



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

Via Electronic Mail  
2022 Executive Compensation  
Docket #2022-EC

March 14, 2022

Caroline Thomas Jacobs, Director  
Office of Energy Infrastructure Safety  
California Natural Resources Agency  
715 P Street 20<sup>th</sup> Floor  
Sacramento, California 95814  
[Caroline.ThomasJacobs@energysafety.ca.gov](mailto:Caroline.ThomasJacobs@energysafety.ca.gov)

Subject: 2022 Executive Compensation Plan Submission by Bear Valley Electric Service, Inc. Pursuant to Public Utilities Code Section 8389(e)

Dear Ms. Jacobs:

In accordance with the 2022 Executive Compensation Structure Submission Guidelines, dated February 14, 2022 (“Guidelines”), attached for formal approval by the Office of Energy Infrastructure Safety is an overview of Bear Valley Electric Service, Inc.’s (“Bear Valley”) 2022 Executive Compensation Plan. It complies with the requirements of the Public Utilities Code Section 8389(e) and the Guidelines.

Also attached is the Required Information Template (Attachment 1 to the Guidelines) which Bear Valley has populated with the requested information.

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

Respectfully submitted,  
**Paul**  
**Marconi**  
Digitally signed by Paul  
Marconi  
Date: 2022.03.13  
15:57:04 -07'00'

Paul Marconi  
President, Treasurer and Secretary  
Bear Valley Electric Service, Inc.  
[Paul.Marconi@bvesinc.com](mailto:Paul.Marconi@bvesinc.com)

Cc: [safetypolicy@energysafety.ca.gov](mailto:safetypolicy@energysafety.ca.gov).

**BEAR VALLEY ELECTRIC SERVICE, INC.  
OVERVIEW OF ITS  
2022 EXECUTIVE INCENTIVE COMPENSATION PLAN**

**MARCH 14, 2022**

**I. OVERVIEW OF BVES 2022 EXECUTIVE INCENTIVE COMPENSATION PLAN**

Bear Valley Electric Service, Inc. (“BVES”) has developed a BVES 2022 Executive Incentive Compensation Plan (“Plan”) that is structured to reflect BVES’ unique corporate circumstances, retain and recruit highly-competent, motivated executives, and incentivize those executives to achieve the statutory objectives of promoting safety as a priority, and to ensure public safety and utility financial stability with performance metrics that are measurable and enforceable. The Plan is also structured to meet the requirements of the 2022 Executive Compensation Structure Submission Guidelines (“Guidelines”) issued by the California Office of Energy Infrastructure Safety (“Energy Safety”), which includes the following objectives:

- Compensation structures that are structured to promote measurable outcomes for safety improvements required by Wildfire Mitigation Plans.
- Compensation awards based on objective, measurable and enforceable performance metrics that track impacts on drivers of ignition probability and safety outcome metrics that measure leading and lagging indicators of wildfire risk and consequences of wildfire mitigation work.
- Compensation structures that appropriately weight safety concerns and financial performance.

The Plan includes three key components: Base Salary<sup>1</sup>, short-term incentives, and long-term incentives. The short-term incentives are further segmented into incentives that are evaluated on a quarterly basis (Quarterly Term Incentive Program (“QTIP”))<sup>2</sup> and incentives that are evaluated on an annual basis (Short-Term Incentive Program (“STIP”))<sup>3</sup>. The long-term incentives are included in the Long-Term Incentive Program (“LTIP”)<sup>4</sup>. Each of these key components of the Plan is briefly described below.

A. Base Salary. Base Salary is the cash compensation that is paid to BVES executives in bi-weekly pay checks throughout the year.

B. Quarterly-Term Incentive Program. The QTIP payments are cash payments that are awarded four times a year, for the periods beginning January 1, 2022 and ending March 31,

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<sup>1</sup> Except as otherwise noted herein, all defined terms have the meaning of the defined terms as provided in Attachment 2, Definitions, of the Guidelines.

<sup>2</sup> The Plan uses the title “Quarterly Term Incentive Plan.”

<sup>3</sup> The Plan uses the title “Short Term Incentive Plan.”

<sup>4</sup> The Plan uses the title “Long Term Incentive Plan.”

2022, beginning April 1, 2022 and ending June 30, 2022, beginning July 1, 2022 and ending September 30, 2022, and beginning October 1, 2022 and ending December 31, 2022. Payment of the QTIP is contingent upon successful achievement of specified performance metrics. The performance metrics in the QTIP, which are established at the time the Plan is adopted, are measured on a quarterly basis. The QTIP is awarded as soon as practicable following a Board determination of the extent, if any, which the performance targets for the performance period for each of the business criteria included in the QTIP are achieved. If the QTIP performance metrics are not achieved, the QTIP award will be reduced before payment or eliminated entirely.

C. Short-Term Incentive Program. STIP payments are cash payments that are awarded and paid once each year. Payment of the STIP is contingent upon successful achievement of specified performance metrics. The performance metrics in the STIP, which are established at the time the Plan is adopted, are measured on an annual basis. The STIP is awarded on a forward-looking basis, and becomes payable one year later, contingent upon determination of the successful achievement of the performance metrics. If the STIP performance metrics are not achieved, the STIP award will be reduced before payment or eliminated entirely.

D. Long-Term Incentive Program. LTIP payments are made following a three-year performance period. Payment of LTIP is contingent upon successful achievement of specified performance metric(s). The performance metric(s) in the LTIP, which are established at the time the Plan is adopted, are measured at the end of the three-year performance period. Whereas the STIP payments are payable upon completion of the STIP’s one-year performance period, the LTIP payments are payable after the LTIP’s three-year performance period, contingent upon successful achievement of the performance metric(s) over a three-year measurement period. Similar to the STIP, the LTIP can be reduced or eliminated before payment if the performance metric is not achieved.

E. Allocation Of Key Components of Plan. For 2022, the overall percentage allocation of these key components of the Plan at Target performance level is set forth below:

Key Compensation Components	Percent of Key Compensation Components At Target Performance Level
Base Salary (non-objective)	49.5%
Total Non-Objective	49.5%
QTIP (Objective)	5.7%
STIP (Objective)	25.5%
LTIP (Objective)	19.2%
Total Objective	50.5%

## **II. STATUTORY AND GUIDELINE REQUIREMENTS APPLICABLE TO BVES.**

The Legislature prescribed two sets of criteria for utilities to comply with in order for a safety certification to be issued to the utility. One set applies to *all* utilities seeking approval of its executive compensation structure/plan. The other set applies *only* to utilities with new or amended contracts for their executive officers.

The first set of criteria is set forth in Section 8389(e)(4).<sup>5</sup> That statute uses the phrase “the electrical corporation” without modification to identify who must comply with associated set of statutory requirements in order for its executive compensation structure/plan to be approved. In short, *all* electrical corporations (*i.e.*, all IOUs) seeking to obtain a safety certification must have an executive compensation structure/plan that meets the criteria set forth in Section 8389(e)(4). And Energy Safety properly reflected the statute’s uniform applicability in its Guidelines by stating “All electrical corporations must comply with the requirements of Pub. Util. Code §8389(e)(4).”<sup>6</sup>

The second set of criteria established by the Legislature is set forth in Section 8389(e)(6)(A). It requires an electrical corporation to establish a compensation structure that is based on certain statutory principles “for any new or amended contracts for executive officers...” It is clear that the Legislature intended the principles set forth in Section 8389(e)(6)(A) apply *only* to electrical corporations with new or amended contracts for their executive officers. And Energy Safety properly reflected the statute’s limited applicability in its Guidelines by stating “Electrical corporations with new or amended contracts for executive officers must comply with the requirements of Pub. Util. Code § 8389(e)(6).”<sup>7</sup>

BVES does not have any new or amended contracts with any of its executive officers. Nor has it ever had any contracts with its executives. Therefore, as prescribed by the Legislature and confirmed by Energy Safety in its Guidelines, the statutory requirements set forth in Section 8389(e)(6)(A) do not apply to BVES’ Plan. As with any other electrical corporation, BVES’ Plan must meet the statutory requirements set forth in Section 8389(e)(4).

## **III. BVES’ PLAN SATISFIES THE REQUIREMENTS OF SECTION 8389(e)(4).**

As set forth below, BVES’ Plan satisfies all of the requirements of Section 8389(e)(4) and should be approved by Energy Safety.

A. Public Utilities Code Section 8389(e)(4). This statutory code provides, in relevant part, that an executive compensation structure/plan must be structured to promote safety as a priority and to ensure public safety and utility financial stability with performance metrics that are measurable and enforceable. The Plan meets those requirements.

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<sup>5</sup> All statutory references are to the California Public Utilities Code, except as otherwise provided.

<sup>6</sup> Guidelines at p. 7.

<sup>7</sup> *Id.* at p. 8.

B. The Plan Promotes Safety as a Priority. Section 8389(e)(4) provides, in relevant part, that an executive incentive compensation plan must be “structured to promote safety as a priority.” BVES’ Plan achieves that statutory goal by substantially weighting its STIP towards objective safety metrics and weighting all of the QTIP based on objective safety metrics.

Set forth in Table 1 of Appendix A, attached hereto, are the QTIP performance metrics targets. Table 1 also sets forth the corresponding QTIP payout percentages for achieving a performance metric at the Target level.

Table 2 of Appendix A describes the STIP performance metrics targets. Table 2 also sets forth the corresponding STIP payout percentages for achieving a performance metric at the Target level.

