

## **Section 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, for each executive officer subject to the executive compensation filing requirements, provide the executive title and function, the executive name (if the executive is classified as an Officer of the Company per the Company’s website), the target percentage of Short-Term Incentives (STIP) and Long-Term Incentives (LTIP) as a proportion of Total Incentive Compensation (TIC) for the appropriate 2023 filing year. See the definition of the proceeding terms in **Attachment 2**.

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

**Table 1.1  
Incentive Compensation at the Target Level**

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

**Instructions:** In Table 1.2, for each executive officer subject to the executive compensation filing requirements, provide the executive title and function, the executive name (if the executive is classified as an Officer of the Company per the Company’s website), the target percentage of Base Salary, STIP and LTIP as a proportion of Total Direct Compensation (TDC) for the appropriate 2023 filing year. See the definition of the proceeding terms in **Attachment 2**.

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

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**Table 1.2  
Total Direct Compensation at the Target Level**

<b>Executive Title/ Function and Name (where applicable)</b>	<b>Target Base Salary as a Percent of TDC</b>	<b>Target STIP<sup>2</sup> as a Percent of TDC</b>	<b>Target LTIP as a Percent of TDC</b>
President, Treasurer, and Secretary – Paul Marconi	49.5%	31.3%	19.2%

## **Section 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 2.1, include all the positions of the highest three tiers of the executives or officers of the electrical corporation that do not fit within the definition of “executive officers” as defined in Public Utilities Code section 451.5(c). For those positions, provide a simple explanation regarding why the executives holding those positions are not considered “executive officers” as set forth in Public Utilities Code section 451.5(c) (See **Attachment 4**).

Include all positions within a tier in the table.

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

Assistant Secretary	This person does not perform policy-making functions and this position is not subject to the approval of the Board of Directors.
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- i) Definition of policy making:** 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
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<sup>2</sup>For the purpose of this table, BVES includes in the Target STIP as a Percent of TIC, its Quarterly Term Incentive Plan (QTIP) at target plus the STIP at target for the STIP portion of the calculation.

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decisions on which plans, policies, and operations the Company will execute subject to oversight of the Board of Directors.

## Section 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, repeat this information for each mechanism (e.g., quarterly and annually).

### Section 3a: STIP Structure

**Instructions:** Provide the requested 2023 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.

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

Cash:  Other:

**If other, please describe:**

NA

ii) **Use of Any Performance Triggers**

Does the electrical corporation’s 2023 STIP use any performance triggers (e.g., must achieve certain annual earnings per share before any STIP payments are made)? Check one:

Yes:  No:

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

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NA

### iii) Use of Any Automatic, Non-Discretionary Deductions

Does the electrical corporation's 2023 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", please describe all automatic deductions:

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

### iv) Use of Any Specifically Defined Discretionary Deductions

Does the electrical corporation's 2023 STIP have any defined deductions (e.g., foundational, deduct only goals) that are part of the compensation structure? Check one:

Yes:  No:

#### If "Yes", please describe any performance triggers:

N/A

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

Were the 2022 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 2022 STIP metrics or differing ranges based on the category of metric? Check one:

One range for all metrics:  Multiple ranges:

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

**Table 3a.1  
2022 STIP Metric Performance Range(s)**

	<b>Below Minimum</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
<b>Quarterly Term Incentive Plan (QTIP)</b>				
Fire Incidents	NA	NA	100.0%	NA
Employee Safety: Employee Electric Contacts	NA	NA	100.0%	NA
<b>Short Term Incentive Plan (STIP)</b>				
Wildfire T&D System Hardening: Covered Wire Program	0%	80.6%	100.0%	119.4%
Wildfire T&D System Hardening: Evacuation Route Hardening	0%	90%	100%	113%
Vegetation Management QC	0%	80%	100%	120%
Safety-Recordable Work Incidents	0%	50%	100%	150%
Safety Training	0%	92%	100%	108%
Job Hazard Analysis	0%	90%	100%	110%
SAIDI	0%	20%	100%	150%
CAIDI	0%	63%	100%	138%
Customer Complaints Standards CAB	0%	50%	100%	150%
Supplier Diversity Utilization	0%	86%	100%	114%
SOX Deficiencies	0%	NA	100.0%	NA
EBITDA	0%	80%	100.0%	120%

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

Straight-line interpolation.

**v) Use of a Performance Range - 2023**

**Do the 2023 STIP payouts include a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:**

Yes:  No:

**Is the electrical corporation using one range for all 2023 STIP metrics or differing ranges based on the category of metric)? Check one:**

One range for all metrics:  Multiple ranges:

**Provide the 2023 STIP metric performance range(s):**

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**Table 3a.2  
2023 STIP Metric Performance Range(s)**

	<b>Below Minimum</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
<b>Quarterly Term Incentive Plan (QTIP)</b>				
Fire Incidents	NA	NA	100.0%	NA
Employee Safety: Employee Electric Contacts	NA	NA	100.0%	NA
<b>Short Term Incentive Plan (STIP)</b>				
Wildfire T&D System Hardening: Covered Wire Program	0%	80.6%	100.0%	119.4%
Wildfire T&D System Hardening: Evacuation Route Hardening	0%	91%	100%	114%
Vegetation Management QC	0%	91%	100%	127%
Safety-Recordable Work Incidents	0%	50%	100%	150%
Safety Training	0%	89%	100%	105%
Job Hazard Analysis	0%	80%	100%	120%
SAIDI	0%	20%	100%	150%
CAIDI	0%	63%	100%	138%
Customer Complaints Standards CAB	0%	58%	100%	167%
Supplier Diversity Utilization	0%	86%	100%	120%
SOX Deficiencies	0%	NA	100.0%	NA
EBITDA	0%	80%	100.0%	120%

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

Straight-line interpolation.

