REVISED[*] PREPARED TESTIMONY OF HENRY J. CONTRERAS ADDRESSING AFFORDABILITY ISSUES FOR VULNERABLE CONSUMERS FOR SUMMER 2014 RATES
R.12-06-013 (PHASE 2)

SUBMITTED ON BEHALF OF THE CENTER FOR ACCESSIBLE TECHNOLOGY AND THE GREENLINING INSTITUTE

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I. Introduction

1. This testimony is presented on behalf of the Center for Accessible Technology (CforAT) and the Greenlining Institute by Henry J. Contreras, the Public Policy Director of the California Foundation of Independent Living Centers (CFILC), a statewide membership organization of California's Independent Living Centers located throughout the state. Mr. Contreras' qualifications are set forth as Appendix A to this testimony.

2. CFILC's mission is to increase access and equal opportunity for people with disabilities by building the capacity of Independent Living Centers. CFILC's member centers provide core services that enable people with disabilities to live independently. These include, but are not limited to, peer counseling, personal attendant referrals, housing assistance, information and referrals, and assistive technology. CFILC also advocates on public policy issues; monitors local, state, and federal legislation and ordinances; tracks state and federal budget issues and initiatives; and provides legal and legislative research and writing services lending a disability community perspective to a myriad of public policy issues.

3. In this proceeding, CforAT represents the specific interests of disabled residential ratepayers and more generally the interests of all vulnerable ratepayers, all of whom will be subject to both short-term and long-term changes in residential electricity rates and rate structures, as determined in this proceeding.

4. The Greenlining Institute works to bring the American Dream within reach of all, regardless of race or income, addressing a variety of issues to bring economic opportunity to low income communities and communities of color. In this

proceeding, Greenlining represents the interests of these populations, and more generally the generally the interests of all vulnerable ratepayers, all of whom will be subject to both short-term and long-term changes in residential electricity rates and rate structures, as determined in this proceeding.

II. Overview

5. In my work at CFILC, I routinely see a wide array of general information about people with disabilities, and I am aware of the needs of this community. CFILC's member Independent Living Centers work and interact with people with disabilities on a daily basis, providing important programs and services. As CFILC's Public Policy Director, I am privy to many forms of communication thorough which issues affecting people with disabilities at the local community emerge. For example, I attend annual Statewide Meetings, convened by our Board of Directors, at which I report on state and federal issues and receive vital feedback on how legislation and budget initiatives affect the disability community. I also participate with our youth program, Youth Organizing (Yo!) Disabled and Proud, a project that is open to youth ages 16 to 28 who wish to interact with their peers and express pride in being a person with a disability. The program specifically targets these disabled youth early in their lives to educate them about community and youth empowerment goals and their rights to live independently. I also work with a variety of other programs described below.

6. CFILC is the non-profit contractor that administers the California Assistive Technology (AT) Network. The AT Network helps people with disabilities acquire assistive technology devices, gadgets, hardware, and software to maintain their ability

to live and work independently in their homes and communities. The relevant AT ranges from wheelchairs to specialized computers and other devices that enable students with disabilities to compete in the classroom. Most, if not all, of the assistive technology devices used by people with disabilities require electricity to serve their functions. If people cannot run their devices, they risk losing their capability to live independently.

7. Given the recent downturn in the state and national economies, the affordability of independent living is one of the key concerns people with disabilities encounter, particularly when costs of basic necessities like electricity go up and when benefits provided by vital programs and services have been frozen, cut or even eliminated. Although there has been some recent improvement in the state's economy and in closing state budget deficits, affordability is always a major concern because the costs of living in virtually all communities in California have steadily risen while Cost of Living Adjustments (COLAs) for vital benefit programs have been waived and benefits have been reduced or remain stagnant. This issue is addressed in greater detail below.