Included in Table 1 of Appendix A are two performance metrics with respect to the QTIP. Both of those performance metrics are safety-related performance metrics. Table 2 reflects 12 STIP performance metrics. Of those 12 performance metrics, 6 are safety-related. Combined, the QTIP and STIP clearly evidence that not only does the Plan promote safety as a priority; it makes clear that safety is the top priority of the Plan.

In addition to the sheer number of safety-related performance metrics in the QTIP and STIP, the payout percentages also reflect the Plan’s promotion of safety as a priority. At the Target level of performance, the two safety-related metrics of the QTIP comprise 100% of the executive’s QTIP bonus, and the 6 safety-related metrics of the STIP comprise 53% of an executive’s STIP bonus. It is clear that the Plan incentivizes BVES executives to promote and achieve important safety programs and objectives as required by Section 8389(e)(4).

C. The Plan Ensures Public Safety. Section 8389(e)(4) provides, in relevant part, that an executive incentive compensation plan must be structured “to ensure public safety.” BVES’ Plan achieves that statutory goal by substantially weighting its QTIP and STIP toward objective safety metrics, many of which directly relate to helping to ensure public safety.

Under the QTIP, the Fire Incidents metric (Public Safety – Other Electric subcategory of Safety Metrics<sup>8</sup>) and Employee Electric Contacts metric (Workforce Safety subcategory of Safety Metrics<sup>9</sup>) both have the objective of ensuring public and employee safety. In addition, there must be no reportable fire incident events as defined in D.14-02-015 or employee electric contacts for the executive to receive a QTIP bonus payout.

Under the STIP, the Wildfire T&D System Hardening: Covered Wire Program (Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence subcategory of Safety Metrics<sup>10</sup>), the Wildfire T&D System Hardening: Evacuation Route Hardening Program (Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence

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<sup>8</sup> See Attachment 3, Safety Metric Subcategories, Guidelines at p. 60.

<sup>9</sup> *Id.*

<sup>10</sup> See Attachment 3, Safety Metric Subcategories, Guidelines at p. 60.

subcategory of Safety Metrics<sup>11</sup>), the Vegetation Management QC Program (Public Safety – Other Electric subcategory of Safety Metrics<sup>12</sup>), Safety –Recordable Work Incidents Program (Workforce Safety (employee) subcategory of Safety Metrics<sup>13</sup>) Safety Training Program (Workforce Safety (employee) subcategory of Safety Metrics<sup>14</sup>) and Job Hazard Analysis Program (Workforce Safety (employee and contractor) subcategory of Safety Metrics<sup>15</sup>) all have the objective of ensuring public safety. Thus, BVES executives are clearly incentivized to ensure public safety.

In addition to the substantial number of safety-related performance metrics in the QTIP and STIP that directly relate to public safety, the payout percentages of those performance metrics also reflect the Plan’s objective to ensure public safety. At the Target level of performance, the QTIP public safety-related metrics comprise 100% of an executive’s QTIP bonus and at the Target level of performance, the STIP public safety-related metrics comprise 53% of an executive’s STIP bonus. It is clear that the Plan incentivizes BVES executives to ensure public safety as required by Section 8389(e)(4).

*D. The Plan Ensures Utility Financial Stability.* Section 8389(e)(4) requires an executive compensation plan to ensure the utility’s financial stability. The Plan satisfies this statutory requirement by having a financial performance metric in both the STIP and the LTIP.

The STIP includes a performance metric of EBITDA. This STIP 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 2022 BVES Operating Budget approved by the Board of Directors. This metric is the single-largest performance metric in the STIP, comprising 16% of the executive’s STIP bonus at Target level. The STIP also includes a performance metric to minimize the number of accounting/financial deficiencies under the Sarbanes-Oxley Act of 2002. This metric is designed to enhance the financial transparency and integrity of BVES in the financial markets, to the benefit of BVES and its customers. It comprises 5% of the executive’s STIP bonus at Target level.

The LTIP is comprised of a single performance metric that tracks the level of expenditures on capital projects that mitigate the risks of wildfires as compared to the associated budget for these projects adopted by the Board of Directors. The capital projects in the LTIP are comprised of projects included in BVES’ approved 2021 Wildfire Mitigation Plan (“WMP”), as well as those included in BVES’ updated and proposed 2022 WMP.

The LTIP performance metric is a financial stability metric. However, it should be noted that the capital projects in the BVES WMP are designed to mitigate wildfire risk. These projects

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<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

will also promote financial stability because they reduce the risk of devastating financial losses due to catastrophic wildfires, and promote continuity of BVES operations.

In sum, the Plan includes performance metrics in both the STIP and the LTIP that incentivize BVES' executives to ensure the financial stability of BVES.

E. The Plan Utilizes Performance Metrics that Are Measurable and Enforceable. Section 8389(e)(4) requires an executive compensation plan to include performance metrics that are "measurable and enforceable." As set forth in Tables 1, 2 and 3 of Appendix A attached hereto, all of the Plan's performance metrics are measurable and enforceable with respect to the QTIP, the STIP and the LTIP.

#### **IV. BVES' SUBMISSION SATISFIES THE GUIDELINE REQUIREMENTS.**

The Guidelines require an electrical corporation's executive compensation submission to include the following:

- Compensation structures that are structured to promote measurable outcomes for safety improvements required by Wildfire Mitigation Plans.
- Compensation awards based on objective, measurable and enforceable performance metrics that track impacts on drivers of ignition probability and safety outcome metrics that measure leading and lagging indicators of wildfire risk and consequences of wildfire mitigation work.
- Compensation structures that appropriately weight safety concerns and financial performance.

As described below, this submission includes descriptions of how BVES' Plan meets each of the above-requirements.

A. The Plan Promotes Measurable Outcomes for Safety Improvements Required by BVES' WMP. The Plan promotes a number of measurable outcomes for safety improvements in BVES' approved WMP.

For example, the WMP includes a Wildfire T&D System Hardening: Covered Wire Program. This program involves replacing high voltage bare wire with covered wire to reduce the potential for igniting a wildfire by preventing objects from coming into contact with high-voltage bare wires. The safety performance metric for this program is the number of circuit miles of covered wire installed in 2022, which clearly promotes measurable outcomes for safety improvements in BVES' WMP.

The WMP also includes a Wildfire T&D System Hardening: Evacuation Route Hardening Program. This program has as its performance metric the number of poles along Big Bear Lake's main evacuation routes that are hardened in 2022, which clearly promotes measurable outcomes for safety improvements in BVES' WMP.

The overall objective of Bear Valley’s WMP is to reduce and ultimately eliminate the risk of Bear Valley’s electric infrastructure causing a wildfire. The Plan contains a safety performance metric (Fire Incidents) which measures the number of fire ignitions caused by BVES as defined in D.14-02-015. In addition, the Plan provides that in the event BVES causes a catastrophic wildfire that results in one or more fatalities due to the negligent operations and/or facilities that are not compliant with statute and/or other applicable standards, the executive will receive no STIP bonus whatsoever. These Plan components clearly promote measurable outcomes for safety improvements.

B. The Plan Awards Are Based on Objective, Measurable and Enforceable Performance Metrics. The safety performance metrics in the QTIP set forth in Table 1 of Appendix A and the STIP set forth in Table 2 of Appendix A are objective, measurable and enforceable metrics. For example, for the QTIP, zero Fire Incidents and zero Employee Electric Contacts are objective, measurable and enforceable performance metrics. In the STIP, for the Wildfire T&D System Hardening Covered Wire Program, the performance metric is the number of miles of circuits that covered wires have been installed in 2022. For the Wildfire T&D System Hardening Evacuation Route Hardening performance metric, the performance metric is the number of poles that have been “hardened.” The remaining STIP and LTIP performance metrics are similarly objective, measurable and enforceable.

C. The Plan Metrics Track Impacts on Drivers of Ignition Probability and Safety Outcomes Metrics. Several Plan safety performance metrics in STIP have significant impact on drivers of ignition probability and safety outcome metrics. For example, the Wildfire T&D System Hardening: Covered Wire Program and Vegetation Management QC metrics are directed at the drivers of ignition probability. By replacing high voltage bare wire with covered wire, the ignition driver of vegetation or other objects contacting the bare lines and igniting are significantly reduced. Likewise, the Safety Training and Job Hazard Analysis metrics are aimed at the drivers of safety outcomes. By ensuring employees receive necessary safety training and by inspecting jobsites and facilities for safety issues, the likelihood of negative safety outcomes are reduced.

D. The Plan Metrics Measure Leading and Lagging Indicators of Wildfire Risk and Consequences of Wildfire Mitigation Work. The QTIP and STIP metrics include both leading and lagging metrics. In the QTIP, the Fire Incidents metric is both leading and lagging and the Employee Safety: Employee Electric Contacts metric is a lagging outcome metric. In the STIP, the following metrics are leading metrics: Wildfire T&D System Hardening: Covered Wire Program, Wildfire T&D System Hardening: Evacuation Route Hardening, Vegetation Management QC, Safety Training, and Job Hazard Analysis are leading metrics. Similarly, in the STIP, the following metrics are lagging outcome metrics: Safety-Recordable Work Incidents, SAIDI, CAIDI, Customer Complaints Standards CAB, Supplier Diversity Utilization, SOX Deficiencies, and EBITDA.

E. The Plan Appropriately Weights Safety Concerns and Financial Performance. The Plan substantially weights performance compensation in favor of safety concerns when compared to financial performance, which reflects BVES’ priorities.



The QTIP bonus is comprised of 100% of safety metrics. As compared to the total STIP bonus, the safety metrics at the Target level comprise a total of 53% of the STIP bonus (or approximately 14% of total compensation), with financial metrics of EBITDA and SOX Deficiencies comprising 21% of the STIP bonus (or approximately 5.4% of total compensation). The LTIP metric is a financial metric of the amount invested in wildfire mitigation projects, and at Target level comprises 100% of LTIP, and comprises 19.2% of an executive's total compensation. It should be noted that the outcome of the LTIP metric promotes wildfire mitigation measures which enhance public safety.

