



# PROPOSED FINAL EXECUTIVE COMPENSATION STRUCTURE GUIDELINES ATTACHMENTS

Version 1.0

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# Attachment 1:

## Required Information Templates

### Instructions on Completing the Templates

Electrical corporations must use the provided templates and follow these instructions to complete executive compensation structure submissions. Example responses are highlighted and provided in green font. Electrical corporations must remove the example responses before submitting the executive compensation structure submissions. The electrical corporation's information must be provided in the blank rows, and additional rows should be added as needed. **For this year's submission, Electrical Corporations must complete the tables in the attachments below as PDFs and must also include the *identical* data in Excel format.** The Excel template table numbers align with the tables below. Electrical corporations must use the attached Excel template for the Excel submissions. Electrical corporations must follow the instructions in sections 1.1 to 1.8 below for both the PDF and Excel versions.

Note: In this document, 'current year' refers to the calendar year the data is being reported for, and 'previous year' refers to the current year minus one (i.e., the year immediately preceding the current year).

### Public Utilities Code Section 8389(e)(4): 1.1-1.4

All electrical corporations must comply with the requirements of Public Utilities Code section 8389(e)(4).<sup>1</sup>

Specifically, all electrical corporations' executive compensation structures must be structured to promote safety as a priority and include:

- 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

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<sup>1</sup> Public Utilities Code Section 8389 (e) 4  
([https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=PUC&sectionNum=8389](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC&sectionNum=8389), accessed Feb. 18, 2025).

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.

To aid Energy Safety in assessing compliance with Public Utilities Code section 8389(e)(4), electrical corporations must complete submissions in both templates as instructed in Sections 1.1 to 1.8 below, for all executive officers as defined in Public Utilities Code section 451.5(c).

## 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 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
<b>Example 1:</b>				
[Company] President and CEO – Name		65%	65%	35%
[Company] Chief Operating Officer (COO) – Name		70%	70%	30%
[Company] Senior Vice President (SVP) – Name		70%	70%	30%
[Company] Chief Financial Officer (CFO) – Name		65%	65%	35%
[Company] General Counsel – Name		70%	70%	30%
<b>Example 2:</b>				
[Company] President and CEO – Name	35%	25%	60%	40%
[Company] Company CFO – Name	40%	30%	70%	30%

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

Table 1.1.2  
Total Direct Compensation at the Target Level

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
<b>Example 1:</b>				
[Company] President and CEO – Name	25%		20%	55%
[Company] Chief Operating Officer (COO) – Name	35%		20%	45%
[Company] Senior Vice President (SVP) – Name	40%		25%	35%
[Company] Chief Financial Officer (CFO) – Name	45%		25%	30%
[Company] General Counsel – Name	35%		20%	45%
<b>Example 2:</b>				
[Company] President and CEO – Name	45%	10%	15%	30%

## 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).<sup>2</sup>

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*

<b>Example:</b>	
<b>[Company] Executive Secretary, [Division or Unit]</b>	[Company] has excluded the Secretary as this individual does not perform policy making functions and is not subject to approval of the board of directors.
<b>[Company] Treasurer, [Division or Unit]</b>	[Company] has excluded the Treasurer as this individual does not perform policy making functions and is not subject to approval of the board of directors.

<sup>2</sup> Public Utilities Code Section 451.5 (C)

([https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?sectionNum=451.5&lawCode=PUC](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=451.5&lawCode=PUC), accessed Feb. 18, 2025).



**1. Definition of policy making:**

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

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## 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 STIP information regarding payment type, triggers, deductions, the use of individual performance modifiers, the use of company performance modifiers, the use of thresholds, targets, and maximums and the associated percentages, and how performance between categories is interpolated.