8. Another part of my involvement with the everyday needs of the disability community, includes direct concerns about independent living. I work with the Disability Organizing (DO) Network, administered by CFILC, which utilizes local community meetings, summits, and social networking to focus on community organizing on local, state, and federal issues and budget issues and initiatives, specifically to support implementation of *Olmstead v. L.C.,*[1] a U.S. Supreme Court decision which

[1] 527 U.S. 581 (1999)

requires states to provide services in the most integrated setting possible, and which has become the foundation for efforts to reduce unnecessary institutionalization of people with disabilities by requiring long term service and support for people in home and community-based settings.

9. The DO Network seeks to promote access at the local community level to affordable, accessible, and integrated housing; increase opportunities to find accessible and affordable transportation options; promote the inclusion of Disability History in California's public schools; increase community awareness about the pervasiveness of the bullying of youth with disabilities; and support civic participation through non-partisan voter education, voter registration, and Get Out the Vote activities. Accordingly, the DO Network focuses on both community organizing and self-empowerment. The DO Network also convenes Regional Power Summits throughout the state on issues affecting the disability community.

III. Importance of Affordable Energy for People with Disabilities

10. People with disabilities, including many youth and elderly people, have very low rates of participation in the workforce, [2] often live on fixed incomes, and are disproportionately low-income. At the same time, many people with disabilities consume greater than average levels of energy due to their disabilities, and also bear a disproportionately heavy energy burden. As noted above, many people with

[2] People with disabilities have the lowest level of participation in the workforce of any demographic. According to the U.S. Department of Labor, in January of 2012, 17.4% of people with disabilities participated in the workforce, as compared to 62.9% of people without disabilities. *See* Bureau of Labor Statistics, Economic News Release updated February 3, 2012, Table A-6, Employment status of the civilian population by sex, age, and disability status, not seasonally adjusted available at http://www.bls.gov/news.release/empsit.t06.htm.

disabilities rely on assistive technology that runs on electricity in order to live independently in their community. Without reliable and affordable electricity, some people with disabilities would be forced into institutionalized settings, which runs counter to *Olmstead* as well as state and federal policy to support independent living.

11. I am aware of the Medical Baseline program, which can reduce the energy cost burden on some individuals with disabilities by providing greater amounts of energy at lower tier costs. However, not all people with disabilities qualify for, or are aware of, the Medical Baseline program. In addition, even for those on Medical Baseline, the fact that it keeps program participants in the lower tiers means that these customers will be substantially affected by any changes in rates or rate design that increase the burden on lower tier energy consumption. Similarly, low-income customers, including many customers with disabilities, will be strongly impacted by any changes in rates or rate design that allow for greater increases in CARE rates.

12. I understand that the Commission is currently engaged in an overall review of the structure of residential rates for electricity. In conjunction with this review, I am aware that the Commission is considering a streamlined process for adopting changes to rates (though not changes in the overall rate structure) for the summer of 2014. The Commission's directives[3] issued to the electric utilities for consideration of such a short-term rate adjustment requested that the utilities submit:

> "simplified rate change proposals that . . . should maintain the existing four-tiered structure and should not entail any major adjustments to California Alternative Rates for Energy (CARE), Family Electric Rate Assistance Program (FERA) or medical baseline programs. Instead, changes should be

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[3] Second Amended Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, issued on January 24, 2014, at pp. 2-3.

limited to increases in the lower tiers commensurate with projected increases in the overall revenue requirement allocated to the residential class, plus no more than a few percentage points, if necessary, to keep the upper tiers within a range that will avoid the potential for significant bill volatility and rate shock in the summer."

13. PG&E, Southern California Edison (SCE) and San Diego Gas & Electric Co. (SDG&E) each submitted proposals in response to this directive. My testimony discusses the economic context in which these short-term rate proposals have been submitted, as well as the need to consider the impact that the proposals would have on the affordability of electricity if they were to be adopted.

