

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

SMALL BUSINESS UTILITY ADVOCATES' COMMENTS ON ESJ ACTION PLAN 2.0

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Small Business Utility Advocates (SBUA) submits these comments on the October 2021 Environmental and Social Justice Action Plan, version 2.0 (ESJ Plan).

I. Introduction

SBUA's mission is to represent the utility-related concerns of the small business community. Small businesses are vital to California's economic health and welfare and constitute an important class of ratepayers for utility companies. There are approximately 3,941,000 small businesses in the state that comprise of 99.8% of all employer firms, provide 48.8% of private sector employment, account for over 280,000 net new jobs, and comprise approximately 43.2% of California's \$152.1 billion in exports. The interests of this class often diverge from residential ratepayers and larger-size commercial customers on a variety of utility matters, including how best to address wildfire risks and public safety power shutoffs (PSPS), the development of new programs, revenue expenditures, and cost allocations.

In the past 18 months, small businesses have proven to be especially vulnerable to the adverse consequences of what amounts to an almost complete shutdown of international, domestic, and regional travel and communal activities. The tourism, hospitality and retail sectors are responsible for roughly one in five jobs in California.¹ Thousands of bars, restaurants, gyms and hotels, most small enterprises, will go out of business during the pandemic, with insufficient revenue to pay the bills. And small businesses are particularly susceptible to severe economic

¹ California Economic Summit, "Many Californians get their start—and careers—in this huge economic sector," <https://caeconomy.org/reporting/entry/many-californians-get-their-startand-careersin-this-huge-economic-sector>, June 12, 2019.

downdrafts.² Prolonged limitations on travel and communal gatherings, as have occurred either by government order or consumers concerned about lingering public threats, are particularly difficult to weather by smaller companies without cash reserves to cover overhead – including utility bills. With slim margins and high operating costs, small businesses.

Resilient small businesses are essential to vibrant communities, and are particularly important in low-income and rural communities. However, small businesses suffer from high utility cost burden and typically lack the investment capital necessary to secure backup electrical power generation, business interruption insurance or other mitigation measures.

II. Comments

SBUA offers the following comments on ESJ Plan 2.0:

A. Small Business Customers

SBUA appreciates the inclusion of Action Item 1.1.1 to consider impact to small businesses. However, more attention to small businesses is necessary in the ESJ context. The Plan correctly recognizes that there is need for “[a]cknowledging potential gaps in the current definition of ‘ESJ communities’ and consider updating the definition in the future.” (ESJ Plan, p. 3, see also, p. 27). Specifically, small businesses should be considered within the ESJ definition. Presently, commercial customers with “[l]ess than ten employees and/or classified as Very Small (Customers whose annual electric demand is less than 20 kilowatt (kW), or whose annual gas consumption is less than 10,000 therm, or both)” and small commercial customers in rented spaces are recognized as hard-to-reach customers (D.18-05-041, Finding of Fact No. 14).

² Federal Reserve Bank of New York, “Why Small Businesses Were Hit Harder by the Recent Recession,” *Current Issues in Economics and Finance*, 17:4, www.newyorkfed.org/medialibrary/media/research/current_issues/ci17-4.pdf, 2011.

Appropriately, the Commission recently recognized the critical need of small business to protection from shutoffs via R.21-02-014.

In addition to including small businesses within the ESJ definition, SBUA requests that small businesses also be identified within the context of Goal 8.1 “Bolster Staff Knowledge on ESJ Issues” and Goal 7 as central to providing “economic opportunity for residents of ESJ communities.”

B. PSPS Events

The ESJ Plan speaks of PSPS events primarily in the context of Access & Functional Needs customers (p. 16); de-energization is mentioned briefly in the context of Wildfire Events (p.18). However, power shutoff events caused massive losses due to interruption of remote and in-person work and spoilage (see, generally, R.19-11-013). Utilities have not compensated customers for these losses and the Commission’s directives to date, particularly R.18-12-005, have focused almost exclusively on improving notification and procedures for the conduct of PSPS events without addressing the inherent harm imposed by all PSPS events, regardless of notice. Moreover, interruptions, particularly those in 2021, have disproportionately occurred in most rural and economically undeveloped parts of the state. Small businesses suffer severely from PSPS events.³ Among particular vulnerabilities are the high concentration of small firms in the refrigeration-dependent food retail sector and small businesses’ frequent lack of financial resources to

³ In response to SBUA data requests in R.18-12-005, PG&E informed SBUA that Commercial customers filed 3,047 claims, totaling request for \$4,791,594 in food loss, property damage and economic loss due to the October PSPS events as compared with fewer than 2,700 total claims over the prior three years. *See also* D. Benda & M. Chapman, *‘I Can’t Afford to Close Anymore’: PG&E Power Strains Small Businesses in Anderson*, Redding Record Searchlight (Oct. 29, 2019), available at <https://www.redding.com/story/news/local/2019/10/28/power-outages-tough-small-businesses/2490307001/> (single restaurant lost \$4,000 in perishable food in October PG&E PSPS).

adequately prepare for and insure against direct damages and consequential losses that they incur during PSPS events.⁴

SBUA requests that the ESJ Plan recognize more directly the harm imposed on ESJ communities by PSPS events and include an action item to reduce harm from PSPS events under Appendix A, Goal 6.1 “Project ESJ Customers”.

C. Recognize the Cost Shift and Rate Impact of Utility Programs.

Expanding distributed energy resources (DER), net energy metering (NEM), energy efficiency programs (EE) and other environmental and resource-responsible policies are essential to maintaining a resilient and functional electricity service network within our current climate change context. Over the long-run, these programs will provide substantial benefits to ESJ communities that are most harmed by pollution and climate change impacts, and increase supply of clean, low-marginal cost power. However, in the short and medium-term, small businesses and ESJs bear an unreasonable rate burden from these programs, which they participate in at lower levels.⁵ Utilities project massive rate hikes, largely attributed to these programs. While SBUA strongly supports these programs and questions this attribution, the fairness and equity of imposing ever-increasing rates on lower-income customers is inadequately addressed by the ESJ Plan.

⁴ See, e.g., Rob Starr, *California Small Businesses Face Survival Challenge During Wildfires*, Small Business Trends (Nov. 13, 2019), available at <https://smallbiztrends.com/2019/11/business-impact-of-california-wildfires.html> (poll of 2,300 small businesses found that only 14% have business interruption insurance and 21% have less than 30 days operating cash on hand); FEMA, *Make your Business Resilient* (2015), available at <https://www.fema.gov/media-library/assets/images/116921> (estimates that 40% to 60% of small businesses that shutdown during a disaster do not reopen).

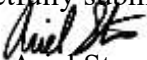
⁵ See, Herman K. Trabish, “California’s dilemma: How to control skyrocketing electric rates while building the grid of the future,” *Utility Dive* (April 26, 2021) <https://www.utilitydive.com/news/californias-dilemma-how-to-control-skyrocketing-electric-rates-while-buil/597767/>.

SBUA appreciates seeing Appendix A Action Item 2.4.3 “Pilot Utilization of Affordability Metrics in CPUC Proceeding” but requests that the Plan more holistically recognize the heavy rate burden on low-income and small business customers as an ESJ problem that needs to be considered across a number of program areas.

III. Conclusion

SBUA appreciates the opportunity to submit these comments on the ESJ Plan.

Respectfully submitted, November 24, 2021, at El Sobrante, California,


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