

OFFICE OF ENERGY INFRASTRUCTURE SAFETY

2024 EXECUTIVE COMPENSATION

STRUCTURE SUBMISSION

GUIDELINES

December 2023

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Executive Summary

This document is the Office of Energy Infrastructure Safety's (Energy Safety's) guidelines for requests for approval of electrical corporations' 2024 Executive Compensation Structures, a requirement for Energy Safety's issuance of a Safety Certification. The 2024 Executive Compensation Structure Submission Guidelines (2024 Guidelines) build on the 2023 Executive Compensation Structure Submission Guidelines by continuing to improve the transparency of submissions. The 2024 Guidelines prescribe specific information electrical corporations must provide to allow Energy Safety to determine whether the electrical corporation has satisfied the requirements in the Public Utilities Code sections 8389(e)(4) and 8389(e)(6). They also interpret and implement those requirements.

This document is structured as follows:

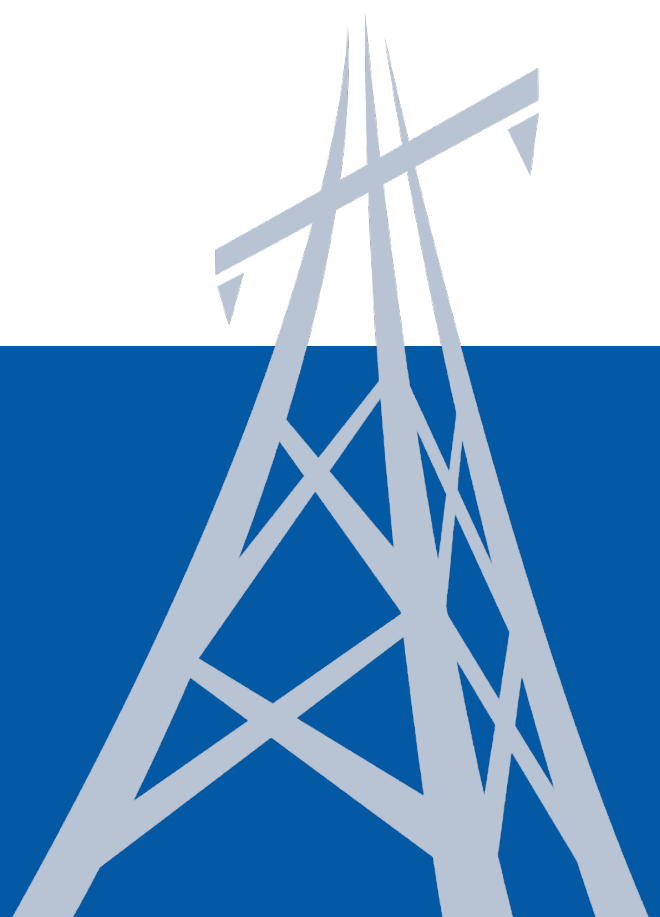
Submissions: Information and instructions regarding the submission of 2024 executive compensation structures

Attachment 1: Required Information Template

Attachment 2: Definitions

Attachment 3: Metric Categories and Subcategories

Attachment 4: Relevant Statutory Authority and Regulatory Guidance



1. Background

Public Utilities Code section 8389(e) requires that each electrical corporation obtain approval of its executive compensation structure as part of the electrical corporation's requirements for receipt of a Safety Certification. Specifically, subdivisions (e)(4) and (e)(6) govern executive compensation and state:

(4) The electrical corporation has established an executive incentive compensation structure approved by the division and 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 defined in Section 451.5. This may include tying 100 percent of incentive compensation to safety performance and denying all incentive compensation in the event the electrical corporation causes a catastrophic wildfire that results in one or more fatalities.

...

(6) (A) The electrical corporation has established a compensation structure for any new or amended contracts for executive officers, as defined in Section 451.5, that is based on the following principles:

(i) (I) Strict limits on guaranteed cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics.

(II) No guaranteed monetary incentives in the compensation structure.

(ii) It satisfies the compensation principles identified in paragraph (4).

(iii) 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.

(iv) Minimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation.

In California Public Utilities Commission (CPUC) Decision (D.) 20-05-053, the CPUC established additional requirements for Pacific Gas and Electric Company (PG&E) pertaining

to executive compensation structures.¹ The Decision also encouraged other electrical corporations to review and consider adopting measures from the Assigned Commissioner Ruling (ACR) Executive Compensation Proposal 9.

