



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

Via Electronic Mail
2024 Executive Compensation
Docket # 2024-EC

April 12, 2024

Caroline Thomas-Jacobs, Director
Office of Energy Infrastructure Safety
California Natural Resources Agency
715 P Street 20th Floor
Sacramento, California 95814
Caroline.ThomasJacobs@energysafety.ca.gov

Subject: 2024 Executive Compensation Plan Submission by Bear Valley Electric Service, Inc.
Pursuant to Public Utilities Code Section 8389(e)

Dear Ms. Thomas-Jacobs:

In accordance with the 2024 Executive Compensation Structure Submission Guidelines, dated December 2023 (“Guidelines”), attached for formal approval by the Office of Energy Infrastructure Safety is an overview of Bear Valley Electric Service, Inc.’s (“Bear Valley”) 2024 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,
President**

Digitally signed by Paul
Marconi, President
Date: 2024.04.12
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Paul Marconi
President, Treasurer and Secretary
Bear Valley Electric Service, Inc.
Paul.Marconi@bvesinc.com

Cc: safetypolicy@energysafety.ca.gov.

BEAR VALLEY ELECTRIC SERVICE, INC.
OVERVIEW OF ITS
2024 EXECUTIVE INCENTIVE COMPENSATION PLAN
APRIL 12, 2024

I. OVERVIEW OF BVES 2024 EXECUTIVE INCENTIVE COMPENSATION PLAN

Bear Valley Electric Service, Inc. (“BVES”) has developed a BVES 2024 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 2024 Executive Compensation Structure Submission Guidelines (“Guidelines”) issued by the California Office of Energy Infrastructure Safety (“Energy Safety”), which includes the following objectives:

- Provisions that promote measurable outcomes for safety improvements required by Wildfire Mitigation Plans (“WMPs”).
- 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 weigh safety concerns and financial performance.

The Plan includes three key components: Base Salary¹, 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”))² and incentives that are evaluated on an annual basis (Short-Term Incentive Program (“STIP”))³. The long-term incentives are included in the Long-Term Incentive Program (“LTIP”)⁴. Each of these key components of the Plan is briefly described below. In each case, a performance metric may be adjusted based on matters that are beyond the control of the Executive using objective methods of measurement. The performance targets or business criteria may be adjusted in certain specified circumstances in order to preserve the intended incentives and benefits based on generally accepted accounting principles or other objective measures. The Board may also take into account such other factors as it deems appropriate in administering any aspect of the Plan, but it may not increase the maximum amount permitted to be paid to the Executive if the applicable performance targets have not been satisfied. BVES may also pay out less than the amount determined by the objective criteria as determined by the Board in its sole discretion.

¹ Except as otherwise noted herein, all defined terms have the meaning of the defined terms as provided in Attachment 2, Terms, Acronyms & Definitions, of the Guidelines.

² The Plan uses the title “Quarterly Term Incentive Plan.”

³ The Plan uses the title “Short Term Incentive Plan.”

⁴ The Plan uses the title “Long Term Incentive Plan.”

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, 2024 and ending March 31, 2024, beginning April 1, 2024 and ending June 30, 2024, beginning July 1, 2024 and ending September 30, 2024, and beginning October 1, 2024 and ending December 31, 2024. 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 may 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 may 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 may be reduced or eliminated before payment if the performance metric is not achieved.

E. Allocation Of Key Components of Plan. For 2024, 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)	25.6%
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).⁵ That statute uses the phrase “the electrical corporation” without modification to identify who must comply with an associated set of statutory requirements in order for its executive compensation structure/plan to be approved. In short, *all* electrical corporations (*i.e.*, all investor-owned utilities) 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 Public Utilities Code section 8389(e)(4).”⁶

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 Public Utilities Code section 8389(e)(6)(A).”⁷

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.

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

⁶ Guidelines at p. 14.

⁷ *Id.*

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 1.3.2 of Attachment 1 to the Guidelines (Required Information Template), attached hereto, are the QTIP metric performance ranges. Table 1.3.5 sets forth the corresponding QTIP payout percentages for achieving a performance metric at the Target level. Table 1.3.5 also sets forth the QTIP metrics and Table 1.3.6 sets forth the QTIP metric definitions and calculations.

Set forth in Table 1.3.2 of Attachment 1 to the Guidelines (Required Information Template), attached hereto, are the STIP metric performance ranges. Table 1.3.5 sets forth the corresponding STIP payout percentages for achieving a performance metric at the Target level. Table 1.3.5 also sets forth the STIP metrics and Table 1.3.6 sets forth the STIP metric definitions and calculations.

Table 1.3.5 shows that the QTIP has two performance metrics, both of which are safety-related. Table 1.3.5 also includes 13 STIP performance metrics. Of those 13 performance metrics, 7 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 seven 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 Metrics⁸) and Employee Safety: Employee Electric Contacts metric (Workforce Safety subcategory of Safety Metrics⁹) 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

⁸ See Attachment 3, Safety Metric Subcategories, Guidelines at p. A-60.

⁹ *Id.* at p. A-61.

Safety Metrics¹⁰), the Wildfire T&D System Hardening: Evacuation Route Hardening Program (Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence subcategory of Safety Metrics¹¹), the Wildfire T&D System Hardening: Tree Attachment Removal Program (Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence subcategory of Safety Metrics¹²), the Vegetation Management QC Program (Public Safety – Other Electric subcategory of Safety Metrics¹³), Safety –Recordable Work Incidents Program (Workforce Safety (employee) subcategory of Safety Metrics¹⁴), Safety Training Program (Workforce Safety (employee) subcategory of Safety Metrics¹⁵) and Job Hazard Analysis Program (Workforce Safety (employee and contractor) subcategory of Safety Metrics¹⁶) 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 2024 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 2024 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.

E. The Plan Utilizes Performance Metrics that Are Measurable and Enforceable. As set forth in the Tables in Attachment A attached hereto, all of the Plan’s performance metrics are measurable and enforceable with respect to the QTIP, the STIP and the LTIP.

¹⁰ See Attachment 3, Safety Metric Subcategories, Guidelines at p. A-60.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.* at p. A-61.

¹⁵ *Id.*

¹⁶ *Id.*

IV. BVES' SUBMISSION SATISFIES THE GUIDELINE REQUIREMENTS.

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

- Provisions that 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 weigh safety concerns and financial performance.

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

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 2024, 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 2024, which clearly promotes measurable outcomes for safety improvements in BVES' WMP.

The WMP also includes a Wildfire T&D System Hardening: Tree Attachment Removal Program. This program has as its performance metric the number of tree attachments that are removed in 2024, 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 state 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 and the STIP 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 2024. For the Wildfire T&D System Hardening Evacuation Route Hardening performance metric, the performance metric is the number of poles that have been “hardened.” For the Wildfire T&D System Hardening Tree Attachment Removal Program performance metric, the performance metric is the number of tree attachments that have been “removed.” 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, Wildfire T&D System Hardening: Tree Attachment Removal 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 and lagging metrics: Wildfire T&D System Hardening: Covered Wire Program, Wildfire T&D System Hardening: Tree Attachment Removal Program and Wildfire T&D System Hardening: Evacuation Route Hardening. The following STIP metrics are leading metrics: Vegetation Management QC, Safety Training, and Job Hazard Analysis. The following STIP metric is a lagging outcome metric: Safety-Recordable Work Incidents.

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 direct compensation), with financial metrics of EBITDA and SOX Deficiencies comprising 21% of the STIP bonus (or approximately 5.4% of total direct

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 direct 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. THE STATUORY REQUIREMENTS OF SECTION 8386(e)(6)(A) ARE NOT APPLICABLE TO BVES.

The statutory 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, there is no statutory basis to require BVES' Plan to meet the requirements set forth in Section 8389(e)(6)(A). However, by requiring submissions must be consistent with the definitions in Attachments 1 and 2 of the Guidelines,¹⁷ and claiming the statutory term of "new contract" presumes that all executive officers have a compensation contract under California law,¹⁸ the Guidelines improperly require an executive compensation plan to meet the requirements set forth in Section 8389(e)(6)(A) in order for Energy Safety to approve it despite the fact that a utility may, in fact, have no new or amended contracts with any of its executive officers.

Before describing the Plan's compliance with the requirements of Section 8389(e)(6)(A), BVES provides a description of its unique facts and circumstances which make its compliance substantially more difficult as compared to the larger IOUs.

