Bear Valley Electric Service, Inc.
P.O. Box 9028
San Dimas, CA 91773-9028
A Subsidiary of American States Water Company

Via Electronic Mail
2026 Executive Compensation
Docket # 2026-EC

August 24, 2026

Forest Kaser, Director
Office of Energy Infrastructure Safety
California Natural Resources Agency
715 P Street 20th Floor
Sacramento, California 95814
Forest.Kaser@energysafety.ca.gov

Subject: 2026 Executive Compensation Plan Submission by Bear Valley Electric Service, Inc. Pursuant to Public Utilities Code Section 8389(e)

Dear Director Forest Kaser:

In accordance with the Executive Compensation Structure Submission Guidelines Version 2.0, dated July 15, 2026 (“Guidelines”), Bear Valley Electric Service, Inc. (BVES) submits its request for approval of its 2026 Executive Compensation Structure. Separately filed is the Executive Compensation Structure Data Excel Template Version 2.

The enclosed submission demonstrates that BVES’ executive compensation structure complies with the statutory requirements of California Public Utilities Code Section 8389(a). BVES’ 2026 executive compensation structure carries forward numerous elements that were included in its approved 2025 executive compensation structure. As described in the enclosed submission, any revisions continue to promote safety as a priority and meet statutory requirements.

Please feel free to contact me if you have any questions regarding these materials.

Respectfully submitted,

/s/ Paul Marconi

Paul Marconi
President, Treasurer and Secretary
Bear Valley Electric Service, Inc.
Paul.Marconi@bvesinc.com

Table of Contents

List of Tables

1.1 Incentive Compensation Components

Rationale: For the issuance of a Certificate, Public Utilities Code section 8389(a)(4) requires that electrical corporations' executive incentive compensation structures include "incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers…" To evaluate an electrical corporation's compliance with this requirement, Energy Safety must know: (a) who are the electrical corporation's executive officers and (b) what incentive compensation structure exists.

Definition: "Executive officer" is defined in Public Utilities Code section 451.5(c) and "means any person who performs policy making functions and is employed by the public utility subject to the approval of the board of directors, and includes the president, secretary, treasurer, and any vice president in charge of a principal business unit, division, or function of the public utility." Energy Safety considers divisions or units responsible for electrical operations, gas operations or wildfire-related functions principal business units, divisions, or functions of the public utility.

Instructions: In Table 1.1.1, for each executive officer subject to the executive compensation filing requirements, the electrical corporation must provide the executive title and function, the executive name (if the executive is classified as an Officer of the Company per the Company's website), the target percentage of Short-Term Incentives (STIP) and Long-Term Incentives (LTIP) as a proportion of Total Incentive Compensation (TIC) for the appropriate filing year. See the definition of the proceeding terms in Attachment 2.

For the purpose of calculating the percentage of TIC, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers.
Percentages must be specified for each executive officer and not a range for various position levels.

Table 1.1.1 *Incentive Compensation at the Target Level*

Executive Title/ Function and Name (where applicable)	Target Quarterly STIP as a Percent of TIC	Target Annual STIP as a Percent of TIC	Target Total STIP as a Percent of TIC	Target LTIP as a Percent of TIC
President, Treasurer, and Secretary – Paul Marconi	N/A	56.2%	56.2%	43.8%

Instructions: In Table 1.1.2, for each executive officer subject to the executive compensation filing requirements, the electrical corporation must provide the executive title and function, the executive name (if the executive is classified as an Officer of the Company per the Company's website), the target percentage of Base Salary, STIP and LTIP as a proportion of Total Direct Compensation (TDC) for the appropriate filing year. See the definition of the proceeding terms in Attachment 2.

Table 1.1.2 *Total Direct Compensation at the Target Level*

	Target Base Salary as a Percent of TDC	Target Quarterly STIP as a Percent of TDC	Target Annual STIP as a Percent of TDC	Target LTIP as a Percent of TDC
President, Treasurer, and Secretary – Paul Marconi	49.5%	N/A	28.4%	22.1%

Instructions: In Table 1.1.3, for each executive officer subject to the executive compensation filing requirements, provide the target percentages of quarterly STIP, annual STIP, and LTIP as a percentage of base salary for the appropriate filing year.

Table 1.1.3 *Target Incentive Compensation as a Percent of Base Salary*

Executive Title/ Function and Name (where applicable)	Target Quarterly STIP as a Percent of Base Salary	Target Annual STIP as a Percent of Base Salary	Target LTIP as a Percent of Base Salary
President, Treasurer, and Secretary – Paul Marconi	N/A	57.4%	44.7%

1.2 Executive Officer Exclusion Rationale

Rationale: For the issuance of a Certificate, Public Utilities Code section 8389(a)(4) requires that electrical corporations' executive incentive compensation structures include "incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers…" To ensure incentive compensation is used for all executive officers, Energy Safety must understand why certain top-level officials do not fit within the definition of "executive officers" as defined in Public Utilities Code section 451.5(c).

Instructions: For the purpose of completing Table 1.2.1, the electrical corporation must include all the positions of the highest three tiers of the executives or officers of the electrical corporation that do not fit within the definition of "executive officers" as defined in Public Utilities Code section 451.5(c). For those positions, the electrical corporation must provide an explanation regarding why the executives holding those positions are not considered "executive officers" as set forth in Public Utilities Code section 451.5(c).[1]

The electrical corporation must include all positions within a tier in the table.

Table 1.2.1 *Public Utilities Code Section 451.5(c) Exclusion Rationales*

Executive Title / Role	Rationale
Assistant Secretary	This person does not perform policy-making functions and this position is not subject to the approval of the Board of Directors.

1. **Definition of policy making:**

The electrical corporation must explain how the electrical corporation defines policy making for purposes of the inclusion or exclusion of personnel pursuant to Public Utilities Code section 451.5(c) (i.e., what constitutes policy making):

BVES defines policy making for purposes of the inclusion or exclusion of personnel pursuant to Public Utilities Code section 451.5(c) as the activity of formulating and making the final decisions on which plans, policies, and operations the Company will execute subject to oversite of the Board of Directors.

[1] Public Utilities Code Section 451.5(C): https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=451.5&lawCode=PUC, (accessed March 27, 2026).

1.3 Short-Term Incentive Program (STIP)

Rationale: For the issuance of a Certificate, Public Utilities Code section 8389(a)(4) requires that electrical corporations' executive incentive compensation structures are "structured to promote safety as a priority and to ensure public safety and utility financial stability with performance metrics, including incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers ...." To ensure that the executive compensation structure for electrical corporation executive officers is structured to promote safety as a priority and ensure public safety and utility financial stability, Energy Safety must have an in-depth understanding of:

- The performance-based components of an executive compensation structure.
- How that structure is promoting safety.
- How effective metrics are in changing safety and financial outcomes.
- How adjustments to metrics are tied to performance.

Instructions: The STIP includes all performance-based compensation awarded on a performance term of less than three years. If the electrical corporation uses more than one short-term incentive mechanism, the electrical corporation must repeat this information for each mechanism (e.g., quarterly, and annually).

1.3.1 STIP Structure

Instructions: The electrical corporation must provide the requested STIP information regarding payment type, triggers, deductions, the use of individual performance modifiers, the use of company performance modifiers, the use of thresholds, targets, and maximums and the associated percentages, and how performance between categories is interpolated.

1. **STIP Payment Type.**

   Check one for the current year: Cash: ☒ Other: ☐

   If other, describe the other type of STIP payment:

   N/A

2. **Use of Any Performance Triggers**

   a) Does the electrical corporation's STIP for the current year use any non-discretionary performance triggers (e.g., must achieve certain annual earnings per share before any STIP payments are made)? Check one:

   Yes: ☐ No: ☒

   If "Yes," describe any performance triggers:

   N/A

   b) If this changed from the prior year, explain the reason for the change:

   N/A

3. **Use of Any Automatic, Non-Discretionary Deductions**

a) Does the electrical corporation's STIP for the current year include any automatic non-discretionary deductions (e.g., failure to achieve WMP targets results in X% reduction, catastrophic wildfire results in zeroing out all safety metrics)? Check one:

Yes: ☒ No: ☐

If "Yes," describe all automatic, non-discretionary deductions:

In the event the Corporation causes a catastrophic wildfire that results in one or more fatalities due to negligent operations and/or facilities that are not compliant with state and/or other applicable standards, the STIP will not be paid to the Executive. If such an event is under investigation by state authorities, the STIP will be held until the formal results of the investigation are made available.

b) If this changed from the prior year, explain the reason for the change:

N/A

4. Use of Any Specifically Defined Discretionary Deductions

a) Does the electrical corporation's STIP for the current year include any defined deductions (e.g., foundational, deduct only goals) that are part of the compensation structure? Check one:

Yes: ☐ No: ☒

If "Yes," describe all specific/defined discretionary deductions that are part of the structure:

N/A

b) If this changed from the prior year, explain the reason for the change:

N/A

5. Use of a Performance Range – previous year

a) Were the STIP payouts for the previous year based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:

Yes: ☒ No: ☐

b) Did the electrical corporation use one range for all previous year's STIP metrics or differing ranges based on the category of metric? Check one:

One range for all metrics: ☐ Multipleranges: ☒

If multiple ranges are used, explain why:

QTIP metrics (Fire Incidents and Employee Safety: Employee Electric Contacts) did not have a range (target only) and were designed to incentivize the executive to have 0 fire incidents and 0 electrical contacts.