14. I am aware that California law requires that "all residents in the state should be able to afford essential electricity and gas supplies,"[4] and further mandates that the Commission must "ensure that low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures."[5] Notwithstanding these statutory requirements, nothing in the instructions to the electric utilities expressly directed them to address the impact of any proposed changes to rates on affordability. The closest requirement is for the utilities to submit information on the bill impacts that would result from their proposals, but this information is not provided within any context. This is inconsistent with past Commission directives which have recognized that "our obligation to maintain affordable rates must be addressed in the context of

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[4] Cal. Pub. Util. Code §382(b).

[5] *Id.; see also* Cal. Pub. Util. Code § 739(d)(2) ("In establishing residential electric and gas rates, including baseline rates, the commission shall . . . observ[e] the principle that electricity and gas services are necessities, for which a low affordable rate is desirable . . .") and Cal. Pub. Util. Code § 739.1(g) ("It is the intent of the Legislature that the commission ensure CARE program participants receive affordable electric and gas service that does not impose an unfair economic burden on those participants").

California's ongoing economic crisis, high unemployment rates, and rising income inequality."[6]

15. The proposals submitted by each utility seek increases to lower-tier rates in excess of the increase to overall revenue requirements plus "a few percentage points" as referenced in the Second Amended Scoping Memo as well as increases to CARE rates. In particular, the proposal submitted by San Diego Gas and Electric Company requested changes that would: (1) where there is a revenue requirement increase, raise Tier 1 and Tier 2 rates with and at the same level as system average rate plus an additional 1 cent/kWh increase for Tier 1; (2) where there is a revenue requirement decrease, apply all reductions to upper tiers until a 20% rate differential between upper and lower tiers has been reached; (3) reduce the rate differential between Tier 3 and Tier 4 to 1 cent/kWh, and (4) adjust CARE rates with system averages. These proposals would result in extremely large impacts to CARE rates and lower tier rates. The proposal submitted by Southern California Edison would (1) increase non-CARE Tier 1 and 2 rates by up to 17% compared to rates in effect as of January 1, 2014 (with an even greater increase relative to rates in effect a few months prior to that); (2) set non-CARE Tier 3 and 4 rates residually to recover the remaining revenues; (3) preserve a 3 ¢/kWh differential between Tiers 3 and 4, and (4) set CARE rates at a 33% discount off of the non-CARE volumetric rates. The proposal submitted by PG&E would increase non-CARE Tier 1 rates by 7.9% and increase non-CARE Tier 2 rates by 9.9%, irrespective of the level of revenue requirement increase it receives;

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[6] D.11-05-047 at p. 16.

2) increase all CARE rates by 5.9%; and (3) assumes that PG&E's current application to reduce baseline quantities to 50% of average usage is adopted

16. Because California law, prior Commission decisions, and sound public policy dictate that changes such as those proposed by each electric utility cannot be put into effect without consideration of the impact of such changes on affordability, in the context of the economic environment facing the affected customers, and because nothing in the utility submissions indicates in any way that affordability was considered in this manner, no changes should be enacted at this time. Only after the utilities make a showing regarding affordability in context, which includes a review of what customers can actually afford to pay rather than a spreadsheet-based review of percentage changes to bills without any connection to the real world experiences of the people who receive the "bill impacts," should the Commission consider such rate adjustments.

17. Notwithstanding the utilities' failure to make an affirmative showing regarding affordability in the context of the economic environment facing low-income and low-usage customers, the Commission presumably will consider the changes requested. In doing so, the following testimony provides some real-world context for the proposed changes and the impact they would have on vulnerable customers.

~~18.~~ In preparing this testimony, I have reviewed past testimony in utility rate design cases that gathered feedback from ILCs and other organizations that serve the disability community and other vulnerable customer groups, including the testimony of Alicia Reyes on behalf of Disability Rights Advocates in A.10-03-014 (PG&E 2011 GRC Phase 2), the testimony of Dmitri Belser and Nicolie Bolster on behalf of the Center for Accessible technology in A.11-06-007 (SCE 2012 GRC Phase 2), and the testimony of Dmitri Belser and Nicolie Bolster on behalf of the Center for Accessible Technology in A.11-10-002 (SDG&E 2012 GRC Phase 2). ~~Because the testimony provided in these other proceedings is voluminous, I am not attaching it to my testimony presented here, but I am incorporating it by reference and it can be provided to any party or to the Commission either electronically or in hard copy.~~

19. I am also aware of the affordability concerns raised in A.12-02-020 (PG&E 2012 RDW), A.11-05-017 *et al*. (CARE/ESAP 2012-2014 cycle), and R.10-02-005 (Service Disconnection Rulemaking).