**1. STIP Payment Type.** Check one for the current year:

Cash: ☐ Other: ☐

If other, describe the other type of STIP payment:

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**2. Use of Any Performance Triggers**

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

Yes: ☐ No: ☐

If "Yes," describe any performance triggers:

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

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

Yes: ☐ No: ☐

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

**4. Use of Any Specifically Defined Discretionary Deductions**

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

Yes: ☐ No: ☐

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

### 5. Use of a Performance Range – previous year

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

Yes: ☐ No: ☐

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

One range for all metrics: ☐ Multiple ranges: ☐

If multiple ranges are used, explain why:

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

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

	Below Minimum	Minimum	Target	Maximum
<b>Example</b>				
<b>Reportable Fire Ignitions</b>	0%	50%	100%	200%
<b>Wires Down Events Due to Equipment Failure</b>	0%	50%	100%	200%
<b>All Other STIP Metrics</b>	0%	25%	100%	150%

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

## 6. Use of a Performance Range – Current Year

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

Yes: ☐ No: ☐

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

One range for all metrics: ☐ Multiple ranges: ☐

If multiple ranges are used, explain why:

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

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

	Below Minimum	Minimum	Target	Maximum
<b>Example</b>				
<b>All STIP Metrics</b>	0%	50%	100%	150%

Describe the interpolation method between categories:

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

Yes: ☐ No: ☐

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

## 7. Use of Performance Modifiers – Previous Year Actual

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

Individual Performance Modifier – Previous Year, check one:

Yes: ☐ No: ☐

If "Yes," describe each performance modifiers:

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

Table 1.3.3  
Individual Performance Modifiers – Previous Year Actual

Executive Title/ Function and Name (where applicable)	Increase/ Decrease	Percentage Change	Factors in/ Reason for Adjustment (1)
<b>Example:</b>			
[Company] President and CEO – Name	Increase	20% of individual's target payout	Superior financial performance
[Company] Senior Vice President (SVP) – Name	Decrease	10% of individual's target payout	Failure to achieve covered conductor installation WMP Targets
[Company] General Counsel – Name	None	None	
<b>Electrical Corporation Actual Data</b>			

- (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 STIP for the previous year involve the use of any of the following types of performance modifiers?

Company Performance Modifier – Previous Year, check one:

Yes: ☐ No: ☐

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

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Board Discretion, check one:

Yes: ☐ No: ☐

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

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

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

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

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance	Weighted Contribution
<b>Example:</b>									
<b>Wildfire Safety</b>		Reportable Ignitions in High Fire Risk Areas	Leading/Lagging Outcome	15%	50	40	30	35	= 15 * 150% 22.5%
<b>Wildfire Safety</b>		Wildfire System Hardening	Leading/Lagging/Program Goal	10%	100	200	400	150	= 10 * 75% 7.5%
<b>Subtotal</b>				<b>25%</b>					<b>30%</b>
<b>Other Safety</b>	Workforce Safety	Employee DART Rate	Lagging Outcome	5%	0.3	1.5	2.5	2.5	= 5 * 150% 7.5%
<b>Other Safety</b>	Workforce Safety	Contractor SIF	Lagging Outcome	5%	5	3	1	7	= 5 * 0% 0%
<b>Other Safety</b>	Emergency Response	Electric 911 Emergency Response	Lagging	5%	97%	98%	99%	99.5%	= 5 * 150% 7.5%
<b>Other Safety</b>	Public Safety	Gas Damage Prevention	Lagging/Outcome	5%	1.5	1.3	1.1	1.4	= 5 * 75% 3.75%

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance	Weighted Contribution
<b>Subtotal</b>				<b>20%</b>					<b>18.75%</b>
<b>Security</b>		Phishing Rate	Lagging Outcome	5%	72%	75%	78%	70%	= 5 * 0% 0%
<b>Subtotal</b>				<b>5%</b>					<b>0%</b>
<b>Customer Service</b>	Satisfaction	Customer Satisfaction	Lagging Outcome	5%	70%	80%	85%	86%	= 5 * 150% 7.5%
<b>Customer Service</b>	Reliability	SAIDI		5%	72	69	66	69	= 5 * 100% 5%
<b>Subtotal</b>				<b>10%</b>					<b>12.5%</b>
<b>Environmental, Social, Governance (ESG)</b>		Electrification Program Goals	Leading/Lagging	5%	5	7	8	7	= 5 * 100% 5%
<b>Subtotal</b>				<b>5%</b>					<b>5%</b>
<b>Diversity, Equity, Inclusion (DEI)</b>		Diverse Business Spend	Lagging Outcome	5%	20	25	30	20	= 5 * 50% 2.5%
<b>Subtotal</b>				<b>5%</b>					<b>2.5%</b>
<b>Other Operational Improvement</b>		Complete System EXY Upgrade		5%	5	10	15	2	= 5 * 0% 0%
<b>Subtotal</b>				<b>5%</b>					<b>0%</b>
<b>Financial</b>	Earnings per Share (EPS)			15%	90	100	110	106	= 15 * 130% 19.5%