2. Submission

An electrical corporation seeking a Safety Certification for 2024 must submit a request for approval of the electrical corporation's 2024 Executive Compensation Structure to the 2024 Executive Compensation docket (#2024-EC docket).²

2.1 Confidentiality

The submission process for confidential information is set forth in section 29200 of Title 14 of the California Code of Regulations.

2.2 Format

Every document submitted to Energy Safety must comply with the formatting requirements below.

1. Electronically filed documents must be word searchable and accessible as prescribed in Section 3.3 of these Guidelines.
2. Paper documents must be:
 - a. Typewritten or otherwise mechanically printed;
 - b. On paper 11 inches long and 8 ½ inches wide;
 - c. Printed on both sides of the page if feasible; and
 - d. Bound securely.
3. Both electronic and paper documents must;
 - a. Be in a clear, easily readable font of at least 11 points;
 - b. Have consecutively numbered pages; and
 - c. Included the following information on the first page:

¹ Decision Approving Reorganization Plan (accessed September 5, 2023):
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M338/K816/338816365.PDF>.

² 2024 Executive Compensation docket (accessed July 18, 2022):
<https://efiling.energysafety.ca.gov/EFiling/DocketInformation.aspx?docketnumber=2024-EC>

- i. Name of the docket;
 - ii. Number of the docket; and
 - iii. Title of the document.
4. For electronic documents, signatures may be electronic.³

2.3 Accessibility

It is the policy of the State of California that electronic information be accessible to people with disabilities. Each person who submits information through Energy Safety's e-filing system must ensure that the information complies with the accessibility requirements set forth in Government Code section 7405. Energy Safety will not accept any information submitted through the e-filing system that does not comply with these requirements.⁴

2.4 Incomplete Submittals

Energy Safety will not evaluate an incomplete submittal. Energy Safety may determine an electrical corporation's submittal is incomplete because the electrical corporation failed to:

- Complete all sections of the required information template; and/or
- Provide all the required information in the level of detail prescribed by these guidelines for the required information template; and/or
- For PG&E, fully address the additional requirements of ACR Executive Compensation Proposal 9.

Should Energy Safety determine that the electrical corporation's submission is incomplete, Energy Safety may take any of the following actions.

- Energy Safety may issue a data request(s) to the electrical corporation for additional information or data to address the incomplete portion(s) of the submittal.
- If Energy Safety determines the electrical corporation's submission cannot be remediated by data requests, Energy Safety may issue a rejection to the electrical corporation with the opportunity to resubmit.
 - The rejection will list the partial or incomplete portions of the submittal that the electrical corporation must address.

³ Gov. Code, § 16.5.

⁴ References to laws and regulations related to digital accessibility are available at, <https://dor.ca.gov/Home/DisabilityLawsandRegulations>. Resources on constructing accessible electronic contents are available at, <https://dor.ca.gov/Home/ConstructingAccessibleElectronicContent>.

- The rejection will provide a due date for any resubmission of the electrical corporation’s executive compensation structure.
- Energy Safety may deny the Executive Compensation Structure Submittal.

2.5 Naming Convention

Table 2.5.1 Electronic File Naming Convention with Examples

Date Submitted: Year-Month-Day	Utility Abbreviated Name	Document Year	Document Type	Revision Number
"2024-03-14"	"PGE" (Pacific Gas and Electric Company)	"2024"	"ECSS" (Executive Compensation Structure Submission)	R0 (First Version)
	"SDGE" (San Diego Gas & Electric Company)			R1 (Revision 1)
	"SCE" (Southern California Edison Company)			R2 (Revision 2)
	"BVES" (Bear Valley Electrical Services Inc.)		Comments on 'Utility Abbreviation' ECSS_RO (comments on a specific submission)	"LU" (Liberty Utility)
	"PC" (PacifiCorp)			
	"HWT" (Horizon West)			
	"TBC" (Trans Bay Cable)			
	"LSP" (LS Power Grid California)			

Examples:

- First Version of an Executive Compensation Structure Submission: “2024-03-13_PGE_2024_ECSS_R0”, which refers to a March 13, 2024, PG&E 2023 Executive Compensation Structure Submission, first version.
- Response to Comments made regarding an Executive Safety Structure Submission: “2024-03-29_SCE_2024_Response to CalAdvocates_R0,” which refers to a March 29, 2024, SCE response to three separate comments submitted, first version.