20. I have also reviewed the low income needs assessment (LINA) released in December of 2013, as directed by the Commission in D.12-08-044,[7] and the prior low income needs assessment, known as the KEMA Report, which was published in 2007. [8]

21. I have also reviewed information on the cost of living in California generally and in various communities, and looked at information regarding various benefits available to qualified people with disabilities. Some of this information is discussed in detail below. As noted above, in my regular course of business, I also regularly hear about concerns of people with disabilities, including concerns about the affordability of basic necessities and the impact that increased costs of such necessities may have on the ability of individuals to live independently in their communities.

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[7] The full name of the LINA is "Needs Assessment for the Energy Savings Assistance and the California Alternate Rates for Energy Programs." The LINA was served on all IOUs to the contacts on the service list for A.11-05-017 et al. and the final version of the LINA is available on line (in three volumes) at http://www.energydataweb.com/cpuc/search.aspx .

[8] The KEMA Report is available on line at http://docs.cpuc.ca.gov/published//GRAPHICS/73106.PDF .

22. Overall, I am well aware that many people with disabilities and others on low or fixed incomes are barely able to pay their utility bills now, and many are forced to juggle any combination of vital living expenses such as: rent, energy utility payments, other utility bills, medicine, transportation to doctors, and food. The affordability (or lack thereof) of crucial supplies of electricity is already a serious concern, which will get worse if changes to rates or rate design are adopted without a direct review of how such changes will affect the affordability of energy for vulnerable customers.

23. I understand that CforAT's and Greenlining's role in this proceeding is to advocate on behalf of vulnerable populations who would suffer harm and face a disproportionate burden if changes to rates and/or rate designs are adopted without addressing the requirement that essential supplies of electricity must be affordable to all customers. The purpose of this testimony is clarify how any sort of affordability review has been lacking in developing proposals for short-term changes to rates, expected to be put in place for the summer of 2014. This testimony will also provide economic context for these proposals and describe the potential harms and relay the fears and sentiments expressed by low-income individuals with disabilities concerning changes to rates that would make necessary supplies of electricity less affordable to the most vulnerable customers.

IV. Concerns of the Disability Community

24. The needs of the disability community with regard to affordable electricity rates have been well documented before this Commission. As noted above, testimony has been put forward in multiple recent proceedings addressing rate design, including the "Phase 2" proceedings for each electric utility's most recent general rate case as well

as other proceedings, showing how vulnerable customers face risks and harms from increasing electricity rates. The prior testimony has demonstrated how low-income customers with disabilities in particular are at risk when changes to electricity rates impact their ability to obtain necessary electricity at affordable rates, which includes rate increases for low-income customers and increases that affect lower-tier consumption.

25. As past testimony has demonstrated, throughout the disability community, and in particular for low-income disabled households, energy rate increases and rate design impacts cause significant hardship for households that are already struggling to get by. People with disabilities and the people who work with them regularly express anxiety and despair about rate increases. People with disabilities who are already struggling to pay for energy while also paying for other necessities such as rent, food, and medical care are already forced to make extreme and difficult choices; this will only get worse if these consumers are asked to pay more for energy. The stories collected in the testimony provided in those proceedings are consistent with what I hear from ILC representatives in the course of my regular duties.

26. Californians with disabilities, particularly low-income Californians with disabilities, currently face extreme difficulty obtaining basic necessities such as housing, food, transportation and basic utility service. Any change in rates or rate design that increases rates for low-income customers will increase the hardship they face. As advocates for our constituency, we want to ensure that the affordability of necessary supplies of electricity is given full consideration before any such changes are adopted.