STIP metric SOX Deficiencies did not have a maximum due to the target being "0" and threshold being "1" to incentivize the executive to not exceed having more than 1 SOX Deficiencies.

The STIP utilizes differing ranges for performance metrics. Ranges for performance metrics are specifically tailored to the metric to incentivize the desired performance considering factors such as historical performance, budget, staffing, etc.

The spread between target and maximum is more than the spread between target and minimum for the following metrics in order to incentivize the executive to achieve greater performance to reach maximum:

- Wildfire T&D System Hardening: Covered Wire Program
- Wildfire T&D System Hardening: Evacuation Route Hardening
- CAIDI
- Customer Complaints Standards CAB

Provide the previous year's STIP metric performance range(s):

Table 1.3.1 *Previous Year STIP Metric Performance Range(s)*

	Below Minimum	Minimum	Target	Maximum
Quarterly Term Incentive Plan (QTIP)				
Fire Incidents	N/A	N/A	100.0%	N/A
Employee Safety: Employee Electric Contacts	N/A	N/A	100.0%	N/A
Short Term Incentive Plan (STIP)				
Wildfire T&D System Hardening: Covered Wire Program	0.0%	80.4%	100.0%	139.2%
Wildfire T&D System Hardening: Evacuation Route Hardening	0.0%	90.0%	100.0%	120.0%
Wildfire T&D System Hardening: Tree Attachment Removal Program	0.0%	80.0%	100.0%	120.0%
Vegetation Management QC	0.0%	78.6%	100.0%	121.4%
Safety-Recordable Work Incidents	0.0%	50.0%	100.0%	150.0%
Safety Training	0.0%	96.9%	100.0%	103.1%
Job Hazard Analysis	0.0%	89.5%	100.0%	110.5%
SAIDI	0.0%	55.6%	100.0%	144.4%
CAIDI	0.0%	53.8%	100.0%	153.8%
Customer Complaints Standards CAB	0.0%	66.7%	100.0%	166.7%
Supplier Diversity Utilization	0.0%	76.7%	100.0%	123.3%
SOX Deficiencies	0.0%	50.0%	100.0%	N/A
EBITDA	0.0%	80.0%	100.0%	120.0%

c) Describe the interpolation method between categories (e.g., straight line):

Straight-line interpolation.

6. Use of a Performance Range – Current Year

a) Do the STIP payouts for the current year include a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:

Yes: ☒ No: ☐

b) Is the electrical corporation using one range for all current year's STIP metrics or differing ranges based on the category of metric)? Check one:

One range for all metrics: ☐ Multipleranges: ☒

If multiple ranges are used, explain why:

STIP metric SOX Deficiencies does not have a maximum due to the target being "0" and threshold being "1" to incentivize the executive to not exceed having more than 1 SOX Deficiencies.

STIP metric Fire Incidents does not have a minimum due to the target being "0" and maximum being "0" to incentivize the executive to not have any Fire Incidents.

The STIP utilizes differing ranges for performance metrics. Ranges for performance metrics are specifically tailored to the metric to incentivize the desired performance considering factors such as historical performance, budget, staffing, etc.

The spread between target and maximum is more than the spread between target and minimum for the following metrics in order to incentivize the executive to achieve greater performance to reach maximum:

- Wildfire T&D System Hardening: Covered Wire Program
- CAIDI
- Customer Complaints Standards CAB

Provide the current year's STIP metric performance range(s):

Table 1.3.2 *Current Year STIP Metric Performance Range(s)*

	Below Minimum	Minimum	Target	Maximum
Wildfire T&D System Hardening: Covered Wire Program	0.0%	87.5%	100.0%	125.0%
Wildfire T&D System Hardening: Enhanced Powerline Safety Settings	0.0%	91.7%	100.0%	108.3%
Wildfire T&D System Hardening: Tree Attachment Removal Program	0.0%	80.0%	100.0%	120.0%
Vegetation Management QC	0.0%	83.8%	100.0%	116.2%
Fire Incidents	N/A	N/A	100.0%	N/A
Safety-Recordable Work Incidents	0.0%	50.0%	100.0%	150.0%
Safety Training	0.0%	96.9%	100.0%	103.1%
Job Hazard Analysis	0.0%	89.8%	100.0%	110.2%
SAIDI	0.0%	50.0%	100.0%	150.0%
CAIDI	0.0%	53.8%	100.0%	153.8%
Customer Complaints Standards CAB	0.0%	66.7%	100.0%	166.7%

Supplier Diversity Utilization	0.0%	85.7%	100.0%	114.3%
SOX Deficiencies	0.0%	50.0%	100.0%	N/A
EBITDA	0.0%	80.0%	100.0%	120.0%

c) Describe the interpolation method between categories:

Straight-line interpolation.

d) Did the performance range change for any metrics from the previous year to the current year? Check one:

Yes: ☒ No: ☐

If "Yes," describe and quantify the change for each such metric, and explain the reason for the change:

The performance range for the following metrics were changed between previous year (2025) to the current year (2026):

Metric	2025 Range Min/Target/Max	2026 Range Min/Target/Max	Description
Wildfire T&D System Hardening: Covered Wire Program	80.4%/100.0%/139.2%	87.5%/100.0%/125.0%	Performance metric values for Minimum, Target, and Maximum were increased to align with targets in the 2026-2028 Base WMP.
Wildfire T&D System Hardening: Enhanced Powerline Safety Settings	N/A	91.7%/100.0%/108.3%	New Safety Metric. Replaced Wildfire T&D System Hardening: Evacuation Route Hardening metric.
Vegetation Management QC	78.6%/100.0%/121.4%	83.8%/100.0%/116.2%	Performance metric values for Minimum, Target, and Maximum were increased to incentivize the Executive to achieve improvement over past year.
Fire Incidents	N/A	N/A/100.0%/N/A	New Safety Metric. BVES eliminated its QTIP and moved this metric from the QTIP to the STIP.
Job Hazard Analysis	89.5%/100.0%/110.5%	89.8%/100.0%/110.2%	Performance metric values for Minimum, Target, and Maximum were increased to incentivize the Executive to achieve improvement over past year.
SAIDI	55.6%/100.0%/144.4%	50.0%/100.0%/150.0%	Performance metric values for Minimum, Target, and Maximum values were decreased to incentivize the Executive to achieve improvement over past year. A decrease in the metric is more challenging.

Supplier Diversity Utilization	76.7%/100.0%/123.3%	85.7%/100.0%/114.3%	Performance metric values for Minimum, Target, and Maximum were increased to incentivize the Executive to achieve improvement over past year.

7. Use of Performance Modifiers – Previous Year Actual

a) Did the electrical corporation's STIP for the previous year involve the use of any of the following types of performance modifiers?

Individual Performance Modifier – Previous Year, check one:

Yes: ☐ No: ☒

If "Yes," describe each performance modifiers:

N/A

If "Yes," quantify for each executive their individual performance modifiers:

Table 1.3.3 *Individual Performance Modifiers – Previous Year Actual*

Executive Title/ Function and Name (where applicable)	Increase/ Decrease	Percentage Change	Factors in/ Reason for Adjustment (1)
N/A	N/A	N/A	N/A

(1) Providing the broad category for the 'Factors in/Reasons for the Adjustment' column is sufficient when those reasons are not safety related (e.g., Other Non-Safety Related, Superior Financial Performance, etc.). If the reason for an adjustment is safety and/or WMP related then the reason provided must be specific (e.g., failure to achieve covered conductor installation WMP targets).

b) Did the electrical corporation's STIP for the previous year involve the use of any of the following types of performance modifiers?

Company Performance Modifier – Previous Year, check one:

Yes: ☐ No: ☒

If "Yes," describe and quantify the impact of the company performance modifier:

N/A

Board Discretion, check one:

Yes: ☐ No: ☒

If "Yes," describe and quantify the impact of the company performance modifier:

N/A

1.3.2 Previous Year STIP Metrics – Minimum, Target, Maximum and Actual

Instructions: Complete Table 1.3.4 for the previous year's STIP metrics, adding rows as necessary. See Attachment 3 for a discussion of categories and sub-categories.