A. BVES Is the Smallest IOU to Request a Safety Certificate. BVES believes it is one of the smallest, vertically integrated electric IOU in California. It currently has only 45 employees and approximately 24,500 customers. To put BVES' size in context, BVES believes that Southern California Edison Company has approximately 12,700 employees, with over 5 million customers. Relatively speaking, BVES therefore 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) requiring the primary portion of executive compensation to be based upon achieving objective performance metrics is difficult to achieve, and still be cost-effective, for a very small utility like BVES. In order to attract and retain

¹⁷ Guidelines at p. 14.

¹⁸ Guidelines Attachment 2 at p. A-57.

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.

B. 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 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 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 of a BVES executive is in the range of \$350,000, then compliance with requirements in Section 8389(e)(6)(A) would limit the base salary 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 Balances Section 8389(e)(6)(A) Objectives With Cost-Effective and Market Competitive Executive Compensation Components. In sum, BVES structured its Plan to meet the objectives of Section 8389(e)(6)(A) while simultaneously structuring an executive compensation plan that 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. An attractive base salary helps to ensure both the retention and recruitment of highly-competent utility executives, without needlessly increasing the executive's total compensation. Unnecessarily increasing BVES' operating costs is detrimental to BVES' customers, and is not in the public interest.

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

As previously stated, BVES has no new or amended contracts for its executive officers and, therefore, is not statutorily required to adopt in its Plan the requirements in Section 8389(e)(6)(A). BVES has set forth its legal position on this issue in its October 5, 2022 comments to Energy Safety, as well as the public statement that was submitted and read at the Energy Safety public hearing on November 28, 2022. Those statements and legal positions are incorporated herein by reference and are not waived by this filing. BVES has structured its Plan

to comply with the objectives set forth in Section 8389(e)(6)(A) solely for the purpose of obtaining Energy Safety's approval, as required by the Guidelines.

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 a 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 a 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) and Section 8389(e)(6)(A) while achieving a cost-effective Plan that is competitive in the marketplace 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

Category	Sub-Category	Performance Metrics	Target	Payout Percentage at Target
Safety	Public Safety – Other Electric	Fire Incidents	0 (Fire Incidents)	50.0%
Safety	Workforce Safety	Employee Safety: Employee Electric Contacts	0 (No Contacts)	50.0%
			Total:	100.0%

TABLE 2

STIP PERFORMANCE METRICS AND PAYOUT PERCENTAGES

Category	Sub-Category	Performance Metrics	Target	Payout Percentage at Target
Safety	Wildfire Mitigation Metrics, Performance/ Goal Achievement, and Compliance/ Adherence	Wildfire T&D System Hardening: Covered Wire Program	≥ 12.9 circuit miles	8.0%
Safety	Wildfire Mitigation Metrics, Performance/ Goal Achievement, and Compliance/ Adherence	Wildfire T&D System Hardening: Evacuation Route Hardening	≥ 1,000 poles hardened	8.0%
Safety	Wildfire Mitigation Metrics, Performance/ Goal Achievement, and Compliance/ Adherence	Wildfire T&D System Hardening: Tree Attachment Removal Program	≥ 100 tree attachments	8.0%

Category	Sub-Category	Performance Metrics	Target	Payout Percentage at Target
Safety	Public Safety	Vegetation Management QC	≥ 125	7.5%
Safety	Workforce Safety	Safety-Recordable Work Incidents	≤ 1	7.0%
Safety	Workforce Safety	Safety Training	95.0% Completion Rate	7.0%
Safety	Workforce Safety	Job Hazard Analysis	≥ 475	7.5%
Customer	Reliability	SAIDI	≤ 90 minutes	7.0%
Customer	Reliability	CAIDI	≤ 65 minutes	7.0%
Customer	Satisfaction	Customer Complaints Standards CAB	< 0.0243%	6.0%
Diversity, Equity, and Inclusion (DEI)	N/A	Supplier Diversity Utilization	> 35.0%	6.0%
Other Operational/Improvement	N/A	SOX Deficiencies	No MWs, No SDs & No CDs	5.0%
Financial	N/A	EBITDA	100% of Budget	16.0%
			Total	100.0%

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	100.0%

Definitions of Certain Performance Metrics.

“**Budget**” or “**Budgeted**” means, in the case of EBITDA for the Corporation, the projected EBITDA for 2024 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: Tree Attachment Removal Program, Radford Line Project (remaining balance as of January 1, 2024), Covered Wire Project for 34 kV and 4 kV systems, Evacuation Route Hardening Project, Substation Automation, Switch and Field Device Automation, Capacitor Bank Upgrade Project, Fuse TripSaver Automation, 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 2024 divided by the average number of customers served by the Corporation during 2024.

“**EBITDA**” means the earnings of the Corporation for 2024 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 D.14-02-015 Appendix C: Fire Incident Data Collection Plan, in which the CPUC directed that a reportable fire incident event is any event where utility facilities are associated with the following conditions: (a) a self-propagating fire of material other than electrical and/or communication facilities, (b) the resulting fire traveled greater than one linear meter from the ignition point, and (c) the utility has knowledge that the fire occurred. Ignition Point is the location, excluding the Corporation’s

facilities, where a rapid, exothermic reaction was initiated that propagated and caused the material involved to undergo change, producing temperatures greatly in excess of ambient temperature.

“Job Hazard Analysis” means the number of Job Hazard Analyses (JHAs) performed during 2024. At December 31, 2024, 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 2024 as adopted by the Board, as adjusted for adjustments required to be made under the 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, 2024 and ending December 31, 2024 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, Wildfire T&D System Hardening: Evacuation Route Hardening, and Wildfire T&D System Hardening: Tree Attachment Removal Program; means the period beginning January 1, 2024 and ending December 31, 2026 for the LTIP with respect to the following Business Criteria: Cumulative CAPEX for Wildfire Mitigation Projects; and means the quarterly periods beginning January 1, 2024 and ending March 31, 2024, beginning April 1, 2024 and ending June 30, 2024, beginning July 1, 2024 and ending September 30, 2024 and beginning October 1, 2024 and ending December 31, 2024 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 the 2024 Executive Incentive Compensation Plan of BVES.

“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 2024 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 2024. At December 31, 2024, 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 and 4 kV system annual goal for 2024 established in the Corporation’s 2023-2025 Wildfire Mitigation Plan approved by the California Public Utilities Commission on December 14, 2023 (the “WMP”).

“Wildfire T&D System Hardening: Evacuation Route Hardening” means achieving the evacuation route hardening of T&D overhead facilities annual goal for 2024 established in the Corporation’s WMP. For this metric, wood poles are considered hardened for the purpose of evacuation route hardening when wire mesh wrap is installed on wood poles or wood poles are replaced with fire resistant poles such as fire resistant composite poles or steel poles.

“Wildfire T&D System Hardening: Tree Attachment Removal Program” means achieving the Tree Attachment Removal Program annual goal for 2024 established in the Corporation’s WMP.

1.1 Incentive Compensation Components

Rationale: For the issuance of a Safety Certification, Public Utilities Code section 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 must know: (a) who are the electrical corporation’s executive officers and (b) what incentive compensation structure exists.

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

Instructions: In Table 1.1.1, for each executive officer subject to the executive compensation filing requirements, the electrical corporation must provide the executive title and function, the executive name (if the executive is classified as an Officer of the Company per the Company’s website), the target percentage of Short-Term Incentives (STIP) and Long-Term Incentives (LTIP) as a proportion of Total Incentive Compensation (TIC) for the appropriate 2024 filing year. See the definition of the proceeding terms in **Attachment 2**.

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

*Table 1.1.1
Incentive Compensation at the Target Level*

Executive Title/ Function and Name (where applicable)	Target Quarterly STIP as a Percent of TIC	Target Annual STIP as a Percent of TIC	Target Total STIP as a Percent of TIC	Target LTIP as a Percent of TIC
President, Treasurer, and Secretary – Paul Marconi	11.3%	50.6%	61.9%	38.1%

Instructions: In Table 1.1.2, for each executive officer subject to the executive compensation filing requirements, the electrical corporation must provide the executive title and function, the executive name (if the executive is classified as an Officer of the Company per the Company’s website), the target percentage of Base Salary, STIP and LTIP as a proportion of Total Direct Compensation (TDC) for the appropriate 2024 filing year. See the definition of the proceeding terms in **Attachment 2**.

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*Table 1.1.2
Total Direct Compensation at the Target Level*

Executive Title/ Function and Name (where applicable)	Target Base Salary as a Percent of TDC	Target Quarterly STIP as a Percent of TDC	Target Annual STIP as a Percent of TDC	Target LTIP as a Percent of TDC
President, Treasurer, and Secretary – Paul Marconi	49.5%	5.7%	25.6%	19.2%

1.2 Executive Officer Exclusion Rationale

Rationale: For the issuance of a Safety Certification, Public Utilities Code section 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 Public Utilities Code section 451.5(c).

