

ATTACHMENT 1

CUSTOMER-OWNED UTILITY - OPERATING PRINCIPLES

The Customer-Owned Utility is fully committed to safety, reliability and affordability for its customers. The Customer-Owned Utility will act to achieve net zero emissions as quickly as possible.

Geographic Inclusion and Equity

- The customer-owned utility will not seek to sever any geographic portion of the current PG&E service area.
- Governance and operations will prioritize ensuring that no disparate negative impact is borne by any specific region, county, or city, as a result of the transformation of the utility from investor-owned to customer-owned.

Governing Board Responsibilities and Selection Process

- The fiduciary duty of the Governing Board will be to the customer-owners.
- The Governing Board will support exploration of a capital structure required to publicly own the assets, and to manage the financing and existing liabilities.
- Governing Board will assume ratemaking and capitalization responsibilities in place of CPUC regulation.
- Interim Governing Board nominees will be presented in the Bankruptcy Process.
- Selection of Governing Board members will be through a two-step process, with a nominating committee patterned on the CAISO selection process, vetting candidates for election.
- Governing Board will oversee the management of the organization, hire and/or retain senior management.
- Organization charter will require board members to meet qualification requirements of competence, independence, and specific skill sets (e.g. utility expertise, safety, cyber-security, infrastructure, management), and consider representation from various stakeholders and communities.

Labor and Workforce

- The customer-owned utility will preserve existing PG&E labor contracts and preserve the existing skilled workforce.
- The customer-owned utility will commit to maintaining and growing a skilled workforce that is focused on improving the safety and reliability of the utility's infrastructure, as well as improving customer service and affordability.

Power Supply Procurement

- Primary responsibility for power supply procurement in areas where qualified Community Choice Aggregators (CCA's) already procure power will shift to those qualified CCAs, who will become the provider of last resort (POLR) in their territory. "Qualified" CCAs will meet good utility practices, including adopting risk management policies and procedures, maintaining a bond rating, retaining adequate operating reserves, and establishing limits on uses of ratepayer funds.
- The customer-owned utility will proactively support and will not oppose or hinder new CCA formation.
- The customer-owned utility will serve the remaining customers whose communities choose not to form a CCA.
- The customer-owned utility will support options to reduce costs for all ratepayers including options to reduce and stabilize, and eventually phase out, the Power Charge Indifference Adjustment (PCIA) and other non-bypassable utility charges. The customer-owned utility will support State climate goals and be subject to all State requirements requiring renewable energy procurement, energy efficiency initiatives, and emission reductions as they relate currently to the investor-owned utilities.
- Existing contracts with independent power producers would be maintained and respected. Subject to mutual agreement of the parties, contracts will be renegotiated to benefit customers.
- The customer-owned utility will support local efforts to administer and implement public purpose programs such as energy efficiency and renewable energy incentives programs funded through the public goods charge.

Public Accountability

- Notwithstanding “private” entity legal status, the customer-owned utility will operate as though it were a public agency with regard to transparency and accountability of decision-making. That includes:
 - Adherence with applicable public record and open meeting rules, including the Brown Act and Public Records Act.
 - Prohibitions on organized political contributions.
 - Outreach to underserved communities.
 - Goals for supplier diversity including women, minority, disabled veteran, and LGBTQ contracting and employment.
 - Other important public policy objectives.

Rate and Credit Quality

- The customer-owned utility will be committed to low-cost financing for capital investments needed to maintain the grid, adhere to safety and reliability standards, realize energy policy objectives, and improve customer affordability.
- By charter, the organization will be required to maintain investment-grade credit quality.
- The current balance of rate allocation between urban and rural customers will be maintained.
- The customer-owned utility will commit to ensuring continued rate discounts for low-income residents (through the CARE program and similar initiatives).
- The customer-owned utility will continue to offer Net Energy Metering (NEM) programs for customers with on-site generation. The customer-owned utility will fully grandfather NEM rates for existing NEM customers and any future changes to NEM will apply only prospectively for new NEM installations.
- As a not-for-profit, rates will not include any profit. Rates will be set to maintain adequate reserves and all excess revenues will be reinvested into maintaining the grid, adhering to safety and reliability standards, and reducing customer costs.
- The customer-owned utility will fully support the development of distributed energy generation and storage by CCAs and other third parties, including local micro-grids and community solar.

Safety and Response

- The customer-owned utility will be subject to state agency standards and oversight relating to health, safety, and wildfire protection.
- The customer-owned utility will develop a transparent, prioritized capital investment plan to address infrastructure needs of both the distribution and transmission system to prevent wildfires, reduce, and ultimately eliminate, Public Safety Power Shutoff (PSPS) events, and improve overall system reliability.
- Required PSPS events will be based on best practices, with a transparent decision-making structure, emphasis on coordination with local first responder and emergency service agencies, and high-quality customer communication.