Table 1.3.4 *Previous Year STIP – Minimum, Target, and Maximum Versus Actual*

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance	Weighted Contribution
Quarterly Term Incentive Plan (QTIP)									
Wildfire Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Fire Incidents	Leading & Lagging	50.0%	NA	0 fire incidents	NA	Q1: 0; Q2: 0; Q3: 0; Q4: 0	50.0%
Other Safety	Workforce Safety	Employee Safety: Employee Electric Contacts	Lagging Outcome	50.0%	NA	0 electrical contacts	NA	Q1: 0; Q2: 0; Q3: 0; Q4: 0	50.0%
Subtotal				100.0%					100.0%
Total				100.0%					100.0%
Short Term Incentive Plan (STIP)									
Wildfire Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/ Adherence	Wildfire T&D System Hardening: Covered Wire Program	Leading & Lagging Program Goal	8.0%	≥ 4.1 circuit miles	≥ 5.1 circuit miles	≥ 7.1 circuit miles	7.7 circuit miles	11.0%
Wildfire Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/ Adherence	Wildfire T&D System Hardening: Evacuation Route Hardening	Leading & Lagging Program Goal	8.0%	≥ 900 poles	≥ 1,000 poles	≥ 1,200 poles	918 poles	5.5%

Wildfire Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/ Adherence	Wildfire T&D System Hardening: Tree Attachment Removal Program	Leading & Lagging Program Goal	8.0%	≥ 80 tree attachments	≥ 100 tree attachments	≥ 120 tree attachments	110 tree attachments	9.0%
Wildfire Safety	Public Safety – Other Electric	Vegetation Management QC	Leading	7.5%	≥ 110	≥ 140	≥ 170	187	12.0%
Subtotal				**31.5%**					**37.5%**
Other Safety	Workforce Safety	Safety-Recordable Work Incidents	Lagging Outcome	7.0%	≤ 2	≤ 1	≤ 0	0	11.5%
Other Safety	Workforce Safety	Safety Training	Leading	7.0%	94.0% Completion Rate	97.0% Completion Rate	100.0% Completion Rate	99.9%	11.4%
Other Safety	Workforce Safety	Job Hazard Analysis	Leading	7.5%	≥ 425	≥ 475	≥ 525	488	8.7%
Subtotal				**21.5%**					**31.6%**
Customer Service	Reliability	SAIDI	Lagging Outcome	7.0%	≤ 130 minutes	≤ 90 minutes	≤ 50 minutes	58.1 minutes	11.0%
Customer Service	Reliability	CAIDI	Lagging Outcome	7.0%	≤ 95minutes	≤ 65 minutes	≤ 30 minutes	52.5 minutes	8.8%
Customer Service	Satisfaction	Customer Complaint Standards CAB	Lagging Outcome	6.0%	≤ 0.0324%	≤ 0.0243%	≤ 0.0081%	0.0964%	0.0%
Subtotal				**20.0%**					**19.8%**
DEI	NA	Supplier Diversity Utilization	Lagging Outcome	6.0%	≥ 23.0%	≥ 30.0%	≥ 37.0%	35.1%	8.2%
Subtotal				**6.0%**					**8.2%**
Other Operational	NA	SOX Deficiencies	Lagging Outcome	5.0%	No MWs, No SDs & No more than 1 CD	No MWs, No SDs & No CDs	NA	No MWs, No SDs & No CDs	5.0%
Subtotal				**5.0%**					**5.0%**

Financial	NA	EBITDA	Lagging Outcome	16.0%	80% of Budget	100% of Budget	120% of Budget	99.4% of Budget	15.8%
Subtotal				**16.0%**					**15.8%**
Total				**100.0%**					**117.8%**

1.3.3 Current Year STIP Metrics – Minimum, Target, and Maximum

Instructions: The electrical corporation must complete Table 1.3.5 for the current year's STIP. The electrical corporation must provide details of the STIP metrics and minimum, target and maximum performance values for the filing year. The electrical corporation must categorize wildfire safety metrics separately (with no other metrics) and must include a weighting. The electrical corporation may add additional rows as needed.

Table 1.3.5 *Current Year STIP Metrics*

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Weighted Contribution
Wildfire Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Covered Wire Program	Leading & Lagging Program Goal	8.0%	≥ 7.0 circuit miles	≥ 8.0 circuit miles	≥ 10.0 circuit miles	
Wildfire Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Enhanced Powerline Safety Settings	Leading & Lagging Program Goal	8.0%	≥ 22 devices enabled for EPSS	≥ 24 devices enabled for EPSS	≥ 26 devices enabled for EPSS	
Wildfire Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Tree Attachment Removal Program	Leading & Lagging Program Goal	8.0%	≥ 80 tree attachments	≥ 100 tree attachments	≥ 120 tree attachments	
Wildfire Safety	Public Safety – Other Electric	Vegetation Management (	Leading	7.5%	≥ 155	≥ 185	≥ 215	
Wildfire Safety	Public Safety – Other Electric	Fire Incidents		3.0%	NA	0 fire incidents	0 fire incidents	
Subtotal				**34.5%**				
Other Safety	Workforce Safety	Safety-Recordable Work Incidents	Lagging Outcome	7.0%	≤ 2	≤ 1	≤ 0	
Other Safety	Workforce Safety	Safety	Leading	7.0%	94.0%	97.0%	100.0%	

		Training			Completion Rate	Completion Rate	Completion Rate	
Other Safety	Workforce Safety	Job Hazard Analysis	Leading	7.5%	≥ 440	≥ 490	≥ 540	
Subtotal				**21.5%**				
Customer Service	Reliability	SAIDI	Lagging Outcome	7.0%	≤ 90 minutes	≤ 60 minutes	≤ 30 minutes	
Customer Service	Reliability	CAIDI	Lagging Outcome	4.0%	≤ 95minutes	≤ 65 minutes	≤ 30 minutes	
Customer Service	Satisfaction	Customer Complaints Standards CAB	Lagging Outcome	6.0%	≤ 0.0324%	≤ 0.0243%	≤ 0.0081%	
Subtotal				**17.0%**				
DEI	NA	Supplier Diversity Utilization	Lagging Outcome	6.0%	≥ 30.0%	≥ 35.0%	≥ 40.0%	
Subtotal				**6.0%**				
Other Operational	NA	SOX Deficiencies	Lagging Outcome	5.0%	No MWs, No SDs & No more than 1 CD	No MWs, No SDs & No CDs	NA	
Subtotal				**5.0%**				
Financial	NA	EBITDA	Lagging Outcome	16.0%	80% of Budget	100% of Budget	120% of Budget	
Subtotal				**16.0%**				
Total				**100.0%**				

1.3.4 Current Year STIP Metric Definition and Calculation

Instructions: The electrical corporation must provide definitions, whether the metric is leading, lagging or outcome, and calculations for the current year's STIP metrics. For each metric, the electrical corporation must provide a definition of the metric, any adjustments or exclusions, the basis for the definition and the actual calculation such that if Energy Safety requested the source data/inputs, the electrical corporation would be able to derive the reported results. The electrical corporation must provide an explanation of any adjustments or exclusions.

Table 1.3.6 *Current Year STIP – Metric Definitions and Calculation*

Measure/ Metric	Definition	Calculation Methodology	Any Adjustment/ Exclusions	Alignment with WMP Metrics
Wildfire T&D System Hardening: Covered Wire Program	"Wildfire T&D System Hardening: Covered Wire Program" means achieving the installation of covered wire on the Corporation's 34.5 kV and 4 kV system annual goal for 2026 established in the Corporation's approved 2026-2028 Wildfire Mitigation Plan.	Installation of covered wire on the Corporation's 34.5 kV and 4 kV system measured in circuit miles and verified by the Engineering Group.	N/A	Yes – This performance metric aligns with target for Covered Conductor Replacement Project initiative GD_1.
Wildfire T&D System Hardening: Enhanced Powerline Safety Settings	"Wildfire T&D System Hardening: Enhanced Powerline Safety Settings" means achieving the implementation of Enhanced Powerline Safety Settings (EPSS) for the Corporation's annual goal for 2026.	Number of devices in the sub-transmission and distribution system that EPSS is implemented per the Corporations EPSS plan and verified by the Engineering Group.	N/A	Yes – This performance metric aligns goal to implement Equipment Settings to Reduce Wildfire Risk (GD_18).
Wildfire T&D System Hardening: Tree Attachment Removal Program	"Wildfire T&D System Hardening: Tree Attachment Removal Program" means achieving the Tree Attachment Removal Program annual goal for 2026 established in the Corporation's approved WMP.	Number of tree attachments removed per the Corporation's WMP and verified by the Engineering Group.	N/A	Yes – This performance metric aligns with target for Tree Attachment Removal Project initiative GD_12.
Vegetation Management QC	"Vegetation Management QC" means the number of Vegetation Management Quality Control (QC) checks performed during 2026.	At December 31, 2026, the total QCs performed for the purpose of the payout determination of the Executive's Objective Bonus will be reduced if the percentage of QCs performed by Supervisors, Managers, and Executives (sum total) is less than 15% of the total QCs performed. If reduced, the calculated QCs performed will be	N/A	Yes – This performance metric aligns with ensuring initiatives fall-in mitigation and high-risk species (VM_8), Clearance (VM_9), Pole clearing (VM_10) and Wood and slash management (VM_11) are being properly accomplished.