BVES believes the weighting of safety concerns should be substantially greater than financial performance in an executive incentive compensation plan. The Plan reflects that weighting.

**V. BVES' PLAN IS NOT REQUIRED, NOR IS IT IN THE PUBLIC INTEREST, TO COMPLY WITH ALL THE REQUIREMENTS OF SECTION 8386(e)(6)(A).**

As stated above, the requirements of Section 8389(e)(6)(A) apply only to electrical corporations that have new or amended contracts for its executive officers. BVES has no new or amended contracts with any of its executive officers. Indeed, it has never had contracts with its executives. Therefore, as provided by the Legislature and confirmed by Energy Safety in its Guidelines, BVES' Plan does not need to meet the statutory requirements set forth in Section 8389(e)(6)(A) in order for Energy Safety to approve of BVES' Plan.

Although not statutorily required, BVES voluntarily structured its Plan, to the greatest extent feasible and cost-effective, to substantially or entirely meet the requirements Section 8389(e)(6)(A). Before describing its voluntary and substantial compliance with the requirements of Section 8389(e)(6)(A), BVES provides a description of its unique facts and circumstances which make complete compliance with each and every requirement of Section 8389(e)(6)(A) contrary to the best interests of BVES and its customers and, therefore, not in the public interest.

A. BVES Background. For decades, BVES was not a separate, corporate entity. It was a division of Golden State Water Company ("GSWC"), a California Public Utilities Commission-jurisdictional water corporation. In terms of its relative size within GSWC, BVES represented approximately 11% of GSWC's revenues and 9% of GSWC's customer base. In D.19-12-039, the Commission approved of GSWC's request to implement a corporate reorganization plan that would result in GSWC transferring the assets of its electric service division to a newly formed affiliate: Bear Valley Electric Service, Inc. On July 1, 2020, GSWC completed the transfer at which time BVES and GSWC became separate, wholly owned subsidiaries of American States Water ("AWR"). The newly formed corporation of BVES constituted the same assets, revenues, customers and obligations as it did as a division of GSWC.

Operationally, the reorganization did not have an impact on BVES. BVES essentially maintained the same staff and operational responsibilities as those that existed prior to the reorganization.

BVES management staffing was not changed by the reorganization, although there were some changes in titles and responsibilities. Prior to the reorganization, the BVES division of GSWC was under the supervision of a Director-level position<sup>16</sup>, with that individual reporting directly to the President and CEO of GSWC. After the reorganization, the BVES Division Director position was upgraded to President/Treasurer/Secretary of BVES. In addition to the title change, the BVES President assumed additional management responsibilities. The BVES President now reports directly to the BVES Board of Directors.

Prior to the July 2020 reorganization, BVES did not have any executive officer positions, and therefore did not have an executive compensation plan. The President/Treasurer/Secretary of BVES is currently the only position covered by the Plan.

B. BVES Is the Smallest IOU to Request a Safety Certificate. BVES believes it is one of, if not the smallest, vertically integrated electric IOU in California. It currently has only 45 employees and approximately 24,500 customers. In comparison, BVES believes that Southern California Edison Company has approximately 12,700 employees, with over 5 million customers. Relatively speaking, BVES has approximately 0.4% of Edison's workforce and approximately 0.5% of its customer base. In addition, BVES believes that Southern California Edison's 2021 revenues were approximately \$14 billion, as compared to BVES' 2021 revenues of approximately \$38 million.

BVES is the only small electric IOU in the state to apply for a Safety Certificate under the provisions of Section 8389. Accordingly, BVES is the only small electric utility in the state that must seek approval of Energy Safety for its Plan under the provisions of Section 8389.

The provision in Section 8389(e)(6)(A) (which is not statutorily applicable to BVES) requiring the primary portion of executive compensation to be based upon achieving objective performance metrics is difficult, and not cost-effective, for a smaller utility to voluntarily comply with and still serve the best interests of BVES, its customers and its shareholders. In order to attract and retain competent executives that are incentivized to provide safe, reliable and cost-effective service to its customers, BVES must have an executive compensation package that is structured and sized competitively with similarly sized utilities. Using what BVES considers to be an industry-accepted definition of compensation, BVES' Plan meets this requirement.

C. Executive Compensation Plans for Larger Utilities Are Capable of Complying With Section 8983(e)(6)(A) Requirements And Still Be Cost-Effective and Market Competitive. BVES recognizes that there is, and should be, a very substantial difference in total compensation paid to top executives of very large IOUs as compared to BVES executives. With compensation packages that have much higher total compensation targets, executives of the large IOUs may still receive a very substantial dollar amount of compensation in base salary while having a compensation package that allocates the primary portion of total compensation to achieving objective performance metrics in compliance (voluntarily or otherwise) with Section 8389(e)(6)(A). Those statutory provisions can be met with an overall compensation package that is also cost-effective and reflective of market requirements for highly motivated executives of

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<sup>16</sup> In the GSWC organization, a Director level position is one step below a Vice President level position.

very large companies.

For example, a total compensation package of \$1,000,000 can provide a utility executive with a very attractive base salary of approximately \$400,000 and still be compliant with Section 8389(e)(6)(A). In contrast, if overall compensation is in the range of \$350,000, then compliance with requirements in Section 8389(e)(6)(A) would limit the base salary of a utility executive to no more than \$175,000. BVES believes that such a relatively modest base salary would be substantially below the market for recruiting highly competent, motivated executives for even a very small utility. Equally important, it would not likely allow BVES to retain highly competent, motivated utility executives for the benefit of BVES, its customers and shareholders. It is not in the public interest for BVES to be unable to retain or recruit highly competent, motivated utility executives to lead BVES in providing safe and reliable electric service while continuing to mitigate the risks of BVES equipment igniting a devastating wildfire.

D. BVES' Plan Voluntarily Balances Section 8389(e)(6)(A) Objectives With Cost-Effective and Market Competitive Executive Compensation Components. In sum, BVES structured its Plan to the greatest extent possible to voluntarily meet the objectives of Section 8389(e)(6)(A) while simultaneously structuring an executive compensation plan that it believes is both cost-effective and competitive with market conditions. A critical element of a cost-effective and successful executive compensation structure for BVES is a sufficiently robust base salary to help ensure both the retention and recruitment of highly-competent utility executives, without unnecessarily and needlessly increasing the executive's total compensation. Unnecessarily increasing BVES' operating costs benefits no one, and is not in the public interest.

## **VI. BVES' PLAN SUBSTANTIALLY AND VOLUNTARILY COMPIES WITH SECTION 8389(e)(6)(A) OBJECTIVES.**

As previously stated, Bear Valley has no new or amended contracts for its executive officers and, therefore, is not statutorily required to adopt the principles set forth in Section 8389(e)(6)(A). Nevertheless, BVES has structured its Plan to voluntarily and substantially comply with the objectives set forth in Section 8389(e)(6)(A) as described below.

A. The Plan Incorporates Strict Limits on Guaranteed Cash Compensation. Section 8389(e)(6)(A)(i)(I) requires a compensation structure that contains strict limits on guaranteed cash compensation. Other than Base Salary, no BVES executive is entitled to any guaranteed cash compensation. There is also a cap on the amount of incentive compensation that a BVES executive may earn.

B. A Significant Portion of Executive Compensation Is Based on Achievement of Objective Performance Metrics. Section 8389(e)(6)(A)(i)(I) requires that the primary portion of the executive officer's compensation be based on achievement of objective performance metrics. The Plan meets this statutory requirement by allocating an executive's total compensation (*i.e.*, the QTIP, the STIP and the LTIP) with Base Salary comprising 49.5% and achievement of objective performance metrics comprising 50.5%. It also complies with the requirements of Section 8389(e)(4) which requires, among other things, that the Plan be based upon meeting performance metrics that are measurable and enforceable.

C. No Guaranteed Monetary Incentives in Plan. Section 8389(e)(6)(A)(i)(II) requires a compensation structure that contains no guaranteed money incentives for executives. BVES' Plan meets this requirement, having no guaranteed money incentives in its executive compensation structure.

D. Long-Term Incentive Plan Is Based Upon BVES' Long-Term Performance and Value. Section 8389(e)(6)(A)(iii) requires a long-term compensation structure that provides a significant portion of compensation based upon the corporation's long-term performance and value. This compensation component must be held or deferred for period of at least three years.

The LTIP provides 19.2% of BVES' executives' overall compensation, which is a significant portion of overall compensation. The performance metric of the LTIP tracks the level of investments in capital projects that mitigate the risks of wildfires as compared to the associated budget adopted by the Board of Directors. Investing in capital projects that mitigate wildfire risk promotes financial stability because these projects reduce the risk of devastating financial losses due to catastrophic wildfires and promote continuity of BVES operations, both of which are important components of Bear Valley's long-term financial performance and value. The Plan provides that any bonus payment under the LTIP shall be deferred for period of three years.

## **VII. REQUIRED INFORMATION TEMPLATE.**

Per the Guideline requirements, BVES has provided all of the information requested in the Guideline's Required Information Template, which is included in this submission. The information has been provided in the format requested in the Guidelines.

## **VIII. CONCLUSION.**

As summarized above, BVES' Plan fully complies with all provisions of Sections 8389(e)(4). Although not statutorily or regulatorily required, BVES' Plan voluntarily and substantially complies with the objectives of Section 8389(e)(6)(A) while achieving a cost-effective Plan that is competitive in the market place for small-utility executives. BVES respectfully requests that Energy Safety approve the Plan as submitted.