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

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

Table 1.3.5  
Current Year STIP Metrics

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Weighted Contribution
Performance Range								
Wildfire Safety								
Wildfire Safety								
Wildfire Safety								
Subtotal								
Performance Range								
Other Safety								
Other Safety								
Other Safety								
Subtotal								
Performance Range								
Security								
Subtotal								
Performance Range								
Customer Service								
Customer Service								
Customer Service								

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Weighted Contribution
<b>Subtotal</b>								
<b>Performance Range</b>								
<b>ESG</b>								
<b>Subtotal</b>								
<b>Performance Range</b>								
<b>DEI</b>								
<b>Subtotal</b>								
<b>Performance Range</b>								
<b>Other Operational</b>								
<b>Subtotal</b>								
<b>Performance Range</b>								
<b>Financial</b>								
<b>Financial</b>								
<b>Financial</b>								
<b>Subtotal</b>								
<b>Performance Range</b>								
<b>Other</b>								
<b>Other</b>								
<b>Subtotal</b>								
<b>Total</b>								

### 1.3.4 Current Year STIP Metric Definition and Calculation

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

Table 1.3.6  
Current Year STIP – Metric Definitions and Calculation

Measure/Metric	Definition	Calculation Methodology	Any Adjustment/ Exclusions
<b>Example</b>			
<b>Current Year Employee DART Rate</b>	Days away, restricted or transferred as measured by OSHA. Days away = Time away from work Restricted = Restricted job roles Transferred = permanent transfer to a new position. This is an outcome- based metric.	The totals from Columns H and I of the OSHA 300 log (total reportable injuries and illnesses resulting in days away... Multiply this number by 200,000 (base hours worked for 100 full-time- equivalent employees). Divide the result by the total number of hours worked.	Employees only, excludes contractor and temporary workers
<b>Electrical Corporation Actual Data</b>			

1.3.5 STIP Changes

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

1.3.6 Historical STIP Data

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

Table 1.3.7  
STIP Metric Historical Actual Performance

Metric/Measure	Current Year - 5	Current Year - 4	Current Year - 3	Current Year - 2	Current Year - 1

Notes/Context:

### 1.3.7 Previous Year STIP Adjustments

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

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

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

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

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

**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:**



### 1.3.8 Current Year STIP Metric Ties to Other Metrics

**Rationale:** Understand how an electrical corporation's Executive Compensation Structure metrics relate to its WMP, SPMs and SOMs. The CPUC requires PG&E, SCE, Southern California Gas Company (SoCalGas) and SDG&E (collectively the investor-owned utilities or IOUs) to annually report on safety performance metrics (SPMs) to measure achieved safety improvements.<sup>3</sup> Additionally, the CPUC adopted Safety and Operational Metrics (SOMs) for PG&E<sup>4</sup> to be used in accordance with the approved PG&E's post-bankruptcy reorganization plan.<sup>5</sup>

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

Table 1.3.8  
Current Year STIP Ties to WMP, SPMs, and SOMs

Executive Compensation Structure Submission STIP Measure/ Metric	Related to WMP Yes/ No	Related to WMP Initiative Number	Similar to SPM Yes/ No	Similar to SPM SPM Number	Similar to SOM Yes/ No	Similar to SOM SOM Number	Description of Computational/ Definitional Differences
Electrical Corporation Actual Data							

<sup>3</sup> CPUC Decision 19-04-020

(<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M288/K389/288389255.PDF>, accessed Jan. 31, 2025).

<sup>4</sup> CPUC Decision 21-11-009 in eight separate files

(<https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=421107805>, accessed Jan. 31, 2025).

<sup>5</sup> CPUC Decision 20-05-053

(<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M338/K816/338816365.PDF>, accessed Jan. 31, 2025).

