for Class A Water Utilities

General Rate Case (GRC) applications with a revenue increase estimated to exceed one percent of currently authorized revenues systemwide shall include:

1. Updated Affordability Ratio 20 (AR20) by ratemaking area, Affordability Ratio 50 (AR50) by ratemaking area, and Hours at Minimum Wage (HM) <u>associated with revenues in effect at the time of the filing</u>, and:

   a. Essential usage bills by ratemaking area and resulting AR20, AR50, and HM for essential usage bills;
   b. Average usage bills by ratemaking area and resulting AR20, AR50, and HM for average usage bills.
   c. If the proceeding is a GRC, concurrent with any modeling effort necessary to represent bill impacts of an authorized revenue requirement associated with a Proposed Decision, the same entity updating the rates associated with an authorized revenue requirement shall update the affordability metrics for production in the same Commission document that presents the rate impacts.
   d. The AR20, HM, and AR20 within the Areas of Affordability Concern shall be summarized by ratemaking district showing the lowest and

highest values of each district, similar to the format of Table 19 of the 2021/2022 Annual Affordability Report.

e. Indicate the version of the Affordability Ratio Calculator used.

2. Changes in the Affordability Ratio 20 (AR20) by ratemaking area, Affordability Ratio 50 (AR50) by ratemaking area, and Hours at Minimum Wage associated with the proposed new revenue requested, annually for each year in which new revenues are proposed, presented as a simple incremental change.
3. For each ratemaking district, provide a narrative about how the changes in the AR20, HM, and AR20 within the Areas of Affordability Concern, caused by request in the GRC application impacts affordability for each group of customers represented by the AR20, HM, and AR20 within the Areas of Affordability Concern.

Appendix C

Affordability Metrics Included in Proceedings 2024-2025

APPENDIX C

Affordability Metrics Included in Proceedings 2024 - 2025

Utility/Topic	Proceeding Number	Proceeding Title
PG&E	A.24-09-015	Application of PG&E for Recovery of Recorded Revenue Requirements in Transmission Revenue Requirement Reclassification Memorandum Account
PG&E	A.24-11-009	Application of PG&E for Recovery of Recorded Expenditures Related to Wildfire Mitigation, Catastrophic Events, Community Rebuild Program and Other Recorded Costs
PG&E	A.25-03-010	Application of PG&E for Test Year 2026 Cost of Capital
PG&E	A.25-05-011	Application of PG&E for 2026 Energy Resource Recovery Account and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation
PG&E	A.25-05-009	2027 General Rate Case Application of PG&E
PG&E	A.25-09-015	Expedited Application of PG&E Regarding Energy Resource Recovery Account Trigger Mechanism
SCE	A.24-10-002	Application of SCE for Authority to Recover Costs Related to the 2018 Woolsey Fire Recorded in the Wildfire Expense Memorandum Account and Catastrophic Event Memorandum Account
SCE	A.25-03-012	Application of SCE for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2026 and Reset the Annual Cost of Capital Adjustment Mechanism

SCE	A.25-03-009	Application of SCE for Authorization to Recover Costs Related to NextGen Enterprise Resource Planning Program
SDG&E	A.25-03-013	Test Year 2026 Cost of Capital Application of SDG&E
SDG&E	A.25-04-015	Application of SDG&E for Authority to Establish a Ratemaking Mechanism for Energization Projects Pursuant to Senate Bill 410
SDG&E	A.25-05-012	Application of SDG&E for Approval of Its 2026 Electric Procurement Revenue Requirement Forecast, and GHG Related Forecast
SoCalGas	A.25-03-011	Test Year 2026 Cost of Capital Application of SoCalGas
SoCalGas	A.25-04-020	Application of SoCalGas to Recover Costs Recorded in the Transmission Integrity Management Program Balancing Account from January 1, 2019 to December 31, 2023
Liberty Utilities	A.25-06-017	Application of Liberty Utilities (CalPeco Electric) LLC for Authority to Recover Costs Related to the 2020 Mountain View Fire Recorded in the Wildfire Expense Memorandum Account
PacifiCorp	A.25-08-001	Application of PacifiCorp for Approval of Its 2026 Energy Cost Adjustment Clause and Greenhouse Gas-Related Forecast and Reconciliation of Costs and Revenues
California Water Service	A.24-07-003	2024 GRC with 2026 Test Year
San Gabriel Valley Water Company	A.25-01-001	2025 GRC with 2026 Test Year
California-American Water Company	A.25-07-003	2025 GRC with 2027 Test Year