Instructions: For the purpose of completing Table 1.2.1, the electrical corporation must include all the positions of the highest three tiers of the executives or officers of the electrical corporation that do not fit within the definition of “executive officers” as defined in Public Utilities Code section 451.5(c). For those positions, the electrical corporation must provide an explanation regarding why the executives holding those positions are not considered “executive officers” as set forth in Public Utilities Code section 451.5(c) (See Attachment 4).

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

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

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

1. Definition of policy making:

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

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

1.3 Short-Term Incentive Program (STIP)

Rationale: For the issuance of a Safety Certification, Public Utilities Code section 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, the electrical corporation must repeat this information for each mechanism (e.g., quarterly, and annually).

1.3.1 STIP Structure

Instructions: The electrical corporation must provide the requested 2024 STIP information regarding payment type, triggers, deductions, the use of individual performance modifiers, the use of company performance modifiers, the use of thresholds, targets, and maximums and the associated percentages, and how performance between categories is interpolated.

1. STIP Payment Type. Check one:

Cash: Other:

If other, describe the other type of STIP payment:

Not Applicable

2. Use of Any Performance Triggers

Does the electrical corporation's 2024 STIP use any non-discretionary performance triggers (e.g., must achieve certain annual earnings per share before any STIP payments are made)? Check one:

Yes: No:

If "Yes," describe any performance triggers:

Not Applicable

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3. Use of Any Automatic, Non-Discretionary Deductions

Does the electrical corporation's 2024 STIP have any automatic non-discretionary deductions (e.g., failure to achieve WMP targets results in X% reduction, catastrophic wildfire results in zeroing out all safety metrics)? Check one:

Yes: No:

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

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

4. Use of Any Specifically Defined Discretionary Deductions

Does the electrical corporation's 2024 STIP have any defined deductions (e.g., foundational, deduct only goals) that are part of the compensation structure? Check one:

Yes: No:

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

Not Applicable

5. Use of a Performance Range – 2023

Were the 2023 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 2023 STIP metrics or differing ranges based on the category of metric? Check one:

One range for all metrics: Multipleranges:

If multiple ranges are used, explain why:

QTIP metrics (Fire Incidents and Employee Safety: Employee Electric Contacts) did not have a range (target only) and were designed to incentivize the executive to have 0 fire incidents and 0 electrical contacts.
STIP metric SOX Deficiencies did not have a maximum due to the target being "0" and threshold being "1" to incentivize the executive to not exceed having more than 1 SOX Deficiencies.
The STIP utilized differing ranges for performance metrics. Ranges for performance metrics were specifically tailored to the metric to incentivize the desired performance taking into account factors such as historical performance, budget, staffing, etc.
The spread between target and maximum was more than the spread between target and

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threshold for the following metrics in order to incentivize the executive to achieve greater performance to reach maximum:

- Wildfire T&D System Hardening: Evacuation Route Hardening
- Vegetation Management QC
- Customer Complaints Standards CAB
- Supplier Diversity Utilization

The spread between target and maximum was less than the spread between target and threshold for SAIDI metric to incentivize the executive to improve performance in this area (threshold has been missed on this metric for the last two years (2021 and 2022)).

Provide the 2023 STIP metric performance range(s):

Table 1.3.1
2023 STIP Metric Performance Range(s)

	Below Minimum	Minimum	Target	Maximum
Quarterly Term Incentive Plan (QTIP)				
Fire Incidents	Not Applicable	Not Applicable	100.0%	Not Applicable
Employee Safety: Employee Electric Contacts	Not Applicable	Not Applicable	100.0%	Not Applicable
Short Term Incentive Plan (STIP)				
Wildfire T&D System Hardening: Covered Wire Program	0.0%	80.6%	100.0%	119.4%
Wildfire T&D System Hardening: Evacuation Route Hardening	0.0%	91.4%	100.0%	114.3%
Vegetation Management QC	0.0%	90.9%	100.0%	127.3%
Safety-Recordable Work Incidents	0.0%	50.0%	100.0%	150.0%
Safety Training	0.0%	94.7%	100.0%	105.3%
Job Hazard Analysis	0.0%	80.0%	100.0%	120.0%
SAIDI	0.0%	20.0%	100.0%	150.0%
CAIDI	0.0%	62.5%	100.0%	137.5%
Customer Complaints Standards CAB	0.0%	66.7%	100.0%	166.7%
Supplier Diversity Utilization	0.0%	85.7%	100.0%	121.4%
SOX Deficiencies	0.0%	50.0%	100.0%	Not Applicable
EBITDA	0.0%	80.0%	100.0%	120.0%

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

Straight-line interpolation.

6. Use of a Performance Range – 2024

Do the 2024 STIP payouts include a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:

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Yes: No:

Is the electrical corporation using one range for all 2024 STIP metrics or differing ranges based on the category of metric)? Check one:

One range for all metrics: Multipleranges:

If multiple ranges are used, explain why:

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

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

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

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

- Wildfire T&D System Hardening: Evacuation Route Hardening
- CAIDI
- Customer Complaints Standards CAB
- Supplier Diversity Utilization

Provide the 2024 STIP metric performance range(s):

Table 1.3.2
2024 STIP Metric Performance Range(s)

	Below Minimum	Minimum	Target	Maximum
Quarterly Term Incentive Plan (QTIP)				
Fire Incidents	Not Applicable	Not Applicable	100.0%	Not Applicable
Employee Safety: Employee Electric Contacts	Not Applicable	Not Applicable	100.0%	Not Applicable
Short Term Incentive Plan (STIP)				
Wildfire T&D System Hardening: Covered Wire Program	0.0%	80.6%	100.0%	119.4%
Wildfire T&D System Hardening: Evacuation Route Hardening	0.0%	90.0%	100.0%	120.0%
Wildfire T&D System Hardening: Tree Attachment Removal	0.0%	80.0%	100.0%	120.0%

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Program				
Vegetation Management QC	0.0%	84.0%	100.0%	116.0%
Safety-Recordable Work Incidents	0.0%	50.0%	100.0%	150.0%
Safety Training	0.0%	94.7%	100.0%	105.3%
Job Hazard Analysis	0.0%	89.5%	100.0%	110.5%
SAIDI	0.0%	55.6%	100.0%	144.4%
CAIDI	0.0%	53.8%	100.0%	153.8%
Customer Complaints Standards CAB	0.0%	66.7%	100.0%	166.7%
Supplier Diversity Utilization	0.0%	85.7%	100.0%	121.4%
SOX Deficiencies	0.0%	50.0%	100.0%	Not Applicable
EBITDA	0.0%	80.0%	100.0%	120.0%

Describe the interpolation method between categories:

Straight-line interpolation.

Did the performance range change for any metrics between 2023 and 2024? Check one: Yes: No:

If “Yes,” describe and quantify the change for each such metric:

The performance range for the following metrics were changed between 2023 and 2024:			
Metric	2023 Range Min/Tgt/Max	2024 Range Min/Tgt/Max	Description
Wildfire T&D System Hardening: Evacuation Route Hardening	91.4%/100.0%/114.3%	90.0%/100.0%/120.0%	Performance metric values changed to incentivize the Executive to achieve improvement over past year achievement and to accommodate a wider definition of the metric. This resulted in a performance range change.

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Vegetation Management QC	90.9%/100.0%/127.3%	84.0% 100.0%116.0%	Performance metric values changed to incentivize the Executive to achieve improvement over past year achievement. This resulted in a performance range change.
Job Hazard Analysis	80.0%/100.0%/120.0%	89.5% 100.0%110.5%	Performance metric values changed to incentivize the Executive to achieve improvement over past year achievement. This resulted in a performance range change.
SAIDI	20.0%/100.0%/150.0%	55.6% 100.0%144.4%	Performance metric values changed to bring the threshold, target and maximum in line with historical performance. This resulted in a performance range change
CAIDI	62.5%/100.0%/137.5%	53.8% 100.0%153.8%	Performance metric values changed to incentivize the Executive to achieve improvement over past year achievement. This resulted in a performance range change.

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7. Use of Performance Modifiers – 2023 Actual

Did the electrical corporation's 2023 STIP involve the use of any of the following types of performance modifiers?