Did the performance range change for any metrics between 2022 and 2023? Check one:

Yes:  No:

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

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Metric	Year	Minimum	Target	Maximum	Comment
Wildfire T&D System Hardening: Evacuation Route Hardening	2022	≥ 350 poles	≥ 390 poles	≥ 440 poles	Increased Minimum, Target, and Maximum.
	2023	≥ 480 poles	≥ 525 poles	≥ 600 poles	
Vegetation Management QC	2022	≥ 88	≥ 110	≥ 132	Increased Minimum and Maximum.
	2023	≥ 100	≥ 110	≥ 140	
Safety Training	2022	85% Completion Rate	92.5% Completion Rate	100% Completion Rate	Increased Minimum and Target.
	2023	90% Completion Rate	95% Completion Rate	100% Completion Rate	
Job Hazard Analysis	2022	≥ 180	≥ 200	≥ 220	Increased Minimum, Target, and Maximum.
	2023	≥ 300	≥ 375	≥ 450	
Customer Complaints Standards CAB	2022	≤ 0.0244%	≤ 0.0163%	≤ 0.0081%	Decreased Minimum and Target.
	2023	≤ 0.0324%	≤ 0.0243%	≤ 0.0081%	
Supplier Diversity Utilization	2022	≥ 30.0%	≥ 35.0%	≥ 40.0%	Increased Maximum
	2023	≥ 30.0%	≥ 35.0%	≥ 42.5%	

### vii) Use of Performance Modifiers – 2022 Actual

**Did the electrical corporation’s 2022 STIP involve the use of any of the following types of performance modifiers?**

**Individual Performance Modifier – 2022, check one:**

Yes:  No:

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

NA

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

**Table 3a.3 Individual Performance Modifiers – 2022 Actual**

Executive Title/ Function and Name (where applicable)	Increase/ Decrease	Percentage Change	Factors in/ Reason for Adjustment (1)
NA	NA	NA	NA



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(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 2022 STIP involve the use of any of the following types of performance modifiers?

**Company Performance Modifier:**

Yes:  No:

**If Yes, Describe and Quantify:**

NA

**Board Discretion:**

Yes:  No:

**If Yes, Describe and Quantify:**

NA

## Attachment 1: Required Information Template

### Section 3b: 2022 STIP Metrics – Minimum, Target, Maximum and Actual

**Instructions:** Complete Table 3b.1 for the 2022 STIP metrics, adding rows as necessary. See **Attachment 3** for a discussion of categories and sub-categories.

**Table 3b.1**  
**2022 STIP – Minimum, Target and Maximum Versus Actual**

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance <sup>3</sup>	Weighted Contribution <sup>4</sup>
<b>Quarterly Term Incentive Plan (QTIP)</b>									
Safety	Public Safety – Other Electric	Fire Incidents	Leading & Lagging	50.0%	NA	0 fire incidents	NA	Q1: 0; Q2: 0; Q3: 0; Q4: 0	50.0%
Safety	Workforce Safety	Employee Safety: Employee Electric Contacts	Lagging Outcome	50.0%	NA	0 electrical contacts	NA	Q1: 0; Q2: 0; Q3: 0; Q4: 0	50.0%
<b>Short Term Incentive Plan (STIP)</b>									
Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Covered Wire Program	Leading & Lagging Program Goal	12.0%	≥ 10.4 circuit miles	≥ 12.9 circuit miles	≥ 15.4 circuit miles	13.0	12.2%
Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Evacuation Route Hardening	Leading & Lagging Program Goal	12.0%	≥ 350 poles	≥ 390 poles	≥ 440 poles	597	16.0%

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

<sup>4</sup> The values presented in the “Weighted Contribution” column have not been undergone Company audit nor have they been approved by the Board of Directors.

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Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance <sup>3</sup>	Weighted Contribution <sup>4</sup>
Safety	Public Safety – Other Electric	Vegetation Management QC	Leading	7.5%	≤ 88	≤ 110	≤ 132	138	12.0%
Safety	Workforce Safety	Safety-Recordable Work Incidents	Lagging Outcome	7.0%	≤ 2	≤ 1	≤ 0	2	3.0%
Safety	Workforce Safety	Safety Training	Leading	7.0%	85.0% Completion Rate	92.5% Completion Rate	100% Completion Rate	99.3%	11.0%
Safety	Workforce Safety	Job Hazard Analysis	Leading	7.5%	≤ 180	≤ 200	≤ 220	420	12.0%
<b>Subtotal</b>				<b>53.0%</b>					<b>66.2%</b>
Customer Service	Reliability	SAIDI	Lagging Outcome	7.0%	≤ 90 minutes	≤ 50 minutes	≤ 25 minutes	119.0 minutes	0.0%
Customer Service	Reliability	CAIDI	Lagging Outcome	7.0%	≤ 110 minutes	≤ 80 minutes	≤ 50 minutes	31.1 minutes	12.0%
Customer Service	Satisfaction	Customer Complaints Standards CAB	Lagging Outcome	6.0%	≤ 0.0244 %	≤ 0.0163%	≤ 0.0081%	0.0648%	0.0%
<b>Subtotal</b>				<b>20.0%</b>					<b>12.0%</b>
DEI	NA	Supplier Diversity Utilization	Lagging Outcome	6.0%	> 30.0%	> 35.0%	> 40.0%	38.1%	7.9%
<b>Subtotal</b>				<b>6.0%</b>					<b>7.9%</b>
Other Operational	NA	SOX Deficiencies	Lagging Outcome	5.0%	No MWs, No SDs & No more than 1 CD	No MWs, No SDs & No CDs	N/A	No MWs, No SDs & No CDs	5.0%
<b>Subtotal</b>				<b>5.0%</b>					<b>5.0%</b>
Financial	NA	EBITDA	Lagging Outcome	16.0%	80% of budget	100% of budget	120% of budget	107% of budget	18.8%