## 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  
Current and Previous Year LTIP Grants

Executive Title/ Function and Name:	Previous Performance Year	Current Performance Year
LTIP Type	Grant Date Fair Value as a % of TIC	Target Value as a % of TIC
Stock Grant		

Executive Title/ Function and Name:	Previous Performance Year	Current Performance Year
Stock Option		
Restricted Stock Unit (RSU)		
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)		
Cash Performance Payment		
Other		

If Other LTIP Type indicated, provide explanation:

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

Yes: ☐ No: ☐

Describe/Explain whether answering either Yes or No:

**2. Were the LTIP payouts for the previous year 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 previous years LTIP metrics or differing ranges based on the category of metric)? Check one:**

One range for all metrics: ☐ Multiple ranges: ☐

#### 4. Provide the previous year LTIP metric range(s):

Table 1.4.2  
Previous Year LTIP Performance Range(s)

	Below Minimum	Minimum	Target	Maximum
<b>Example</b>				
<b>System Hardening Effectiveness</b>	0%	50%	100%	200%
<b>Vegetation Management Effectiveness</b>	0%	50%	100%	200%
<b>All Other LTIP Metrics</b>	0%	25%	100%	150%
<b>Electrical Corporation Actual Data</b>				

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

#### 5. Provide the Current Year LTIP metric performance range(s):

Table 1.4.3  
Current Year LTIP Metric Performance Range(s)

	Below Minimum	Minimum	Target	Maximum
<b>Example</b>				
<b>All LTIP Metrics</b>	0%	25%	100%	150%
<b>Electrical Corporation Actual Data</b>				

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

**6. Use of Any Performance Triggers**

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

Yes: ☐ No: ☐

If "Yes," describe any performance triggers:

--

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

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

Yes: ☐ No: ☐

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

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**8. Use of Any Specifically Defined Discretionary Deductions**

Does the electrical corporation's LTIP for the current year include 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:

--



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

Example:
Electrical Corporation : All executive officers at the Senior Director and higher (Salary Band 3 and above) participate in the LTIP program. Potential awards are determined as a set percentage of base salary by salary band as follows:
President: 130%
CFO: 100%
Salary Band 1: 75%
Salary Band 2: 30%
Salary Band 3: 15%
Electrical Corporation Actual Data

### 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 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  
Previous Year LTIP Measures, Weighting, and Award Basis

Executive Title/ Function and Name: <b>All Executive Officers</b>		
LTIP Type	Previous Year Weight	Previous Performance Year LTIP Award Basis
<b>Example:</b>		
<b>Stock Grant</b>		
<b>Stock Option</b>	30%	Stock Options (weighted at 30%) • Based on LTIP Safety goals.
<b>RSU</b>		
<b>PSU/ PRSU</b>	70%	Performance-Based Restricted Stock Units (weighted at 70% collectively) • 50% based on 3-year relative total shareholder return (TSR) – 35% based on 3-year relative TSR vs. S&P 500 Utilities Index – 15% based on 3-year relative TSR vs. S&P 500 Index • 20% based on 3-year EPS Compound Annual Growth Rate (CAGR) with payout scale set based on forward consensus estimates of S&P 500 Utilities peers.
<b>Cash</b>		
<b>Weighting Total:</b>	100%	
<b>Electrical Corporation Actuals</b>		
<b>Stock Grant</b>		
<b>Stock Option</b>		
<b>RSU</b>		
<b>PSU/ PRSU</b>		

Executive Title/ Function and Name: <b>All Executive Officers</b>		
Cash		
Other		
<b>Weighting Total:</b>	100%	

Table 1.4.6  
Current Year LTIP Measures, Weighting, and Award Basis

Executive Title/ Function and Name:		
LTIP Type	Current Year Weight	Current Performance Year LTIP Award Basis
Electrical Corporation Actuals		
Stock Grant		
Stock Option		
RSU		
PSU/ PRSU		
Cash		
Other		
<b>Weighting Total:</b>	100%	

### 1.4.4 Current Year LTIP Measures, Definitions and Calculations

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

Table 1.4.7  
Current Year LTIP Measures

Measure/Metric	Definition	Calculation Methodology	Any Adjustment/ Exclusions	Weight	Min.	Target	Max.
<b>Example</b>							
<b>Relative TSR</b>	Relative TSR is a measure of total share performance (price appreciation or depreciation, plus dividends received, if any), relative to the same measure for a comparator group of peer companies (a comparator group)	= {(current price - purchase price) + dividends} ÷ purchase price	None	100%	25 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile
<b>Electrical Corporation Actual Data</b>							

Measure/Metric	Definition	Calculation Methodology	Any Adjustment/ Exclusions	Weight	Min.	Target	Max.