		equal to the number of QCs performed by Supervisors, Managers and Executives divided by 0.15.		
Fire Incidents	"Fire Incidents" means the number of reportable fire incidents as defined in D.14-02-015 Appendix C: Fire Incident Data Collection Plan, in which the CPUC directed that a reportable fire incident event is any event where utility facilities are associated with the following conditions: (a) a self-propagating fire of material other than electrical and/or communication facilities, (b) the resulting fire traveled greater than one linear meter from the ignition point, and (c) the utility has knowledge that the fire occurred. Ignition Point is the location, excluding the Corporation's facilities, where a rapid, exothermic reaction was initiated that propagated and caused the material involved to undergo change, producing temperatures greatly in excess of ambient temperature.	Number of fire incidents reported to the CPUC per D14-02-015 Appendix C and as verified by the Utility Manager.	N/A	No – While the performance metric does not align with specific WMP initiatives targets, it is aligned with the overall main objective of the WMP, which is to reduce the risk of ignitions. Therefore, this metric is included in the STIP.
Safety-Recordable Work Incidents	"Safety-Recordable Work Incidents" means the number of work-related injuries and illnesses as reported on the OSHA Form 300 for the Corporation's electric operations other than work-related injuries and illnesses related to the Coronavirus (COVID-19).	Metric is measured as reported on the Corporation's OSHA Form 300 and as verified by the Human Capital Management Department.	N/A	No – This performance metric aims to promote worker safety and improve safety culture. Therefore, this metric is included in the STIP.
Safety Training	"Safety Training" means the percent completion rate of required safety training for all of the Corporation's employees as required by the state, local government, and Corporation during the Performance Period.	Safety Training is calculated by dividing the number of completed required safety training courses for each of the Corporation's employees by the total number of required safety training courses for each of the Corporation's employees and as verified by the Corporation's Learning and Development Specialist.	N/A	No – This performance metric aims to promote public safety, worker safety and improve safety culture. Therefore, this metric is included in the STIP.
Job Hazard Analysis	"Job Hazard Analysis" means the number of Job Hazard Analyses (JHAs) performed during 2026.	At December 31, 2026, the total JHAs performed for the purpose of the payout determination will be reduced if the percentage of JHAs performed by Supervisors, Managers, and Executives (sum total) is less than 15% of the total JHAs performed. If reduced, the calculated JHAs performed will be equal to the number of JHAs performed by Supervisors, Managers and Executives	N/A	No – This performance metric aims to promote public safety, worker safety and improve safety culture. Therefore, this metric is included in the STIP.

		divided by 0.15.		
SAIDI	"SAIDI" means the sum of customer minutes interrupted over the year divided by the total number of customers served.	SAIDI is calculated in accordance with Standard No. 1366 published by the Institute of Electrical and Electronics Engineers, and is summarized as the sum for the year of all customers interrupted for more than 5 minutes, times the number of minutes they experienced an interruption, divided by the total number of customers. For the purpose of this calculation, precautionary outages ordered by management as fire prevention measures are excluded in the SAIDI calculation. However, if the CPUC determines that such precautionary outage was unjustified, the SAIDI from the outage will be included.	N/A	No – This performance metric aims to incentivize reduction of power outages and promote reliability of service to customers. Therefore, this metric is included in the STIP.
CAIDI	"CAIDI" means the summation of restoration time for each sustained interruption event over the year divided by the number of interrupted customers for each sustained interruption event during the reporting period. Customer Average Interruption Duration Index (CAIDI) provides the average outage duration that any given customer would experience. CAIDI can also be viewed as the average restoration time. CAIDI is measured in units of time, often minutes.	CAIDI is calculated in accordance with Standard No. 1366 published by the Institute of Electrical and Electronics Engineers, and is summarized as the summation for the year of all restoration time for each sustained interruption event over the year divided by the number of interrupted customers for each sustained interruption event during the reporting period. A sustained interruption event is defined as customers interrupted for more than 5 minutes. For the purpose of this calculation, precautionary outages ordered by management as fire prevention measures are excluded in the CAIDI calculation. However, if the CPUC determines that such precautionary outage was unjustified, the CAIDI from the outage will be included.	N/A	No – This performance metric aims to incentivize reduction of time to restore power during power outages and promote reliability of service to customers. Therefore, this metric is included in the STIP.
Customer Complaints Standards CAB	"Customer Complaint Standards CAB" means the number of complaints on all matters at the Corporation received by CAB (the CPUC's Consumer Affairs Branch) in 2026 divided by the average number of customers served by the Corporation during 2026.	Calculated by dividing the number of complaints on all matters at the Corporation received by CAB (the CPUC's Consumer Affairs Branch) in 2026 by the average number of customers served by the Corporation during 2026. This will be verified by the Regulatory Affairs Group.	N/A	No – This performance metric aims to promote improved customer service to customers. Therefore, this metric is included in the STIP.

Supplier Diversity Utilization	"Supplier Diversity-Utilization" means the percentage reported by the Corporation to the CPUC annually by March 1 in its General Order 156 Compliance Filing.	The percentage is calculated by taking the Corporation's total procurement dollars for the reporting period with CPUC qualified women-owned, minority-owned, disabled veteran-owned, and lesbian, gay, bisexual and transgender-owned business enterprises divided by the Corporation's total procurement dollars (net of exclusions allowed under the General Order 156 Compliance Filing for the reporting period, such as payments for power purchased for resale, income taxes, franchise fees, and postage).	N/A	No – This performance metric aims to support CPUC supplier diversity policy established in General Order 156. Therefore, this metric is included in the STIP.
SOX Deficiencies	"SOX Deficiencies" means the number of "control deficiencies" (each a "CD"), "significant deficiencies" (each an "SD") and "material weaknesses" (each a "MW") reported for the Corporation in the independent auditor's report for 2026 pursuant to Section 404 of SOX.	Number of CDs, SDs, and MWs as reported and verified by the Corporation's Internal Audit Department.	N/A	No – This performance metric is designed to minimize the number of accounting/financial deficiencies under the Sarbanes-Oxley Act of 2002 and to enhance the financial transparency and integrity of BVES in the financial markets, to the benefit of BVES and its customers. The metric supports promoting financial stability of the utility. Therefore, this metric is included in the STIP.
EBITDA	EBITDA" means the earnings of the Corporation for 2026 before interest, taxes (federal and state income taxes), depreciation and amortization, in each case as determined in accordance with generally accepted accounting principles.	Calculated by the Accounting and Finance Department from the Corporations statement of earnings.	N/A	No – This performance metric tracks earnings of BVES before adjustments for interest, taxes, depreciation and amortization to incentivize BVES executives to achieve specified levels of EBITDA as adopted in the BVES Operating Budget approved by the Board of Directors. The metric aims to promote financial stability of the utility. Therefore, this metric is included in the STIP.

1.3.5 STIP Changes

Instructions: The electrical corporation must describe any changes from the previous year to the current year in terms of STIP eligibility, structure, modifiers, metrics (including changes to minimum/threshold, target, and maximum performance values), weightings and definitions. The electrical corporation must explain the reason for the change(s).

There has been no change in the person eligible to achieve STIP award.
The QTIP has been eliminated. There have not been any other changes to the structure of the STIP.
The table below sets forth changes in the performance values and/or weightings for the listed STIP metrics:

Metric	**Performance Value Change**	**Weight Change**	**Rationale**
Wildfire T&D System Hardening: Covered Wire Program	Yes	No	Performance metric values for Minimum, Target, and Maximum increased to align with targets in the 2026-2028 WMP.
Wildfire T&D System Hardening: Enhanced Powerline Safety Settings	N/A	N/A	New metric. Replaced Wildfire T&D System Hardening: Evacuation Route Hardening metric.
Vegetation Management QC	Yes	No	Performance metric values for Minimum, Target, and Maximum were increased to incentivize the Executive to achieve improvement over past year.
Fire Incidents	N/A	N/A	New Safety Metric for the STIP. BVES eliminated its QTIP and moved this metric from the QTIP to the STIP.
Job Hazard Analysis	Yes	No	Performance metric values for Minimum, Target, and Maximum were increased to incentivize the Executive to achieve improvement over past year.
SAIDI	Yes	No	Performance metric values for Minimum, Target, and Maximum values were decreased to incentivize the Executive to achieve improvement over past year. A decrease in the metric is more challenging.
CAIDI	No	Yes	Performance metric weight reduced to accommodate new metric, Fire Incidents, which was added to the STIP.
Supplier Diversity Utilization	Yes	No	Performance metric values for Minimum, Target, and Maximum were increased to incentivize the Executive

			to achieve improvement over past year.

1.3.6 Historical STIP Data

Instructions: The electrical corporation must provide historical performance data for Current Year's STIP metrics. If data is lacking, or should be considered in a certain context, explain in the Notes/Context field provided why there is no data for a given year(s) and the relevant context. The electrical corporation must provide historical STIP data for any newly added metric in the current performance period. The electrical corporation may add rows as necessary.

Table 1.3.7 STIP Metric Historical Actual Performance

Metric/Measure	Current Year - 5	Current Year - 4	Current Year - 3	Current Year - 2	Current Year - 1
Wildfire T&D System Hardening: Covered Wire Program	12.3 circuit miles	13.0 circuit miles	20.7 circuit miles	16.2 circuit miles	7.7 circuit miles
Wildfire T&D System Hardening: Enhanced Powerline Safety Settings	N/A	N/A	N/A	N/A	N/A
Wildfire T&D System Hardening: Tree Attachment Removal Program	74 tree attachments	83 tree attachments	114 tree attachments	104 tree attachments	110 tree attachments
Vegetation Management QC	112 VM QCs	138 VM QCs	131 VM QCs	162 VM QCs	187 VM QCs
Fire Incidents	0	0	0	0	0
Safety-Recordable Work Incidents	0	2	0	3	0
Safety Training	99.2%	99.2%	95.6%	99.7%	99.9%
Job Hazard Analysis	206	420	478	467	488
SAIDI	93.1 minutes	119.0 minutes	114.5 minutes	64.2 minutes	58.1 minutes
CAIDI	61.5 minutes	31.1 minutes	60.9 minutes	84.1 minutes	52.5 minutes
Customer Complaints Standards CAB	0.0325%	0.0648%	0.0364%	0.0322%	0.0964%
Supplier Diversity Utilization	40.3%	38.1%	49.6%	25.4%	35.1%
SOX Deficiencies	No MWs, No SDs & No CDs	No MWs, No SDs & No CDs	No MWs, No SDs & No CDs	No MWs, No SDs & No CDs	No MWs, No SDs & No CDs
EBITDA	102% of budget	107% of budget	102% of budget	98.7% of budget	99.4% of budget

Notes/Context:

Wildfire T&D System Hardening: Enhanced Powerline Safety Settings is a new metric and program at BVES; therefore, there is no history of actual past performance for this metric.

