

Affordability

Mechanics of a Metric

PUBLIC ADVOCATES OFFICE

PRIORITIES

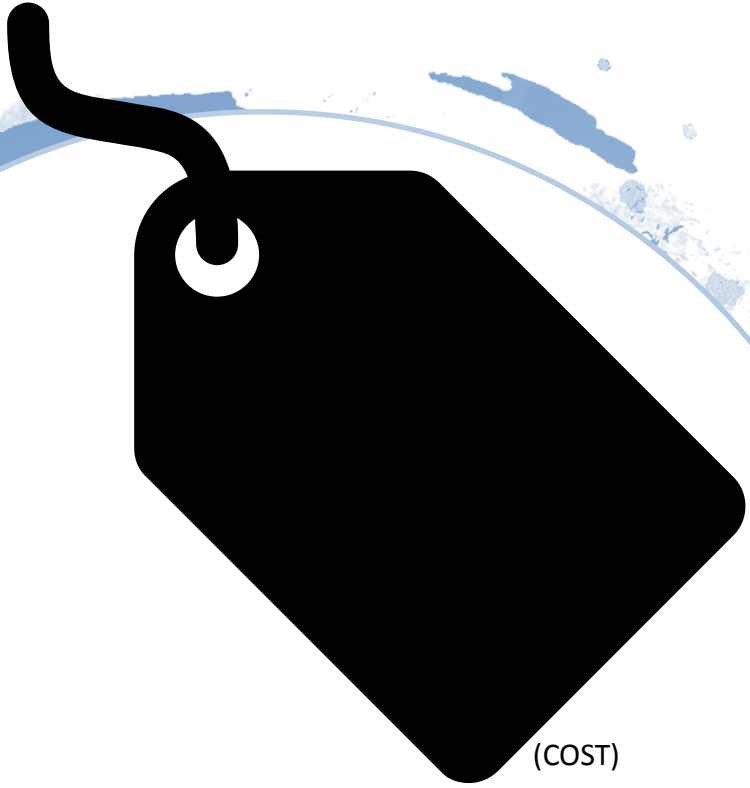
Understand underlying values

Agree on metric

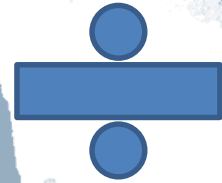
Apply metric

Don't overcomplicate

Focus on changes over time



(COST)






(ABILITY TO PAY)

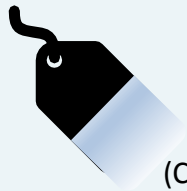
Determining the



Common starting point: \$ Bill paid to utility

- Add or subtract to this  \$ "Essential" amount of commodity, rather than entire amount
-  \$ Extra commodity if not captured on the bills (bottled water if the water is contaminated, back-up battery power if not supplied by phone co., etc.)
-  \$ Initiation/installation/hookup, credit deposit

Quantifying essential amount



\$ essential amount
(COST)

References per industry

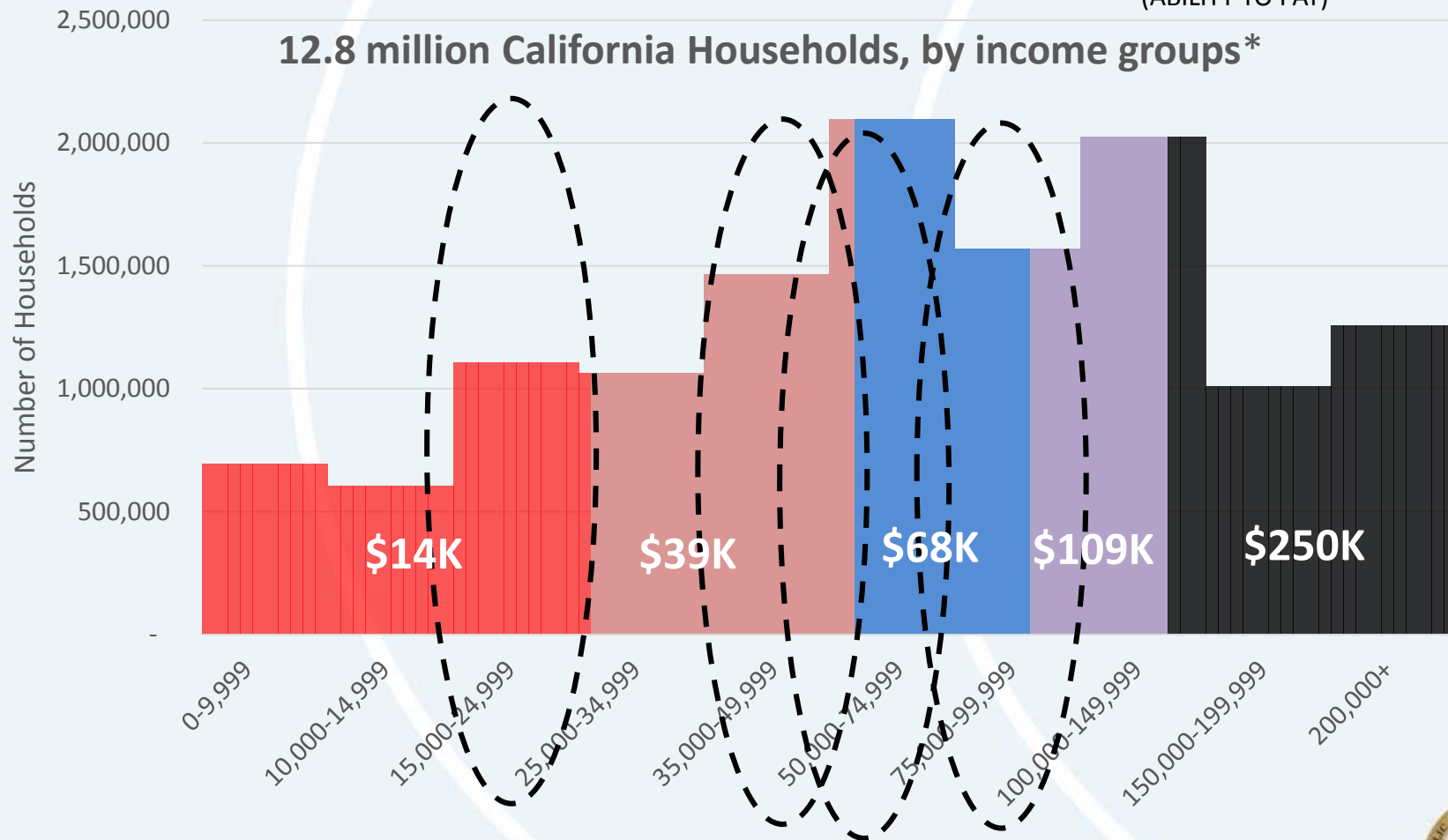
- Energy: Baseline
- Water: 50-55 gpd
- Telco: Download speed to which “a substantial majority” (70%) subscribe
 - 15Mbps as of Dec 2017