## ATTACHMENT A

### PERFORMANCE METRICS AND PAYOUT PERCENTAGES

**TABLE 1**

**QTIP PERFORMANCE METRICS AND PAYOUT PERCENTAGES**

<b>Category</b>	<b>Sub-Category</b>	<b>Performance Metrics</b>	<b>Target</b>	<b>Payout Percentage at Target</b>
Safety	Public Safety – Other Electric	Fire Incidents	0 (Fire Incidents)	50
Safety	Workforce Safety	Employee Safety: Employee Electric Contacts	0 (No Contacts)	50
			Total:	100

**TABLE 2**

**STIP PERFORMANCE METRICS AND PAYOUT PERCENTAGES**

<b>Category</b>	<b>Sub-Category</b>	<b>Performance Metrics</b>	<b>Target</b>	<b>Payout Percentage at Target</b>
Safety	Wildfire Mitigation Metrics, Performance/ Goal Achievement, and Compliance/ Adherence	Wildfire T&D System Hardening: Covered Wire Program	≥ 12.9 circuit miles	12
Safety	Wildfire Mitigation Metrics, Performance/ Goal Achievement, and Compliance/ Adherence	Wildfire T&D System Hardening: Evacuation Route Hardening	≥ 390 poles hardened	12
Safety	Public Safety	Vegetation Management QC	≤ 110	7.5
Safety	Workforce Safety	Safety-Recordable Work Incidents	≤ 1	7
Safety	Workforce Safety	Safety Training	92.5% Completion Rate	7
Safety	Workforce Safety	Job Hazard Analysis	≤ 200	7.5

Category	Sub-Category	Performance Metrics	Target	Payout Percentage at Target
Customer	Reliability	SAIDI	≤ 50 minutes	7
Customer	Reliability	CAIDI	≤ 80 minutes	7
Customer	Satisfaction	Customer Complaints Standards CAB	< 0.0163%	6
Diversity, Equity, and Inclusion (DEI)	N/A	Supplier Diversity Utilization	> 35.0%	6
Other Operational/Improvement	N/A	SOX Deficiencies	No MWs, No SDs & No CDs	5
Financial	N/A	EBITDA	100% of Budget	16
			Total	100

**TABLE 3**  
**LTIP PERFORMANCE METRICS AND PAYOUT PERCENTAGES**

Category	Sub-Category	Performance Metrics	Target	Payout Percentage at Target
Financial	CAPEX	Cumulative CAPEX for Wildfire Mitigation Projects	92.5% of authorized Budget	100

**Definitions of Certain Performance Metrics.**

“**Budget**” or “**Budgeted**” means, in the case of Adjusted EBITDA for the Corporation, the projected Adjusted EBITDA for 2022 as set forth in the Operating Budget.

“**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.

**“Cumulative CAPEX for Wildfire Mitigation Projects”** means the cumulative CAPEX budget for the Performance Period for the following wildfire mitigation projects: Pole Loading Program (remaining balance as of January 1, 2022), Tree Attachment Removal Program (remaining balance as of January 1, 2022), Grid Automation Project (remaining balance as of January 1, 2022), Radford Line Project (remaining balance as of January 1, 2022), Covered Wire Project for 34 kV and 4 kV systems, Evacuation Route Hardening Project, and Install Fault Indicators.

**“Customer Complaint Standards CAB”** means the number of complaints on all matters that the Corporation received by CAB (the CPUC’s Consumer Affairs Branch) in 2022 divided by the average number of customers served by the Corporation during 2022.

**“EBITDA”** means the earnings of the Corporation for 2022 before interest, taxes (federal and state income taxes), depreciation and amortization, in each case as determined in accordance with generally accepted accounting principles.

**“Employee Safety: Employee Electric Contacts”** means the number of work-related electrical contacts with high voltage system live conductors resulting in shock to the Corporation’s employee. Per California Code of Regulations, Title 8, Section 2700 (Cal-OSHA) a high-voltage system is the associated electrical conductors and equipment operating at or intended to operate at a sustained voltage of more than 600 volts between conductors.

**“Executive”** means, with respect to this Corporation, an executive officer as defined in Section 451.1 of the California Public Utilities Code.

**“Fire Incidents”** means the number of reportable fire incidents as defined in D14-02-015 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.

**“Job Hazard Analysis”** means the number of Job Hazard Analyses (JHAs) performed during 2022. At December 31, 2022, 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 divided by 0.15.

**“Objective Bonus”** means a bonus based on the degree of achievement of the Performance Targets for the Business Criteria.

**“Operating Budget”** means the Corporation’s operating budget for 2022 as adopted by the Board, as adjusted for adjustments required to be made under Section 5.4 of this Plan.

**“Payout Percentage”** means the percentage of the Executive’s Target Objective Bonus that is payable based on the degree of satisfaction of a Performance Target Metric.

**“Performance Metrics”** means the Business Criteria measures.

**“Performance Period”** means the period beginning January 1, 2022 and ending December 31, 2022 for the STIP with respect to the following Business Criteria: EBITDA, CAIDI, SAIDI, Customer Complaint Standards CAB, Safety Training, Safety-Recordable Work Incidents, Supplier Diversity-Utilization; SOX Deficiencies, Job Hazard Analysis, Vegetation Management QC, Wildfire T&D System Hardening: Covered Wire Program, and Wildfire T&D System Hardening: Evacuation Route Hardening; means the period beginning January 1, 2022 and ending December 31, 2024 for the LTIP with respect to the following Business Criteria: Cumulative CAPEX for Wildfire Mitigation Projects; and means the quarterly periods beginning January 1, 2022 and ending March 31, 2022, beginning April 1, 2022 and ending June 30, 2022, beginning July 1, 2022 and ending September 30, 2022 and beginning October 1, 2022 and ending December 31, 2022 for the QTIP with respect to the following Business Criteria: Fire Incidents and Employee Safety-Employee Electric Contacts.

**“Performance Target”** means a specific goal established by the Board for the Performance Period with respect to each of the Business Criteria.

**“Plan”** means this 2022 Executive Incentive Compensation Plan.

**“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).

**“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.



“**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.

“**SOX**” means the Sarbanes-Oxley Act of 2002.

“**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 2022 pursuant to Section 404 of SOX.

“**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 purchased water, purchased power, pump taxes, income taxes, franchise fees, and postage).

“**Target Objective Bonus**” means the amount of the Executive’s Objective Bonus determined by the Board that would be payable if each of the Performance Targets were met at the targeted level.

“**Vegetation Management QC**” means the number of Vegetation Management Quality Control (QC) checks performed during 2022. At December 31, 2022, 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 equal to the number of QCs performed by Supervisors, Managers and Executives divided by 0.15.

“**Wildfire T&D System Hardening: Covered Wire Program**” means achieving the installation of covered wire on the Corporation’s 34.5 kV system goal established in the Corporation’s Wildfire Mitigation Plan (WMP).

“**Wildfire T&D System Hardening: Evacuation Route Hardening**” means achieving the evacuation route hardening of T&D overhead facilities goal established in the Corporation’s Wildfire Mitigation Plan (WMP).

## **Section 1: Incentive Compensation Components**

**Rationale:** Pub. Util. Code § 8389(e)(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 needs to know: (a) who are the electrical corporation’s executive officers and (b) what incentive compensation structure exists.

**Definition:** “Executive officer” is defined in Pub. Util. Code § 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, for each executive officer subject to the executive compensation filing requirements, 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 2022 filing year. See the definition of the proceeding terms in **Attachment 2**.

For purposes 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  
Incentive Compensation at the Target Level**

<b>Executive Title/ Function and Name (where applicable)</b>	<b>Target STIP<sup>1</sup> as a Percent of TIC</b>	<b>Target LTIP as a Percent of TIC</b>
President, Treasurer, and Secretary – Paul Marconi	61.9%	38.1%

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<sup>1</sup>For the purpose of this table, BVES includes in the Target STIP as a Percent of TIC, its Quarterly Term Incentive Plan (QTIP) at target plus the STIP at target for the STIP portion of the calculation.

## **Section 2: Executive Officer Exclusion Rationale**

**Rationale:** Pub. Util. Code § 8389(e)(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 Pub. Util. Code § 451.5(c).

**Instructions:** For the purpose of completing Table 2.1, 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 Pub. Util. Code § 451.5(c). For those positions, provide a simple explanation regarding why the executives holding those positions are not considered “executive officers” as set forth in Pub. Util. Code § 451.5(c). Examples:

- This position does not perform policy making functions.
- This position is not employed by the public utility.
- This position is not subject to approval of the board of directors.

**Table 2.1**  
**Pub. Util. Code § 451.5(c) Exclusion Rationales**

Assistant Secretary	This person does not perform policy-making functions and this position is not subject to the approval of the Board of Directors.
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## Section 3: Short-Term Incentive Program (STIP)

**Rationale:** Pub. Util. Code § 8389(e)(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, repeat this information for each mechanism (e.g., Quarterly and Annually).

### Section 3a: STIP Structure

**Instructions:** Provide the requested 2022 STIP information regarding payment type, triggers, deductions, the use of performance 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.

i) **STIP Payment Type** (check one):

Cash:  Other:

**If other, please describe:**

NA

ii) **Use of Any Performance Triggers**

**Does the electrical corporation’s 2022 STIP use any performance triggers (e.g., must achieve annual earnings per share of at least XYZ before any STIP payments are made)?** Check one:

Yes:  No:

**If “Yes”, please describe any performance triggers:**

NA

**Attachment 1: Required Information Template**

**iii) Use of Any Automatic Deductions**

**Does the electrical corporation’s 2022 STIP have any automatic 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”, please describe all automatic 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.