V. Affordability Data

27. As noted above, I am aware of the recently-released data regarding the energy needs of low-income utility customers, as included in the Low Income Needs Assessment (LINA) issued in conjunction with the proceeding focused on the cyclical budget for the CARE and ESAP programs (A.11-05-017 *et al.*).[9] According to the data collected for this study, the mean energy burden for low-income households is estimated at 8%, meaning that $8 of every $100 that is available to these households is spent on energy.[10] This level of burden is noted as being statistically unchanged from the data provided in the earlier KEMA Report, which was published in 2007.[11] This means that the situation for low-income customers with disabilities has remained problematic through the recent severe economic downturn, and that recent improvements to the overall state economy have not resulted in benefits for those who were most disadvantaged during the downturn.

28. According to the LINA, the mean energy burden for the low-income population is estimated at 1.8 times the general population's energy burden. Some populations (by geography or population segment) face energy burden levels that are yet higher, including low-income households in the Central Valley (11.2%), African-American

[9] Relevant excerpts from the LINA are attached hereto as Appendix B.

[10] LINA Vol. 1, at p. 3-21; *see also* LINA Vol. 2 at pp. 5-86-5.87, setting out mean customer burdens by IOU service territory.

[11] LINA Vol. 2 at pp. 5-93-5-97.

households (10.7%) and households in which a resident has a disability (9.3%), among others.[12]

29. Many households experiencing this level of burden experience energy insecurity, leading them to cut back on other necessities (such as food and medicine), take actions that are unsafe (such as using heat or cooling less than needed or using unsafe methods to heat their home), or lose service.[13] Homes in which a medical condition or disability affects costs or income have a greater level of financial distress, even relative to other low-income households.[14]

30. The older KEMA Report found that nearly one in every two low-income households in California contains a member who is either elderly or disabled. It further found that 56% of the households including a person with a disability fell into the "high energy burden" category.[15] While the LINA does not include as much detail about the disabled customer segment as was included in the KEMA Report, there is no reason to believe that this particular data from the KEMA Report has changed substantially while most other information is relatively consistent.

31. Beyond data specific to utility use, I am aware of studies and reports that more generally address the cost of living in California and the minimum amounts of

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[12] LINA Vol. 1 at p. 3-22; *see also* LINA Vol. 2 at pp. 5-88-5-89, noting, among other points, that "households that report members are often sick due to home conditions have the second highest customer burden, 13.6%, and comprise 11 percent of the LI [low income] population. The high burden observed in this sector is related to the use of electrically powered medical equipment."

[13] LINA Vol. 1 at p. 3-23.

[14] LINA Vol. 2 at p. 5-84.

[15] KEMA Report at pp. 4-21, 5-15.

income needed to get by in various communities. For example, the California Budget Project (CBP)[16] has issued several reports on the cost of living in various counties in California. The most recent report, called "Making Ends Meet: How Much Does It Cost to Raise a Family in California," was issued in December of 2013, and updates a prior report by the same title that was issued in 2010. This report shows the cost of living for various types of families in each California county. Selected excerpts from this report showing the costs in several counties are attached to this testimony as Appendix C.[17] The selected counties, including communities within the service territories of all of the major electric utilities, include San Diego, Santa Clara, Orange County, Fresno County, and Riverside County.

32. Statewide, the estimated cost of living for a single adult is $2,719 per month, or $32,625 per year. A person whose only source of income is SSDI receives $800 to $1,333 per month or $9,600 to $16,000 per year, based on their earnings contributions into Social Security. A person whose only source of income is from the Supplemental Security Income/State Supplementary Payment (SSI/SSP) receives monthly grants of $877 per month or $10, 528 per year. There is no variation despite the different costs of living in various communities. Statewide and in each of the selected counties, the standard level of benefits from common income sources for

[16] The California Budget Project is a nonpartisan nonprofit organization whose mission is to engage in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. *See* www.CBP.org .

