CUSTOMER GENERATION RATES

1. Customer Generation Rates will be set at 1% below Pacific Gas & Electric’s (PG&E) generation rates in January 2017. To achieve rate stability, Customer Generation Rates will remain unchanged, subject to substantial and unexpected volatility in wholesale power pricing, until January 2019.

2. For rate setting beyond 2018, electric rates shall be designed to generate sufficient revenue, after consideration of interest income and miscellaneous revenue, to support:
   
   a. The full cost of operations
   b. Debt service
   c. Equity funding of capital investments
   d. Funding of reserve accounts
   e. Any other current obligations

3. In addition to these requirements, electric rates shall be designed to generate sufficient revenue, after consideration of interest income and miscellaneous revenue, to ensure a two-times (2.0x) minimum debt service coverage ratio.

4. A rate adequacy review shall be completed every five years at a minimum, through performing a cost of service study.