**iv) Use of a Performance Range - 2021**

**Were the 2021 STIP payouts based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:**

Yes:  No:

**Did the electrical corporation use one range for all 2021 STIP metrics or differing ranges based on the category of metric)? Check one:**

One range for all metrics:  Multiple ranges:

**Provide the 2021 STIP metric performance range(s):**

**Table 3a.1  
2021 STIP Metric Performance Range(s)**

	<b>Below Minimum</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
<b>Quarterly Term Incentive Plan (QTIP)</b>				
Fire Incidents	NA	NA	100.0%	NA
Employee Safety: Employee Electric Contacts	NA	NA	100.0%	NA
<b>Short Term Incentive Plan (STIP)</b>				
Wildfire T&D System Hardening: Electronic Fuse Program	0%	50.0%	100.0%	157.1%
Wildfire T&D System Hardening: Current Limiting Fuse Program	0%	50.0%	100.0%	157.1%

## Attachment 1: Required Information Template

Wildfire T&D System Hardening: Covered Wire Program	0%	50.0%	100.0%	150.0%
Wildfire T&D System Hardening: Evacuation Route Hardening	0%	50.0%	100.0%	150.0%
Vegetation Management QC	0%	50.0%	100.0%	150.0%
Safety-Recordable Work Incidents	0%	50.0%	100.0%	164.3%
Safety Training	0%	50.0%	100.0%	150.0%
Job Hazard Analysis	0%	50.0%	100.0%	150.0%
SAIDI	0%	50.0%	100.0%	150.0%
CAIDI	0%	50.0%	100.0%	150.0%
Supplier Diversity Utilization	0%	50.0%	100.0%	150.0%
SOX Deficiencies	0%	50.0%	100.0%	NA
EBITDA	0%	50.0%	100.0%	150.0%

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

Straight-line interpolation.

### v) Use of a Performance Range - 2022

**Do the 2022 STIP payouts include a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)?** Check one:

Yes:  No:

**Is the electrical corporation using one range for all 2022 STIP metrics or differing ranges based on the category of metric)?** Check one:

One range for all metrics:  Multiple ranges:

**Provide the 2022 STIP metric performance range(s):**

**Table 3a.2  
2022 STIP Metric Performance Range(s)**

	<b>Below Minimum</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
<b>Quarterly Term Incentive Plan (QTIP)</b>				
Fire Incidents	NA	NA	100.0%	NA
Employee Safety: Employee Electric Contacts	NA	NA	100.0%	NA
<b>Short Term Incentive Plan (STIP)</b>				
Wildfire T&D System Hardening: Covered Wire Program	0%	66.7%	100.0%	133.3%

**Attachment 1: Required Information Template**

Wildfire T&D System Hardening: Evacuation Route Hardening	0%	66.7%	100.0%	133.3%
Vegetation Management QC	0%	40.0%	100.0%	160.0%
Safety-Recordable Work Incidents	0%	42.9%	100.0%	164.3%
Safety Training	0%	42.9%	100.0%	164.3%
Job Hazard Analysis	0%	40.0%	100.0%	160.0%
SAIDI	0%	42.9%	100.0%	171.4%
CAIDI	0%	42.9%	100.0%	171.4%
Customer Complaints Standards CAB	0%	50.0%	100.0%	150.0%
Supplier Diversity Utilization	0%	50.0%	100.0%	150.0%
SOX Deficiencies	0%	40.0%	100.0%	NA
EBITDA	0%	50.0%	100.0%	150.0%

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

Straight-line interpolation.

**vi) Use of Performance Modifiers**

**Does the electrical corporation’s STIP involve the use of any of the following types of performance modifiers? If so, please describe.**

**Individual Performance Modifier:**

Yes:  No:

**If Yes, Describe and Quantify for Each Individual:**

NA

**Company Performance Modifier:**

Yes:  No:

**If Yes, Describe and Quantify:**

NA

**Board Discretion:**

Yes:  No:

**If Yes, Describe and Quantify:**

**Attachment 1: Required Information Template**

NA
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## Attachment 1: Required Information Template

### Section 3b: 2021 STIP Metrics – Minimum, Target, Maximum and Actual

**Instructions:** Complete Table 3b.1 for the 2021 STIP metrics, adding lines as necessary. See **Attachment 3** for a discussion of categories and sub-categories. Add lines as needed.

**Table 3b.1**  
**2021 STIP – Minimum, Target and Maximum Versus Actual**

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance <sup>2</sup>	Weighted Contribution <sup>3</sup>
<b>Quarterly Term Incentive Plan (QTIP)</b>									
Safety	Public Safety – Other Electric	Fire Incidents	Leading & Lagging	50.0%	NA	0 fire incidents	NA	Q1: 0; Q2: 0; Q3: 0; Q4: 0	50.0%
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%
<b>Short Term Incentive Plan (STIP)</b>									
Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Electronic Fuse Program	Leading & Lagging Program Goal	7.0%	≥ 180 fuses	≥ 200 fuses	≥ 220 fuses	222	11.0%
Safety	Wildfire Mitigation Metrics, Performance/Go	Wildfire T&D System Hardening: Current Limiting Fuse Program	Leading & Lagging Program Goal	7.0%	≥ 500	≥ 550	≥ 600	640	11.0%

<sup>2</sup> The values presented in the “Actual Performance” column have not been undergone Company audit nor have they been approved by the Board of Directors.

<sup>3</sup> The values presented in the “Weighted Contribution” column have not been undergone Company audit nor have they been approved by the Board of Directors.

## Attachment 1: Required Information Template

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance <sup>2</sup>	Weighted Contribution <sup>3</sup>
	al Achievement, and Compliance/ Adherence								
Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/ Adherence	Wildfire T&D System Hardening: Covered Wire Program	Leading & Lagging Program Goal	10.0%	≥ 10.4 circuit miles	≥ 12.9 circuit miles	≥ 15.4 circuit miles	12.3 circuit miles	8.8%
Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/ Adherence	Wildfire T&D System Hardening: Evacuation Route Hardening	Leading & Lagging Program Goal	10.0%	≥ 325 poles	≥ 375 poles	≥ 450 poles	400 poles	11.7%
Safety	Public Safety – Other Electric	Vegetation Management QC	Leading	7.0%	≤ 48	≤ 60	≤ 72	112	10.5%
Safety	Workforce Safety	Safety-Recordable Work Incidents	Lagging Outcome	7.0%	≤ 2	≤ 1	≤ 0	0	11.5%
Safety	Workforce Safety	Safety Training	Leading	6.0%	80% Completion Rate	90% Completion Rate	100% Completion Rate	99.2%	8.8
Safety	Workforce Safety	Job Hazard Analysis	Leading	7.0%	≤ 60	≤ 72	≤ 84	206	10.5
<b>Subtotal</b>									<b>83.8%</b>
Customer Service	Reliability	SAIDI	Lagging Outcome	7.0%	≤ 90 minutes	≤ 50 minutes	≤ 25 minutes	93.1 minutes	0.0%
Customer Service	Reliability	CAIDI	Lagging Outcome	7.0%	≤ 120 minutes	≤ 90 minutes	≤ 60 minutes	61.5 minutes	9.9%

## Attachment 1: Required Information Template

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance <sup>2</sup>	Weighted Contribution <sup>3</sup>
<b>Subtotal</b>									<b>9.9%</b>
DEI	NA	Supplier Diversity Utilization	Lagging Outcome	5.0%	> 23.5%	> 26.5%	> 29.5%	40.3%	7.5%
<b>Subtotal</b>									<b>7.5%</b>
Other Operational	NA	SOX Deficiencies	Lagging Outcome	4.0%	No MWs, No SDs & No more than 1 CD	No MWs, No SDs & No CDs	N/A	No MWs, No SDs & No CDs	4.0%
<b>Subtotal</b>									<b>4.0%</b>
Financial	NA	EBITDA	Lagging Outcome	16.0%	80% of budget	100% of budget	120% of budget	102% of budget	16.8%
<b>Subtotal</b>									<b>16.8%</b>
<b>Total</b>				<b>100%</b>					<b>122.0%</b>

**Attachment 1: Required Information Template**

**Section 3c: 2022 Short-Term Incentive Program**

**Instructions:** Complete Table 3c.1 for the 2022 STIP. Provide details of the STIP metrics and minimum, target and maximum performance values for the filing year. Add additional lines as needed.

