

Customer Owned-Utility Operating Principles

Geographic Inclusion and Equity

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

Governing Board Responsibilities & Selection Process

- Assumes ratemaking and capitalization responsibilities in place of CPUC regulation.
- Governing Board would oversee management of the organization, hire and/or retain senior management.
- Fiduciary duty of the Board would be to the customer-owners.
- Interim Governing Board nominees would be presented in the Bankruptcy Process.
- Selection of Governing Board members would be through a two-step process, with a nominating committee patterned on the CAISO selection process (see attached), vetting candidates for election.
- Organization charter would require board members to meet qualification requirements of competence, independence, and specific skill sets (e.g., safety, cyber-security, management, etc.).

Power Supply Procurement

- Customer-owned utility would be subject to all State requirements for clean energy procurement, energy efficiency initiatives, etc. as they relate currently to the investor-owned utilities.
- Primary responsibility for power supply procurement in areas where qualified CCA's already procure power would shift to those qualified CCAs, who would become provider of last resort (POLAR) in their territory. ("Qualified" CCAs would meet good utility practices; including adopting risk management policies and procedures, adequate operating reserves, and limits on uses of ratepayer funds). The customer-owned utility would serve as backstop POLAR for the remaining customers whose communities choose not to form a CCA.
- The customer-owned utility would support new CCA formation and options to reduce costs for all ratepayers including options to reduce and stabilize the PCIA and other non-bypassable charges.
- The Customer Owned Utility would support local efforts to administer and implement public purpose programs such as energy efficiency and renewable energy programs funded through the public goods charge.

Public Accountability

- Notwithstanding "private" entity legal status, Customer-owned utility would operate as though it were a public agency with regard to transparency and accountability of decision-making. That includes:
 - Compliance with applicable public record and open meeting rules, including the Brown Act and Public Records Act

- Prohibitions on organized political contributions or activities, except educational programs
- Outreach to underserved communities,
- Goals for women & minority contracting and employment,
- And other important public policy objectives.

Rate Impact & Credit Quality

- Customer-owned utility would be committed to lowest 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 would be required to maintain investment-grade credit quality.
- The current balance of rate allocation between urban and rural customers would be maintained.

Safety and Response

- The customer-owned utility would be subject to state agency standards and oversight relating to health, safety & wildfire protection.
- The utility would develop a transparent, prioritized capital investment plan to address infrastructure needs of both the distribution and transmission system to prevent wildfires, reduce PSPS events, and improve overall reliability.
- Required Public Safety Power Shutoffs would 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.
- A customer-owned utility would fully support development of distributed energy generation and storage, including local micro grids.