1.3.7 Previous Year STIP Adjustments

Instructions: The electrical corporation must provide an explanation of any increases and decreases in STIP compensation in the previous year due to failure to meet safety or other targets. The electrical corporation must separately describe any adjustments to STIP compensation levels made by the Compensation Committee or executive management and the amount and reason for the reduction. The electrical corporation must detail any adjustments made to increase compensation beyond the levels warranted by the actual performance (in any metric classification) and the reasons for the adjustments.

1. **Actual performance lower than target due to failure to meet safety target(s):**

The Executive did not achieve target on the following safety metric:

- Wildfire T&D System Hardening: Evacuation Route Hardening (Target ≥ 1,000 poles and Actual Performance = 918 poles). This resulted in the payout weight percentage being reduced from 8.0% (at Target) to 5.5%.

2. **Actual performance lower than target due to failure to meet other target(s):**

The Executive did not achieve target on the following metrics:

- Customer Complaints Standards CAB (Target ≤0.0243% and Actual Performance = 0.0964%). This resulted in the payout weight percentage being reduced from 6.0% (at target) to 0.0%.
- EBITDA (Target 100.0% of budget and Actual Performance = 99.4% of budget). This resulted in the payout weight percentage being reduced from 16.0% (at target) to 15.8%.

3. **Any deductions due to failure to meet "foundational goals":**

No.

4. **Any deductions due to failure to meet earnings targets or thresholds:**

The Executive did not achieve target on the following metrics:

- EBITDA (Target 100.0% of budget and Actual Performance = 99.4% of budget). This resulted in the payout weight percentage being reduced from 16.0% (at target) to 15.8%.

5. **Any additional deductions, or upward adjustments, to individual metrics or overall performance payout made by executive management, the Compensation Committee, or full Board of Directors:**

No.

1.3.8 Historical STIP Adjustments

Instructions: In Table 1.3.8 the electrical corporation must provide details of all downward adjustments to STIP compensation, including both formula-based reductions and negative discretionary reductions, by any decision-making body, including but not limited to the Board of Directors, Compensation Committee, or executive management, for the past five years, including reductions due to failure to meet safety or other performance targets. The information should be provided for individual metric adjustments and for the STIP as a whole. The electrical corporation must clearly identify whether each adjustment was formula-based or a negative discretionary reduction and separately describe any discretionary deductions to STIP compensation levels made by any decision-making body, including but not limited to the Board of Directors, Compensation Committee, or executive management, and the amount and reason for the reduction for the past five years.

A formula-based reduction is a decrease in STIP compensation that results directly from pre-established performance metrics and scoring methodologies. In other words, the payout is automatically reduced based on the approved formula when performance outcomes fall below established targets.

A negative discretionary reduction is a downward adjustment applied after the formula-based results have been calculated. This type of reduction reflects the judgment of any decision-making body, including but not limited to the Board of Directors, Compensation Committee, or executive management, and is typically based on qualitative considerations, specific events, or performance factors not fully captured in the formula.

Table 1.3.8 *Historical STIP Reductions for Individual Metrics and Total STIP Award*

Year	STIP Deductions for Safety, Wildfire Resiliency, and Other metrics	Provide a summary breakdown showing how the total point deductions are allocated across each STIP metric
Current Year – 1	8.7-point deduction	Wildfire T&D System Hardening: Evacuation Route Hardening (-2.5%, below target above minimum) Customer Complaints Standards CAB (-6%, below minimum) EBITDA (-0.2%, below target above minimum)
Current Year - 2	17.1-point deduction	Safety-Recordable Work Incidents (-7.0%, below minimum) Job Hazard Analysis (-0.7%, below target above minimum) Customer Complaints Standards CAB (-2.9%, below target above minimum) Supplier Diversity Utilization (-6.0% below minimum) EBITDA (-0.5%, below target above minimum)

Current Year - 3	13.0-point deduction	SAIDI (-7.0%, below minimum) Customer Complaints Standards CAB (-6%, below minimum)
Current Year - 4	17.0-point deduction	Safety-Recordable Work Incidents (-4.0%, below target above minimum) SAIDI (-7.0, below minimum) Customer Complaints Standards CAB (-6.0, below minimum)
Current Year - 5	8.8-point deduction	Wildfire T&D System Hardening: Covered Wire Program (-1.8%, below target above minimum) SAIDI (-7.0%, below target)

Instructions: In Table 1.3.9, the electrical corporation must detail any adjustments made to increase or decrease compensation beyond the levels warranted by the actual performance (in any metric classification) and the reasons for the adjustments for the past five years.

Table 1.3.9 *Historical STIP Discretionary Adjustments (Increases) for Individual Metrics and/or Total STIP Award*

Year	Amount of any Discretionary Increase to Earned STIP Metric Value or Total STIP Award	Detailed Description/Explanation
Electrical Corporation Data		
Current Year - 1	None	N/A
Current Year - 2	None	N/A
Current Year - 3	None	N/A
Current Year - 4	None	N/A
Current Year - 5	None	N/A

1.3.9 Current Year STIP Metric Ties to Other Metrics

Rationale: Understand how an electrical corporation's Executive Compensation Structure metrics relate to its WMP, SPMs and SOMs. The CPUC requires PG&E, SCE, Southern California Gas Company (SoCalGas) and SDG&E (collectively the investor-owned utilities or IOUs) to annually report on safety performance metrics (SPMs) to measure achieved safety improvements.[2] Additionally, the CPUC adopted Safety and Operational Metrics (SOMs) for PG&E[3] to be used in accordance with the approved PG&E's post-bankruptcy reorganization plan.[4]

Instructions: For each metric included in the STIP for the current year, all electrical corporations must indicate whether the metric is tied to its WMP (and the associated initiative number) and whether the metric is similar in nature to SPM metrics (and the associated SPM number). PG&E must also indicate whether the metric is similar in nature to SOM metrics (and the associated SOM number). For metrics similar in nature to a SOM, PG&E must explain any differences between its calculation of that metric and the required SOM method of calculation of that metric. All other electrical corporations must also indicate whether each metric included in the STIP for the current year is similar in nature to SOM metrics and to explain any differences between its calculation of that metric and SOM method of calculation of the metric.

Table 1.3.10 *Current Year STIP Ties to WMP, SPMs, and SOMs*

Executive Compensation Structure Submission STIP Measure/ Metric	Related to WMP Yes/ No	Related to WMP Initiative Number	Similar to SPM Yes/ No	Similar to SPM SPM Number	Similar to SOM Yes/ No	Similar to SOM SOM Number	Description of Computational / Definitional Differences
Wildfire T&D System Hardening: Covered Wire Program	Yes	GD_1	No	N/A	No	N/A	N/A
Wildfire T&D System Hardening: Enhanced Powerline Safety Settings	Yes	GD_18	No	N/A	No	N/A	N/A
Wildfire T&D System Hardening: Tree Attachment Removal Program	Yes	GD_12	No	N/A	No	N/A	N/A
Vegetation Management QC	Yes	VM_8, VM_9,	No	N/A	No	N/A	N/A

[2] CPUC Decision 19-04-020: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M288/K389/288389255.PDF, (accessed March 27, 2026).

[3] CPUC Decision 21-11-009 in eight separate files: https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=421107805, (accessed March 27, 2026).

[4] CPUC Decision 20-05-053: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M338/K816/338816365.PDF, (accessed March 27, 2026).

		VM_10, and VM_11					
Fire Incidents	No	N/A	Yes	No	Yes	3.13	None
Safety-Recordable Work Incidents	No	N/A	Yes	14	No	N/A	SPM 14 only records serious recordable work incidents. BVES records all recordable work incidents.
Safety Training	No	N/A	No	N/A	No	N/A	N/A
Job Hazard Analysis	No	N/A	No	N/A	No	N/A	N/A
SAIDI	No	N/A	No	N/A	Yes	2.1	None
CAIDI	No	N/A	No	N/A	No	N/A	N/A
Customer Complaints Standards CAB	No	N/A	No	N/A	No	N/A	N/A
Supplier Diversity Utilization	No	N/A	No	N/A	No	N/A	N/A
SOX Deficiencies	No	N/A	No	N/A	No	N/A	N/A
EBITDA	No	N/A	No	N/A	No	N/A	N/A

1.4 Long-Term Incentive Program (LTIP)

Rationale: For the issuance of a Certificate, Public Utilities Code section 8389(a)(4) requires that electrical corporations' executive incentive compensation structures are "structured to promote safety as a priority and to ensure public safety and utility financial stability with performance metrics, including incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers…" To ensure that the executive compensation structure for electrical corporation executive officers is structured to promote safety as a priority and ensure public safety and utility financial stability, Energy Safety must have an in-depth understanding of the performance-based components of an executive compensation structure.

Public Utilities Code section 8389(a)(6)(A)(i)(I) requires "[s]trict limits on guaranteed cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics." Subsection (i)(II), requires "[n]o guaranteed monetary incentives in the compensation structure." Subsection (ii) requires that the compensation structure "satisfies the compensation principles identified in paragraph (4)," noted above. Subsection (iii) requires "[a] long-term structure that provides a significant portion of compensation, which may take the form of grants of the electrical corporation's stock, based on the electrical corporation's long-term performance and value. This compensation shall be held or deferred for a period of at least three years." Subsection (iv) requires "[m]inimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation."