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<b>Category</b>	<b>Sub-Category</b>	<b>Metric</b>	<b>Metric Type</b>	<b>Weight</b>	<b>Min</b>	<b>Target</b>	<b>Max</b>	<b>Actual Performance<sup>3</sup></b>	<b>Weighted Contribution<sup>4</sup></b>
			<b>Subtotal</b>	<b>16.0%</b>					<b>18.8%</b>
			<b>Total</b>	<b>100%</b>					<b>109.9%</b>

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**Section 3c: 2023 STIP Metrics – Minimum, Target, and Maximum**

**Instructions:** Complete Table 3c.1 for the 2023 STIP. Provide details of the STIP metrics and minimum, target and maximum performance values for the filing year. Wildfire safety metrics must be categorized separately (with no other metrics) and must include a weighting. Add additional rows as needed.

**Table 3c.1  
2023 STIP Metrics**

Class	Sub-Class	Metric	Metric Type	Weight	Min	Target	Max
<b>Performance Range</b>							
<b>Quarterly Term Incentive Plan (QTIP)</b>							
Safety	Public Safety – Other Electric	Fire Incidents	Leading & Lagging	50.0%	NA	0 fire incidents	NA
Safety	Workforce Safety	Employee Safety: Employee Electric Contacts	Lagging Outcome	50.0%	NA	0 electrical contacts	NA
<b>Subtotal</b>				<b>100.0%</b>			
<b>Total</b>				<b>100.0%</b>			
<b>Short Term Incentive Plan (STIP)</b>							
Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Covered Wire Program	Leading & Lagging Program Goal	12.0%	≥ 10.4 circuit miles	≥ 12.9 circuit miles	≥ 15.4 circuit miles
Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire T&D System Hardening: Evacuation Route Hardening	Leading & Lagging Program Goal	12.0%	≥ 480 poles	≥ 525 poles	≥ 600 poles

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Safety	Public Safety – Other Electric	Vegetation Management QC	Leading	7.5%	≥ 100	≥ 110	≥ 140
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%	≥ 300	≥ 375	≥ 450
<b>Subtotal</b>				<b>53.0%</b>			
<b>Performance Range</b>							
Customer Service	Reliability	SAIDI	Lagging Outcome	7.0%	≤ 90 minutes	≤ 50 minutes	≤ 25 minutes
Customer Service	Reliability	CAIDI	Lagging Outcome	7.0%	≤ 110 minutes	≤ 80 minutes	≤ 50 minutes
Customer Service	Satisfaction	Customer Complaints Standards CAB	Lagging Outcome	6.0%	≤ 0.0324%	≤ 0.0243%	≤ 0.0081%
<b>Subtotal</b>				<b>20.0%</b>			
<b>Performance Range</b>							
DEI	NA	Supplier Diversity Utilization	Lagging Outcome	6.0%	≥ 30.0%	≥ 35.0%	≥ 42.5%
<b>Subtotal</b>				<b>6.0%</b>			
<b>Performance Range</b>							
Other Operational	NA	SOX Deficiencies	Lagging Outcome	5.0%	No MWs, No SDs & No more than 1 CD	No MWs, No SDs & No CDs	N/A
<b>Subtotal</b>				<b>5.0%</b>			
<b>Performance Range</b>							
Financial	NA	EBITDA	Lagging Outcome	16.0%	80% of Budget	100% of Budget	120% of Budget

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	<b>Subtotal</b>	<b>16.0%</b>			
	<b>Total</b>	<b>100.0%</b>			

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**Section 3d: 2023 STIP Metric Definition and Calculation**

**Instructions:** Provide detailed definitions, whether the metric is leading, lagging or outcome, and calculations for the 2023 STIP metrics. For each metric, provide a detailed definition of the metric, any adjustments or exclusions, the basis for the definition and the actual calculation such that if Energy Safety requested the source data/inputs, it would be able to derive the reported results.

**Table 3d.1  
2023 STIP – Metric Definitions and Calculation**

Measure/Metric	Detailed Definition	Calculation Methodology	Any Adjustment/Exclusions <sup>5</sup>
<b>Quarterly Term Incentive Plan (QTIP)</b>			
<b>Fire Incidents</b>	<p>“Fire Incidents” means the number of reportable fire incidents as defined in D14-02-015 Appendix C: Fire Incident Data Collection Plan, in which the CPUC directed that a reportable fire incident event is any event where utility facilities are associated with the following conditions: (a) a self-propagating fire of material other than electrical and/or communication facilities, (b) the resulting fire traveled greater than one linear meter from the ignition point, and (c) the utility has knowledge that the fire occurred. Ignition Point is the location, excluding the Corporation’s facilities, where a rapid, exothermic reaction was</p>	<p>Number of fire incidents reported to the CPUC per D14-02-015 Appendix C and as verified by the Utility Manager.</p>	<p>None</p>

<sup>5</sup> STIP payments may be more or less than the amount determined by the formula or standard set forth in the metric or no STIP payments made at all, as determined in the Board’s sole discretion, provided that no upward adjustment may be made unless the failure to meet the performance targets that were due to circumstances beyond the control of the Executive. Any upward adjustment for circumstances beyond the control of the Executive must be determined in accordance with generally accepted accounting principles and standards or another objective method of measurement. No other adjustments are permitted, except as otherwise specified.