Determining the



(ABILITY TO PAY)

12.8 million California Households, by income groups*

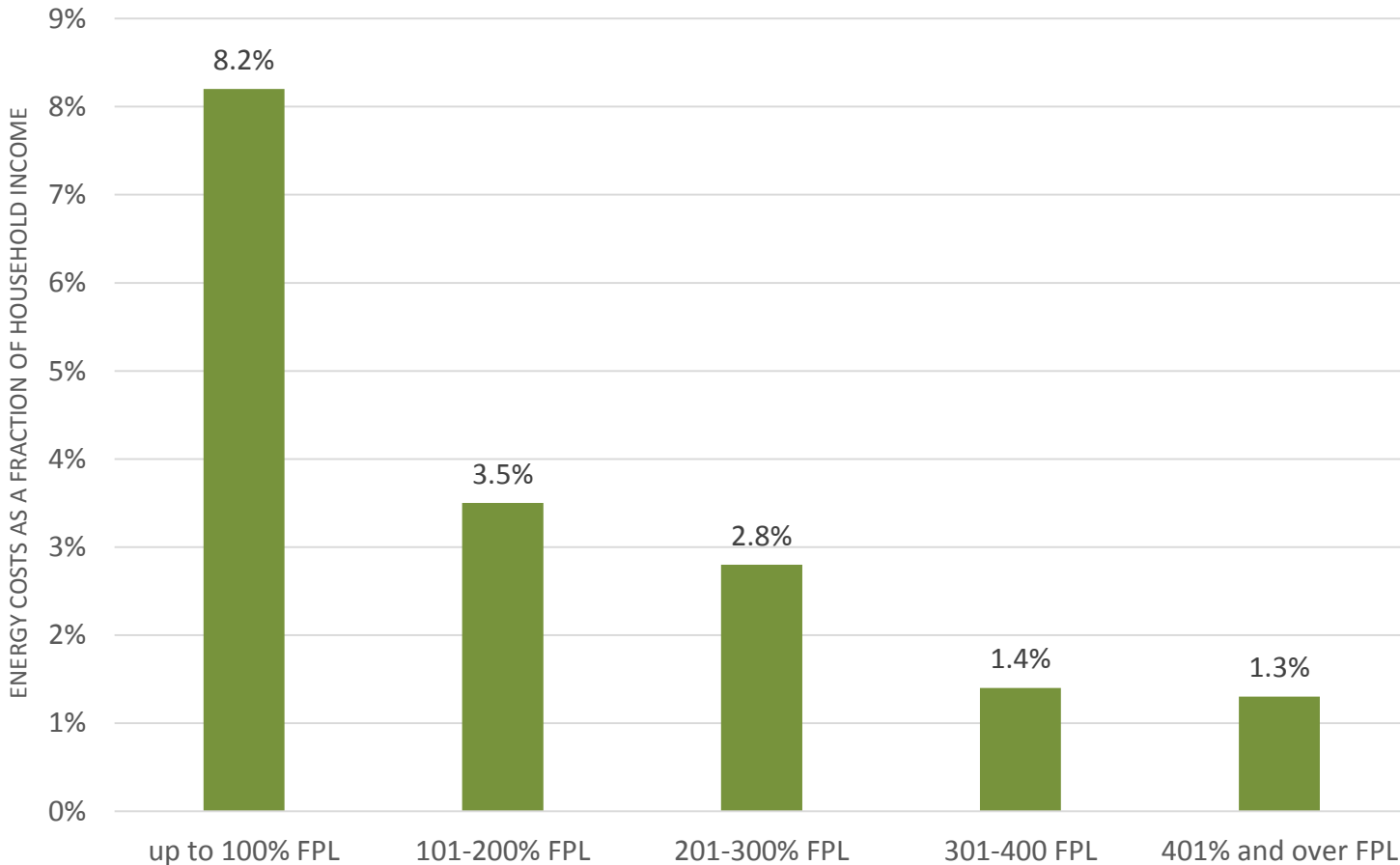


*U.S. Census 2017 5 yr American Community Survey





California Energy Burden
2016 Low Income Needs Assessment
 by poverty groups relative to Federal Poverty Level



■ 2016 LINA Figure 1: Conventional Energy Burden by Income Group (self-reported 2015 income ranges, actual 2014/15 energy bills 1st fuel, estimated 2014/15 energy bills 2nd fuel)