Individual Performance Modifier – 2023, check one:

Yes: No:

If "Yes," describe each performance modifiers:

Not Applicable

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

Table 1.3.3

Individual Performance Modifiers – 2023 Actual

Executive Title/ Function and Name (where applicable)	Increase/ Decrease	Percentage Change	Factors in/ Reason for Adjustment (1)
Not Applicable	Not Applicable	Not Applicable	Not Applicable

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

Did the electrical corporation's 2023 STIP involve the use of any of the following types of performance modifiers?

Company Performance Modifier – 2023, check one:

Yes: No:

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

Not Applicable

Board Discretion, check one:

Yes: No:

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If "Yes," describe and quantify the impact of the board's discretion:

Not Applicable

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1.3.2 2023 STIP Metrics – Minimum, Target, Maximum and Actual

Instructions: Complete Table 1.3.4 for the 2023 STIP metrics, adding rows as necessary. See **Attachment 3** for a discussion of categories and sub-categories.

Table 1.3.4

2023 STIP – Minimum, Target, and Maximum Versus Actual

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance ¹	Weighted Contribution ²
Quarterly Term Incentive Plan (QTIP)									
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%
Subtotal				100.0%					100.0%
Total				100.0%					100.0%
Short Term Incentive Plan (STIP)									
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	20.7 circuit miles	16.0%

¹ The values presented in the “Actual Performance” column have not been undergone Company audit nor have they been approved by the Board of Directors.

² The values presented in the “Weighted Contribution” column have not been undergone Company audit nor have they been approved by the Board of Directors.

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Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance ¹	Weighted Contribution ²
Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Evacuation Route Hardening	Leading & Lagging Program Goal	12.0%	≥ 480 poles	≥ 525 poles	≥ 600 poles	909 poles	16.0%
Safety	Public Safety – Other Electric	Vegetation Management QC	Leading	7.5%	≥ 100	≥ 110	≥ 140	131	10.7%
Safety	Workforce Safety	Safety-Recordable Work Incidents	Lagging Outcome	7.0%	≤ 2	≤ 1	≤ 0	0	11.5%
Safety	Workforce Safety	Safety Training	Leading	7.0%	90% Completion Rate	95% Completion Rate	100% Completion Rate	95.6%	7.5%
Safety	Workforce Safety	Job Hazard Analysis	Leading	7.5%	≥ 300	≥ 375	≥ 450	478	12.0%
Subtotal				53.0%					73.7%
Customer Service	Reliability	SAIDI	Lagging Outcome	7.0%	≤ 90 minutes	≤ 50 minutes	≤ 25 minutes	114.5 minutes	0.0%
Customer Service	Reliability	CAIDI	Lagging Outcome	7.0%	≤ 110 minutes	≤ 80 minutes	≤ 50 minutes	60.9 minutes	8.9%
Customer Service	Satisfaction	Customer Complaints Standards CAB	Lagging Outcome	6.0%	≤ 0.0324%	≤ 0.0243%	≤ 0.0081%	0.0364%	0.0%
Subtotal				20.0%					8.9%
DEI	NA	Supplier Diversity Utilization	Lagging Outcome	6.0%	≥ 30.0%	≥ 35.0%	≥ 42.5%	49.6%	9.0%

Attachment 1: Required Information Template

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance ¹	Weighted Contribution ²
			Subtotal	6.0%					9.0%
Other Operational	NA	SOX Deficiencies	Lagging Outcome	5.0%	No MWS, No SDs & No more than 1 CD	No MWS, No SDs & No CDs	NA	No MWS, No SDs & No CDs	5.0%
				5.0%					5.0%
Financial	NA	EBITDA	Lagging Outcome	16.0%	80% of Budget	100% of Budget	120% of Budget	102% of budget	16.5%
			Subtotal	16.0%					16.5%
			Total	100.0%					113.1%

Attachment 1: Required Information Template

1.3.3 2024 STIP Metrics – Minimum, Target, and Maximum

Instructions: The electrical corporation must complete Table 1.3.5 for the 2024 STIP. The electrical corporation must provide details of the STIP metrics and minimum, target and maximum performance values for the filing year. The electrical corporation must categorize wildfire safety metrics separately (with no other metrics) and must include a weighting. The electrical corporation may add additional rows as needed.

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Table 1.3.5
2024 STIP Metrics

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Weighted Contribution
Quarterly Term Incentive Plan (QTIP)								
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	
				Subtotal				
				Total				
Short Term Incentive Plan (STIP)								
Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Covered Wire Program	Leading & Lagging Program Goal	8.0%	≥ 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	8.0%	≥ 900 poles	≥ 1,000 poles	≥ 1,200 poles	

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Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Tree Attachment Removal Program	Leading & Lagging Program Goal	8.0%	≥ 80 tree attachments	≥ 100 tree attachments	≥ 120 tree attachments	
Safety	Public Safety – Other Electric	Vegetation Management	Leading	7.5%	≥ 105	≥ 125	≥ 145	
Safety	Workforce Safety	Safety-Recordable Work Incidents	Lagging Outcome	7.0%	≤ 2	≤ 1	≤ 0	
Safety	Workforce Safety	Safety Training	Leading	7.0%	90% Completion Rate	95% Completion Rate	100% Completion Rate	
Safety	Workforce Safety	Job Hazard Analysis	Leading	7.5%	≥ 425	≥ 475	≥ 525	
				Subtotal				
Customer Service	Reliability	SAIDI	Lagging Outcome	7.0%	≤ 130 minutes	≤ 90 minutes	≤ 50 minutes	
Customer Service	Reliability	CAIDI	Lagging Outcome	7.0%	≤ 95minutes	≤ 65 minutes	≤ 30 minutes	
Customer Service	Satisfaction	Customer Complaints Standards CAB	Lagging Outcome	6.0%	≤ 0.0324%	≤ 0.0243%	≤ 0.0081%	
				Subtotal				
				20.0%				

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DEI	NA	Supplier Diversity Utilization	Lagging Outcome	6.0%	≥ 30.0%	≥ 35.0%	≥ 42.5%	
		Subtotal		6.0%				
Other Operational	NA	SOX Deficiencies	Lagging Outcome	5.0%	No MWs, No SDs & No more than 1 CD	No MWs, No SDs & No CDs	N/A	
		Subtotal		5.0%				
Financial	NA	EBITDA	Lagging Outcome	16.0%	80% of Budget	100% of Budget	120% of Budget	
		Subtotal		16.0%				
		Total		100.0%				

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1.3.4 2024 STIP Metric Definition and Calculation

Instructions: The electrical corporation must provide definitions, whether the metric is leading, lagging or outcome, and calculations for the 2024 STIP metrics. For each metric, the electrical corporation must provide a definition of the metric, any adjustments or exclusions, the basis for the definition and the actual calculation such that if Energy Safety requested the source data/inputs, the electrical corporation would be able to derive the reported results. The electrical corporation must provide an explanation of any adjustments or exclusions.

Table 1.3.6
2024 STIP – Metric Definitions and Calculation

Measure/Metric	Definition	Calculation Methodology	Any Adjustment/Exclusions
Quarterly Term Incentive Plan (QTIP)			
Fire Incidents	“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	Number of fire incidents reported to the CPUC per D14-02-015 Appendix C and as verified by the Utility Manager.	None

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	was initiated that propagated and caused the material involved to undergo change, producing temperatures greatly in excess of ambient temperature.		
Employee Safety: Employee Electric Contacts	“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.	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.	Employees only; all others excluded.
Short Term Incentive Plan (STIP)			
Wildfire T&D System Hardening: Covered Wire Program	“Wildfire T&D System Hardening: Covered Wire Program” means achieving the installation of covered wire on the Corporation’s 34.5 kV and 4 kV system annual goal for 2024 established in the Corporation’s 2023-2025 Wildfire Mitigation Plan	Installation of covered wire on the Corporation’s 34.5 kV and 4 kV system measured in circuit miles and verified by the Engineering Group.	None

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	approved by the California Public Utilities Commission on December 14, 2023 (the “WMP”).		
Wildfire T&D System Hardening: Evacuation Route Hardening	<p>“Wildfire T&D System Hardening: Evacuation Route Hardening” means achieving the evacuation route hardening of T&D overhead facilities annual goal for 2024 established in the Corporation’s WMP. For this metric, wood poles are considered hardened for the purpose of evacuation route hardening when wire mesh wrap is installed on wood poles or wood poles are replaced with fire resistant poles such as fire resistant composite poles or steel poles.</p>	Number of poles hardened by installing wire mesh wrap or wood poles replaced with fire resistant poles such as fire resistant composite poles or steel poles per the Corporation’s WMP and verified by the Engineering Group.	None
Wildfire T&D System Hardening: Tree Attachment Removal Program	<p>“Wildfire T&D System Hardening: Tree Attachment Removal Program” means achieving the Tree Attachment Removal Program annual goal for 2024 established in the Corporation’s WMP.</p>	Number of tree attachments removed per the Corporation’s WMP and verified by the Engineering Group.	None
Vegetation Management QC	<p>“Vegetation Management QC” means the number of Vegetation Management Quality Control (QC) checks performed during 2024.</p>	At December 31, 2024, 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	None