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	initiated that propagated and caused the material involved to undergo change, producing temperatures greatly in excess of ambient temperature.		
<b>Employee Safety: Employee Electric Contacts</b>	“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.
<b>Short Term Incentive Plan (STIP)</b>			
<b>Wildfire T&amp;D System Hardening: Covered Wire Program</b>	“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 goal established in the Corporation’s Wildfire Mitigation Plan (WMP).	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
<b>Wildfire T&amp;D System Hardening: Evacuation Route Hardening</b>	“Wildfire T&D System Hardening: Evacuation Route Hardening” means achieving the evacuation route hardening of T&D overhead facilities goal established in the Corporation’s Wildfire Mitigation Plan (WMP).	Number of poles hardened by installing wire mesh wrap per the Corporation’s WMP and verified by the Engineering Group.	None
<b>Vegetation Management QC</b>	“Vegetation Management QC” means the number of	At December 31, 2022, the total QCs performed for the purpose of the payout determination of the Executive’s Objective	None

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	Vegetation Management Quality Control (QC) checks performed during 2022.	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.	
<b>Safety-Recordable Work Incidents</b>	“Safety-Recordable Work Incidents” means the number of work-related injuries and illnesses as reported on the OSHA Form 300 for the Corporation’s electric operations other than work-related injuries and illnesses related to the Coronavirus (COVID-19).	Metric is measured as reported on the Corporation’s OSHA Form 300 and as verified by the Human Capital Management Department.	Coronavirus (COVID-19) illnesses are not included. Employees only; all others excluded.
<b>Safety Training</b>	“Safety Training” means the percent completion rate of required safety training for all of the Corporation’s employees as required by the state, local government, and Corporation during the Performance Period.	Safety Training is calculated by dividing the number of completed required safety training courses for each of the Corporation’s employees by the total number of required safety training courses for each of the Corporation’s employees and as verified by the Corporation’s Learning and Development Specialist.	None
<b>Job Hazard Analysis</b>	“Job Hazard Analysis” means the number of Job Hazard Analyses (JHAs) performed during 2022.	At December 31, 2022, the total JHAs performed for the purpose of the payout determination will be reduced if the percentage of JHAs performed by Supervisors, Managers, and Executives (sum total) is less than 15% of the total JHAs performed. If reduced, the calculated JHAs performed will be equal to the number of JHAs performed by Supervisors, Managers and Executives divided by 0.15.	None
<b>SAIDI</b>	“SAIDI” means the sum of customer minutes interrupted over the year divided by the total number of customers served.	SAIDI is calculated in accordance with Standard No. 1366 published by the Institute of Electrical and Electronics Engineers, and is summarized as the sum for the year of all customers interrupted for more than 5 minutes, times the number of minutes they experienced an interruption, divided by the total number of customers. For the purpose of this calculation, precautionary outages ordered by management as fire prevention measures are excluded in the SAIDI calculation. However, if the CPUC determines that such	Major Event Days per IEEE Standard No. 1366

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		precautionary outage was unjustified, the SAIDI from the outage will be included.	
<b>CAIDI</b>	<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 minutes.</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 calculation. However, if the CPUC determines that such precautionary outage was unjustified, the CAIDI from the outage will be included.</p>	Major Event Days per IEEE Standard No. 1366
<b>Customer Complaints Standards CAB</b>	<p>“Customer Complaint Standards CAB” means the number of complaints on all matters at the Corporation received by CAB (the CPUC’s Consumer Affairs Branch) in 2022 divided by the average number of customers served by the Corporation during 2022.</p>	<p>Calculated by dividing the number of complaints on all matters at the Corporation received by CAB (the CPUC’s Consumer Affairs Branch) in 2022 by the average number of customers served by the Corporation during 2022. This will be verified by the Regulatory Affairs Group.</p>	None
<b>Supplier Diversity-Utilization</b>	<p>“Supplier Diversity-Utilization” means the percentage reported by the Corporation to the CPUC annually by March 1 in its General Order 156 Compliance Filing.</p>	<p>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.</p>	Net of exclusions allowed under the General Order 156 Compliance Filing for the reporting period, such as payments for power purchased for resale, income taxes, franchise fees, and postage
<b>SOX Deficiencies</b>	<p>“SOX” means the Sarbanes-Oxley Act of 2002. “SOX Deficiencies” means the number of “control deficiencies” (each a “CD”), “significant deficiencies” (each an</p>	<p>Number of CDs, SDs, and MWs as reported and verified by the Corporation’s Internal Audit Department.</p>	None

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	“SD”) and “material weaknesses” (each a “MW”) reported for the Corporation in the independent auditor’s report for 2022 pursuant to Section 404 of SOX.		
<b>EBITDA</b>	“ <b>EBITDA</b> ” means the earnings of the Corporation for 2022 before interest, taxes (federal and state income taxes), depreciation and amortization, in each case as determined in accordance with generally accepted accounting principles.	Calculated by the Accounting and Finance Department from the Corporations statement of earnings.	None

### Section 3e: STIP Changes

**Instructions:** Describe any changes between 2022 and 2023 in terms of STIP eligibility, structure, modifiers, metrics (including changes to minimum/threshold, target and maximum performance values), weightings and definitions. Explain the reason for the change(s).