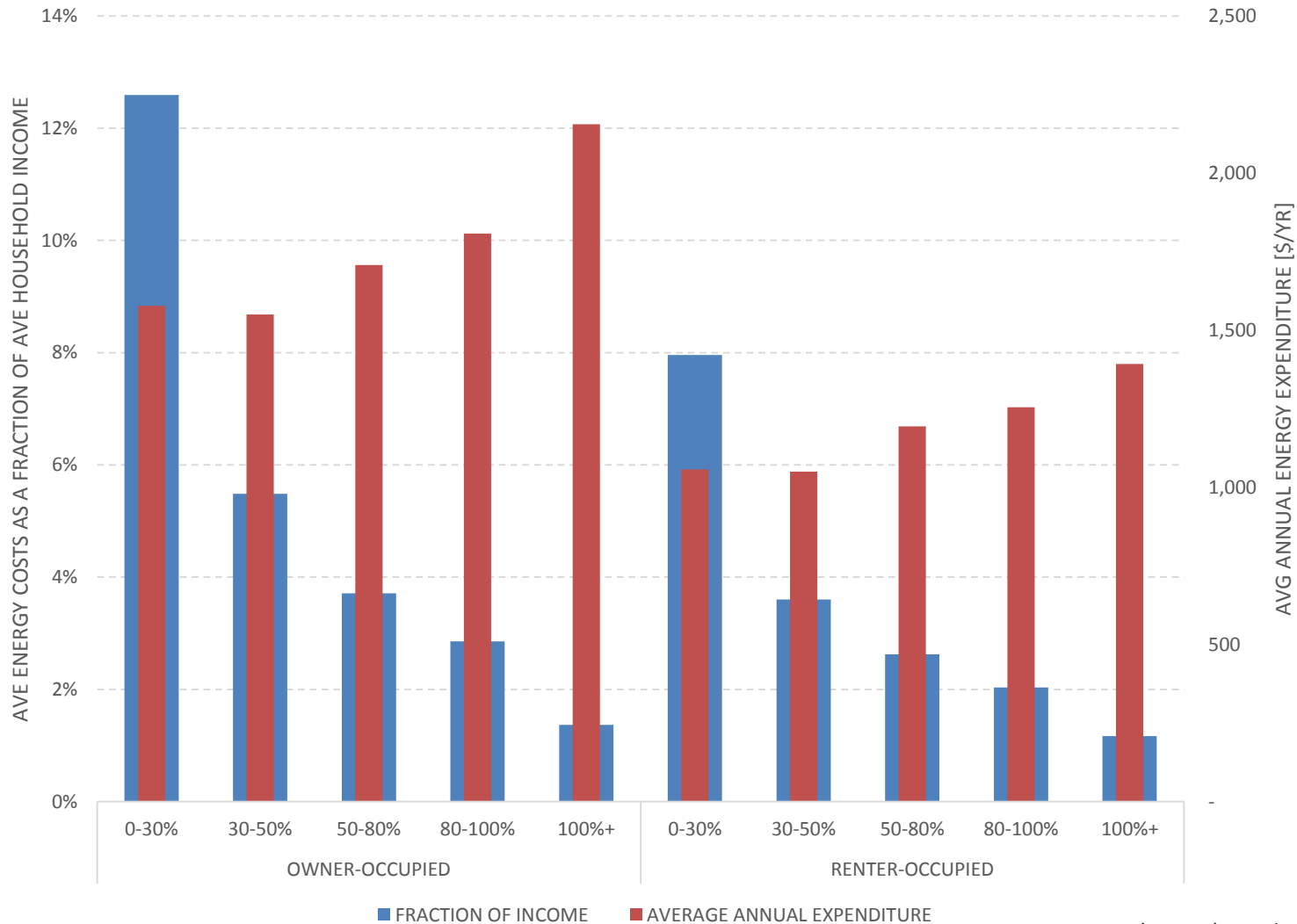
Energy Burden Metric





California Energy Burden Dept of Energy's LEAD Affordability Tool

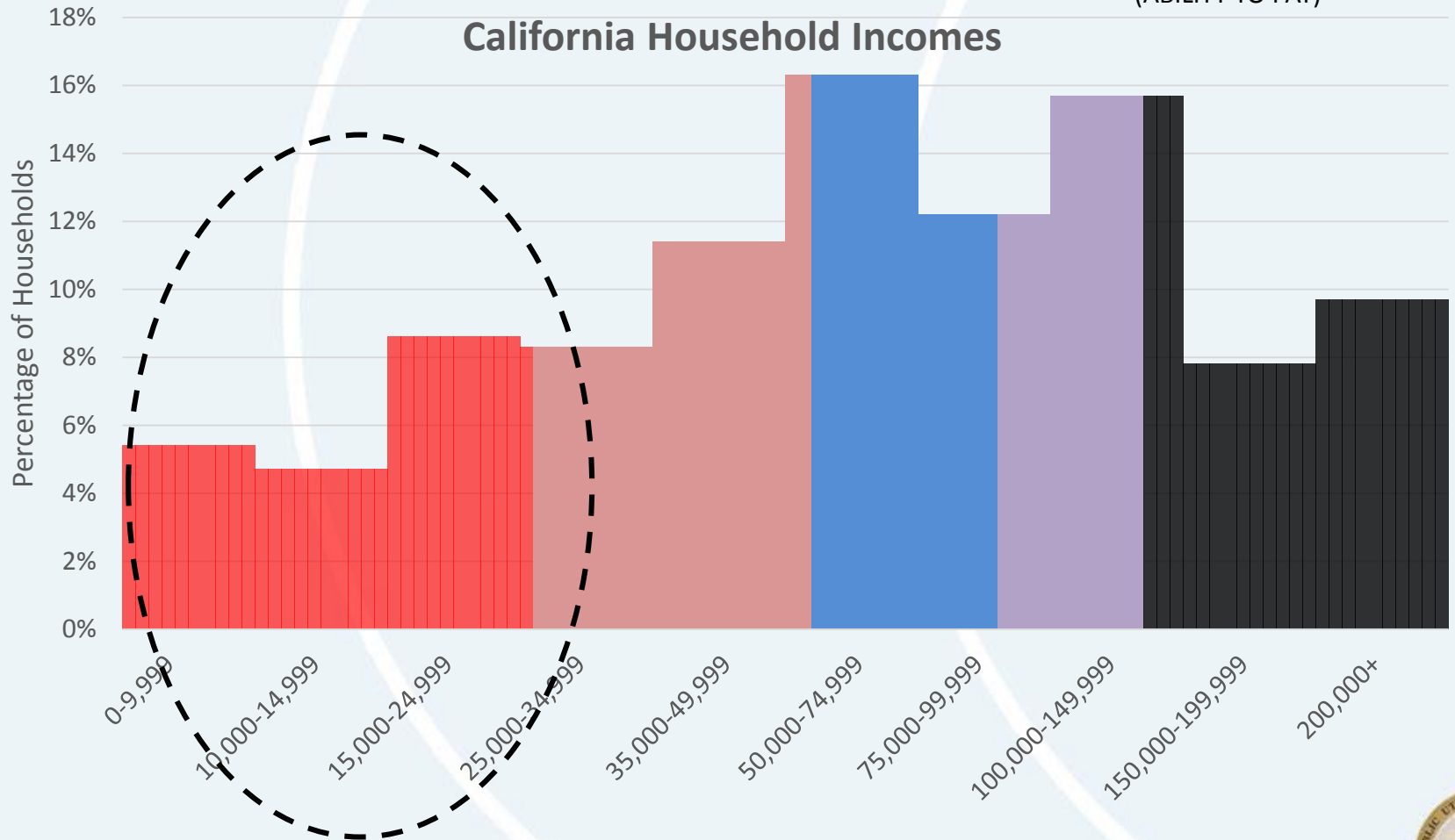
by poverty groups relative to Area Median Income & owner/renter groups