### 1.4.5 Historical LTIP Data

**Instructions:** The electrical corporation must provide historical performance data for the current year's LTIP metrics for each year of the prior five years. 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	Current Year - 5	Current Year - 4	Current Year - 3	Current year - 2	Current Year - 1

Notes/Context:

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### 1.4.6 Previous Year LTIP Adjustments

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

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

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

--

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:

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### 1.4.7 LTIP Previous Year Actuals

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

Table 1.4.9  
LTIP Programs Vesting in Previous Year

LTIP Program Name	Performance Measure	Projected % of TIC at Time of Grant	Actual % of TIC at Vesting Date
<b>Example</b>			
<b>2019 RSU</b>	Stock price	30%	25%
<b>2020 RSU</b>	Stock price	15%	16%
<b>2019 Performance Shares</b>	SIF Corrective Action Effectiveness	15%	5%
<b>Electric Corporation Actual Data</b>			

Explain how Actual % of TIC at Vesting Date is calculated:

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## 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).<sup>6</sup>

### 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 contract” 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

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<sup>6</sup> Public Utilities Code Section 8389 (e) (6) (A)  
([https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=PUC&sectionNum=8389](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC&sectionNum=8389), accessed Feb. 18, 2025).



portion of that executive officer's total direct compensation. See the definition of Long-Term Incentive Program in Attachment 2 to determine whether compensation is "delayed three or more years."

- Public Utilities Code section 8389(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).

## 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 filing year. See the definition of the proceeding 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.

*Table 1.5.1  
Fixed versus Incentive Compensation at the Target Level*

Executive Title/ Function and Name (where applicable)	Target Base Salary as a Percent of TC	Target Annual STIP as a Percent of TC	Target Quarterly STIP as a Percent of TC	Target LTIP as a Percent of TC	Indirect and Ancillary Compensation as a Percent of TC
<b>Example 1:</b>					
[Company] President and CEO – Name	30%	35%		25%	10%
[Company] Chief Operating Officer (COO) – Name	35%	35%		20%	10%
[Company] Senior Vice President (SVP) – Name	35%	35%		25%	5%
[Company] Chief Financial Officer (CFO) – Name	35%	35%		20%	10%
[Company] General Counsel – Name	40%	35%		20%	5%
<b>Example 2:</b>					
[Company] President and CEO – Name	45%	15%	10%	25%	5%

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
<b>Electrical Corporation Actual Data</b>					

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

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## 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 1.6.1  
Current Year Indirect or Ancillary Compensation Example (Excluding SERP)*

Executive Title	Current Year Indirect or Ancillary Compensation Element	Eligibility Requirements	Frequency (One-Time, Annual, Other)	Current Estimated Proportion of Current Year TC
<b>Example 1</b>				
<b>CEO</b>	Relocation Costs	On an exception basis, SVP and above, driven by market conditions	One-time	0%
<b>CEO</b>	Home security	All executive officers	One-time installation cost, annual monitoring cost	<1% annual
<b>CEO</b>	Additional security detail	CEO only	Annual	2%
<b>CEO</b>	Gym membership	SVP and above	Annual	<1%
<b>CEO</b>	Financial Planning Assistance	C-suite	Annual allowance	<1%
			<b>Total</b>	
<b>Example 2</b>				
<b>CFO</b>	Relocation Costs	On an exception basis, SVP and above, driven by market conditions	One-time	0%
<b>CFO</b>	Home security	All executive officers	One-time installation cost, annual	<1% annual

Executive Title	Current Year Indirect or Ancillary Compensation Element	Eligibility Requirements	Frequency (One-Time, Annual, Other)	Current Estimated Proportion of Current Year TC
			monitoring cost	
CFO	Gym membership	SVP and above	Annual	<1%
CFO	Financial Planning Assistance	C-suite	Annual allowance	<1%
			<b>Total</b>	
<b>Electrical Corporation Actual Data</b>				

## 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 451.5 and Attachment 2.

### 1. Availability of Supplemental Retirement Plans

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

Yes: ☐ No: ☐

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

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## 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).