[17] The entire report is available online at http://www.cbp.org/pdfs/2013/131212_Making_Ends_Meet.pdf.

people with disabilities and seniors is well below the estimated cost of living, even on a budget that is designed to include only necessities.[18]

33. The level of benefits available to people with disabilities enrolled in the Supplemental Security Income/State Supplementary Payment (SSI/SSP) Programs, which provides assistance for 1.3 million low-income seniors and people with disabilities in California to pay for food, housing, and other basic living expenses, has not kept pace with rising costs of living because prior fiscal year budget agreements reduced state support for the state's share of the monthly grants and also eliminated annual Cost of Living (COLA) increases starting in 2010-2011 after suspending them several times prior to that. Even though California's economy has improved and the Governor's Budget for Fiscal Year 2014-2015 projects a $1.7 billion budget surplus, the proposed budget would not increase the state contribution to SSI/SSP or restore the annual state COLA that was eliminated in 2009.

34. The information on cost-of-living as compared to available benefits, based on 2014 benefits levels and the 2013 California Budget Project estimates by county[19] are set forth in the table below:

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[18] The budget estimates do include a separate estimate for health care costs. The individuals on SSDI may be entitled to health care coverage under the Medi-Cal program. People who are on SSI are automatically eligible for Medi-Cal without a separate application. However, even individuals who receive Medi-Cal incur out-of-pocket health care expenses. In recent years, concerns about state budget deficits resulted in budget agreements that eliminated many essential services from Medi-Cal coverage, including audiology, podiatry, incontinence creams and washes, nutritional supplements, adult dental care, and speech therapy. Medi-Cal recipients who need such services have either had to pay out-of-pocket or accept serious and potentially deadly health implications by forgoing services.

[19] The methodology used for each budget category identified in the CBP budget estimates is set out in the full report. Briefly, they include costs for housing and utilities combined (but excluding phone and internet service), transportation, food, health care, miscellaneous, and taxes.

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Location	CBP Estimate (single adult)	SSDI Benefits[20]	SSI Benefits[21]	Shortfall
Statewide	$32,625	$9,600 to $16,000	$10,524	$16,625 to $23,025
Fresno County	$28,755	$9,600 to $16,000	$10,524	$12,755 to $19,155
Orange County	$37,251	$9,600 to $16,000	$10,524	$21,251 to $27,651
Riverside County	$30,166	$9,600 to $16,000	$10,524	$14,166 to $20,566
San Diego County	$34,253	$9,600 to $16,000	$10,524	$18,253 to $24,643
Santa Clara County	$36,787	$9,600 to $16,000	$10,524	$20,787 to $27,187

35. The monthly SSI/SSP grant not only fails to cover necessities, it has actually dropped from $907 per month ($10,884 annually) in January 2009, an amount that was only slightly above the federal poverty line, to $830 per month ($9,960 annually) in July 2011, an amount which was equal to 92% of the 2011 federal poverty line.

In each community, the housing/utility category is the largest. The methodology for calculating housing/utility costs is as follows: "The cost of housing and utilities presented in this report is based on 2013 fair market rents (FMRs), which are published annually by the US Department of Housing and Urban Development (HUD) and estimate the cost of shelter and utilities, excluding telephone and internet service, in given areas. FMRs generally represent the 40th percentile of rents paid by recent movers in an area, meaning that the cost of 40 percent of rental housing is lower than the FMR and the cost of 60 percent is higher. HUD sets FMR values at the 50th percentile in some metropolitan areas where affordable housing can be difficult to obtain. Individuals and families seeking housing may not be able to locate units at the rents shown in this report, particularly in parts of the state where housing markets are tight."

[20] SSDI benefits are calculated for people who have worked and paid into Social Security long enough to qualify for benefits when they become disabled, in accordance with a prescribed formula. The applicant's impairment or combination of impairments must meet or equal the criteria of one the individual Listings of Medical Impairments.

