

ATTACHMENT 1 TO SCHEDULE NEM

Net Surplus Energy Compensation Rate

Schedule NEM provides that the Net Surplus Energy Compensation Rate will be posted on the Utility's website on January 1 of each year and will be effective from January 1 through December 31 of that year. The Net Surplus Energy Compensation Rate is calculated as the average hourly cost of renewable energy purchased by the Utility and reported in the most recently audited fiscal year and approved by the General Manager, as referenced in City Council Resolution No. 22141.

As required by Schedule NEM, the General Manager hereby approves the following Net Surplus Energy Compensation Rate of **\$0.069 per kWh**, effective January 1, 2016 through December 31, 2016.