Instructions: The LTIP includes all performance-based compensation awarded on a performance term of three or more years. If the electrical corporation uses more than one long-term incentive mechanism, the electrical corporation must repeat this information for each mechanism (e.g., three-year, four-year).

1.4.1 LTIP General Eligibility

Instructions: The electrical corporation must include the LTIP target percentage of base salary for each executive officer in the filing. The electrical corporation must describe any changes in LTIP eligibility from the prior period. The electrical corporation may add additional rows as needed.

Table 1.4.1 *LTIP General Eligibility and Executive Officer Targets*

Executive Title/Function	LTIP Target Percentage of Base Salary
Program Eligibility:	
BVES has only one executive officer and this executive officer is the only employee of the Corporation eligible to participate in the LTIP program	
Executive Officer LTIP Target:	
President, Treasurer, and Secretary – Paul Marconi	44.7%

1.4.2 Current Year LTIP Structure – Award Type, Weighting, Measures and Vesting Period

Definitions: In the case of the LTIP, the "current year" refers to the first year of the performance period beginning in the submission year and ending in accordance with the vesting schedule. For example, for a 2026 submission with performance share units that vest after three years, the "current year" refers to 2026, and the performance period refers to 2026-2028.

Instructions: Complete Table 1.4.2 for the current year's LTIP. For each LTIP award type, indicate the weighting, the measures/basis for the award, and the vesting period. If the award types or bases of the awards differ between positions or persons, the electrical corporation must copy Table 1.4.2 as necessary and indicate who the table applies to in space provided at the top of the table.

Table 1.4.2 *Current Year LTIP Structure - Award Type, Weighting, Measures, and Vesting Period*

Executive Title/ Function and Name: President, Treasurer, and Secretary – Paul Marconi			
LTIP Award Type	**Weight**	**Measure(s)**	**Vesting**
Weighting Total:	100%		
Electrical Corporation Actuals:			
Stock Grant			
Stock Option			
RSU			
PSU/ PRSU			
Cash	100%	Actual Cumulative CAPEX for Wildfire Mitigation Projects vs. Budget	3-Year Ratably
Other			

If other LTIP vehicles are used for current LTIP, please describe:

No other LTIP vehicles are used for current LTIP.

1. **Is any LTIP compensation not at risk?**

   Yes: ☐ No: ☒

Describe/Explain whether answering either Yes or No:

All LTIP is at risk and is based on an objective metric.

2. **Provide the current year LTIP metric performance range(s):**

Table 1.4.3 *LTIP Metric Performance Range(s) for the Current Year*

	Below Minimum	Minimum	Target	Maximum
Cumulative CAPEX for Wildfire Mitigation Projects	0.0%	91.9%	100.0%	108.1%

Describe the interpolation method between categories (e.g., straight line):

Straight line.

3. Use of Any Performance Triggers

Does the electrical corporation's LTIP awards in the current year use any performance triggers (e.g., must achieve annual earnings per share of at least XYZ before any LTIP payments are made)? Check one:

Yes: ☐ No: ☒

If "Yes," describe any performance triggers:

N/A

4. Use of Any Automatic, Non-Discretionary Deductions

Does the electrical corporation's LTIP for the performance period starting in the current year include any automatic, non-discretionary deductions (e.g., failure to achieve WMP targets results in X% reduction, catastrophic wildfire results in zeroing out all safety metrics)? Check one:

Yes: ☐ No: ☒

If "Yes," describe all automatic, non-discretionary deductions:

N/A

5. Use of Any Specifically Defined Discretionary Deductions

Does the electrical corporation's current year LTIP include any potential discretionary deductions that are part of the structure? Check one:

Yes: ☐ No: ☒

If "Yes," describe all specific/defined discretionary deductions that are part of the structure:

N/A

6. Changes in the LTIP Structure, Performance Ranges, Performance Triggers, Discretionary or Non-Discretionary Deductions

Were there any changes from the previous year to the current year in the LTIP weighting, performance ranges, performance triggers, discretionary deductions or non-discretionary deductions? Check one:

Yes: ☐ No: ☒

If "Yes," describe the changes and the reason for each change:

N/A

1.4.3 Current LTIP Measures, Definitions and Calculations

Instructions: The electrical corporation must provide definitions and calculations for the current year LTIP metrics. For each metric, the electrical corporation must provide a definition of the measure/metric, any adjustments or exclusions, the basis for the definition and the actual calculation methodology such that if Energy Safety requested the source data/ inputs, Energy Safety would be able to derive the reported results. The electrical corporation must also provide the weight given to the metric and the minimum, target, and maximum values for the metric.

Table 1.4.4 *Current Year LTIP Measures*

Measure/Metric	Definition	Calculation Methodology	Any Adjustment/ Exclusions	Weight	Min.	Target	Max.
Cumulative CAPEX for Wildfire Mitigation Projects	"Cumulative CAPEX for Wildfire Mitigation Projects" means 2026-2028 CAPEX Budget for the Performance Period for the following wildfire mitigation projects: Tree Attachment Removal Program (remaining balance as of January 1, 2026), Covered Wire Project for 34 kV and 4 kV systems (remaining balance as of January 1, 2026), Evacuation Route Hardening Project (remaining balance as of January 1, 2026), Switch and Field Device Automation (remaining balance as of January 1, 2026), Capacitor Bank Upgrade Project (remaining balance as of January 1, 2026), Fuse TripSaver Automation (remaining balance as of January 1, 2026), and Safety and Technical Upgrades to Lake Substation (remaining balance as of January 1, 2026).	The total sum actual spend for each of the designated Wildfire Mitigation Projects is divided by the total sum of the designated Wildfire Mitigation Projects budgets as approved by the Board of Directors.	None	100.0%	85% of authorized Budget	92.5% of authorized Budget	100% of authorized Budget

1. Changes in LTIP measures

Were there any changes from the previous year in the LTIP measures, definitions, calculation methodology, or performance goals in the current year? Check one:

Yes: ☐ No: ☒

If "Yes," describe the changes and the reason for each change:

N/A

1.4.4 Performance Share Unit Metric Actual Performance

Instructions: The electrical corporation must provide historical performance data for the PSU metrics for LTIP awards that vested in the previous year. If the PSU metric results for the performance period are based on annual, rather than cumulative data for the period, provide the annual data and the calculated performance period results, as shown in Example 2 in the table below. If data is lacking, or should be considered in a certain context, the electrical corporation must explain in the Notes/Context field following the table. The electrical corporation may add rows as necessary.

Table 1.4.5 *Minimum, Target and Maximum Performance versus Actual Performance for PSUs that Vested in Previous* Year

Performance Period	Measure/Metric	Weight	Below Min	Min	Target	Max	Actual	Performance Multiplier	Weighted Contribution
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes/Context:

BVES does not utilize performance share units (PSUs) in its LTIP program or any incentive program.

1.4.5 Historical LTIP Data

Instructions: The electrical corporation must provide historical performance data for the LTIP metrics that vested in each of the prior five years. Include data for metrics currently in place, as well as the metrics used in previous performance periods. If data is lacking, or should be considered in a certain context, the electrical corporation must explain in the Notes/Context field provided why there is no data for a given year(s) and the relevant context. The electrical corporation may add rows as necessary.

Table 1.4.6 *LTIP Metric Historical Actual Performance Over Performance Period*

Metric/Measure	Vesting Year				
	Current Year - 5	Current Year - 4	Current Year - 3	Current year - 2	Current Year - 1
Cumulative CAPEX for Wildfire Mitigation Projects	N/A	N/A	109.9% (2021-2023)	99.0% (2022-2024)	98.3% (2023-2025)

Notes/Context:

BVES, Inc. was established on July 1, 2020. Prior to July 1, 2020, BVES was a division of GSWC. BVES did not have an Executive Officer assigned but rather had a Director (not an Officer position).

Cumulative CAPEX for Wildfire Mitigation Projects: Data prior to 2021 is not available. This 3-year metric was structured starting with year 2021 having a 3-year performance period.

1.4.6 LTIP Adjustments for Performance Period Ending in Previous Year

Instructions: The electrical corporation must provide an explanation of any increases and decreases in LTIP compensation for the LTIP components that vested in the previous year due to failing to meet safety or other targets. The electrical corporation must separately describe any adjustments to LTIP compensation levels made by the Compensation Committee or executive management and the amount and reason for the reduction. The electrical corporation must detail any adjustments made to increase compensation beyond the levels warranted by the corporation's actual performance (in any metric classification) and the reasons for the adjustments.

1. **Actual performance lower than target due to failure to meet safety target(s):**

None.

2. **Actual performance lower than target due to failure to meet other (non-safety) target(s):**

None.

3. **Any additional deductions, or upward adjustments, made by any decision-making body, including but not limited to the Board of Directors, Compensation Committee, or executive management, and the reason for each adjustment:**

None.