Energy Burden Metric



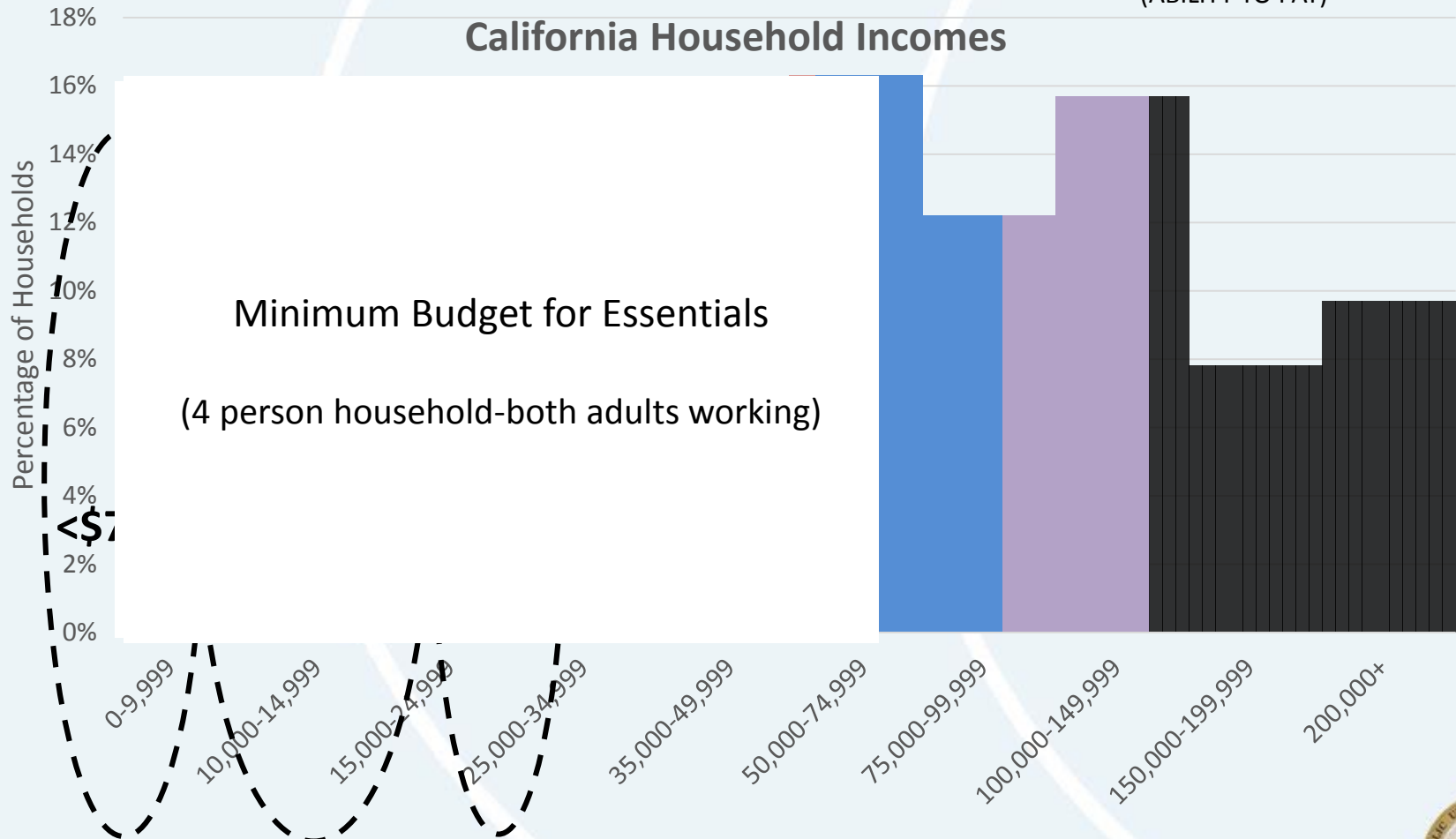
Lowest Income Households'