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## 3. Supplemental Retirement Plan Benefits

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

Table 1.6.2  
SERP Values

Executive Title	Number of Years Credited Service as of Current Year	Present Value of Accumulated Benefit – Previous Year as a % of TDC	Cash Balance Account Lump Sum Value – Previous Year as a % of TDC
<b>Example</b>			
CEO	25		
CFO	20		
Vice President – ABC	12		
Vice President – XYZ	Not eligible		
Electrical Corporation Actual Data			

## 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.

Table 1.7.1  
Current and Previous Year LTIP Grants

Executive Title/ Function and Name:						
LTIP Type	Previous Year PY Grant Date (1)	Previous Year PY Vesting Schedule	Previous Year PY Grant Date Fair Value as a % of TC	Current Year PY Anticipated Grant Date	Current Year PY Vesting Schedule	Current Year 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						
Other						

(1) Performance Year (PY)

If Other LTIP Type indicated, provide an explanation:

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

Yes: ☐ No: ☐

Describe/Explain for answering either Yes or No:



2. Were the LTIP payouts for the previous year 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 LTIP metrics for the previous year or differing ranges based on the category of metric)? Check one:

One range for all metrics: ☐ Multiple ranges: ☐

4. Provide the previous year's LTIP metric performance range(s):

Table 1.7.2  
Previous Year LTIP Performance Range(s)

	Below Minimum	Minimum	Target	Maximum
<b>Example</b>				
<b>System Hardening Effectiveness</b>	0%	50%	100%	200%
<b>Vegetation Management Effectiveness</b>	0%	50%	100%	200%
<b>All Other LTIP Metrics</b>	0%	25%	100%	150%
<b>Electrical Corporation Actual Data</b>				

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

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**Provide the Current Year LTIP metric performance range(s):**

*Table 1.7.3  
Current Year LTIP Performance Range(s)*

	<b>Below Minimum</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
<b>Example</b>				
<b>All LTIP Metrics</b>	0%	25%	100%	150%
<b>Electrical Corporation Actual Data</b>				

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

### **5. Use of Any Performance Triggers**

Does the electrical corporation's current year 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:

### **6. Use of Any Automatic, Non-Discretionary Deductions**

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

Yes: ☐ No: ☐

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

## 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 1.7.4  
Previous Year LTIP Measures Vesting

Executive Title/ Function and Name: <b>All Executive Officers</b>	
LTIP Type	Vesting Period and Type
<b>Example:</b>	
<b>Stock Grant</b>	
<b>Stock Option</b>	Five-year cliff vesting
<b>RSU</b>	
<b>PSU/ PRSU</b>	Three years Y1 – 20% Y2 – 30% Y3 – 50%
<b>Cash</b>	
<b>Weighting Total:</b>	
<b>Stock Grant</b>	
<b>Stock Option</b>	
<b>RSU</b>	
<b>PSU/ PRSU</b>	
<b>Cash</b>	
<b>Other</b>	
<b>Weighting Total:</b>	

Table 1.7.5  
Current Year LTIP Measures Vesting

Executive Title/ Function and Name:	
LTIP Type	Vesting Period and Type
Stock Grant	
Stock Option	
RSU	
PSU/ PRSU	
Cash	
Other	
Weighting Total:	

## 1.8 ACR 9 Executive Compensation Proposal

As per D. 20-05-053, the Commission has obligated PG&E to comply with the requirements of the Assigned Commissioner Ruling (ACR) Executive Compensation Proposal 9. PG&E must note in its submission how it is addressing the various additional requirements.<sup>7</sup>

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 each element of ACR 9.

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

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#### 2. Written compensation agreements for executives.

<sup>7</sup> CPUC Decision 20-05-053, pp. 86 – 93

(<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M338/K816/338816365.PDF>, accessed Feb. 21, 2025).

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

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

- 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.**
- 

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

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

- 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.**
- 

- 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.**

## Attachment 2:

# Terms, Acronyms & Definitions

Term	Definition for Executive Compensation Filing Purposes
<b>Amended Contract</b>	Any compensation contract whose terms and conditions have been changed after the initial contract terms were established. Any modification in compensation terms and conditions, including modifications to Short-Term and/or Long-Term Incentive Program structures, is an amendment to a contract. Continuing employment under those modified terms and conditions implies an employee's acceptance of the modified terms and conditions.
<b>Base Salary</b>	Base Salary includes all regular, non-incentive-based cash or equity compensation paid to an individual. Base Salary can include cash and equity compensation based on longer than weekly, bi-weekly, or monthly terms if the award of that compensation is not incentive based (see Incentive-Based Compensation). Benefits unique to executives are indirect or ancillary compensation.
<b>Benefit Programs</b>	Provide financial security in the case of death, disability, sickness, or retirement. They include statutory benefits such as Social Security, Medicare, Workers Compensation, and Unemployment Insurance. Executives also participate in other company benefits such as vacation, holidays, sick days, severance pay, life insurance, and medical insurance.