1.4.7 Historical LTIP Adjustments

Instructions: In Table 1.4.7 the electrical corporation must provide details of all downward adjustments to LTIP compensation, including both formula-based reductions and negative discretionary reductions, by any decision-making body, including but not limited to the Board of Directors, Compensation Committee, or executive management, for the past five years, including reductions due to failure to meet safety or other targets. The information should be provided for individual metric adjustments and for the LTIP as a whole. The electrical corporation must separately describe any discretionary deductions to LTIP compensation levels made by any decision-making body, including but not limited to the Board of Directors, Compensation Committee, or executive management, and the amount and reason for the reduction for the past five years.

A formula-based reduction is a decrease in LTIP compensation that results directly from pre-established performance metrics and scoring methodologies. In other words, the payout is automatically reduced based on the approved formula when performance outcomes fall below established targets.

A negative discretionary reduction is a downward adjustment applied after the formula-based results have been calculated. This type of reduction reflects the judgment made by any decision-making body, including but not limited to the Board of Directors, Compensation Committee, or executive management, and is typically based on qualitative considerations, specific events, or performance factors not fully captured in the formula.

Table 1.4.7 *Historical LTIP Reductions*

Year	LTIP Deduction for Executive Officers Due to Unmet Safety, Wildfire Resiliency, and Other Goals	Provide a summary breakdown showing how the total point deductions are allocated across each unmet goal
Electrical Corporation Data		
Current Year	None	N/A
Current Year - 1	None	N/A
Current Year - 2	None	N/A
Current Year - 3	None	N/A
Current Year - 4	N/A	N/A
Current Year - 5	N/A	N/A

1.4.8 Actuals for LTIPs with a Performance Period Ending in the Previous Year or Vesting in the Previous Year

Instructions: For any LTIP awards with a performance period that ended in the previous year which vested in either the previous year or in the current year, provide details of projected and actual payouts/performance. For any LTIP awards with earlier performance periods that vested in the previous year provide the same information.

For the purpose of calculating the grant value as a percentage of TIC, the electrical corporation must use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. For purposes of calculating Earned Value as a percentage of TIC, the electrical corporation must use the value at the date of vesting. The electrical corporation must specify the percentages for each executive officer and not a range for various position levels. The electrical corporation must provide a table for each executive officer. The electrical corporation may make copies of Table 1.4.8 as necessary.

Table 1.4.8 LTIP Programs with a Performance Period Ending in the Previous Year or that Vested in the Previous Year

Executive Title/ Function and Name: President, Treasurer, & Secretary – Paul Marconi								
LTIP Program Name	**Performance Measure**	**Target Value as % of TIC**	**Grant Date**	**Stock Price at Grant Date**	**Grant Date Fair Value as a % of TIC**	**Vesting Date**	**Stock Price at Vesting Date**	**Earned Value as a % of TIC at Vesting Date**
2023 LTIP	Actual Cumulative CAPEX for Wildfire Mitigation Projects vs. Budget	38.1%	12/31/2025	N/A	38.1%	12/31/2025	N/A	43.9%
2024 LTIP	Actual Cumulative CAPEX for Wildfire Mitigation Projects vs. Budget	38.1%	12/31/2026	N/A	38.1%	12/31/2026	N/A	38.1%
2025 LTIP	Actual Cumulative CAPEX for Wildfire Mitigation Projects vs. Budget	38.1%	12/31/2027	N/A	38.1%	12/31/2027	N/A	38.1%

1. Please explain the calculation methodology to determine the projected percent of base salary at grant date:

BVES LTIP is a cash award; therefore, for the table above the grant date and the vesting date are the same. For 2023, Earned Value as a % of TIC at Vesting Date is calculated based on actual LTIP paid out divided by TIC. For 2024 and 2025 LTIP, Earned Value as a % of TIC at Vesting Date is calculated assuming LTIPs are awarded at target divided by TIC.

2. Please explain the calculation methodology to determine the actual percent of base salary at vesting date:

For 2023, actual percent of base salary at vesting date is calculated based on actual LTIP paid out divided by base salary. For 2024 and 2025 LTIP, actual percent of base salary at vesting date is calculated assuming LTIPs are awarded at target divided by base salary.

1.5 Catastrophic Wildfire History

Rationale: Public Utilities Code section 8389(a)(4) requires an electrical corporation to have an executive incentive compensation structure that promotes safety as a priority and is structured to ensure public safety and utility financial stability. It states that the structure may include tying 100 percent of incentive compensation to safety performance and denying all incentive compensation in the event the electrical corporation causes a catastrophic wildfire that results in one or more fatalities. Energy Safety must have an in-depth understanding of incentive compensation denied as a result of a catastrophic wildfire caused by an electrical corporation.

Instructions: In Table 1.5.1, for each year in which the electrical corporation caused a catastrophic fire that resulted in one or more fatalities, the electrical corporation must provide the name of the catastrophic fire or fires that occurred that year, and for each executive officer, the percentage of the Total Incentive Compensation (TIC) awarded in that year compared to the target TIC, and the percentage of the Total Compensation (TC) awarded in that year compared to the target TC. The electrical corporation may use the Notes/Context field to provide additional narrative information for a catastrophic wildfire that supplements or provides context for the information entered in the Detailed Description/Explanation field. Any additional information provided must include an explanation of why the information is relevant to the information presented in the Detailed Description/Explanation field.

For purposes of calculating the percentage of TC, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers.
Percentages must be specified for each executive officer and not a range for various position levels.

Table 1.5.1 *Catastrophic Wildfire Incentive History*

Wildfire Year	Executive Title/ Function	Catastrophic Wildfire(s)	TIC Awarded as a Percent of Target	TC Awarded as a Percent of Target	Detailed Description/Explanation
Current Year	N/A	N/A	N/A	N/A	N/A
Current Year	N/A	N/A	N/A	N/A	N/A
Current Year - 1	N/A	N/A	N/A	N/A	N/A
Current Year - 1	N/A	N/A	N/A	N/A	N/A
Current Year - 2	N/A	N/A	N/A	N/A	N/A
Current Year - 2	N/A	N/A	N/A	N/A	N/A
Current Year - 3	N/A	N/A	N/A	N/A	N/A
Current Year - 3	N/A	N/A	N/A	N/A	N/A
Current Year - 4	N/A	N/A	N/A	N/A	N/A
Current Year - 4	N/A	N/A	N/A	N/A	N/A
Current Year - 5	N/A	N/A	N/A	N/A	N/A

Current Year - 5	N/A	N/A	N/A	N/A	N/A

Notes/Context:

BVES has not caused a catastrophic wildfire that resulted in one or more fatalities in the following years:

- Current year
- Current year – 1
- Current year – 2
- Current year – 3
- Current year – 4
- Current year – 5

Public Utilities Code Section 8389(a)(6)(A): 1.6-1.7

Electrical corporations with new or amended contracts, plans, or arrangements, whether written or unwritten, for executive officers must comply with the requirements of Public Utilities Code section 8389(a)(6)(A).[5]

Applicability of Public Utilities Code Section 8389(a)(6)(A)

As previously noted, all electrical corporation executive compensation structure submissions must be consistent with the definitions provided in Attachment 2 of the Guidelines

Subsection Requirements for Public Utilities Code Section 8389(a)(6)(A)

Electrical corporations' executive compensation structures must meet the principles of Public Utilities Code section 8389(a)(6)(A):

- Public Utilities Code section 8389(a)(6)(A)(i)(I) requires electrical corporations with new or amended contracts, plans, or arrangements, whether written or unwritten, for executive officers be based on the principle of "strict limits on guaranteed cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics."
    - For the purposes of compliance with Public Utilities Code section 8389(a)(6)(A)(i)(I), the electrical corporations must demonstrate that greater than 50 percent of each executive officer's total direct compensation, at the target performance level, is based on the achievement of objective performance metrics.
- Public Utilities Code section 8389(a)(6)(A)(iii) requires electrical corporations' new or amended contracts, plans, or arrangements, whether written or unwritten, for executive officers be based on the principle of including a "long-term structure that provides a significant portion of compensation, which may take the form of grants of the electrical corporation's stock, based on the electrical corporation's long-term performance and value." Additionally, this "compensation shall be held or deferred for a period of at least three years."
    - For purposes of compliance with Public Utilities Code section 8389(a)(6)(A)(iii), the electrical corporations must demonstrate that each executive officer's total direct long-term compensation at the target performance level is a significant portion of that executive officer's total direct compensation. See the definition of Long-Term Incentive Program in Attachment 2 to determine whether compensation is "delayed three or more years."
- Public Utilities Code section 8389(a)(6)(A)(iv) requires electrical corporations' new or amended contracts, plans, or arrangements, whether written or unwritten, for executive officers be based on the principle of "minimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation."
    - For the purposes of compliance with Public Utilities Code section

[5] Public Utilities Code section 8389(a)(6)(A): https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC&sectionNum=8389, (accessed March 27, 2026).

8389(a)(6)(A)(iii) the electrical corporations must demonstrate that total indirect and ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation is minimized.

To aid Energy Safety in assessing compliance with Public Utilities Code section 8389(a)(6)(A), electrical corporations must complete 1.6-1.7 below for new or amended contracts, plans, or arrangements, whether written or unwritten, for all executive officers as defined in Public Utilities Code section 451.5(c).

1.6 Fixed versus Incentive Compensation

Rationale: As part of the documentation required to obtain a Certificate, Public Utilities Code section 8389(a)(6)(A)(i)(I) mandates that "the electrical corporation has established a compensation structure for any new or amended contracts, plans, or arrangements, whether written or unwritten, for executive officers" that meets several principles, including "strict limits on guaranteed cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics." To evaluate an electrical corporation's compliance with this requirement, Energy Safety needs to know: (a) who are the electrical corporation's executive officers and (b) what compensation structure exists.