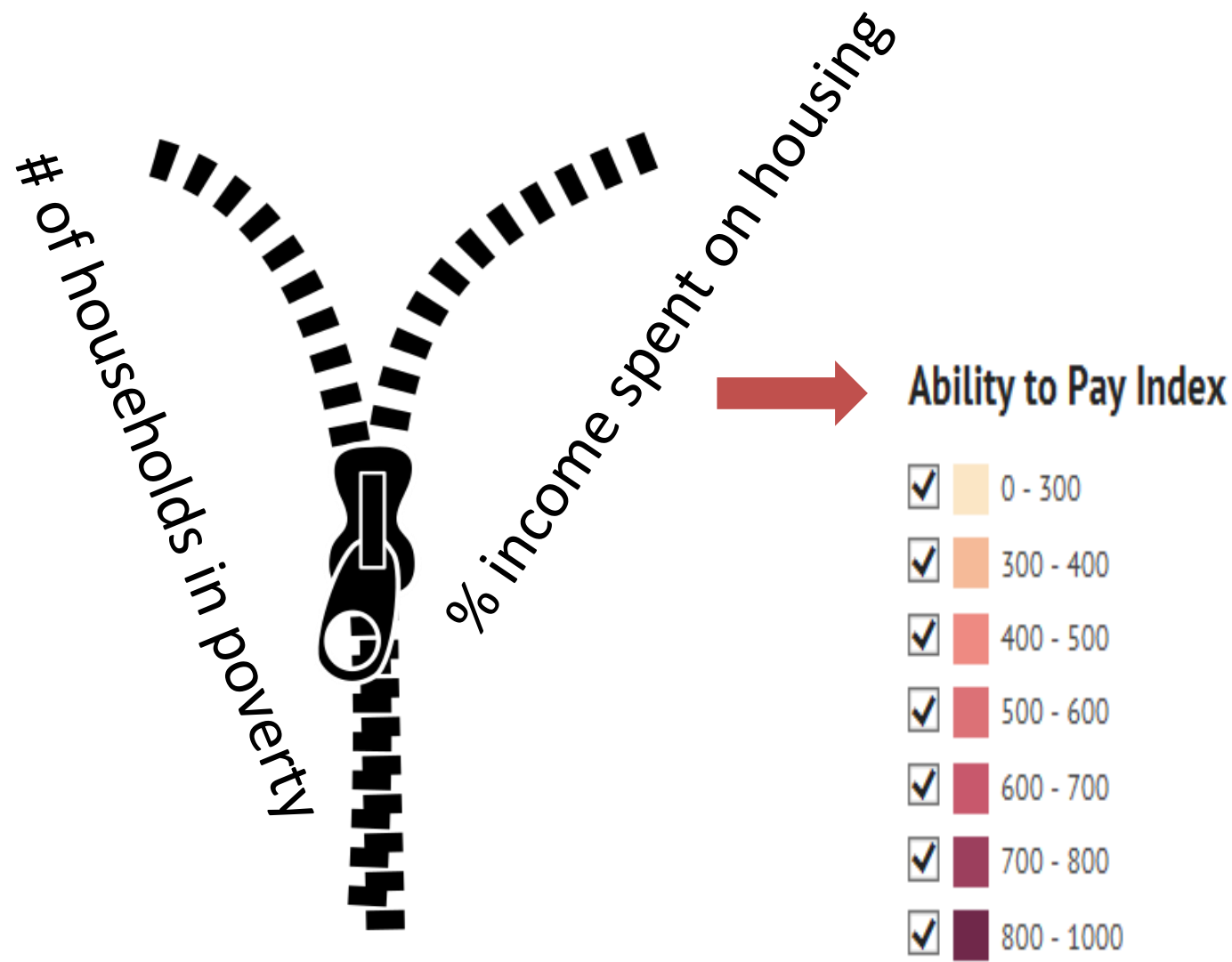


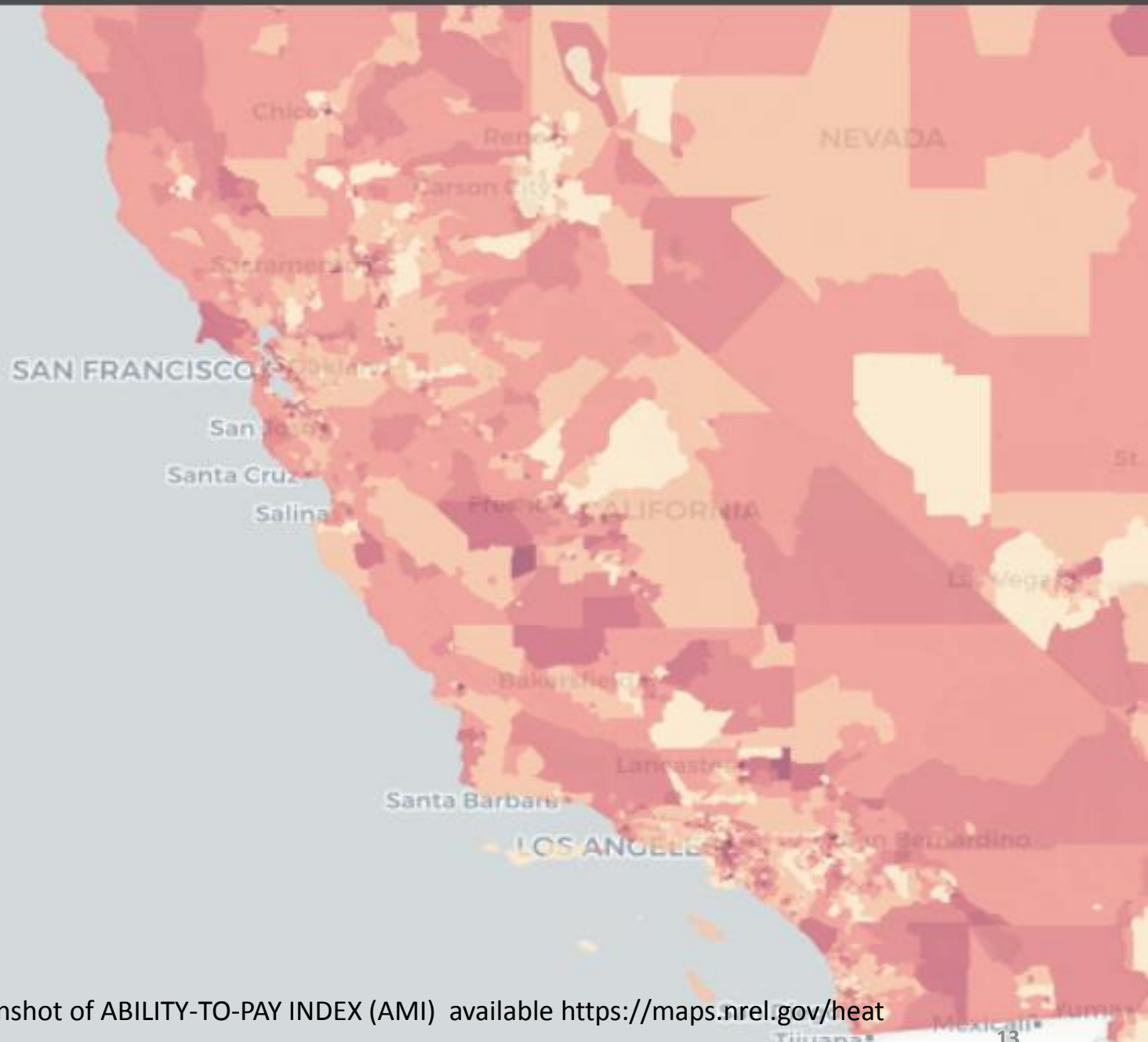
Why Discretionary Income

Households With Greater