[21] The Supplemental Security Income/State Supplementary Payment (SSI/SSP) supports nearly 1.3 million low-income seniors and people with disabilities in California. The state's share of the State Supplementary Payment monthly grants for both couples and individuals were reduced to the federal minimums in 2009 and 2011. This is discussed in greater detail below.

Subsequently, the total SSI/SSP allocation has grown a small amount only because the annual federal COLA continued to apply to the SSI portion of the grant, even as the state SSP portion remained frozen. Still, the current SSI/SSP monthly grant for an individual of $877 ($10,524 annually) as of January 1, 2014 remains $30 below the level in effect 5 years ago and is equal to just 90 percent of the federal poverty line.

36. The California Budget Project has also released a report specifically analyzing the most recent proposed state budget, and evaluating the implications of the cuts and COLA suspensions for the SSI/SSP program.[22] The report found that the cuts and suspensions have resulted in a loss of an average of $161 per month, or more than three weeks' worth of the projected basic cost of food the federal government estimates is necessary to maintain a minimally adequate diet (projected at $188 per month).[23]

37. The California Budget Project also noted that high housing costs are another significant concern for SSI/SSP recipients. In California, the Fair Market Rent for a studio apartment exceeds one-half of the current SSI/SSP grant for an individual in all 58 counties and is higher than the entire grant in 13 counties.[24] The data indicates

[22] The report, a copy of which is attached hereto as Appendix D, is available at http://cbp.org/pdfs/2014/140304_SSI_SSP_Governor_Proposed_Budget_BB.pdf .

[23] SSI/SSP recipients are not eligible for food assistance through the CalFresh Program, so they face difficult choices about how to manage their reduced income, such as eating less or relying on food banks and other charitable options.

[24] While some SSI/SSP recipients may receive federal rental assistance that pays for modest housing, such assistance only reaches a small portion of the California households that need support.

that individuals are at-risk of becoming homeless when housing costs account for more than half of household incomes.

38. Because households that rely on fixed benefits as their only source of income already have less money available than necessary for living within a very basic budget, every dollar that comes into such a household is already stretched to an extreme extent. The examples set forth above do not include other strains faced by people at the bottom of the economic ladder, including, for example, multiple rounds of cuts to SNAP benefits (food stamps),[25] increased costs of basic telephone service,[26] increased costs of transit,[27] and other hardships that have been well documented in both the academic and popular press.[28] For individuals on assistance other than SSI or SSDI, the level of benefits requested for CalWorks in the Governor's proposed budget is also below

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[25] *See e.g.* http://www.usatoday.com/story/news/nation/2013/11/01/stateline-food-stamps/3345823/

[26] For AT&T customers, the cost of basic service has increased from $10.69 per month in 2006 to $23.00 per month in 2013. Verizon customers have seen an increase from $17.25 per month in 2006 to $22.00 per month in 2013. Customers of smaller carriers have also seen increases in the cost of basic service. While customers on LifeLine have not yet seen a rate increase, the income eligibility threshold for LifeLine is lower than the threshold for CARE (150% of the federal poverty level and 200% of the federal poverty level, respectively), so many CARE customers do not qualify for a LifeLine rate, while others may not be aware of the program.

[27] *See e.g.* http://www.sfgate.com/bayarea/article/BART-set-to-increase-fares-parking-costs-4318458.php (BART fare increases); http://www.latimes.com/local/lanow/la-me-ln-fare-increase-metro-20140117,0,4965842.story#axzz2sIdtvdmf (LA Metro fare increases)

[28] *See e.g.* www.n4a.org/pdf/n4a_SequesterSurveyReport_FINAL.pdf (impact of sequester on senior citizens); http://www.jchs.harvard.edu/research/publications/americas-rental-housing-evolving-markets-and-needs (Increased costs of rental housing); http://www.brookings.edu/research/reports/2013/12/12-facts-lower-middle-class (struggles of lower-middle class households attempting to stay out of poverty); http://thinkprogress.org/economy/2013/12/05/3023871/mortgage-settlement-violations/ (households struggling with abusive mortgage practices). Many, many additional examples are readily apparent with a simple Google search.