2.6 Errata

An Erratum is a correction of published text. An electrical corporation may submit errata as follows:

1. After the submission deadline, substantive errata will only be accepted within 10 business days of the submission deadline unless permission is granted through written request to the Deputy Director.
 - a. Substantive errata are corrections to targets, calculations, initiatives, etc., that materially impact Energy Safety’s evaluation.
2. Non-substantive errata will only be accepted within 30 business days after the submission deadline or with permission granted through written request to the Deputy Director.
 - a. Non-substantive errata are minor corrections to fix typographical errors or to improve clarity.

Submission of errata must include:

1. A cover letter with a summary of changes including the section number and a description for each correction made,
2. A redline copy of the revised Executive Compensation Structure Submission, and
A clean copy of the revised Executive Compensation Structure Submission.

Classification of errata as substantive or non-substantive is solely within the discretion of Energy Safety. Energy Safety may request an electrical corporation submit errata at any point during the evaluation process.

3. Public Participation

3.1 Docket Access

Unless otherwise specified herein, Energy Safety posts all documents received and issued to the docket. Persons who are not already subscribed to Energy Safety’s Executive Compensation service list and wish to receive service of Executive Compensation Structure Submissions and comments may enroll by visiting:

https://public.govdelivery.com/accounts/CNRA/subscriber/new?topic_id=CNRA_410

Additional information on Energy Safety’s service lists and detailed instructions for signing up can be found at <https://energysafety.ca.gov/events-and-meetings/how-to-participate-in-public-events/>.

3.2 Public Comments

Any person or entity may submit Opening and Reply Comments on Executive Compensation Structure Submissions in accordance with the schedule issued by Energy Safety. Opening Comments must focus on information contained in the submission. The subject of Reply Comments is limited to issues raised in Opening Comments. New information not directly related to issues presented in Opening Comments will not be considered.

3.3 Submitting Comments

Public comment must conform to the following requirements:

Comments must be submitted to the proper docket on Energy Safety’s e-filing system.⁵ For Executive Compensation-related matters, comments must be submitted to the appropriate year’s Executive Compensation docket (e.g., #2024-EC).

Comments on an electrical corporation’s Executive Compensation Structure Submission must be named according to the naming convention set forth in Section 3.5. Comments must include the organization or person’s name followed by “Opening Comments” or “Reply Comments” and then the relevant abbreviations set forth in Table 1. For example:

⁵ Members of the public and other interested parties are also encouraged to utilize the e-filing system. Energy Safety will accept mailed or in person submissions at, 715 P Street, 20th Floor, Sacramento, California 95814.

- Comments on Pacific Gas and Electric Company’s (PG&E) 2024_2025 ECSS: “2024_04_10_ORGNAME⁶_OpeningComments_PGE_2024_ECSS_R0,” which refers to Organization’s comments submitted on April 10, 2024, on PG&E’s Executive Compensation Structure Submission, first version.

Comments must be accessible. It is the policy of the State of California that electronic information be accessible to people with disabilities. Each person who submits information through the Office’s e-filing system must ensure that the information complies with the accessibility requirements set forth in Government Code section 7405. The Office will not accept any information submitted through the e-filing system that does not comply with these requirements.

The submission process for confidential information is set forth in section 29200 of Title 14 of the California Code of Regulations.

3.4 Notice of Workshops

Energy Safety may hold one or more public workshops during the Executive Compensation evaluation period to discuss all or part of an electrical corporation’s submission, or during Energy Safety’s development of the Executive Compensation guidelines. Notice of workshops will be posted to the relevant year’s Executive Compensation docket and on Energy Safety’s website, www.energysafety.ca.gov. Energy Safety will issue written notice of the workshop at least 10 days prior to the workshop.

⁶ For comments submitted by an individual, an individual may use their last name in place of the organization name.

4. Data Requests Energy Safety

Energy Safety may obtain any document, data, or information from any electrical corporation that is relevant to any docket matter via a data request.