Term	Definition for Executive Compensation Filing Purposes
<b>Cliff Vesting</b>	Cliff vesting is when an employee becomes fully vested on a specified date rather than becoming partially vested in increasing amounts over an extended period.
<b>Earned Value</b>	Value at the date of vesting.
<b>Earnings Targets or Earnings Thresholds</b>	An amount of corporate earnings (typically measured as earning per share) that must be achieved before some, or all, of an element of incentive compensation is paid out.
<b>Executive Officer</b>	Executive officer 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 as outlined in Public Utilities Code section 451.5(c). <sup>8</sup> Energy Safety considers divisions or units responsible for electric operations, gas operations or wildfire-related functions principal business units, divisions or functions of the public utility.
<b>Foundational Goal</b>	A goal or collection of goals, that if not met, can result in a deduction to the amount of the STIP award. This failure is separate from any deductions due to a failure to meet a required performance trigger. Effectively,

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<sup>8</sup> Public Utilities Code Section 451.5 (C)

([https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?sectionNum=451.5&lawCode=PUC](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=451.5&lawCode=PUC), accessed Feb. 18, 2025).

Term	Definition for Executive Compensation Filing Purposes
	foundational goals operationalize the normal discretion afforded by a Compensation Committee.
<b>Graded Vesting</b>	Graded vesting is a type of vesting in which employees receive a certain percentage of vesting after each year of service. The percentage increases a certain amount each year. For example, many companies use a five-year schedule in which the employee receives 20 percent each year.
<b>Grant Value</b>	Value determined using the same methodology used to determine grant value for that form of compensation for the electrical corporation's officers whose compensation is disclosed in a proxy statement. If none of the electrical corporation's officers have compensation disclosed in a proxy statement, then the grant value would be determined using the methodology that would apply if Item 402(c) of Regulation S-K applied to the disclosure of the compensation for the electrical corporation's executive officers.
<b>Incentive-Based Compensation</b>	Compensation awarded based on meeting performance metrics that are measurable and enforceable.
<b>Indirect or Ancillary Compensation</b>	Indirect or ancillary compensation are special entitlement programs made available to all executives or a select group of executives. Indirect or ancillary compensation can include but are not limited to supplemental insurance, health club, country club or other memberships, company cars, drivers to and from work, first class travel, the use of company



Term	Definition for Executive Compensation Filing Purposes
	airplanes for personal travel, financial planning services, security services, coverage of relocation costs, home purchase/sale assistance, supplemental disability and life insurance, and pension benefits.
<b>Long-Term Incentive Program</b>	The Long-Term Incentive Program (LTIP) includes all incentive-based compensation held or delayed for three or more years. To determine whether compensation is “delayed three or more years” subtract the calendar year of grant from the calendar year of payment.
<b>Majority</b>	Greater than 50 percent.
<b>Named Executive Officers (NEOs)</b>	As defined by the Securities and Exchange Commission.
<b>New Contract</b>	A new contract is any compensation contract or agreement entered on or after the date of an electrical corporation’s previous executive compensation structure submission to Energy Safety. For the purposes of compliance with section 8389(e)(6)(A), executive officers are presumed to have a compensation contract under California law.
<b>Performance Share Unit (PSU)</b>	Performance shares, as a form of stock compensation, are allocations of company stock given to managers and executives granted only if certain company-wide performance criteria are met.
<b>Performance Trigger</b>	A goal that must be met for there to be any payout of a short-term or long-term

Term	Definition for Executive Compensation Filing Purposes
	incentive category or the entire incentive. It is not a deduction or discretionary.
<b>Performance-Based Restricted Share Unit (PRSU)</b>	See definition of Performance Share Unit.
<b>Restricted Share Unit or Restricted Stock Unit (RSU)</b>	RSUs are a form of stock-based employee compensation. An employee is granted a certain number of shares which they will receive in the future. RSUs are restricted during a vesting period (typically 3-5 years), during which time they cannot be sold. Upon vesting, they are just like any other shares of company stock. Unlike stock options, RSUs will always have some value based on the underlying shares. The entire value of vested RSUs must be included as ordinary income in the year of vesting for tax purposes.
<b>Safety and Operational Metrics (SOMs)</b>	Safety and Operational Metrics (SOMs) are a set of metrics used by the California Public Utilities Commission (CPUC) to monitor and evaluate Pacific Gas and Electric Company's (PG&E) safety performance and risk mitigation efforts, including wildfire safety, electric reliability, and natural gas safety. <sup>9</sup>
<b>Safety Performance Metrics (SPMs)</b>	Safety Performance Metrics (SPMs) are a set of metrics used by the California Public Utilities Commission (CPUC) to assess utilities' safety performance and risk