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

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

There has been no change in the structure, metrics, weightings, and definitions for the STIP. The performance values were changed for the following metrics: Wildfire T&D System Hardening: Evacuation Route Hardening, Vegetation Management QC, Safety Training, Job Hazard Analysis, Customer Complaints Standards CAB, and Supplier Diversity Utilization. The performance values for all other metrics in the STIP remained the same.

The table below sets forth changes in the performance values for the metrics that were changed:

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

## Attachment 1: Required Information Template

Vegetation Management QC	Increased performance values at minimum and maximum.	Change based on incenting the Executive to achieve improvement over past year achievement.
Safety Training	Increased performance values at threshold and target.	Change based on incenting the Executive to achieve improvement over past year achievement.
Job Hazard Analysis	Increased performance values at all levels	Change based on incenting the Executive to achieve improvement over past year achievement.
Customer Complaints Standards CAB	Decreased performance values at minimum and threshold levels	Change based bringing the target and minimum in line with historical averages.
Supplier Diversity	Increased performance values at the maximum.	Change based on incenting the Executive to achieve improvement over past year achievement.

### Section 3f: Historical STIP Data

**Instructions:** Provide five years of historical performance data for 2023 STIP metrics. If data is lacking, or should be considered in a certain context, explain in the Notes/Context field provided why there is no data for a given year(s) and the relevant context. Add rows as necessary.

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

Metric/Measure	2018	2019	2020	2021	2022
<b>Quarterly Term Incentive Plan (QTIP)</b>					
Fire Incidents	0 fire incidents	0 fire incidents	0 fire incidents	0 fire incidents	0 fire incidents
Employee Safety: Employee Electric Contacts	0 electrical contacts	0 electrical contacts	0 electrical contacts	0 electrical contacts	0 electrical contacts
<b>Short Term Incentive Plan (STIP)</b>					
Wildfire T&D System Hardening: Covered Wire Program	NA – see notes	0.5 circuit miles	7.8 circuit miles	12.3 circuit miles	13.0 circuit miles
Wildfire T&D System Hardening: Evacuation Route Hardening	NA – see notes	NA – see notes	NA – see notes	400 poles	597 poles
Vegetation Management QC	NA – see notes	43 VM QCs	32 VM QCs	112 VM QCs	138 VM QCs
Safety-Recordable Work Incidents	1	2	0	0	2
Safety Training	100.0%	100.0%	95.5%	99.2%	99.2%

## Attachment 1: Required Information Template

Job Hazard Analysis	NA – see notes	NA – see notes	46	206	420
SAIDI	34.7 minutes	85.0 minutes	55.3 minutes	93.1 minutes	119.0 minutes
CAIDI	57.9 minutes	127.4 minutes	94.5 minutes	61.5 minutes	31.1 minutes
Customer Complaints Standards CAB	0.0125%	0.0082%	0.0123%	0.0325%	0.0648%
Supplier Diversity Utilization	34.6%	43.6%	34.4%	40.3%	38.1%
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	94% of budget	112% of budget	115% of budget	102% of budget	107% 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.

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

Job Hazard Analysis: Data not available for 2018 through 2019. Formal JHA program implemented in 2020.

## Attachment 1: Required Information Template

### Section 3g: 2022 STIP Adjustments

**Instructions:** Provide a detailed explanation of any increases and decreases in STIP compensation in 2022 due to failure to meet safety or other targets. Separately describe any adjustments to STIP compensation levels made by the Compensation Committee or executive management and the amount and reason for the reduction. Detail any adjustments made to increase compensation beyond the levels warranted by the actual performance (in any metric classification) and the reasons for the adjustments.

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

The Executive did not achieve target on the Safety-Recordable Work Incidents metric (Target =  $\leq 1$  incidents and Actual Performance = 2 incidents). This resulted in the payout weight being reduced from 7.0% (at target) to 3.0% (minimum).

**ii) 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 = 119.0 minutes). This resulted in the payout weight being reduced from 7.0% (at target) to 0.0%.

Customer Complaints Standards CAB (Target  $\leq 0.0163\%$  and Actual Performance = 0.0648%). This resulted in the payout weight being reduced from 6.0% (at target) to 0.0%.

**iii) Any deductions due to failure to meet “foundational goals”:**

No additional deductions were made to 2021 compensation.

**iv) Any deductions due to failure to meet earnings targets or thresholds:**

No additional deductions were made to 2022 compensation.

**v) Any additional deductions made by the Compensation Committee or executive management, that were not based on failure to meet earnings targets:**

No upward adjustments were made to 2022 compensation.

**vi) Any upward adjustments made by the Compensation Committee or executive management and reason(s) for the adjustment(s):**

**Attachment 1: Required Information Template**

No upward adjustments were made to 2022 compensation.



## **Section 3h: 2022 and 2023 STIP Metric Ties to Other Metrics**

**Rationale:** 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 26 safety performance metrics (SPMs) to measure achieved safety improvements.<sup>6</sup> Additionally, the CPUC adopted 32 Safety and Operational Metrics (SOMs) for PG&E<sup>7</sup> to be used in accordance with the approved PG&E’s post-bankruptcy reorganization plan.<sup>8</sup> The decision requires PG&E to report on the SOMs every six months starting March 31, 2022. The CPUC also adopted 10 new SPMs, building on those adopted for application to PG&E, SCE, SoCalGas, and SDG&E. It deleted four and modified 19 of 26 existing SPMs for a total of 32 SPMs.

