RESIDENTIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-1

A. APPLICABILITY:

This Rate Schedule applies to separately metered single-family residential dwellings receiving Electric Service from the City of Palo Alto Utilities.

B. TERRITORY:

This rate schedule applies everywhere the City of Palo Alto provides Electric Service.

C. UNBUNDLED RATES:

<table>
<thead>
<tr>
<th>Per kilowatt-hour (kWh)</th>
<th>Commodity</th>
<th>Distribution</th>
<th>Public Benefits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 usage</td>
<td>$0.08339</td>
<td>$0.04971</td>
<td>$0.00447</td>
<td>$0.13757</td>
</tr>
<tr>
<td>Tier 2 usage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any usage over Tier 1</td>
<td>0.11569</td>
<td>0.07351</td>
<td>0.00447</td>
<td>0.19367</td>
</tr>
</tbody>
</table>

Minimum Bill ($/day) 0.3283

D. SPECIAL NOTES:

1. Calculation of Cost Components

   The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a Customer’s bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

2. Calculation of Usage Tiers

   Tier 1 Electricity usage shall be calculated and billed based upon a level of 11 kWh per day, prorated by Meter reading days of Service. As an example, for a 30-day bill, the Tier 1 level would be 330 kWh. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

{End}