Definition: "Executive officer" is defined in Public Utilities Code section 451.5(c) and "means any person who performs policy making functions and is employed by the public utility subject to the approval of the board of directors, and includes the president, secretary, treasurer, and any vice president in charge of a principal business unit, division, or function of the public utility." Energy Safety considers divisions or units responsible for electrical operations, gas operations or wildfire-related functions principal business units, divisions, or functions of the public utility.

Instructions: In Table 1.6.1, for each executive officer, the electrical corporation must provide the executive title and function, the executive name (if the executive is classified as an Officer of the Company per the Company's website), the target percentage of Base Salary, Short-Term Incentives (STIP), Long-Term Incentives (LTIP), and Indirect and Ancillary

Compensation as a proportion of Total Compensation (TC) for the appropriate filing year. See the definition of the proceeding terms in Attachment 2.

Exclude all pension plans, whether qualified or non-qualified from Table 1.6.1. The total indirect and ancillary service costs reported in Table 1.6.1 must reconcile with the corresponding values in Table 1.7.1.

For purposes of calculating the percentage of TC, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers.
Percentages must be specified for each executive officer and not a range for various position levels.

Table 1.6.1 *Fixed versus Incentive Compensation at the Target Level*

Executive Title/ Function and Name (where applicable)	Target Base Salary as a Percent of TC	Target Annual STIP as a Percent of TC	Target Quarterly STIP as a Percent of TC	Target LTIP as a Percent of TC	Indirect and Ancillary Compensation as a Percent of TC
President, Treasurer, & Secretary – Paul Marconi	48.1%	27.6%	0.0%	21.5%	2.8%

List all types of indirect and ancillary compensation included in Table 1.6.1:

Personal Use of Company Car

Physical Examination Accident & Travel Policy Life Insurance

1.7 Indirect or Ancillary Compensation

Rationale: Public Utilities Code section 8389(a)(6)(A)(iv) requires, for the issuance of a Certificate, that “the electrical corporation has established a compensation structure for any new or amended contracts, plans, or arrangements, whether written or unwritten for executive officers” that meets several principles, including “minimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation.” To ensure that the compensation structure for new or amended contracts, plans, or arrangements, whether written or unwritten, whether written or unwritten for executives officers is based on this principle of minimization of indirect or ancillary compensation, Energy Safety must understand what indirect or ancillary compensation are given to executive officers.

1.7.1 Indirect and Ancillary Compensation (not including Supplemental Executive Retirement Plans (SERPs))

Instructions: The electrical corporation must list all indirect and ancillary compensation (excluding SERP) provided to executive officers with new or amended contracts, plans, or arrangements, whether written or unwritten. See Attachment 2 for the definition of and a list of typical indirect or ancillary compensation. If the electrical corporation provides indirect or ancillary compensation, the electrical corporation must provide the current estimated proportion of TC for each executive officer. The total indirect and ancillary service costs reported in Table 1.7.1 must reconcile with the corresponding values Table 1.6.1. For purposes of calculating the percentage of TC, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. The electrical corporation must specify percentages for each executive officer and not a range for various position levels. The electrical corporation must exclude all pension plans whether qualified or non-qualified in Table 1.7.1. The electrical corporation may add rows and explanatory notes as necessary.

Table 1.7.1 *Current Year Indirect or Ancillary Compensation Example (Excluding SERP)*

Executive Title	Current Year Indirect or Ancillary Compensation Element	Eligibility Requirements	Frequency (One-Time, Annual, Other)	Current Estimated Proportion of Current Year TC
President, Treasurer, & Secretary	Personal Use of Company Car	Executive Officers	Annual	2.1%
President, Treasurer, & Secretary	Physical Examination	Executive Officers	Bi-Annual	<1%
President, Treasurer, & Secretary	Life Insurance	Executive Officers	Annual	<1%
President, Treasurer, & Secretary	Accident & Travel Policy	Executive Officers	Annual	<1%
			Total	2.8%

1.7.2 Supplemental Executive Retirement Plans (SERPs)

Instructions: Provide details of the SERP for all executive officers as defined in Public Utilities Code Section 451.5 and Attachment 2.

1. **Availability of Supplemental Retirement Plans**

Does the electrical corporation have supplemental retirement plans for non-Executive Officers? Check one:

Yes: ☐ No: ☒

If "Yes," describe the eligibility requirements for the plan(s):

N/A

2. **Structure of Supplemental Retirement Plans**

If supplemental retirement plans are available, describe:

- The eligibility requirements for participation in the plan(s).
- The award basis for plan(s) (e.g., years of service, company stock performance over the period of service, etc.).
- The type of payment made (e.g., cash, stock, combination of cash and stock).
- The award schedule for the plan(s).

Effective July 1, 2020, Bear Valley Electric Service, Inc. ("BVES") provides a Supplemental Executive Retirement Plan (the "Plan") to eligible employees. An employee would be eligible if the individual is an officer of BVES, and is designated as an "Eligible Employee" under the Plan by BVES' Board of Directors. Currently, there is one eligible employee, the President, Treasurer and Secretary of BVES who was hired in June 2014. The executive officer has the right to receive a benefit under the terms of the Plan equal to 2.5% times the participant's average cash compensation, less a percentage of primary social security benefits, multiplied by the number of years of service up to 20 years once he has received five years of credited service. The Executive currently had five years of credited service as of 2025. Under the terms of the Plan, an employee who is eligible may retire and receive benefits within 60 days following the later of (1) the participant's separation from service or (2) the date the participant attains age 55. At such time, BVES shall commence to pay to such retired participant (or beneficiary, if applicable, after the participant's death) the monthly retirement benefit to which the participant is entitled under the Plan, and payable in the form of benefit elected by the participant (and spouse, if applicable).

3. Supplemental Retirement Plan Benefits

Instructions: Provide SERP values for all executive officers described in the electrical corporation's executive compensation submission. If an executive officer is not eligible for the SERP, please indicate.

Table 1.7.2
SERP Values

Executive Title	Number of Years Credited Service as of Current Year	Present Value of Accumulated Benefit – Previous Year as a % of TDC	Cash Balance Account Lump Sum Value – Previous Year as a % of TDC
President, Treasurer, & Secretary	5	116.2%	N/A (BVES plan does not permit lump sum payment)

1.8 ACR 9 Executive Compensation Proposal

As per D. 20-05-053, the Commission has obligated PG&E to comply with the requirements of the Assigned Commissioner Ruling (ACR) Executive Compensation Proposal 9. PG&E must note in its submission how it is addressing the various additional requirements.[6]

Other electrical corporations are encouraged to review and consider adopting measures from the ACR Executive Compensation Proposal 9 in the spirit of transparency and furthering the purpose of AB 1054.[7,8]

If an electrical corporation adopts measures from the ACR Executive Compensation Proposal the electrical corporation must note in its submission how its compensation structure addresses the elements set forth in Public Utilities Code section 8389(a).

[6] CPUC Decision 20-05-053, pp. 86 – 93: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M338/K816/338816365.PDF, (accessed March 27, 2026).

[7] Section 2 of AB 1054 describes the state's substantial interest in its electrical corporations operating in a safe and reliable manner and with access to capital at reasonable cost to make safety investments. A Certificate encourages electrical corporations investment in safety and the improvement of safety culture to limit wildfire risks and reduce costs.

[8] CA AB 1054, 2019-2020 Regular Session (2019), https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB1054, (accessed April 28, 2026).

1.8.1 ACR Executive Compensation Proposal Alignment

Instructions: PG&E must demonstrate how it complies with the additional requirements set forth in ACR 9. PG&E must provide an explanation of how its compensation structure aligns or does not align with the element for each element of ACR 9.

Other electrical corporations may demonstrate how they comply with the additional requirements set forth in ACR 9. Other electrical corporations may provide an explanation of how their compensation structure aligns or does not align with each element of ACR 9.

1. **Publicly disclosed compensation arrangements for executives.**

   N/A

2. **Written compensation agreements for executives.**

   N/A

3. **Guaranteed cash compensation as a percentage of total compensation that does not exceed industry norms.**

   N/A

4. **Holding or deferring the majority or super-majority of incentive compensation, in form of equity awards, for at least three years.**

   N/A

5. **Basing a significant component of long-term incentive compensation on safety performance, as measured by a relevant subset of by the Safety and Operational Metrics to be developed, as well as customer satisfaction, engagement, and welfare. The remaining portion may be based on financial performance or other considerations.**

   N/A

6. **Annual review of awards by an independent consultant.**

   N/A

7. **Annual reporting of awards to the CPUC through a Tier 1 advice letter compliance filing.**

   N/A

8. **A presumption that a material portion of executive incentive compensation shall be withheld if the PG&E is the ignition source of a catastrophic wildfire, unless the Commission determines that it would be inappropriate based on the conduct of the utility.**

   N/A

9. **Executive officer compensation policies will include provisions that allow for restrictions, limitations, and cancellations of severance payments in the event of any**

felony criminal conviction related to public health and safety or financial misconduct by the reorganized PG&E, for executive officers serving at the time of the underlying conduct that led to the conviction. Implementation of this policy should take into account PG&E's need to attract and retain highly qualified executive officers.

N/A