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		(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.	
Safety-Recordable Work Incidents	“Safety-Recordable Work Incidents” means the number of work-related injuries and illnesses as reported on the OSHA Form 300 for the Corporation’s electric operations other than work-related injuries and illnesses related to the Coronavirus (COVID-19).	Metric is measured as reported on the Corporation’s OSHA Form 300 and as verified by the Human Capital Management Department.	Coronavirus (COVID-19) illnesses are not included. Employees only; all others excluded.
Safety Training	“Safety Training” means the percent completion rate of required safety training for all of the Corporation’s employees as required by the state, local government, and Corporation during the Performance Period.	Safety Training is calculated by dividing the number of completed required safety training courses for each of the Corporation’s employees by the total number of required safety training courses for each of the Corporation’s employees and as verified by the Corporation’s Learning and Development Specialist.	None
Job Hazard Analysis	“Job Hazard Analysis” means the number of Job Hazard Analyses (JHAs) performed during 2024.	At December 31, 2024, 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	None

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		Executives divided by 0.15.	
SAIDI	<p>“SAIDI” means the sum of customer minutes interrupted over the year divided by the total number of customers served.</p>	<p>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.</p>	Major Event Days per IEEE Standard No. 1366
CAIDI	<p>“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</p>	<p>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 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</p>	Major Event Days per IEEE Standard No. 1366

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	minutes.	calculation. However, if the CPUC determines that such precautionary outage was unjustified, the CAIDI from the outage will be included.	
Customer Complaints Standards CAB	“Customer Complaint Standards CAB” means the number of complaints on all matters at the Corporation received by CAB (the CPUC’s Consumer Affairs Branch) in 2024 divided by the average number of customers served by the Corporation during 2024.	Calculated by dividing the number of complaints on all matters at the Corporation received by CAB (the CPUC’s Consumer Affairs Branch) in 2024 by the average number of customers served by the Corporation during 2024. This will be verified by the Regulatory Affairs Group.	None
Supplier Diversity-Utilization	“Supplier Diversity-Utilization” means the percentage reported by the Corporation to the CPUC annually by March 1 in its General Order 156 Compliance Filing.	The percentage is calculated by taking the Corporation’s total procurement dollars for the reporting period with CPUC qualified women-owned, minority-owned, disabled veteran-owned, and lesbian, gay, bisexual and transgender-owned business enterprises divided by the Corporation’s total procurement dollars.	Net of exclusions allowed under the General Order 156 Compliance Filing for the reporting period, such as payments for power purchased for resale, income taxes, franchise fees, and postage
SOX Deficiencies	“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 2024 pursuant to Section	Number of CDs, SDs, and MWs as reported and verified by the Corporation’s Internal Audit Department.	None

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	404 of SOX.		
EBITDA	“EBITDA” means the earnings of the Corporation for 2024 before interest, taxes (federal and state income taxes), depreciation and amortization, in each case as determined in accordance with generally accepted accounting principles.	Calculated by the Accounting and Finance Department from the Corporations statement of earnings.	None

1.3.5 STIP Changes

Instructions: The electrical corporation must describe any changes between 2023 and 2024 in terms of STIP eligibility, structure, modifiers, metrics (including changes to minimum/threshold, target, and maximum performance values), weightings and definitions. The electrical corporation must explain the reason for the change(s).

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

There have not been any changes in the structure, metrics, weightings, definitions and performance values for the QTIP.

There have not been any changes to the structure of the STIP.

An additional metric was added to the Safety Category. This new metric “Wildfire T&D System Hardening: Tree Attachment Removal Program” is a Leading & Lagging Program Goal metric, defined in above Table 1.3.6, 2024 STIP – Metric Definitions and Calculation, and is added to incent the Executive to achieve improvement in the area of the tree attachment removal program (WMP program).

The definitions for the following metrics were modified:

- Wildfire T&D System Hardening: Covered Wire Program: definition was modified clearly to align the metric with BVES’s approved WMP.
- Wildfire T&D System Hardening: Evacuation Route Hardening: definition was modified to include replacement of wood poles with fire resistant poles such as fire resistant composite poles or steel poles in addition to installing wire mesh wrap on wood poles in the count of poles hardened for evacuation route purposes.

The table below sets forth changes in the performance values and/or weightings for the listed STIP metrics:

Metric	Performance Value Change	Weight Change	Rationale
Wildfire T&D System Hardening: Covered Wire Program	No	Yes: Decreased threshold, target and maximum	Weight Change: Lowered weightings to accommodate the addition of a new metric.

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		values.	Overall Safety Category weight remained the same (53.0%) at target.
Wildfire T&D System Hardening: Evacuation Route Hardening	Yes: Increased threshold, target and maximum values.	Yes: Decreased threshold, target and maximum values.	Performance Value Change: Based on incenting the Executive to achieve improvement over past year achievement and to accommodate the wider definition of the metric. Weight Change: Lowered weightings to accommodate the addition of a new metric. Overall Safety Category weight remained the same (53.0%) at target.
Wildfire T&D System Hardening: Tree Attachment Removal Program	Yes: New metric. Established threshold, target and maximum values.	Yes: New metric. Established threshold, target and maximum values.	Performance Value Change: New metric designed to incent the Executive to achieve improvement in the area of the tree attachment removal program (WMP program). Weight Change: New metric added to the Safety Category. Overall Safety Category weight remained the same (53.0%) at target.
Vegetation Management QC	Yes: Increased threshold, target and maximum values.	No	Performance Value Change: Based on incenting the Executive to achieve improvement over past year achievement.
Job Hazard Analysis	Yes: Increased threshold, target and maximum values.	No	Performance Value Change: Based on incenting the Executive to achieve improvement over past year achievement.
SAIDI	Yes: Increased threshold, target and maximum values.	No	Performance Value Change: Based bringing the threshold, target and maximum in line with historical averages.

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CAIDI	Yes: Decreased threshold, target and maximum values.	No	Performance Value Change: Based on incenting the Executive to achieve improvement over past year achievement.
The performance and weighting values for all other metrics in the STIP remained the same.			

1.3.6 Historical STIP Data

Instructions: The electrical corporation must provide five years of historical performance data for 2024 STIP metrics. If data is lacking, or should be considered in a certain context, explain in the Notes/Context field provided why there is no data for a given year(s) and the relevant context. The electrical corporation must provide historical STIP data for any newly added metric in the current performance period. The electrical corporation may add rows as necessary.

*Table 1.3.7
STIP Metric Historical Actual Performance*

Metric/Measure	2019	2020	2021	2022	2023 ³
Quarterly Term Incentive Plan (QTIP)					
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
Short Term Incentive Plan (STIP)					
Wildfire T&D System Hardening: Covered Wire Program	0.5 circuit miles	7.8 circuit miles	12.3 circuit miles	13.0 circuit miles	20.7 circuit miles
Wildfire T&D System Hardening: Evacuation Route Hardening	NA – see notes	NA – see notes	400 poles	597 poles	909 poles
Wildfire T&D System Hardening: Tree Attachment Removal Program	43 tree attachments	214 tree attachments	74 tree attachments	83 tree attachments	114 tree attachments
Vegetation Management QC	43 VM QCs	32 VM QCs	112 VM QCs	138 VM QCs	131 VM QCs
Safety-Recordable Work Incidents	2	0	0	2	0
Safety Training	100.0%	95.5%	99.2%	99.2%	95.6%
Job Hazard Analysis	NA – see notes	46	206	420	478
SAIDI	85.0 minutes	55.3 minutes	93.1 minutes	119.0 minutes	114.5 minutes
CAIDI	127.4 minutes	94.5 minutes	61.5 minutes	31.1 minutes	60.9 minutes
Customer Complaints Standards CAB	0.0082%	0.0123%	0.0325%	0.0648%	0.0364%

³ The values presented in the “2023” column have not been undergone Company audit nor have they been approved by the Board of Directors.

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Supplier Diversity Utilization	43.6%	34.4%	40.3%	38.1%	49.6%
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	112% of budget	115% of budget	102% of budget	107% 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.