**Table 3c.1  
2022 STIP Metrics**

Class	Sub-Class	Metric	Metric Type	Weight	Min	Target	Max
<b>Performance Range</b>							
<b>Quarterly Term Incentive Plan (QTIP)</b>							
Safety	Public Safety – Other Electric	Fire Incidents	Leading & Lagging	50.0%	NA	0 fire incidents	NA
Safety	Workforce Safety	Employee Safety: Employee Electric Contacts	Lagging Outcome	50.0%	NA	0 electrical contacts	NA
<b>Subtotal</b>				<b>100.0%</b>			
<b>Total</b>				<b>100.0%</b>			
<b>Short Term Incentive Plan (STIP)</b>							
Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Covered Wire Program	Leading & Lagging Program Goal	12.0%	≥ 10.4 circuit miles	≥ 12.9 circuit miles	≥ 15.4 circuit miles
Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Evacuation Route Hardening	Leading & Lagging Program Goal	12.0%	≥ 350 poles	≥ 390 poles	≥ 440 poles
Safety	Public Safety – Other Electric	Vegetation Management QC	Leading	7.5%	≤ 88	≤ 110	≤ 132

## Attachment 1: Required Information Template

Safety	Workforce Safety	Safety-Recordable Work Incidents	Lagging Outcome	7.0%	≤ 2	≤ 1	≤ 0
Safety	Workforce Safety	Safety Training	Leading	7.0%	85.0% Completion Rate	92.5% Completion Rate	100% Completion Rate
Safety	Workforce Safety	Job Hazard Analysis	Leading	7.5%	≤ 180	≤ 200	≤ 220
<b>Subtotal</b>				<b>53.0%</b>			
<b>Performance Range</b>							
Customer Service	Reliability	SAIDI	Lagging Outcome	7.0%	≤ 90 minutes	≤ 50 minutes	≤ 25 minutes
Customer Service	Reliability	CAIDI	Lagging Outcome	7.0%	≤ 110 minutes	≤ 80 minutes	≤ 50 minutes
Customer Service	Satisfaction	Customer Complaints Standards CAB	Lagging Outcome	6.0%	≤ 0.0244%	≤ 0.0163%	≤ 0.0081%
<b>Subtotal</b>				<b>20.0%</b>			
<b>Performance Range</b>							
DEI	NA	Supplier Diversity Utilization	Lagging Outcome	6.0%	> 30.0%	> 35.0%	> 40.0%
<b>Subtotal</b>				<b>6.0%</b>			
<b>Performance Range</b>							
Other Operational	NA	SOX Deficiencies	Lagging Outcome	5.0%	No MWs, No SDs & No more than 1 CD	No MWs, No SDs & No CDs	N/A
<b>Subtotal</b>				<b>5.0%</b>			
<b>Performance Range</b>							
Financial	NA	EBITDA	Lagging Outcome	16.0%	80% of Budget	100% of Budget	120% of Budget
<b>Subtotal</b>				<b>16.0%</b>			
<b>Total</b>				<b>100.0%</b>			

**Attachment 1: Required Information Template**

**Section 3d: 2022 STIP Metric Definition and Calculation**

**Instructions:** Provide detailed definitions, whether the metric is leading, lagging or outcome, and calculations for the 2022 STIP metrics. For each metric, provide a detailed 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, it would be able to derive the reported results.

**Table 3d.1  
2022 STIP – Metric Definitions and Calculation**

Measure/Metric	Detailed Definition	Calculation Methodology	Any Adjustment/ Exclusions
<b>Quarterly Term Incentive Plan (QTIP)</b>			
<b>Fire Incidents</b>	<p>“Fire Incidents” means the number of reportable fire incidents as defined in D14-02-015 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.</p>	<p>Number of fire incidents reported to the CPUC per D14-02-015 Appendix C and as verified by the Utility Manager.</p>	<p>None</p>

## Attachment 1: Required Information Template

<p><b>Employee Safety: Employee Electric Contacts</b></p>	<p>“Employee Safety: Employee Electric Contacts” means the number of work-related electrical contacts with high voltage system live conductors resulting in shock to the Corporation’s employee. Per California Code of Regulations, Title 8, Section 2700 (Cal-OSHA) a high-voltage system is the associated electrical conductors and equipment operating at or intended to operate at a sustained voltage of more than 600 volts between conductors.</p>	<p>Number of work-related electrical contacts with high voltage system live conductors resulting in shock to the Corporation’s employee as verified by the Human Capital Management Department.</p>	<p>Employees only; all others excluded.</p>
<p><b>Short Term Incentive Plan (STIP)</b></p>			
<p><b>Wildfire T&amp;D System Hardening: Covered Wire Program</b></p>	<p>“Wildfire T&amp;D System Hardening: Covered Wire Program” means achieving the installation of covered wire on the Corporation’s 34.5 kV and 4 kV system goal established in the Corporation’s Wildfire Mitigation Plan (WMP).</p>	<p>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.</p>	<p>None</p>
<p><b>Wildfire T&amp;D System Hardening: Evacuation Route Hardening</b></p>	<p>“Wildfire T&amp;D System Hardening: Evacuation Route Hardening” means achieving the evacuation route hardening of T&amp;D overhead facilities goal established in the Corporation’s Wildfire Mitigation Plan (WMP).</p>	<p>Number of poles hardened by installing wire mesh wrap per the Corporation’s WMP and verified by the Engineering Group.</p>	<p>None</p>
<p><b>Vegetation Management QC</b></p>	<p>“Vegetation Management QC” means the number of Vegetation Management Quality Control (QC) checks performed during 2022.</p>	<p>At December 31, 2022, 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 equal to the number of QCs performed by</p>	<p>None</p>

## Attachment 1: Required Information Template

		Supervisors, Managers and Executives divided by 0.15.	
<b>Safety-Recordable Work Incidents</b>	“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.	Coronavirus (COVID-19) illnesses are not included. Employees only; all others excluded.
<b>Safety Training</b>	“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.	None
<b>Job Hazard Analysis</b>	“Job Hazard Analysis” means the number of Job Hazard Analyses (JHAs) performed during 2022.	At December 31, 2022, 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 divided by 0.15.	None
<b>SAIDI</b>	“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.	Major Event Days per IEEE Standard No. 1366
<b>CAIDI</b>	“CAIDI” means the summation of restoration time for each sustained interruption event over the year	CAIDI is calculated in accordance with Standard No. 1366 published by the Institute of Electrical and Electronics Engineers (IEEE), and is summarized as the summation for the year of all restoration	Major Event Days per IEEE Standard No. 1366



## Attachment 1: Required Information Template

	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.	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.	
<b>Customer Complaints Standards CAB</b>	“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 2022 divided by the average number of customers served by the Corporation during 2022.	Calculated by dividing the number of complaints on all matters at the Corporation received by CAB (the CPUC’s Consumer Affairs Branch) in 2022 by the average number of customers served by the Corporation during 2022. This will be verified by the Regulatory Affairs Group.	None
<b>Supplier Diversity-Utilization</b>	“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
<b>SOX Deficiencies</b>	“SOX” means the Sarbanes-Oxley Act of 2002. “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 2022 pursuant to Section 404 of SOX.	Number of CDs, SDs, and MWs as reported and verified by the Corporation’s Internal Audit Department.	None

## Attachment 1: Required Information Template

<b>EBITDA</b>	<p>“EBITDA” means the earnings of the Corporation for 2022 before interest, taxes (federal and state income taxes), depreciation and amortization, in each case as determined in accordance with generally accepted accounting principles.</p>	<p>Calculated by the Accounting and Finance Department from the Corporations statement of earnings.</p>	<p>None</p>
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### Section 3e: STIP Changes

**Instructions:** Describe any changes between 2021 and 2022 in terms of STIP eligibility, structure, modifiers, metrics (including changes to minimum/threshold, target and maximum performance values), weightings and definitions. Explain the reason for the change(s).

There has been no change in the person eligible to achieve QTIP or STIP awards or in the structure of the awards.

There has been no change in the structure, metrics, weightings, definitions and performance values for the QTIP.

The following metrics were not included in the 2022 STIP because the programs were completed in 2021: Wildfire T&D System Hardening: Electric Fuse Program and Wildfire T&D System Hardening: Current Limiting Fuse Program.

The following metric was added to the 2022 STIP: Customer Complaint Standards CAB to incent the Executive to promote customer satisfaction.

There have no changes in the definitions for the other metrics, other than date changes. There were no changes in the performance values for the following metrics: Wildfire T&D System Hardening: Covered Wire Program, SAIDI, Safety-Recordable Work Incidents, SOX Deficiencies and EBITDA. The table below sets forth changes in the performance values for the remaining metrics:

<b>Metric</b>	<b>Change</b>	<b>Rationale</b>
Wildfire T&D System Hardening: Evacuation Route Hardening	Increased performance values at minimum and target, decreased performance values at maximum	Change based on incenting the Executive to achieve improvement over past year achievement.
Vegetation Management QC	Increased performance values at all levels	Change based on incenting the Executive to achieve improvement over past year achievement.

## Attachment 1: Required Information Template

Safety Training	Increased performance values at threshold and target	Change based on incenting the Executive to achieve improvement over past year achievement.
Job Hazard Analysis	Increased performance values at all levels	Change based on incenting the Executive to achieve improvement over past year achievement.
CAIDI	Increased performance values at all levels	Change based on incenting the Executive to achieve improved performance of the 5-year average.
Supplier Diversity	Increased performance values at all levels	Change based on incenting the Executive to achieve improvement over past year achievement.

The following table summarizes the changes in the weighting of the metrics between the 2021 and 2022 STIP at target:

<b>Metric</b>	<b>Change in Percentage</b>
Wildfire T&D System Hardening-Electronic Fuse Program	(7)
Wildfire T&D System Hardening: Current Limiting Fuse Program	(7)
Wildfire T&D System Hardening: Covered Wire Program	2
Wildfire T&D System Hardening: Evacuation Route Hardening	2
Vegetation Management QC	0.5
Safety Recordable Work Incidents	0
Safety Training	1
Job Hazard Analysis	0.5
SAIDI	0
CAIDI	0
Customer Satisfaction CAB	6
Supplier Diversity Utilization	1
SOX Deficiencies	1
EBITDA	0

## Attachment 1: Required Information Template

### Section 3f: Historical STIP Data

**Instructions:** Provide historical performance data (five years) for 2022 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. Add rows as necessary.