Incorporating Discretionary Income in an Index

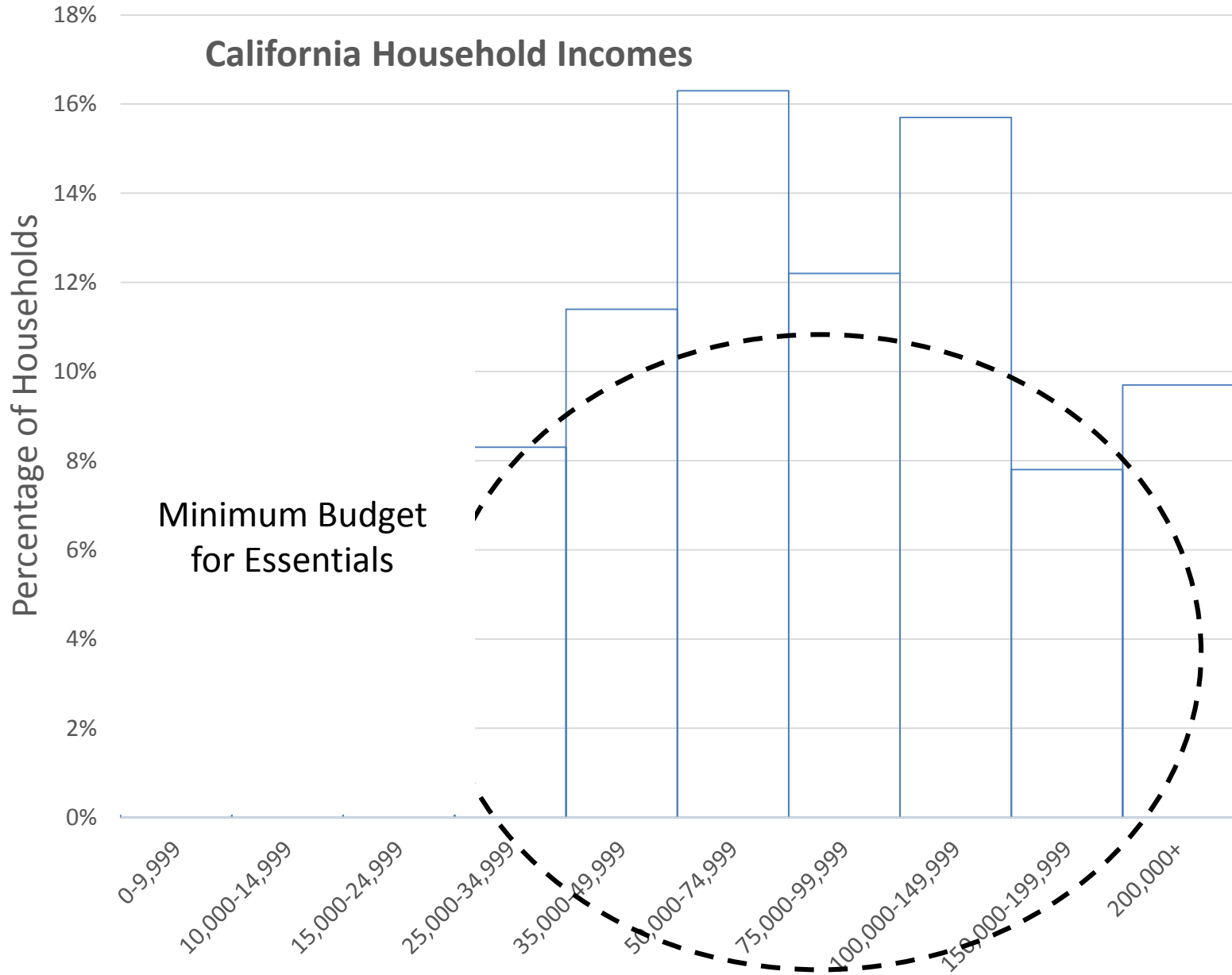




Screenshot of ABILITY-TO-PAY INDEX (AMI) available <https://maps.nrel.gov/heat>



