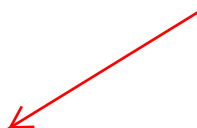


As can be seen from the table, the proposed rate changes are not uniform across the different customer classes served by MCE. The proposed differential rate adjustments were made based on a comparative rate analysis and designed to bring average MCE customer costs for all customer classes below what the costs would be under bundled PG&E rates. The resulting average cost comparisons are shown in Table 3. The cost figures in Table 3 represent total delivered electricity costs, inclusive of generation charges, distribution and other delivery charges, and, for MCE customers, the PCIA and Franchise Fee surcharges.

Table 3: Proposed Rate Comparative Analysis Summary

Rate Group	Total MCE Generation + PG&E Charges³	Revenue at Current PG&E Bundled Rates⁴	Total Cost Difference	% Cost Difference
E-1	242,421,473	242,561,188	(139,715)	-0.1%
A-1	78,713,387	78,758,752	(45,365)	-0.1%
A-6	16,719,018	16,728,653	(9,636)	-0.1%
A-10	84,788,159	84,837,025	(48,866)	-0.1%
E-19	72,723,083	72,764,996	(41,913)	-0.1%
E-20	32,393,386	32,412,055	(18,669)	-0.1%
Ag	3,878,830	3,881,066	(2,235)	-0.1%
SL	3,400,173	3,402,132	(1,960)	-0.1%
TC	424,896	425,141	(245)	-0.1%
Total	535,462,405	535,771,009	(308,604)	-0.1%



Rate Design

The individual rate components on each rate schedule were examined in relation to the costs of providing electric service as well as how they compare to the corresponding PG&E rate, after taking PCIA surcharges into consideration. Adjustments were made to better align MCE rate components with those charged by PG&E so that individual customer rate comparisons will be more uniform for all MCE customers. Generally speaking, reductions were made to off-peak energy rates, while increases were made to demand charges and certain on-peak or partial peak energy rates. The reductions in off-peak energy rates were limited where they would otherwise result in rates that are below the cost of wholesale energy. The net effect of the rate design changes is to reduce revenues from each customer class as shown in Table 2; however, the impacts on individual customer bills will vary depending upon specific usage characteristics. A comparison of current and proposed rates is included in Attachment A.

Termination Fees

MCE's rates and charges include a Termination Fee applicable to customers departing MCE service after the initial sixty-day post enrollment opt-out period. The Termination Fee is proposed to remain unchanged for FY 2017/18. The Administrative Fee component of the Termination Fee would remain at \$5 for residential customers and \$25 for non-residential customers. The Cost Recovery Charge component of the Termination Fee, which would apply in the event MCE is unable to recover the costs of supply

³ Includes MCE charges and PG&E delivery and PCIA/Franchise Fee surcharges.

⁴ Includes PG&E generation and delivery charges.