









public safety metrics. The portion of the STIP specifically attributable to public safety accounts for 30 percent of the 2023 weighting. 25 percent of the STIP and 100 percent of the LTIP are based on financial measures. SCE may also want to consider adoption of a specific provision that compensation will be withheld in the event of a catastrophic wildfire.<sup>16</sup>

In compliance with Section 8389(e)(4), SCE's performance metrics are measurable and enforceable. This includes, but is not limited to, CPUC Reportable Ignitions in High Fire Risk Areas (HFRA) associated with SCE equipment, covered conductors in HFRAs, and vegetation line clearing. SCE's Executive Compensation Structure also promotes measurable outcomes for safety improvements required by Wildfire Mitigation Plans. 2023 STIP metrics include targets tied to improvements set forth in the WMP, such as Public Safety Power Shutoffs (PSPS). In addition, compensation awards are based on objective, measurable, and enforceable performance metrics. These 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. For example, SCE's target for PSPS customer notification is a leading metric at 98 percent. Overhead inspections and remediations in HFRA are another leading metric with a target of 70 percent; this metric is responsible for measuring the completion of all inspections of the riskiest structures as outlined in SCE's Wildfire Mitigation Plan. SCE's Executive Compensation submission is 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 as required by and Public Utilities Code Section 8389(e)(4).

SCE's Executive Compensation Structure also satisfies the principles outlined in Public Utilities Code Section 8389(e)(6).<sup>17</sup> Strict limits are placed on guaranteed cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics: on average incentive compensation is 63 percent of total direct compensation. There are no guaranteed monetary incentives in the compensation structure, as all incentive compensation is performance based. LTIP provides a significant portion of compensation based on the electrical corporation's long-term performance value and is deferred for three years. On average, LTIP compensation accounts for 43 percent of an executive's total direct compensation and equity based. Indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest is largely minimized; indirect and ancillary compensation account for less than 1 percent of executive compensation excluding SERP.

## Stakeholder Comments

On April 12, 2023, the California Public Advocates Office of the California Public Utilities Commission (Cal Advocates) submitted comments on the electrical corporations' Executive Compensation Structure submissions for 2023. Cal Advocates' concerns primarily revolve around the criteria employed by electrical corporations to define Executive Officers.

Cal Advocates noted inconsistencies among the utilities, both in terms of the Executive Officers included in the filings and the redacted information in the public versions of the submissions. Cal Advocates highlighted that

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<sup>16</sup> This is an element of ACR 9. As noted above, if an electrical corporation chooses to adopt ACR 9 measures, it can list them in section 8 of its Executive Compensation Structure Submission Guidelines.