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<sup>9</sup> Safety and Operational Metrics (SOMs)

(<https://www.cpuc.ca.gov/about-cpuc/divisions/safety-policy-division/wildfire-and-safety-performance/safety-and-operational-metrics>, accessed Feb. 18, 2025).

Term	Definition for Executive Compensation Filing Purposes
	mitigation efforts in areas such as electric, gas, worker, and public safety. <sup>10,11</sup>
<b>Short-Term Incentive Program</b>	The Short-Term Incentive Program (STIP) includes all incentive-based compensation awarded on a performance term of less than three years.
<b>Stock Grant</b>	The award of shares of stock in a company.
<b>Stock Option</b>	The option to purchase stock in a company at a set price at a future date in time.
<b>Supplemental Executive Retirement Plan (SERP)</b>	A nonqualified retirement plan for key company employees, such as executives, provides benefits above and beyond those covered in other retirement plans. There are two general types of SERPs: Unfunded and funded. For an unfunded SERP, the employer contractually promises to pay certain compensation-related benefits at a date in the future. However, that contractual agreement or promise is not secured. An unfunded plan is subject to creditor claims. For a funded SERP, the company puts the assets in a trust account. A funded plan is generally not subject to creditor claims.
<b>Supra-Majority</b>	Over two-thirds.

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<sup>10</sup> CPUC Decision 19-04-020

(<https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=288389255>, accessed Feb. 18, 2025).

<sup>11</sup> CPUC Decision 21-11-009 in eight separate files

(<https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=421107805>, accessed Feb. 18, 2025).

Term	Definition for Executive Compensation Filing Purposes
<b>Total Compensation (TC)</b>	The sum of: Base Salary + Short-Term Incentive Program compensation + Long-Term Incentive Program compensation + Indirect and Ancillary compensation.
<b>Total Direct Compensation (TDC)</b>	The sum of: Base Salary + Short-Term Incentive Program (STIP) compensation + Long-Term Incentive Program (LTIP) compensation.
<b>Total Incentive Compensation (TIC)</b>	The sum of: Short-Term Incentive Program (STIP) compensation + Long-Term Incentive Program (LTIP) compensation.

## Attachment 3:

# Metric Categories and Subcategories

Electrical corporations submitting requests for approval of executive compensation structures must categorize metrics in accordance with the following guidelines:

### Categories

Metrics must be assigned to the following categories:

- Wildfire Safety
- Other Safety
- Security (infrastructure, cyber, etc.)
- Customer Service (including reliability)
- Environmental, Social, Governance (ESG)
- Diversity, Equity, and Inclusion (DEI)
- Other Operational/Improvement
- Financial

### Safety Metric Subcategories

Safety metrics must be classified and reported in the following subcategories:

- Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence
- Emergency Response
- Public Safety – Other Electric<sup>12</sup>
- Public Safety – Gas<sup>13</sup>
- Public Safety – Generation<sup>14</sup>
- Workforce Safety (employee and contractor)

### Categorization Guidelines

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<sup>12</sup> Not including emergency response (either internal or external)

<sup>13</sup> Not including emergency response (either internal or external)

<sup>14</sup> Not including emergency response (either internal or external)

Use the following guidelines when categorizing metrics. This list is not meant to be exhaustive. The intent of the guidelines must be considered when categorizing other metrics not specified in this list.

- Financial: Achievement of any capital expenditure targets (regardless of type) must be classified as financial.
- Customer Service (Reliability): System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), Customer Average Interruption Duration Index (CAIDI) and Customers Experiencing Multiple Interruptions (CEMI) must be classified as Customer Service (Reliability).

# DATA DRIVEN FORWARD-THINKING INNOVATIVE SAFETY FOCUSED



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