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

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

1.3.7 2023 STIP Adjustments

Instructions: The electrical corporation must provide an explanation of any increases and decreases in STIP compensation in 2023 due to failure to meet safety or other targets. The electrical corporation must separately describe any adjustments to STIP compensation levels made by the Compensation Committee or executive management and the amount and reason for the reduction. The electrical corporation must detail any adjustments made to increase compensation beyond the levels warranted by the actual performance (in any metric classification) and the reasons for the adjustments.

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

The Executive achieved or exceeded targets on all safety metrics.

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

The Executive did not achieve target on the following metrics:

SAIDI (Target \leq 50 minutes and Actual Performance = 114.5 minutes). This resulted in the payout weight being reduced from 7.0% (at target) to 0.0%.

Customer Complaints Standards CAB (Target \leq 0.0243% and Actual Performance = 0.0364%). This resulted in the payout weight being reduced from 6.0% (at target) to 0.0%.

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

No additional deductions were made to 2023 compensation.

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

No additional deductions were made to 2023 compensation.

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

No additional deductions, or upward adjustments, to individual metrics or overall performance payout were made by executive management, the Compensation Committee, or full Board of Directors.

1.3.8 2024 STIP Metric Ties to Other Metrics

Rationale: Understand how an electrical corporation's Executive Compensation Structure metrics relate to its WMP, SPMs and SOMs. The CPUC requires PG&E, SCE, Southern California Gas Company (SoCalGas) and SDG&E (collectively the investor-owned utilities or IOUs) to annually report on 32 safety performance metrics (SPMs) to measure achieved safety improvements.⁴ Additionally, the CPUC adopted 32 Safety and Operational Metrics (SOMs) for PG&E⁵ to be used in accordance with the approved PG&E's post-bankruptcy reorganization plan.⁶

Instructions: For each metric included in the 2024 STIP, all electrical corporations must indicate whether the metric is tied to its WMP (and the associated initiative number) and whether the metric is similar in nature to SPM metrics (and the associated SPM number). PG&E must also indicate whether the metric is similar in nature to SOM metrics (and the associated SOM number). For metrics similar in nature to a SOM, PG&E must explain any differences between its calculation of that metric and the required SOM method of calculation of that metric. Other electrical corporations may also indicate whether each metric included in the 2024 STIP is similar in nature to SOM metrics and to explain any differences between their calculation of that metric and SOM method of calculation of the metric.

⁴CPUC Decision 19-04-020 (accessed September 5, 2023): <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M288/K389/288389255.PDF>.

⁵CPUC Decision 21-11-009 in eight separate files (accessed September 5, 2023): <https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=421107805>.

⁶CPUC Decision 20-05-053 (accessed September 5, 2023): https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpucwebsite/content/news_room/newsupdates/2020/d2005053-for-i1909016.pdf.

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Table 1.3.8

2024 STIP Ties to WMP, SPMs, and SOMs

Executive Compensation Structure Submission STIP Measure/Metric	Related to WMP	Related to WMP	Similar to SPM	Similar to SPM	Similar to SOM	Similar to SOM	Description of Computational/Definitional Differences
Quarterly Term Incentive Plan (QTIP)							
Fire Incidents	No	NA	Yes	No	Yes	3.13	None
Employee Safety: Employee Electric Contacts	No	NA	No	NA	No	NA	NA
Short Term Incentive Plan (STIP)							
Wildfire T&D System Hardening: Covered Wire Program	Yes	GD_1 Section 8.1.2	No	NA	No	NA	NA
Wildfire T&D System Hardening: Evacuation Route Hardening	Yes	GD_6 Section 8.1.2	No	NA	No	NA	NA
Wildfire T&D System Hardening: Tree Attachment Removal Program	Yes	GD_19 Section 8.1.2	No	NA	No	NA	NA
Vegetation Management QC	Yes	VM_16 Section 8.2.5	No	NA	No	NA	NA
Safety-Recordable Work Incidents	No	NA	Yes	14	No	NA	SPM 14 only records serious recordable work incidents. BVES records

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							all recordable work incidents.
Safety Training	No	NA	No	NA	No	NA	NA
Job Hazard Analysis	No	NA	No	NA	No	NA	NA
SAIDI	No	NA	No	NA	Yes	2.1	None
CAIDI	No	NA	No	NA	No	NA	NA
Customer Complaints Standards CAB	No	NA	No	NA	No	NA	NA
Supplier Diversity Utilization	No	NA	No	NA	No	NA	NA
SOX Deficiencies	No	NA	No	NA	No	NA	NA
EBITDA	No	NA	No	NA	No	NA	NA

1.4 Long-Term Incentive Program (LTIP) Public Utilities Code section 8389(e)(4)

Rationale: For the issuance of a Safety Certification, Public Utilities Code section 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.

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

1.4.1 LTIP Structure

Instructions: The electrical corporation must provide name, title/function, grant date and estimated award percentage of TIC for each executive officer listed in Table 1.1.1 that receives or is expected to receive direct compensation under a LTIP for the applicable years. For the purpose of calculating the grant value as a percentage of TIC, the electrical corporation must use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. For purposes of calculating Earned Value as a percentage of TIC, the electrical corporation must use the value at the date of vesting. The electrical corporation must specify the percentages for each executive officer and not a range for various position levels. The electrical corporation must provide a table for each executive officer. The electrical corporation may make copies of Table 1.4.1 as necessary.

*Table 1.4.1
2023 and 2024 LTIP Grants*

Executive Title/ Function and Name: President, Treasurer, and Secretary – Paul Marconi		
	2023 PerformanceYear	2024 PerformanceYear
LTI Type	Grant Date Fair Value as a %of TIC	Target Valueasa %ofTIC
Stock Grant		
Stock Option		
Restricted Stock Unit (RSU)		
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)		

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Cash Performance Payment	38.1%	38.1%
Other		

If Other LTIP Type indicated, provide explanation:

Not Applicable.

1. Is any LTIP compensation not at risk?

Yes: No:

Describe/Explain whether answering either Yes or No:

Not Applicable.

2. Were the 2023 LTIP payouts determined based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:

Yes: No

3. Did the electrical corporation use one range for all 2023 LTIP metrics or differing ranges based on the category of metric)? Check one:

One range for all metrics: Multiple ranges:

4. Provide the 2023 LTIP metric range(s):

Table 1.4.2

2023 LTIP Performance Range(s)

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

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

Straight-line interpolation.

5. Provide the 2024 LTIP metric performance range(s):

Table 1.4.3

2024 LTIP Metric Performance Range(s)

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

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

Straight-line interpolation.

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6. Use of Any Performance Triggers

Does the electrical corporation's 2024 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," describe any performance triggers:

Not Applicable.

7. Use of Any Automatic, Non-Discretionary Deductions

Does the electrical corporation's 2024 LTIP have any automatic, non-discretionary deductions (e.g., failure to achieve WMP targets results in X% reduction, catastrophic wildfire results in zeroing out all safety metrics)? Check one:

Yes: No:

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

Not Applicable.

8. Use of Any Specifically Defined Discretionary Deductions

Does the electrical corporation's 2024 LTIP have any defined deductions (e.g., foundational goal(s)) that are part of the compensation structure? Check one:

Yes: No:

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

Not Applicable.

1.4.2 LTIP General Eligibility

Instructions: The electrical corporation must provide a description of the executive officers eligible for the electrical corporation's LTIP, including the target percentage of base salary by position and the target for each individual in the filing. The electrical corporation must describe any changes in LTIP eligibility from the prior period. The electrical corporation may add additional rows as needed.

*Table 1.4.4
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 2024, the LTIP target award is 38.88 percent of base salary. There were no changes in LTIP eligibility from the prior period.

1.4.3 LTIP Measures, Weighting and Award Basis

Instructions: For each LTIP type, the electrical corporation must indicate weighting and basis of award. If the basis of an award differs amongst position or person, the electrical corporation must copy Table 1.4.5 and Table 1.4.6 as necessary and indicate who the

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table applies to in space provided at the top of the table. The electrical corporation may add additional tables if LTIP varies for certain officer classifications.