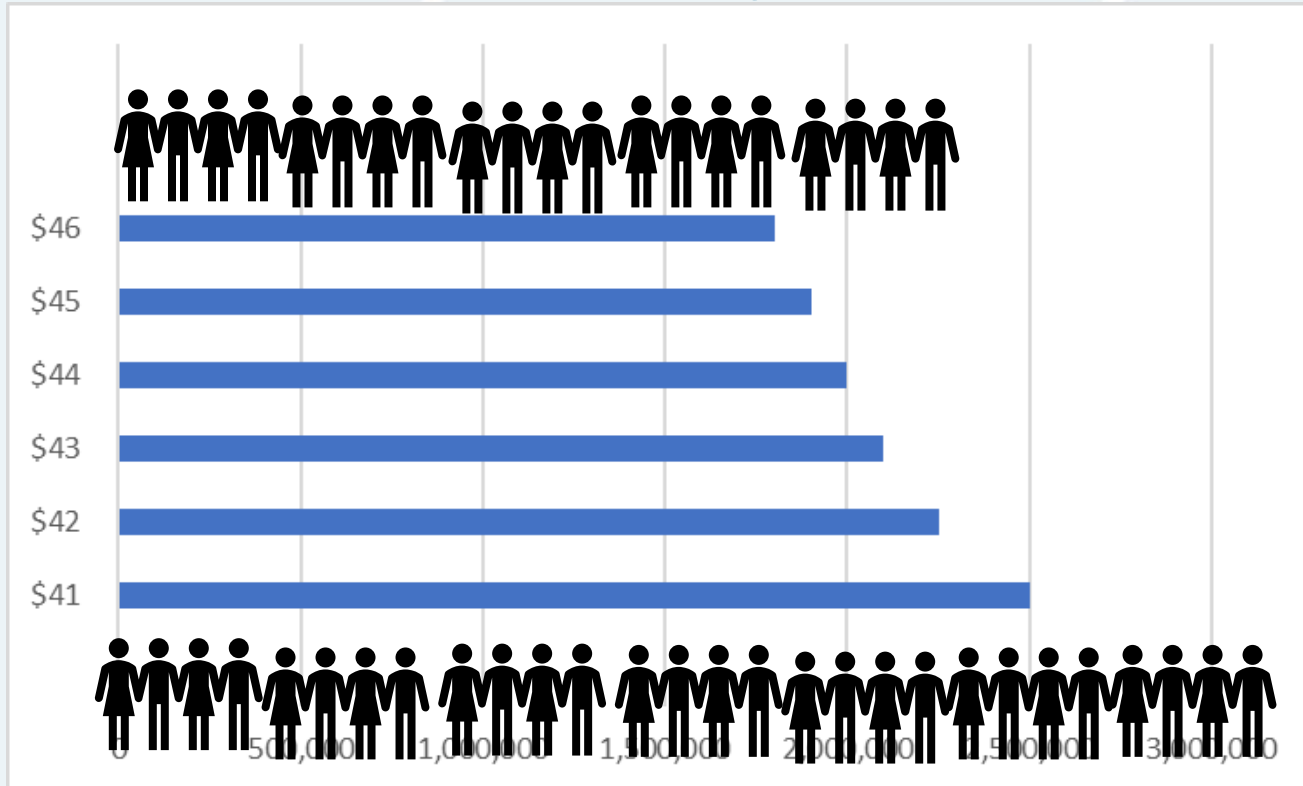
California Household Incomes

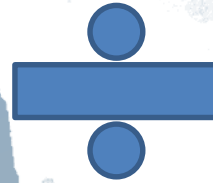
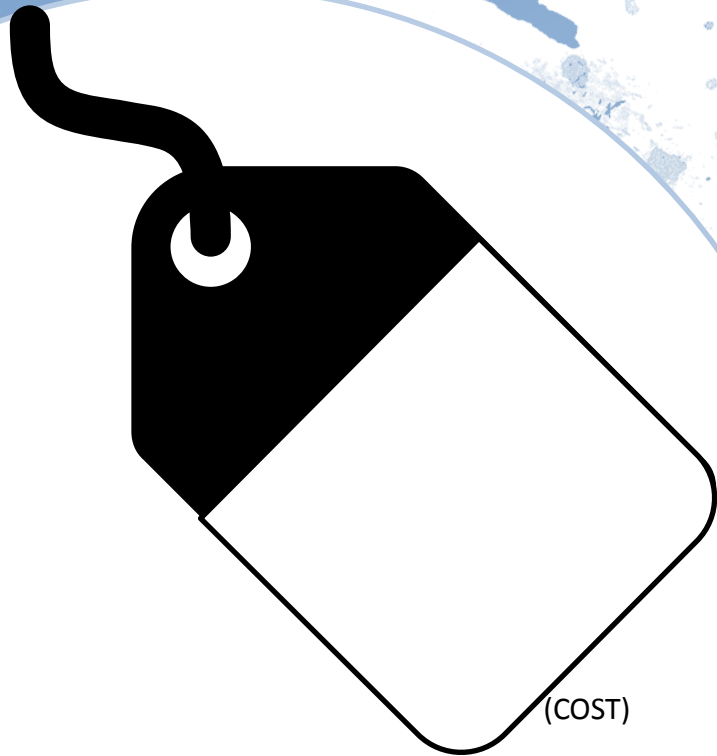