Energy Safety’s Executive Compensation Guidelines require all electrical corporations’ executive compensation submissions include:

- Compensation structures that are structured to 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.

Energy Safety seeks to understand how the Executive Compensation Structure metrics relate to the WMP, SPMs and SOMs.

### **2022 STIP**

**Instructions:** For each metric included in the 2022 STIP, indicate whether the metric is tied to the electrical corporation’s WMP (and the associated initiative number) and whether it is similar in nature to SOM and/or SPM metrics (and the associated SOM and/or SPM number). For metrics similar in nature to a SOM, explain any differences between the electrical corporation’s calculation of that metric and the required SOM method of calculation of that metric.

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<sup>6</sup> CPUC Decision 19-04-020 (accessed July 26, 2022):

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M288/K389/288389255.PDF>.

<sup>7</sup> CPUC Decision 21-11-009 in eight separate files (accessed July 26, 2022):

<https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=421107805>.

<sup>8</sup> CPUC Decision 20-05-053 (accessed July 26, 2022): [https://www.cpuc.ca.gov/-/media/cpuc-](https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpucwebsite/content/news_room/newsupdates/2020/d2005053-for-i1909016.pdf)

[website/files/uploadedfiles/cpucwebsite/content/news\\_room/newsupdates/2020/d2005053-for-i1909016.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpucwebsite/content/news_room/newsupdates/2020/d2005053-for-i1909016.pdf).

## Attachment 1: Required Information Template

**Table 3h.1**  
**2022 STIP – Ties to WMP, SPMs, and SOMs**

Executive Compensation Structure Submission STIP Measure/Metric	WMP Related Yes/ No	WMP Related 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
Fire Incidents	No	NA	Yes	No	Yes	3.13	None
Employee Safety: Employee Electric Contacts	No	NA	No	NA	No	NA	NA
Wildfire T&D System Hardening: Covered Wire Program	Yes	7.3.3.3	No	NA	No	NA	NA
Wildfire T&D System Hardening: Evacuation Route Hardening	Yes	7.3.3.6.3	No	NA	No	NA	NA
Vegetation Management QC	Yes	7.3.5.13	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 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

### 2023 STIP

**Instructions:** For each metric included in the 2023 STIP, indicate whether the metric is tied to the electrical corporation’s WMP (and the associated initiative number) and whether it is

## Attachment 1: Required Information Template

similar in nature to SOM and/or SPM metrics (and the associated SOM and/or SPM number). For metrics similar in nature to a SOM, explain any differences between the electrical corporation's calculation of that metric and the required SOM method of calculation of that metric.

**Table 3h.2**  
**2023 STIP – Ties to WMP, SPMs, and SOMs**

Executive Compensation Structure Submission STIP Measure/ Metric	WMP Related Yes/ No	WMP Related 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
Fire Incidents	No	NA	Yes	No	Yes	3.13	None
Employee Safety: Employee Electric Contacts	No	NA	No	NA	No	NA	NA
Wildfire T&D System Hardening: Covered Wire Program	Yes	7.3.3.3	No	NA	No	NA	NA
Wildfire T&D System Hardening: Evacuation Route Hardening	Yes	7.3.3.6.3	No	NA	No	NA	NA
Vegetation Management QC	Yes	7.3.5.13	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 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

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

**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, repeat this information for each mechanism (e.g., three-year, four-year).

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

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

**Attachment 1: Required Information Template**

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

<b>Executive Title/ Function and Name: President, Treasurer, &amp; Secretary Paul Marconi</b>		
<b>LTI Type</b>	<b>2022 Performance Year</b>	<b>2023 Performance Year</b>
	<b>Grant Date Fair Value as a % of TIC</b>	<b>Target Value as a % of TIC</b>
Stock Grant		
Stock Option		
Restricted Stock Unit (RSU)		
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)		
Cash Performance Payment	38.1%	38.1%
Other		

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

NA

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

Yes:  No:

**Describe/Explain:**

NA

**ii) Were the 2022 LTIP payouts determined based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:**

Yes:  No:

**iii) Did the electrical corporation use one range for all 2022 LTIP metrics or differing ranges based on the category of metric)? Check one:**

One range for all metrics:  Multiple ranges:

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

**Table 4a.2  
2022 LTIP Performance Range(s)**

**Attachment 1: Required Information Template**

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

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

Straight-line interpolation.

**v) Provide the 2023 LTIP metric range(s):**

**Table 4a.3  
2023 LTIP Performance Range(s)**

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

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

Straight-line interpolation.

**vi) Use of Any Performance Triggers**

**Does the electrical corporation’s 2023 LTIP use any performance triggers (e.g., must achieve annual earnings per share of at least XYZ before any LTIP payments are made)?** Check one:

Yes:  No:

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

NA

**vii) Use of Any Automatic Deductions**

**Does the electrical corporation’s 2023 LTIP have any automatic deductions (e.g., Failure to achieve WMP targets results in X% reduction, Catastrophic wildfire results in zeroing out all safety metrics)?** Check one:

Yes:  No:

**Attachment 1: Required Information Template**

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

NA

## Attachment 1: Required Information Template

### viii) Use of Any Specifically Defined Discretionary Deductions

Does the electrical corporation's 2023 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:

NA
----



**Attachment 1: Required Information Template**

**Section 4b: LTIP General Eligibility**

**Instructions:** Provide a general description of the executive officers eligible for the electrical corporation’s LTIP. Add additional rows as needed.

