CUSTOMER GENERATION RATES POLICY

1. MBCP will adopt identical rates as those offered by Pacific Gas & Electric (PG&E), net of surcharges and Power Charge Indifference Adjustment (PCIA) exit fees, in January 2018. To provide customers with cost parity in their monthly electric bill relative to PG&E service, MBCP rates must be lower than the generation rates charged by PG&E to offset the inclusion of certain surcharges or “exit fees” that PG&E will apply to MBCP customer bills.

While we anticipate that revisions in PG&E generation rates will take place on January 1, 2018, the new PG&E rates will not be released to the public until the very end of December. PG&E may make additional rate changes during 2018. Therefore, MBCP rates will be adjusted prior to commencement of service to customers enrolled during Phase 1 and during the balance of 2018 in order to maintain general cost parity for customers enrolled in MBCP service.

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.