

PG&E's PROPOSAL FOR A REVISED ECONOMIC DEVELOPMENT RATE

SUMMARY

The current economic development rate offering expires on December 31, 2012.

PG&E will file a proposal for a revised economic development rate on February 23, 2012.

Like the current offer, the revised Schedule ED will be applicable for expansion, retention and attraction of loads of at least 200 kW, as well for closure of similarly sized loads. This rate is applicable to customers otherwise served on Schedules A-10, E-19 and E-20.

The customer is required to sign an affidavit indicating that absent this discount, on its own or in conjunction with other incentives, the customer would not have located operations, added or retained load within California.

The revised program will be available to customers through 2017. Customers will have 2 years to commence operating under the agreement once signed.

The Standard Economic Development Rate Option consists of a 12 percent discount for 5 years.

An Enhanced Economic Development Rate Option is available for customers locating in counties with unemployment rates equal to or greater than 125 percent of the annual average unemployment in California. The Enhanced Economic Development Rate Option consists of a 35 percent discount for 5 years.

The list of counties eligible for the enhanced discount option will be revised each year and applied prospectively for new customers. The discount for existing customers will not be altered if a county no longer is eligible for the enhanced option.

Discounts provided to customers will not be subject to change. Customer billings will not be trued up subject to a price floor.

Direct Access and Community Choice Aggregation customers are eligible for the economic development rate, but will have the discount applied only to utility charges (excluding generation, but including generation-related nonbypassable charges such as the Power Charge Indifference Adjustment).

Discounts will be applied to bills via a reduction to the distribution charge. Distribution charges are allowed to be negative, if necessary, to provide the full discount to customers. Nonbypassable charges are fully funded.