**Table 4b.1  
LTIP Eligibility**

BVES has only one executive officer. The executive participates in an LTIP program. The LTIP target award is determined as a set percentage of base salary. For 2023, the LTIP target award is 38.88 percent of base salary.
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**Attachment 1: Required Information Template**

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

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

**Table 4c.1  
2022 LTIP Measures, Weighting and Award Basis**

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

**Table 4c.2  
2023 LTIP Measures, Weighting and Award Basis**

<b>Executive Title/ Function and Name:</b>		
<b>LTI Type</b>	<b>2023 Weight</b>	<b>2023 Performance Year LTIP Award Basis</b>
<b>Electrical Corporation Actuals</b>		
<b>Stock Grant</b>		
Stock Option		
RSU		
PSU/ PRSU		
Cash	100%	100% based on actual Cumulative CAPEX for Wildfire Mitigation Projects vs. authorized Budget
Other		
<b>Weighting Total:</b>	<b>100%</b>	

**Attachment 1: Required Information Template**

**Section 4d: 2023 LTIP Measures, Definitions and Calculations**

**Instructions:** Provide detailed definitions and calculations for the 2023 LTIP metrics. For each metric, provide a detailed definition of the metric, any adjustments or exclusions, the basis for the definition and the actual calculation such that if Energy Safety requested the source data/ inputs, it would be able to derive the reported results. Also provide the weight given to the metric and the minimum, target and maximum values for the metric.

**Table 4d.1  
2023 LTIP Measures**

Measure/Metric	Detailed 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, 2023), 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

**Attachment 1: Required Information Template**

## Attachment 1: Required Information Template

### Section 4e: Historical LTIP Data

**Instructions:** Provide historical performance data (five years) for 2023 LTIP metrics. If data is lacking, or should be considered in a certain context, explain in the Notes/Context field provided why there is no data for a given year(s) and the relevant context. Add rows as necessary.

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

<b>Metric/Measure</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Cumulative CAPEX for Wildfire Mitigation Projects	NA- See notes	NA- See notes	NA- See notes	NA- See notes	NA- See notes

**Notes/Context:**

BVES, Inc. was established on July 1, 2020. Prior to July 1, 2020, BVES was a division of GSWC. BVES did not have an Executive Officer assigned but rather had a Director not an Officer position. The data provided prior to 2020 was not associated with executive bonus programs, since none existed for BVES.

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

**Section 4f: 2021 LTIP Adjustments**

**Instructions:** Provide a detailed explanation of any increases and decreases in 2022 LTIP compensation due to failing to meet safety or other targets. Separately describe any adjustments to LTIP compensation levels made by the Compensation Committee or executive management and the amount and reason for the reduction. Detail any adjustments made to increase compensation beyond the levels warranted by the corporation’s actual performance (in any metric classification) and the reasons for the adjustments.

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

None

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

None

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

No additional deductions were made.

**iv) Any upward adjustments:**

No upwards adjustments were made.

**Attachment 1: Required Information Template**

**Section 4g: LTIP Prior Year Actuals**

**Instructions:** For any prior year LTIP programs that vested in 2022, provide details of projected and actual payouts/performance.

**Table 4g.1  
LTIP Program Vesting in 2022**

<b>LTIP Program Name</b>	<b>Performance Measure</b>	<b>Projected % of TIC at Time of Grant</b>	<b>Actual % of TIC at Vesting Date</b>
2021 LTIP	Actual Cumulative CAPEX for Wildfire Mitigation Projects vs. Budget	22.4%	7.4%
2022 LTIP	Actual Cumulative CAPEX for Wildfire Mitigation Projects vs. Budget	38.1%	12.7%

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

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.

For issuance of a Safety Certification, Energy Safety shall approve the compensation structure of an electrical corporation if it determines the structure meets the principles set forth in paragraphs (4) and (6)(A).

### **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** to these 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.”

- 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.



## Attachment 1: Required Information Template

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

### Section 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 5.1, for each executive officer with a [new or amended contract](#), 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 2023 filing year. See the definition of the proceeding terms in **Attachment 2**.

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

## Attachment 1: Required Information Template

**Table 5.1<sup>9</sup>**  
**Fixed versus Incentive Compensation at the Target Level**

Executive Title/ Function and Name (where applicable)	Target Base Salary as a Percent of TC	Target 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%	30.4%	18.7%	2.7%

## Section 6: Indirect or Ancillary Compensation

**Rationale: 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.

### Section 6a: Indirect and Ancillary Compensation (not including Supplemental Executive Retirement Plans (SERPs))

**Instructions:** 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, provide the current estimated proportion of TC for each executive officer. For purposes of calculating the percentage of TC, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. Percentages must be specified for each executive officer and not a range for various position levels. Add rows as necessary. Add explanatory notes as appropriate.

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<sup>9</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 5.1 was completed for information only.

## Attachment 1: Required Information Template

**Table 6.1<sup>10</sup>**  
**Indirect or Ancillary Compensation Example (Excluding SERP)**

<b>Title</b>	<b>Indirect or Ancillary Compensation Element</b>	<b>Eligibility Requirements</b>	<b>Frequency (One-Time, Annual, Other)</b>	<b>Current Estimated Proportion of TC</b>
President, Treasurer, & Secretary	Personal Use of Company Car	Executive Officers	Annual	2.1%
President, Treasurer, & Secretary	Physical Examination	Executive Officers	Bi-Annual	<1.0%
President, Treasurer, & Secretary	Life Insurance	Executive Officers	Annual	<1.0%
President, Treasurer, & Secretary	Accident & Travel Policy	Executive Officers	Bi-Annual	<1.0%

### Section 6b: Supplemental Executive Retirement Plans (SERPs)

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

#### i) Availability of Supplemental Retirement Plans

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

Yes:  No:

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

NA

#### ii) Structure of Supplemental Retirement Plans

**If supplemental retirement plans are available, please describe:**

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

<sup>10</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 6.1 was completed for information only.