the poverty threshold.[29] For employed individuals, wages at the lower end of the earnings spectrum have stagnated, even as the overall economy in California has improved from the lowest depths of the recession.[30]

39. Generally speaking, low-income households and particularly low income households that include people with disabilities, have no flexibility in their budgets; any increase in costs for one necessity means that there will be less money for another necessity. As described above, in the LINA, and in testimony submitted in prior Commission proceedings, trade-offs between food, energy, medical care, and housing are real, and put vulnerable populations under enormous pressure. This is the environment in which any increase in electricity rates for low-income customers as proposed by the utilities in this proceeding will actually be implemented.

40. People with disabilities face yet an additional burden with regard to the cost of personal assistants. The U.S. Department of Labor recently promulgated a rule (to become effective on January 1, 2015) requiring overtime pay for "domestic workers," a category that includes the home healthcare attendants who help assist people with disabilities with daily activities that are essential to their ability to live independently and avoid institutionalization; these workers will also be subject to upcoming increases in the state's minimum wage. Currently, the state pays for much of this type of care through its In-Home Supportive Services (IHSS) Program, though individuals must pay for service hours above the authorized levels or for services not

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[29] http://www.cbp.org/pdfs/2014/140206_CalWORKs_Governor_Proposed_Budget_BB.pdf

[30] *See e.g.* http://www.epi.org/publication/a-decade-of-flat-wages-the-key-barrier-to-shared-prosperity-and-a-rising-middle-class/ (2013 Economic Policy Institute report on wage stagnation); http://thinkprogress.org/economy/2011/07/11/265311/graph-family-26-percent-wages/ (graph showing wage stagnation).

covered by IHSS (such as reading services for the blind). Households that do not meet the strict income eligibility requirements of IHSS but still need those services pay out of pocket for all home healthcare.

41. Both those who receive services through IHSS and those who do not will be faced with difficult circumstances when the new rules and wage increases go into effect. For those who meet IHSS requirements, the state has proposed to cap hours to limit growth of the program. Services in excess of the cap will be paid out of pocket by the care recipients. Those who do not receive services through IHSS will have to absorb all additional costs. Thus, virtually all people who need assistive care to live in their community will have to pay more or else reduce service hours and do without necessary care.

42. Increased costs of other necessities, such as electricity, will only exacerbate the situation. Additionally, the ability of people with disabilities to substitute technology for in-person care, to the extent that it might be technologically feasible, will be limited by increased energy costs.

43. Overall, the demands being placed on low-income households far exceed the available resources. Any changes to rates or rate design that would increase rates for low-income customers must consider these factors and directly address how the changes would or would not fall within longstanding statutory requirements (which were not changed by recent legislation on rate design, AB 327) to ensure that adequate supplies of electricity are provided on an affordable basis to all households.

VI. Conclusion

44. Low income households, including disabled households, are already struggling to pay their utility bills, and are already facing difficult and harmful choices between housing, food, medical care, transportation, and utility service. The people in these households are afraid of what will become of them if their rates for electricity increase, and these fears are well-founded. The proposals that have been put forward in this proceeding for near-term changes to rates are all premised on increasing lower tier rates and, for PG&E in particular, reducing CARE benefits. No consideration whatsoever was given to how such changes will impact the affordability of essential supplies of electricity in the actual context of California's economic and the circumstances of vulnerable households. "Bill impacts" are provided with no context whatsoever regarding the overall household budgets of families that will need to absorb them. The proposed rate increases are designed to be virtually impossible to avoid through conservation, since they hit at the very first levels of consumption.

45. The hardships that vulnerable households are currently experiencing are already severe, and they will become worse if energy rates are changed in a manner that targets low income and low use households for rate increases. No such changes should be adopted without a direct evaluation of the impact of the proposed changes on affordability.