Table 1.4.5
2023 LTIP Measures, Weighting, and Award Basis

Executive Title/ Function and Name: President, Treasurer, & Secretary – Paul Marconi		
LTIP Type	2023 Weight	2023 Performance Year LTIP Award Basis
Electrical Corporation Actuals		
Stock Grant		
Stock Option		
RSU		
PSU/ PRSU		
Cash	100%	100% based on actual Cumulative CAPEX for Wildfire Mitigation Projects vs. authorized Budget
Other		
Weighting Total:	100%	

Table 1.4.6
2024 LTIP Measures, Weighting, and Award Basis

Executive Title/ Function and Name: President, Treasurer, & Secretary – Paul Marconi		
LTIP Type	2024 Weight	2024 Performance Year LTIP Award Basis
Electrical Corporation Actuals		
Stock Grant		
Stock Option		
RSU		
PSU/ PRSU		
Cash	100%	100% based on actual Cumulative CAPEX for Wildfire Mitigation Projects vs. authorized Budget
Other		
Weighting Total:	100%	

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1.4.4 2024 LTIP Measures, Definitions and Calculations

Instructions: The electrical corporation must provide definitions and calculations for the 2024 LTIP metrics. For each metric, the electrical corporation must provide a definition of the metric, any adjustments or exclusions, the basis for the definition and the actual calculation such that if Energy Safety requested the source data/ inputs, the electrical corporation would be able to derive the reported results. The electrical corporation must also provide the weight given to the metric and the minimum, target, and maximum values for the metric.

Table 1.4.7
2024 LTIP Measures

Measure/ Metric	Definition	Calculation Methodology	Any Adjustment/ Exclusions	Weight	Min.	Target	Max.
Cumulative CAPEX for Wildfire Mitigation Projects	Cumulative CAPEX for Wildfire Mitigation Projects” means the cumulative CAPEX budget for the Performance Period for the following wildfire mitigation projects: Tree Attachment Removal Program, Radford Line Project (remaining balance as of January 1, 2024), Covered Wire Project for 34 kV and 4 kV systems, Evacuation Route Hardening Project, Substation Automation, Switch and Field Device Automation, Capacitor Bank Upgrade Project, Fuse TripSaver Automation, and Install Fault Indicators.	The total sum actual spend for each of the designated Wildfire Mitigation Projects is divided by the total sum of the designated Wildfire Mitigation Projects budgets as approved by the Board of Directors.	None	100.0%	85% of authorized Budget	92.5% of authorized Budget	100% of authorized Budget

1.4.5 Historical LTIP Data

Instructions: The electrical corporation must provide historical performance data (five years) for 2024 LTIP metrics. If data is lacking, or should be considered in a certain context, the electrical corporation must explain in the Notes/Context field provided why there is no data for a given year(s) and the relevant context. The electrical corporation may add rows as necessary.

*Table 1.4.8
LTIP Metric Historical Actual Performance*

Metric/Measure	2019	2020	2021	2022	2023 ⁷
Cumulative CAPEX for Wildfire Mitigation Projects	NA- See notes	NA- See notes	109.8% of budget.	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.

Cumulative CAPEX for Wildfire Mitigation Projects: Data prior to 2021 is not available. This 3-year metric was structured starting with 2021 with a 3-year performance period. The performance periods for 2022 (2022-2024) and 2023 (2023-2025) are still in progress and, thus, are not available.

1.4.6 2023 LTIP Adjustments

Instructions: The electrical corporation must provide an explanation of any increases and decreases in 2023 LTIP compensation due to failing to meet safety or other targets. The electrical corporation must separately describe any adjustments to LTIP compensation levels made by the Compensation Committee or executive management and the amount and reason for the reduction. The electrical corporation must detail any adjustments made to increase compensation beyond the levels warranted by the corporation’s actual performance (in any metric classification) and the reasons for the adjustments.

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

None

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

None

3. Any additional deductions, or upward adjustments, made by the executive management, the Compensation Committee, or full Board of Directors and the reason for each adjustment:

No additional deductions were made.

⁷ The value presented in the “2023” column has not been undergone Company audit nor has it been approved by the Board of Directors.

Attachment 1: Required Information Template

1.4.7 LTIP Prior Year Actuals

Instructions: For any prior year LTIP programs that vested in 2023, provide details of projected and actual payouts/performance.

*Table 1.4.9
LTIP Program Vesting in 2023*

LTIP Program Name	Performance Measure	Projected % of TIC at Time of Grant	Actual % of TIC at Vesting Date
2021 LTIP	Actual Cumulative CAPEX for Wildfire Mitigation Projects vs. Budget	22.4%	22.4%
2022 LTIP	Actual Cumulative CAPEX for Wildfire Mitigation Projects vs. Budget	38.1%	38.1%
2023 LTIP	Actual Cumulative CAPEX for Wildfire Mitigation Projects vs. Budget	38.1%	38.1%

Public Utilities Code Section 8389(e)(6)(A): 1.5-1.7

Electrical corporations with new or amended contracts for executive officers must comply with the requirements of Public Utilities Code section 8389(e)(6)(A). The exact statutory language for this section can be found in Attachment 4 of these Guidelines.

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

As previously noted, all electrical corporation executive compensation structure submissions must be consistent with the definitions provided in Attachment 2 of the Guidelines. Energy Safety has defined “new contact” and “amended contract” for the purposes of these Guidelines in Attachment 2.

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

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

- Public Utilities Code section 8389(e)(6)(A)(i)(I) requires electrical corporations with new or amended contracts for executive officers be based on the principle of “strict limits on guaranteed cash compensation, with the primary portion of the executive officers’ compensation based on achievement of objective performance metrics.”
 - For the purposes of compliance with Public Utilities Code section 8389(e)(6)(A)(i)(I), the electrical corporations must demonstrate that greater than 50 percent of each executive officer’s total direct compensation, at the target performance level, is based on the achievement of objective performance metrics.
- Public Utilities Code section 8389(e)(6)(A)(iii) requires electrical corporations’ new or amended contracts for executive officers be based on the principle of including a “long-term structure that provides a significant portion of compensation, which may take the form of grants of the electrical corporation’s stock, based on the electrical corporation’s long-term performance and value.” Additionally, this “compensation shall be held or deferred for a period of at least three years.”
 - For purposes of compliance with Public Utilities Code section 8389(e)(6)(A)(iii), the electrical corporations must demonstrate that each executive officer’s total direct long-term compensation at the target performance level a significant portion of that executive officer’s total direct compensation. See the definition of Long-Term Incentive Program in Attachment 2 to determine whether compensation is “delayed three or more years.”

Attachment 1: Required Information Template

- Public Utilities Code section 8389(e)(6)(A)(iv) requires electrical corporations' new or amended contracts for executive officers be based on the principle of "minimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation."
 - For the purposes of compliance with Public Utilities Code section 8389(e)(6)(A)(iii) the electrical corporations must demonstrate that total indirect and ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation is minimized.

To aid Energy Safety in assessing compliance with Public Utilities Code section 8389(e)(6)(A), electrical corporations must complete 1.5-1.7 below for any new or amended contracts for executive officers as defined in Public Utilities Code section 451.5(c).

Attachment 1: Required Information Template

1.5 Fixed versus Incentive Compensation

Rationale: Public Utilities Code section 8389(e)(6)(A)(i)(I) requires for the issuance of a 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 Public Utilities Code section 451.5(c) and “means any person who performs policy making functions and is employed by the public utility subject to the approval of the board of directors, and includes the president, secretary, treasurer, and any vice president in charge of a principal business unit, division, or function of the public utility.” Energy Safety considers divisions or units responsible for electrical operations, gas operations or wildfire-related functions principal business units, divisions, or functions of the public utility. For the purposes of compliance with section 8389(e)(6)(A), executive officers are presumed to have a compensation contract under California law.

Instructions: In Table 1.5.1, for each executive officer with a new or amended contract, the electrical corporation must provide the executive title and function, the executive name (if the executive is classified as an Officer of the Company per the Company’s website), the target percentage of Base Salary, Short-Term Incentives (STIP), Long-Term Incentives (LTIP), and Indirect and Ancillary Compensation as a proportion of Total Compensation (TC) for the appropriate 2024 filing year. See the definition of the preceding terms in **Attachment 2**.

Exclude all pension plans, whether qualified or non-qualified from Table 1.5.1. The total indirect and ancillary service costs reported in Table 1.5.1 must reconcile with the corresponding values in Table 1.6.1.

For purposes of calculating the percentage of TC, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers.

Percentages must be specified for each executive officer and not a range for various position levels.

Attachment 1: Required Information Template

Table 1.5.1⁸

Fixed versus Incentive Compensation at the Target Level

Executive Title/ Function and Name (where applicable)	Target Base Salary as a Percent of TC	Target Annual STIP as a Percent of TC	Target Quarterly STIP as a Percent of TC	Target LTIP as a Percent of TC	Indirect and Ancillary Compensation as a Percent of TC
President, Treasurer, & Secretary – Paul Marconi	48.1%	24.8%	5.6%	18.7%	2.8%

List all types of indirect and ancillary compensation included in Table 1.5.1:

Personal Use of Company Car Physical Examination Accident & Travel Policy Life Insurance

⁸ BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 1.5.1 was completed for information only.