**Table 3f.1  
STIP Metric Historical Actual Performance**

Metric/Measure	2017	2018	2019	2020	2021
<b>Quarterly Term Incentive Plan (QTIP)</b>					
Fire Incidents	0 fire incidents	0 fire incidents	0 fire incidents	0 fire incidents	0 fire incidents
Employee Safety: Employee Electric Contacts	0 electrical contacts	0 electrical contacts	0 electrical contacts	0 electrical contacts	0 electrical contacts
<b>Short Term Incentive Plan (STIP)</b>					
Wildfire T&D System Hardening: Covered Wire Program	NA – see notes	NA – see notes	0.5 circuit miles	7.8 circuit miles	12.3 circuit miles
Wildfire T&D System Hardening: Evacuation Route Hardening	NA – see notes	NA – see notes	NA – see notes	NA – see notes	400 poles
Vegetation Management QC	NA – see notes	34 VM QCs	43 VM QCs	32 VM QCs	112 VM QCs
Safety-Recordable Work Incidents	1	2	2	0	0
Safety Training	100.0%	100.0%	100.0%	95.5%	99.2%
Job Hazard Analysis	NA – see notes	NA – see notes	NA – see notes	46	206
SAIDI	34.7 minutes	46.7 minutes	85.0 minutes	55.3 minutes	93.1 minutes
CAIDI	57.9 minutes	103.7 minutes	127.4 minutes	94.5 minutes	61.5 minutes
Customer Complaints Standards CAB	0.0125%	0.0041%	0.0082%	0.0123%	0.0325%
Supplier Diversity Utilization	34.6%	28.7%	43.6%	34.4%	40.3%
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	101% of budget	94% of budget	112% of budget	115% of budget	102% of budget

#### 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 (non Company Officer position). The data provided prior to 2020 was not associated with executive bonus programs, since none existed for BVES.

Wildfire T&D System Hardening: Covered Wire Program: BVES conducted a pilot program in 2019 and the first half of 2020 to evaluate covered wire. The Covered Wire Program began in the second half of 2020 as a WMP program. The first year of the program being fully implemented was 2021.

## Attachment 1: Required Information Template

Wildfire T&D System Hardening: Evacuation Route Hardening: This was a new WMP program started in 2021; therefore, no data exists prior to 2021.

Vegetation Management QC: Data not available for 2017 due to program not being implemented until 2018.

Job Hazard Analysis: Data not available for 2017 through 2019. Formal JHA program implemented in 2020.

## Attachment 1: Required Information Template

### Section 3g: 2021 STIP Adjustments

**Instructions:** Provide a detailed explanation of any increases and decreases in STIP compensation in 2021 due to failure to meet safety or other targets. Separately describe any adjustments to STIP compensation levels made by the Compensation Committee or executive management and the amount and reason for the reduction. 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.

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

The Executive did not achieve target on the Wildfire T&D System Hardening: Covered Wire Program metric (Target = 12.9 circuit miles and Actual Performance = 12.3 circuit miles). This resulted in the payout weight being reduced from 10% (at target) to 8.8%.

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

The Executive did not achieve target on the SAIDI metric (Target  $\leq$  50 minutes and Actual Performance = 93.1 minutes). This resulted in the payout weight being reduced from 7.0% (at target) to 0.0%.

**iii) Any additional deductions made by the Compensation Committee or Executive Management:**

No additional deductions were made to 2021 compensation.

**iv) Any upward adjustments:**

No upward adjustments were made to 2021 compensation.

## **Section 4: Long-Term Incentive Program (LTIP)**

**Rationale:** Pub. Util. Code § 8389(e)(4) requires that electrical corporations' executive incentive compensation structures include 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.

**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, repeat this information for each mechanism (e.g., Three-year, Four-Year).

### **Section 4a: LTIP Structure**

**Instructions:** Provide name, title/function, grant date and estimated award percentage of TIC for each executive officer listed in Table 1.1 that receives or is expected to receive direct compensation under a LTIP for the applicable years. For purposes of calculating the Grant Value as a 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. For purposes of calculating Earned Value as a percentage of TIC, use the value at the date of vesting. Percentages must be specified for each executive officer and not a range for various position levels. Provide a table for each executive officer. Make copies of the Table 4a.1 table as necessary.

**Attachment 1: Required Information Template**

**Table 4a.1  
2021 and 2022 LTIP Grants**

<b>Executive Title/ Function and Name: President, Treasurer, &amp; Secretary Paul Marconi</b>		
<b>LTI Type</b>	<b>2021 Performance Year</b>	<b>2022 Performance Year</b>
	<b>Grant Date Fair Value as a % of TIC</b>	<b>Target Value as a % of TIC</b>
Stock Grant		
Stock Option		
Restricted Stock Unit (RSU)		
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)		
Cash Performance Payment	22.4%	38.1%
Other		

**If “Other” LTIP Type indicated, provide explanation:**

NA

**i) Is any LTIP compensation not at risk?**

Yes:  No:

**Describe/Explain:**

NA

**ii) Were the 2021 LTIP payouts determined based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:**

Yes:  No:

**iii) Did the electrical corporation use one range for all 2021 LTIP metrics or differing ranges based on the category of metric)? Check one:**

One range for all metrics:  Multiple ranges:

**iv) Provide the 2021 LTIP metric range(s):**

**Table 4a.2  
2021 LTIP Performance Range(s)**



**Attachment 1: Required Information Template**

	<b>Below Minimum</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
Cumulative CAPEX for Wildfire Mitigation Projects	0.0%	80.0%	100.0%	120.0%

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

Straight-line interpolation.

**v) Provide the 2022 LTIP metric range(s):**

**Table 4a.3  
2022 LTIP Performance Range(s)**

	<b>Below Minimum</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
Cumulative CAPEX for Wildfire Mitigation Projects	0.0%	80.0%	100.0%	120.0%

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

Straight-line interpolation.

**i) Use of Any Performance Triggers**

**Does the electrical corporation’s 2022 LTIP 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”, please describe any performance triggers:**

NA

**vii) Use of Any Automatic Deductions**

**Does the electrical corporation’s 2022 LTIP have any automatic 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:

**Attachment 1: Required Information Template**

**If “Yes”, please describe all automatic deductions:**

NA
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## Attachment 1: Required Information Template

### Section 4b: LTIP General Eligibility

**Instructions:** Provide a general description of the executive officers eligible for the electrical corporation's long-term incentive program. Add additional lines as needed.

**Table 4b.1**  
**LTIP Eligibility**

BVES has only one executive officer. The executive participates in an LTIP program. The LTIP target award is determined as a set percentage of base salary. For 2022, the LTIP target award is 38.88 percent of base salary.
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## Attachment 1: Required Information Template

### Section 4c: LTIP Measures, Weighting and Award Basis

**Instructions:** For each LTIP Type, indicate weighting and basis of award. If basis of award differs amongst position or person, copy Table 4c.1 and Table 4c.2 as necessary and indicate who the table applies to in space provided at the top of the table. Add additional tables if LTIP varies for certain officer classifications.

**Table 4c.1  
2021 LTIP Measures, Weighting and Award Basis**

<b>Executive Title/ Function and Name: All Executive Officers</b>		
<b>LTI Type</b>	<b>2021 Weight</b>	<b>2021 Performance Year LTIP Award Basis</b>
<b>Electrical Corporation Actuals</b>		
Stock Grant		
Stock Option		
RSU		
PSU/ PRSU		
Cash	100%	100% based on actual Cumulative CAPEX for Wildfire Mitigation Projects vs. authorized Budget
Other		
<b>Weighting Total:</b>	<b>100%</b>	

**Table 4c.2  
2022 LTIP Measures, Weighting and Award Basis**

<b>Executive Title/ Function and Name:</b>		
<b>LTI Type</b>	<b>2022 Weight</b>	<b>2022 Performance Year LTIP Award Basis</b>
<b>Electrical Corporation Actuals</b>		
<b>Stock Grant</b>		
Stock Option		
RSU		
PSU/ PRSU		
Cash	100%	100% based on actual Cumulative CAPEX for Wildfire Mitigation Projects vs. authorized Budget
Other		
<b>Weighting Total:</b>	<b>100%</b>	

**Attachment 1: Required Information Template**

**Section 4d: 2022 LTIP Measures, Definitions and Calculations**

**Instructions:** Provide detailed definitions and calculations for the 2022 LTIP metrics. For each metric, provide a detailed 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, it would be able to derive the reported results. Also provide the weight given to the metric and the minimum, target and maximum values for the metric.

**Table 4d.1  
2022 LTIP Measures**

<b>Measure/Metric</b>	<b>Detailed Definition</b>	<b>Calculation Methodology</b>	<b>Any Adjustment/ Exclusions</b>	<b>Weight</b>	<b>Min.</b>	<b>Target</b>	<b>Max.</b>
Cumulative CAPEX for Wildfire Mitigation Projects	“Cumulative CAPEX for Wildfire Mitigation Projects” means the cumulative CAPEX budget for the Performance Period for the following wildfire mitigation projects: Pole Loading Program (remaining balance as of January 1, 2022), Tree Attachment Removal Program (remaining balance as of January 1, 2022), Grid Automation Project (remaining balance as of January 1, 2022), Radford Line Project (remaining balance as of January 1, 2022), Covered Wire Project for 34 kV and 4 kV systems, Evacuation Route Hardening	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

**Attachment 1: Required Information Template**

	Project, and Install Fault Indicators.						
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## Attachment 1: Required Information Template

### Section 4e: Historical LTIP Data

**Instructions:** Provide historical performance data (five years) for 2022 LTIP 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. Add rows as necessary.

**Table 4e.1**  
**LTIP Metric Historical Actual Performance**

<b>Metric/Measure</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Cumulative CAPEX for Wildfire Mitigation Projects	NA- See notes	NA- See notes	NA- See notes	NA- See notes	NA- See notes

**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. The data provided prior to 2020 was not associated with executive bonus programs, since none existed for BVES.