The following applies to data requests:

1. Data requests from Energy Safety staff to an electrical corporation may come from safetypolicy@energysafety.ca.gov or from individual Energy Safety staff e-mail addresses. All responses to Energy Safety data requests must be submitted to the relevant Executive Compensation docket, e.g., #2024-EC.
2. An electrical corporation must respond to all data requests within 10 business days of the request unless a different response period is provided by Energy Safety.
3. Extension Requests
 - a. If an electrical corporation seeks a longer response period than as provided in this section or as provided by Energy Safety, the electrical corporation must request an extension by sending an extension request to safetypolicy@energysafety.ca.gov.
 - b. An extension request must include:
 - i. The data request or portion of the data request requiring an extension;
 - ii. A strong showing of the specific reason for the delay; and
 - iii. A proposed date of response in lieu of the original deadline.
 - c. Any extension request must be received by Energy Safety by 5:00 PM Pacific time one business day prior to the original data request response due date.

5. Data Requests - Stakeholders

A stakeholder, as defined in Section 5.1, may obtain through a data request to electrical corporations, documents, data, or other information for purpose of providing public Opening and Reply Comments on any Executive Compensation docket matter.

Prior to issuing a data request, a person or entity must seek and obtain a stakeholder designation pursuant to Section 5.1. A person or entity may submit public comments without a stakeholder designation.

5.1 Stakeholder Designation

Any person or entity must submit a request for and receive designation as a stakeholder to send stakeholder data requests to electrical corporations as related to Executive Compensation Structure Submissions. An initial request for designation as a stakeholder can be submitted any time prior to the Executive Compensation Structure Submission but must be submitted to the relevant year's Executive Compensation docket no later than five days following submission of an electrical corporation's Executive Compensation Submission.

A request for designation as a stakeholder must include:

1. The docket matter (Docket #) the person or entity intends to participate in (e.g., #2024_EC),
2. The position and interest of the person in the docket matter,
3. Disclosure of the persons or entities on whose behalf the person may be seeking the designation, if any,
4. The electrical corporations for which the person or entity seeks stakeholder status. This may include a request for all electrical corporations,
5. The name, mailing address, e-mail address, and telephone number of the person or entity designee.

A request for designation as a stakeholder will be considered approved five days after submission without any further correspondence from Energy Safety unless the person or entity seeking the designation is otherwise notified by Energy Safety during that time. Once granted stakeholder designation, a person or entity must retain the stakeholder designation for subsequent years unless that stakeholder fails to submit comments or otherwise actively participate in the Executive Compensation evaluation process for two years. After two years of non-participation, stakeholder designation is automatically withdrawn, and the person or entity must resubmit for stakeholder status in future years.

Energy Safety may grant late requests for stakeholder designation only on a showing of good cause by the interested person or entity. No person or entity who becomes a stakeholder is

permitted to reopen data requests dealt with in the relevant Executive Compensation docket matter prior to the time when such person became a stakeholder.

5.2 Stakeholder Data Request Process

The following applies to stakeholder data requests:

1. An electrical corporation must respond to all data requests within 10 business days of the request, unless a different response period is mutually agreed upon by the stakeholder making the data request and the electrical corporation.
2. Extension Requests
 - a. Prior to seeking an extension from Energy Safety to respond to a data request, an electrical corporation must first make a good-faith effort to ask the stakeholder making the request to agree to the extension.
 - b. If an electrical corporation cannot reach an agreement with the stakeholder requesting the data for a longer response period, the electrical corporation must request an extension by sending an extension request to safetypolicy@energysafety.ca.gov.
 - c. An extension request must include:
 - i. A showing of a good-faith effort by the electrical corporation to ask the stakeholder to agree to the extension and the result of such effort,
 - ii. The data request or portion of the data request requiring an extension,
 - iii. A strong showing of the specific reason for the delay, and
 - iv. A proposed date of response in lieu of the original deadline.
 - d. Any extension request must be received by Energy Safety by 5PM prior to the date response(s) to a data request is due. If the day before falls on a Saturday or holiday;⁷ the request must be submitted on the last business day prior to the data request due date.

5.3 Stakeholder Data Request Minimum Criteria

Stakeholder data requests must adhere to the following:

1. Data requests must seek documents, data, or information relevant to the pending docket matter and be designed to facilitate the stakeholder's ability to make an informed public comment,

⁷ As defined in Government Code section 6700. Holiday includes every Sunday.