**Attachment 1: Required Information Template**

- **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 monthly cash compensation up to a maximum of 50% of cash compensation. Under the terms of the Plan, an employee who is eligible may retire and receive benefits within 60 days following the later of (1) the participant’s separation from service or (2) the date the participant attains age 55. At such time, BVES shall commence to pay to such retired participant (or beneficiary, if applicable, after the participant’s death) the monthly retirement benefit to which the participant is entitled under the Plan, and payable in the form of benefit elected by the participant (and spouse, if applicable).

iii) 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

**Table 6.2  
SERP**

Title	Number of Years Credited Service	Present Value of Accumulated Benefit – 2022 as a % of TDC	Cash Balance Account Lump Sum Value – 2022 as a % of TDC
President, Treasurer, & Secretary	2	\$214,552	NA <sup>11</sup>

<sup>11</sup> BVES plan does not permit lump sum payment.

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

**Rationale:** Public Utilities Code section 8389(e)(6)(A)(iii) requires as an element of 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 “a long-term structure that provides a significant portion of compensation, which may take the form of grants of the electrical corporation’s stock, based on the electrical corporation’s long-term performance and value. This compensation shall be held or deferred for a period of at least three years.”

To ensure that the executive compensation structure for electrical corporation executive officers is structured to provide a significant proportion of the compensation based on the electrical corporations long-term performance and value, held or deferred for a period of at least three years, as well as to promote safety as a priority and ensure public safety and utility financial stability, Energy Safety must have an in-depth understanding of the long-term compensation components of an executive compensation structure.

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

### Section 7a: LTIP Structure

**Instructions:** Provide name, title/function, grant date, vesting schedule and estimated award percentage of TC for each executive officer with any new or amended 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, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. For purposes of calculating Earned Value as a percentage of TC, use the value at the date of vesting. Percentages must be specified for each executive officer and not a range for various position levels. Provide a table for each executive officer. Make copies of Table 7a.1 as necessary.

**Attachment 1: Required Information Template**

**Table 7a.1<sup>12</sup>  
2022 and 2023 LTIP Grants**

<b>Executive Title/ Function and Name: President, Treasurer, &amp; Secretary Paul Marconi</b>						
<b>LTI Type</b>	<b>2022 PY Grant Date (1)</b>	<b>2022 PY Vesting Schedule</b>	<b>2022 PY Grant Date Fair Value as a % of TC</b>	<b>2023 PY Anticipated Grant Date</b>	<b>2023 PY Vesting Schedule</b>	<b>2023 PY Target Value as a % of TC</b>
Stock Grant						
Stock Option						
Restricted Stock Unit (RSU)						
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)						
Cash Performance Payment	December 31, 2024	33% in 2022, 33% in 2023, and 34% in 2024	18.7%	December 31, 2025	33% in 2023, 33% in 2024, and 34% in 2025	18.7%
Other						

(1) Performance Year (PY)

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

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

**Attachment 1: Required Information Template**

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

Yes:  No:

**Describe/Explain:**

NA

**ii) Were the 2022 LTIP payouts determined based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:**

Yes:  No:

**iii) Did the electrical corporation use one range for all 2022 LTIP metrics or differing ranges based on the category of metric)? Check one:**

One range for all metrics:  Multiple ranges:

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

**Table 7a.2<sup>13</sup>  
2022 LTIP Performance Range(s)**

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

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

Straight-line method.

**v) Provide the 2023 LTIP metric range(s):**

**Table 7a.3<sup>14</sup>  
2023 LTIP Performance Range(s)**

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

<sup>13</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 7a.2 was completed for information only.

<sup>14</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 7a.3 was completed for information only.

**Attachment 1: Required Information Template**

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

Straight-line method.

**vi) Use of Any Performance Triggers**

**Does the electrical corporation’s 2023 LTIP use any performance triggers (e.g., must achieve annual earnings per share of at least XYZ before any LTIP payments are made)? Check one:**

Yes:  No:

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

NA

**vii) Use of Any Automatic, Non-Discretionary Deductions**

**Does the electrical corporation’s 2023 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”, please describe all automatic deductions:**

NA



## Attachment 1: Required Information Template

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

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

**Table 7c.1<sup>15</sup>**  
**2022 LTIP Measures Vesting**

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

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<sup>15</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 7c.1 was completed for information only.

## Attachment 1: Required Information Template

Table 7c.2<sup>16</sup>  
2023 LTIP Measures Vesting

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

### Section 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 are encouraged, but 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

### Section 8: ACR Executive Compensation Proposal Alignment

**Instructions:** PG&E must demonstrate how it complies with the additional requirements set forth in ACR 9. Other electrical corporations may indicate areas where its executive compensation structure is aligned with the elements of ACR 9. For each element of ACR 9, indicate whether the electrical corporation's executive compensation structure is consistent with ACR 9 and explain how.

1. Publicly disclosed compensation arrangements for executives.

Not applicable.
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2. Written compensation agreements for executives.

<sup>16</sup> BVES does not have any Executive Officers with new or amended contracts. Therefore, BVES is not required to provide this information. Table 7c.2 was completed for information only.

## Attachment 1: Required Information Template

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.

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.

**Attachment 1: Required Information Template**