Cumulative CAPEX for Wildfire Mitigation Projects: Past data is not available. This 3-year metric was structured starting with 2021.

**Section 4f: 2021 LTIP Adjustments**

**Instructions:** Provide a detailed explanation of any increases and decreases in 2021 LTIP compensation due to failing to meet safety or other targets. Separately describe any adjustments to LTIP compensation levels made by the Compensation Committee or executive management and the amount and reason for the reduction. 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.

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

None

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

None

**iii) Any additional deductions made by the Compensation Committee or Executive Management:**

No additional deductions were made.

**iv) Any upward adjustments:**

No upwards adjustments were made.



## Attachment 1: Required Information Template

### Section 4g: LTIP Prior Year Actuals

**Instructions:** For any prior year LTIP programs that vested in 2021, provide details of projected and actual payouts/performance.

**Table 4g.1**  
**LTIP Program Vesting in 2021**

<b>LTIP Program Name</b>	<b>Performance Measure</b>	<b>Projected % of TIC at Time of Grant</b>	<b>Actual % of TIC at Vesting Date</b>
2021 LTIP	Actual Cumulative CAPEX for Wildfire Mitigation Projects vs. Budget	22.4%	7.4%

## **Pub. Util. Code §8389(e)(6): Sections 5-7**

To aid Energy Safety in assessing compliance with Pub. Util. Code § 8389(e)(6), electrical corporations must complete Sections 5-7 below for any new or amended contracts for executive officers as defined in Pub. Util. Code § 451.5(c).

### **Section 5: Fixed versus Incentive Compensation**

**Rationale:** Pub. Util. Code § 8389(e)(6)(A)(i)(I) requires for the issuance of safety certification, that “the electrical corporation has established a compensation structure for any new or amended contracts 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 Pub. Util. Code § 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 5.1, for each executive officer with new or amended contracts, 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 2022 filing year. See the definition of the proceeding terms in **Attachment 2**.

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 5.1<sup>4</sup>**  
**Fixed versus Incentive Compensation at the Target Level**

<b>Executive Title/ Function and Name (where applicable)</b>	<b>Target Base Salary as a Percent of TC</b>	<b>Target STIP as a Percent of TC</b>	<b>Target LTIP as a Percent of TC</b>	<b>Indirect and Ancillary Compensation as a Percent of TC</b>
President, Treasurer, & Secretary – Paul Marconi	36.5%	23.1%	14.2%	26.3%

## **Section 6: Indirect or Ancillary Compensation**

**Rationale:** Pub. Util. Code § 8389(e)(6)(A)(iv) requires for the issuance of safety certification, that “the electrical corporation has established a compensation structure for any new or amended contracts 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 for executive officers is based on this principle of minimization of indirect or ancillary compensation, Energy Safety needs to understand what indirect or ancillary compensation are given to executive officers with new or amended contracts.

**Instructions:** Please list all indirect and ancillary compensation provided to executive officers with new or amended contracts. See **Appendix A** for the definition of and a list of typical indirect or ancillary compensation. If the electrical corporation provides indirect or ancillary compensation, provide the current estimated proportion of TC for each executive officer. 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. Add rows as necessary. Add explanatory notes as appropriate.

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<sup>4</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 5.1 was completed for information only.

**Table 6.1<sup>5</sup>  
Indirect or Ancillary Compensation Example**

<b>Title</b>	<b>Indirect or Ancillary Compensation Element</b>	<b>Eligibility Requirements</b>	<b>Frequency (One-Time, Annual, Other)</b>	<b>Current Estimated Proportion of TC</b>
President, Treasurer, & Secretary	Supplemental Executive Retirement Plan (SERP)	Executive Officers	Annual contributions	23.8%
President, Treasurer, & Secretary	Personal Use of Company Car	Executive Officers	Annual	1.8%
President, Treasurer, & Secretary	Physical Examination	Executive Officers	Bi-Annual	<1.0%
President, Treasurer, & Secretary	Accident & Travel Policy	Executive Officers	Bi-Annual	<1.0%

**i) Availability of Supplemental Retirement Plans**

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

Yes:  No:

**If “Yes”, please describe the eligibility requirements for the plan(s):**

NA

**ii) Structure of Supplemental Retirement Plans**

**If supplemental retirement plans are available, please 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

<sup>5</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 6.1 was completed for information only.

## Attachment 1: Required Information Template

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 monthly cash compensation up to a maximum of 50% of cash compensation. 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).

## Section 7: Long-Term Incentive Program (LTIP)

**Rationale:** Pub. Util. Code § 8389(e)(6)(A)(iii) requires for the issuance of safety certification, that “the electrical corporation has established a compensation structure for any new or amended contracts for executive officers” that meets several principles, 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. This compensation shall be held or deferred for a period of at least three years.” To ensure that the executive compensation structure for electrical corporation executive officers is structured to provide a significant proportion of the compensation based on the electrical corporations long-term performance and value, held or deferred for a period of at least three years, as well as to promote safety as a priority and ensure public safety and utility financial stability, Energy Safety must have an in-depth understanding of the long-term compensation components of an executive compensation structure.

**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, repeat this information for each mechanism (e.g., Three-year, Four-Year).

### Section 7a: LTIP Structure

**Instructions:** Provide name, title/function, grant date, vesting schedule and estimated award percentage of TC for each executive officer with any new or amended contracts that receives or is expected to receive direct compensation under a LTIP for the applicable years. For purposes of calculating the Grant Value as a 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. For purposes of calculating Earned Value as a percentage of TC, use the value at the date of vesting. Percentages must be specified for each executive officer and not a range for various position levels. Provide a table for each executive officer. Make copies of the Table 7a.1 table as necessary.

**Attachment 1: Required Information Template**

**Table 7a.1<sup>6</sup>  
2021 and 2022 LTIP Grants**

<b>Executive Title/ Function and Name: President, Treasurer, &amp; Secretary Paul Marconi</b>						
<b>LTI Type</b>	<b>2021 Performance Year</b>			<b>2022 Performance Year</b>		
	<b>Grant Date</b>	<b>Vesting Schedule</b>	<b>Grant Date Fair Value as a % of TC</b>	<b>Anticipated Grant Date</b>	<b>Vesting Schedule</b>	<b>Target Value as a % of TC</b>
Stock Grant						
Stock Option						
Restricted Stock Unit (RSU)						
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)						
Cash Performance Payment	December 31, 2024	33% in 2022, 33% in 2023, and 34% in 2024	8.2%	December 31, 2025	33% in 2023, 33% in 2024, and 34% in 2025	14.2%
Other						

**If “Other” LTIP Type indicated, provide explanation:**

NA
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<sup>6</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 7a.1 was completed for information only.

**Attachment 1: Required Information Template**

ii) **Is any LTIP compensation not at risk?**

Yes:  No:

**Describe/Explain:**

NA

iii) **Were the 2021 LTIP payouts determined based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)?** Check one:

Yes:  No:

iv) **Did the electrical corporation use one range for all 2021 LTIP metrics or differing ranges based on the category of metric)?** Check one:

One range for all metrics:  Multiple ranges:

v) **Provide the 2021 LTIP metric range(s):**

**Table 7a.2<sup>7</sup>**  
**2021 LTIP Performance Range(s)**

	<b>Below Minimum</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
Cumulative CAPEX for Wildfire Mitigation Projects	0.0%	80.0%	100.0%	120.0%

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

Straight-line method.

vi) **Provide the 2022 LTIP metric range(s):**

**Table 7a.3<sup>8</sup>**  
**2022 LTIP Performance Range(s)**

	<b>Below Minimum</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
Cumulative CAPEX for Wildfire Mitigation Projects	0.0%	80.0%	100.0%	120.0%

<sup>7</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 7a.2 was completed for information only.

<sup>8</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 7a.3 was completed for information only.



**Attachment 1: Required Information Template**

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

Straight-line method.

**i) Use of Any Performance Triggers**

**Does the electrical corporation’s 2022 LTIP 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”, please describe any performance triggers:**

NA

**vii) Use of Any Automatic Deductions**

**Does the electrical corporation’s 2022 LTIP have any automatic 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”, please describe all automatic deductions:**

NA

## Attachment 1: Required Information Template

### Section 7c: LTIP Measures, Weighting and Vesting

**Instructions:** For each LTIP Type, indicate vesting period and type. If basis of award differs amongst position or person, copy Table 7c.1 and Table 7c.2 as necessary and indicate who the table applies to in space provided at the top of the table. Add additional tables if LTIP varies for certain officer classifications.

**Table 7c.1<sup>9</sup>**  
**2021 LTIP Measures Vesting**

<b>Executive Title/ Function and Name: All Executive Officers</b>	
<b>LTI Type</b>	<b>Vesting Period and Type</b>
Stock Grant	
Stock Option	
RSU	
PSU/ PRSU	
Cash	Three years Y1 – 33% Y2 – 33% Y3 – 34%
Other	
<b>Weighting Total:</b>	

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<sup>9</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 7c.1 was completed for information only.

**Attachment 1: Required Information Template**

**Table 7c.2<sup>10</sup>  
2022 LTIP Measures Vesting**

<b>Executive Title/ Function and Name:</b>	
<b>LTI Type</b>	<b>Vesting Period and Type</b>
<b>Electrical Corporation Actuals</b>	
Stock Grant	
Stock Option	
RSU	
PSU/ PRSU	
Cash	Three years Y1 – 33% Y2 – 33% Y3 – 34%
Other	
<b>Weighting Total:</b>	

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<sup>10</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 7c.2 was completed for information only.