2. Stakeholders submitting data requests must consider the volume and nature of the data being requested when negotiating response deadlines outside of those set forth in Section 5.2,
3. Stakeholders submitting data requests must not submit requests where such information is otherwise available, namely:
 - a. Contained in the electrical corporation's Executive Compensation Structure Submissions, or
 - b. Previously requested by Energy Safety.

5.4 Request to Compel or Limit Stakeholder Data Requests

Stakeholders and electrical corporations must endeavor to resolve all data request disputes amongst themselves. For data request disputes that cannot be resolved, parties to the dispute may seek relief in accordance with the process below:

1. Prior to filing a request to compel or limit data requests, the parties to the dispute must have previously met and conferred in a good faith effort to informally resolve the dispute.
2. The party seeking to compel or to limit data requests bears the burden of proving the reasons why Energy Safety should compel or limit the data request.
3. A request to compel or limit a data request must include:
 - a. Facts showing a good-faith attempt at an informal resolution of the data request dispute presented by the request,
 - b. The data request or portion of the data request at issue,
 - c. Basis to compel or limit the data request, and
 - d. A proposed determination that clearly indicates the relief requested.
4. A response from a stakeholder or electrical corporation must be submitted within three business days of the date that the request was submitted to Energy Safety. If no response is submitted to a request to compel or limit a data request, then the request will be deemed granted.
5. Energy Safety will take requests to compel or limit a data request under consideration and will issue a determination on a request to compel or limit a data request after the request and response(s) have been submitted. Energy Safety may request clarification or additional information from the parties to the dispute prior to issuing a determination. Responses to such requests for clarification or additional information must be submitted within three business days of the date of the request.

All filings for a request to compel or limit data requests must be submitted to Energy Safety at safetypolicy@energysafety.ca.gov with Cc to Deputy Director Shannon.ORourke@energysafety.ca.gov and served to all parties to the dispute.

6. Submission Requirements

Energy Safety provides the following guidance to inform the electrical corporations' 2024 Executive Compensation Structure Submissions:

- All electrical corporations must comply with the requirements of Public Utilities Code section 8389(e)(4). See Attachment 1, Sections 1-4 to these Guidelines for additional details.
- Electrical corporations with new or amended contracts for executive officers must comply with the requirements of Public Utilities Code section 8389(e)(6)(A). See Attachment 1, Sections 5-7 to these Guidelines for additional details.
- All electrical corporations must complete the Required Information Template provided as Attachment 1 to these Guidelines. All required information must be provided, in the format requested, using the attached Microsoft Word document. Additional narrative may be provided by the electrical corporation but must be provided separately from the Required Information Template. Such narrative should refer directly to the title and number of the associated template in Attachment 1.
- All electrical corporation Executive Compensation Structure Submissions must be consistent with the definitions provided within the Required Information Template in Attachment 1 and in Attachment 2 to these Guidelines.
- All electrical corporation Executive Compensation Structure Submissions must be consistent with the metric classification requirements set forth in Attachment 3 to these Guidelines. Energy Safety recognizes the categorization of measures in the Executive Compensation Structure Submissions is based on reporting requirements specified by Energy Safety and does not necessarily reflect how the electrical corporation categorize measures for its communications to employees, reporting to other regulatory agencies, or other purposes.
- As per D. 20-05-053, PG&E must comply with the requirements of the ACR Executive Compensation Proposal 9. PG&E must note in its submission how it is addressing the various additional requirements.
 - Other electrical corporations are encouraged to review and consider adopting measures from the ACR Executive Compensation Proposal 9 in the spirit of transparency and furthering the purpose of AB 1054.
 - If an electrical corporation adopts measures from the ACR Executive Compensation Proposal, the electrical corporation should note in its submission how its compensation structure addresses the AB 1054 elements as set forth in Public Utilities Code section 8389(e).

7. Schedule

Energy Safety will release a schedule each year prior to the Executive Compensation Structure Submission deadline. Energy Safety may update the schedule during the evaluation process via a written notice to the docket.

Any deadline that falls on a Saturday or holiday⁸ will be moved to the following business day. A document will be accepted by Energy Safety as of the date of the document's receipt. The exception is, documents submitted after 5:00p.m. on a business day, or at any time on a Saturday, or holiday will be deemed filed the next business day.

⁸ As defined in Government Code section 6700. Holiday includes every Sunday.

DATA DRIVEN FORWARD-THINKING INNOVATIVE SAFETY FOCUSED



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