1.6 Indirect or Ancillary Compensation

Rationale: Public Utilities Code section 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 must understand what indirect or ancillary compensation are given to executive officers with new or amended contracts.

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

Instructions: The electrical corporation must list all indirect and ancillary compensation (excluding SERP) provided to executive officers with new or amended contracts. See **Attachment 2** for the definition of and a list of typical indirect or ancillary compensation. If the electrical corporation provides indirect or ancillary compensation, the electrical corporation must provide the current estimated proportion of TC for each executive officer. The total indirect and ancillary service costs reported in Table 1.6.1 must reconcile with the corresponding values Table 1.5.1. For purposes of calculating the percentage of TC, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. The electrical corporation must specify percentages for each executive officer and not a range for various position levels. The electrical corporation must exclude all pension plans whether qualified or non-qualified in Table 1.6.1. The electrical corporation may add rows and explanatory notes as necessary.

Table 1.6.1⁹
2024 Indirect or Ancillary Compensation Example (Excluding SERP)

Title	2024 Indirect or Ancillary Compensation Element	Eligibility Requirements	Frequency (One-Time, Annual, Other)	Current Estimated Proportion of 2024 TC
President, Treasurer, & Secretary	Personal Use of Company Car	Executive Officers	Annual	1.9%
President, Treasurer, & Secretary	Physical Examination	Executive Officers	Bi-Annual	0.3%
President, Treasurer, & Secretary	Life Insurance	Executive Officers	Annual	0.6%
President, Treasurer, & Secretary	Accident & Travel Policy	Executive Officers	Annual	0.02%

⁹ 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

1.6.2 Supplemental Executive Retirement Plans (SERPs)

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

1. Availability of Supplemental Retirement Plans

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

Yes: No:

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

Not Applicable

2. Structure of Supplemental Retirement Plans

If supplemental retirement plans are available, describe:

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

Effective July 1, 2020, Bear Valley Electric Service, Inc. ("BVES") provides a Supplemental Executive Retirement Plan (the "Plan") to eligible employees. An employee would be eligible if the individual is an officer of BVES, and is designated as an "Eligible Employee" under the Plan by BVES' Board of Directors. Currently, there is one eligible employee, the President, Treasurer and Secretary of BVES who was hired in June 2014. The executive officer has the right to receive a benefit under the terms of the Plan equal to 2.5% times the participant's average cash compensation, less a percentage of primary social security benefits, multiplied by the number of years of service up to 20 years once he has received five years of credited service. The Executive currently had three years of credited service as of 2024. Under the terms of the Plan, an employee who is eligible may retire and receive benefits within 60 days following the later of (1) the participant's separation from service or (2) the date the participant attains age 55. At such time, BVES shall commence to pay to such retired participant (or beneficiary, if applicable, after the participant's death) the monthly retirement benefit to which the participant is entitled under the Plan, and payable in the form of benefit elected by the participant (and spouse, if applicable).

3. Supplemental Retirement Plan Benefits

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

Attachment 1: Required Information Template

Table 1.6.2¹⁰

SERP

Title	Number of Years Credited Service as of 2024	Present Value of Accumulated Benefit – 2023 as a % of TDC	Cash Balance Account Lump Sum Value – 2023 as a % of TDC
President, Treasurer, & Secretary	3	73.8%	NA ¹¹

¹⁰ 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.

¹¹ BVES plan does not permit lump sum payment.

1.7 Long-Term Incentive Program (LTIP) Public Utilities Code Section 8389(e)(6)A

Rationale: Public Utilities Code section 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, the electrical corporation must repeat this information for each mechanism (e.g., Three-year, Four-Year).

1.7.1 LTIP Structure

Instructions: The electrical corporation must provide the name, title/function, grant date, vesting schedule, and estimated award percentage of TC for each executive officer with any new or amended contract 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, the electrical corporation must use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. For the purposes of calculating Earned Value as a percentage of TC, the electrical corporation must use the value at the date of vesting. The electrical corporation must specify percentages for each executive officer and not a range for various position levels. The electrical corporation must provide a table for each executive officer. The electrical corporation may make copies of Table 1.7.1 as necessary.

Attachment 1: Required Information Template

*Table 1.7.1¹²
2023 and 2024 LTIP Grants*

Executive Title/ Function and Name: President, Treasurer, & Secretary – Paul Marconi						
LTIP Type	2023 PY Grant Date (1)	2023 PY Vesting Schedule	2023 PY Grant Date/Fair Value as a % of TC	2024 PY Anticipated Grant Date	2024 PY Vesting Schedule	2024 PY Target Value as a % of TC
Stock Grant						
Stock Option						
Restricted Stock Unit (RSU)						
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)						
Cash Performance Payment	December 31, 2025	33% in 2024, 33% in 2024, and 34% in 2025	18.7%	December 31, 2026	33% in 2024, 33% in 2025, and 34% in 2026	18.7%
Other						

¹² BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 7.a.1 was completed for information only.

Attachment 1: Required Information Template

(1) Performance Year(PY)_

If Other LTIP Type indicated, provide an explanation:

Not Applicable

1. Is any LTIP compensation not at risk?

Yes: No:

Describe/Explain for answering either Yes or No:

All LTIP compensation is at risk. LTIP compensation is based on the executive achieving an objective and measurable performance metric.

2. Were the 2023 LTIP payouts determined based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:

Yes: No:

3. Did the electrical corporation use one range for all 2023 LTIP metrics or differing ranges based on the category of metric)? Check one:

One range for all metrics: Multiple ranges:

4. Provide the 2023 LTIP metric range(s):

Table 1.7.2

2023 LTIP Performance Range(s)

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

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

Straight-line method.

5. Provide the 2024 LTIP metric range(s):

Table 1.7.3

2024 LTIP Performance Range(s)

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

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

Straight-line method.

Attachment 1: Required Information Template

6. Use of Any Performance Triggers

Does the electrical corporation's 2024 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," describe any performance triggers:

Not Applicable

7. Use of Any Automatic, Non-Discretionary Deductions

Does the electrical corporation's 2024 LTIP have any automatic, non-discretionary deductions (e.g., failure to achieve WMP targets results in X% reduction, catastrophic wildfire results in zeroing out all safety metrics)? Check one:

Yes: No:

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

Not Applicable

1.7.2 LTIP Measures, Weighting and Vesting

Instructions: For each LTIP Type, the electrical corporation must indicate vesting period and type. If the basis of award differs amongst position or person, copy Table 1.7.4 and Table 1.7.5 as necessary and indicate who the table applies to in space provided at the top of the table. The electrical corporation must add additional tables if LTIP varies for certain officer classifications.

Table 1.7.4¹³
2023 LTIP Measures Vesting

Executive Title/ Function and Name:	
President, Treasurer, & Secretary – Paul Marconi	
LTIP Type	Vesting Period and Type
Stock Grant	
Stock Option	
RSU	
PSU/ PRSU	
Cash	Three years Y1 – 33% Y2 – 33% Y3 – 34%
Other	
Weighting Total:	100%

¹³ 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.

Attachment 1: Required Information Template

Table 1.7.5¹⁴

2024 LTIP Measures Vesting

Executive Title/ Function and Name:	
President, Treasurer, & Secretary – Paul Marconi	
LTI Type	Vesting Period and Type
Stock Grant	
Stock Option	
RSU	
PSU/ PRSU	
Cash	Three years Y1 – 33% Y2 – 33% Y3 – 34%
Other	
Weighting Total:	100%

¹⁴ 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.

1.8 ACR 9 Executive Compensation Proposal

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

Other electrical corporations may, but are not required, 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.

1.8.1 ACR Executive Compensation Proposal Alignment

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

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

1. Publicly disclosed compensation arrangements for executives.

Not Applicable

2. Written compensation agreements for executives.

Not Applicable

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

Not Applicable

4. Holding or deferring the majority or super-majority of incentive compensation, in form of equity awards, for at least 3 years.

Not Applicable

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

Attachment 1: Required Information Template

Not Applicable

6. Annual review of awards by an independent consultant.

Not Applicable

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

Not Applicable

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

Not Applicable

9. Executive officer compensation policies will include provisions that allow for restrictions, limitations, and cancellations of severance payments in the event of any felony criminal conviction related to public health and safety or financial misconduct by the reorganized PG&E, for executive officers serving at the time of the underlying conduct that led to the conviction. Implementation of this policy should take into account PG&E's need to attract and retain highly qualified executive officers.

Not Applicable