Minimum Budget for Essentials

Broad Base of Customers

Keeping The Bill Affordable For Most Is In Everyone's Interest

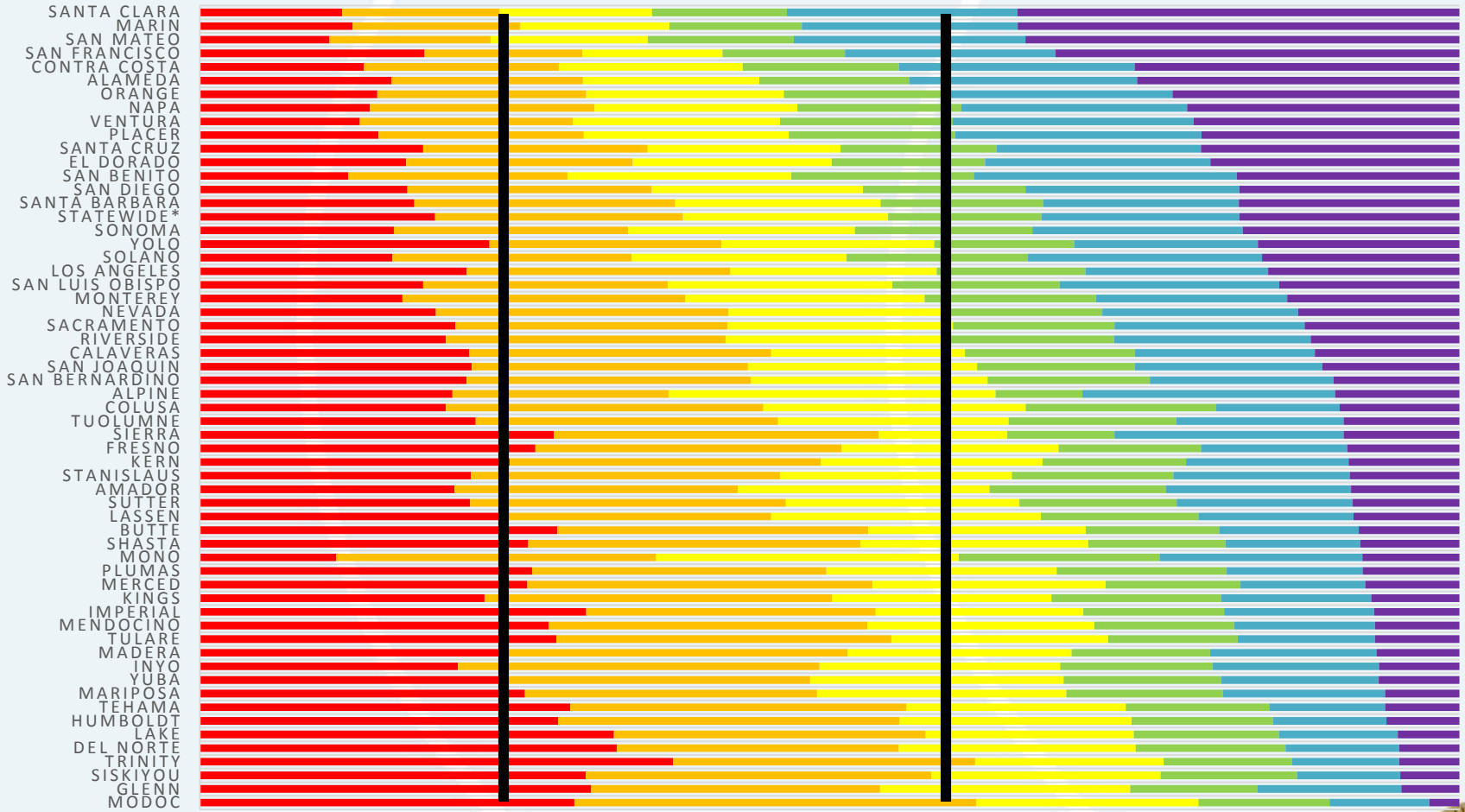




Essential Quantity ÷ Discretionary Income

CALIFORNIA COUNTY HOUSEHOLD INCOME DISTRIBUTION*

■ <\$25,000
 ■ \$25,000-49,999
 ■ \$50,000-74,999
 ■ \$75,000-99,999
 ■ \$100,000-149,999
 ■ >\$149,999



*U.S. Census 2017 5 yr American Community Survey

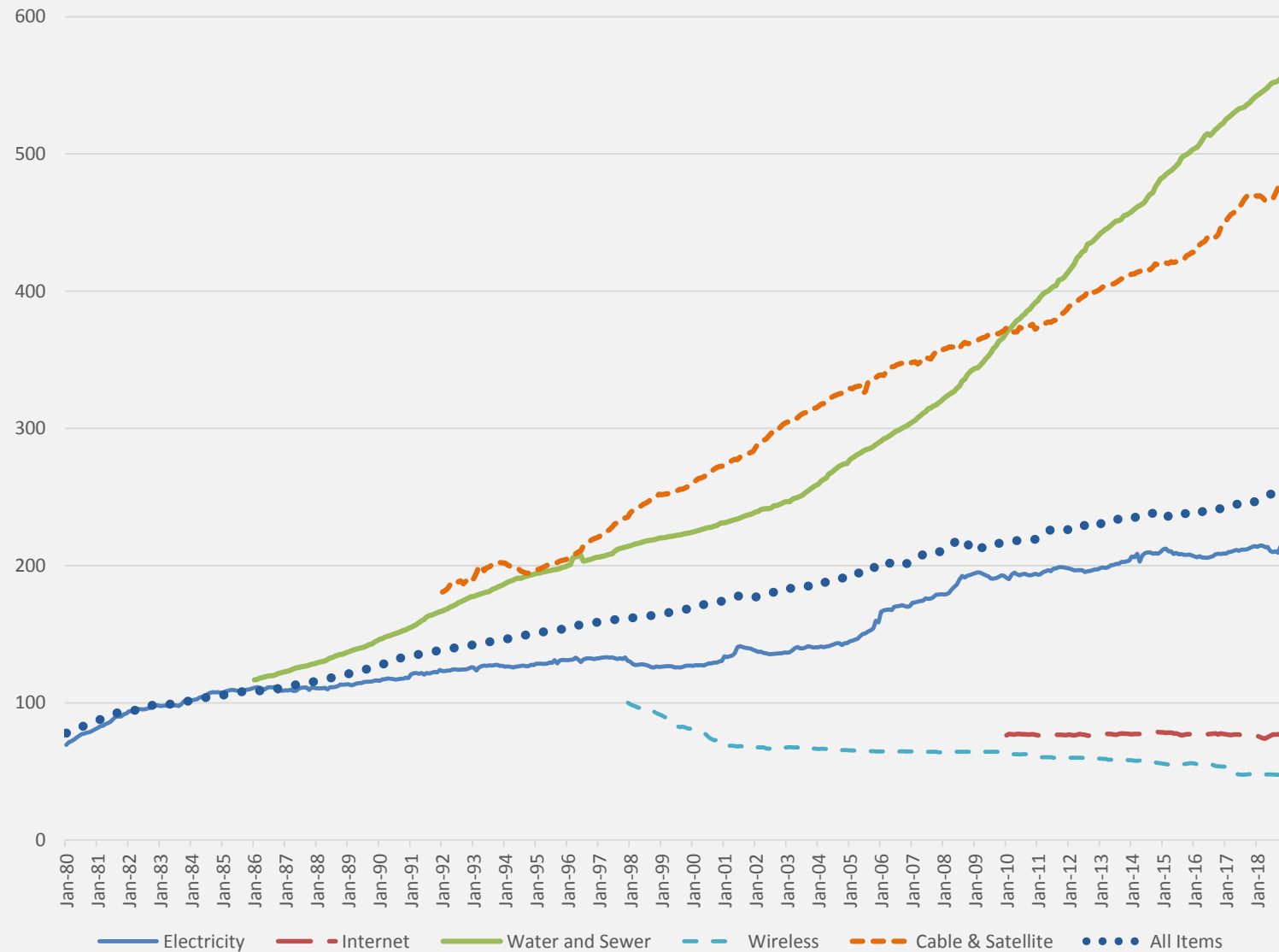
The Voice of Consumers, Making a Difference!





US Consumer Price Index - All Urban Consumers

Bureau of Labor Statistics



Relative Changes,
Over Time