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VIA ELECTRONIC FILING

2025 Executive Compensation Docket
Docket # 2025-EC

Suzie Rose
Program Manager, Electrical Undergrounding and Culture Division
Office of Energy Infrastructure Safety
715 P Street, 20th Floor
Sacramento, CA 95814

**Re: San Diego Gas & Electric Company's Documentation of Compliance with
Executive Compensation Provisions of Public Utilities Code § 8389(e) and
the Office of Energy Infrastructure Safety Guidance**

Dear Program Manager Suzie Rose,

In response to the Office of Energy Infrastructure Safety's (Energy Safety) Executive Compensation Structure Submission Guidelines (2025 Guidelines), and in accordance with Public Utilities Code §§ 8389(e)(4) and (e)(6), San Diego Gas & Electric Company (SDG&E or Company) submits its request for approval of its 2025 executive compensation structure. SDG&E's executive compensation structure reflects its company values to "do the right thing," by championing people and the safety of our communities, customers, and employees. As described in the attached submission, safety—including but not limited to wildfire safety—remains a cornerstone of the Company's incentive compensation structure.

The enclosed submission demonstrates that SDG&E's executive compensation structure complies with the statutory requirements of Assembly Bill (AB) 1054. SDG&E's 2025 executive compensation structure carries forward numerous elements that were included in its approved 2024 executive compensation structure. As described in the enclosed submission, any revisions continue to promote safety as a priority and meet statutory requirements.

Please contact me if you have any questions or concerns regarding this submission.

Respectfully submitted,
/s/ Laura M. Fulton
Attorney for
San Diego Gas and
Electric Company

Section 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 ¹	Target Total STIP as a Percent of TIC ¹	Target LTIP as a Percent of TIC ¹
[REDACTED]	n/a	28%	28%	72%
[REDACTED] ²	n/a	100%	100%	0%
[REDACTED]	n/a	26%	26%	74%
[REDACTED] ³	n/a	30%	30%	70%
[REDACTED]	n/a	28%	28%	72%
[REDACTED] ⁴	n/a	27%	27%	73%

¹ Calculations do not include special recognition/retention awards in the form of time-restricted stock-based compensation. Also excludes Chairman's Awards under Sempra's Energy With Purpose program and retention in the form of cash. These awards are made in the sole discretion of SDG&E's parent corporation, Sempra. Chairman's Awards are made under Sempra's Energy With Purpose Awards Policy, which is designed to recognize exemplary performance made by individuals or teams who contribute to Sempra's values and goals and apply to all Sempra employees. These special recognition/retention awards are not a component of the executives' guaranteed or recurring incentive compensation structures and recognition awards are post-performance awards that may be paid outside or after the year(s) of performance.

² [REDACTED]
[REDACTED]. 2025 TIC includes base salary and 2025 STIP, both of which are prorated through [REDACTED]

³ [REDACTED]

⁴ [REDACTED]

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 ⁵	Target Quarterly STIP as a Percent of TDC ⁵	Target Annual STIP as a Percent of TDC ⁵	Target LTIP as a Percent of TDC ⁵
[REDACTED]	25%	n/a	21%	54%
[REDACTED] ⁶	62%	n/a	38%	0%
[REDACTED]	31%	n/a	18%	51%
[REDACTED] ⁷	37%	n/a	19%	44%
[REDACTED]	36%	n/a	18%	46%
[REDACTED] ⁸	31%	n/a	19%	50%

⁵ See footnote 1 above.

⁶ See footnote 2 above.

⁷ See footnote 3 above.

⁸ See footnote 4 above.

Section 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).

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

Executive Title/ Function	Exclusion Rationale
Senior Vice President - CIO and Chief Digital Officer	SDG&E has excluded the SVP, as this is not a policy making role and the individual does not perform policy making functions.
Senior Vice President - Chief Regulatory Officer	SDG&E has excluded the SVP, as this is not a policy making role and the individual does not perform policy making functions.
Senior Vice President - Chief Legislative Officer	SDG&E has excluded the SVP, as this is not a policy making role and the individual does not perform policy making functions.
Senior Vice President - Chief Commercial Officer	SDG&E has excluded the SVP, as this is not a policy making role and the individual does not perform policy making functions.
Senior Vice President – Chief Transformation Officer	SDG&E has excluded the SVP, as this is not a policy making role and the individual does not perform policy making functions.

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):

Consistent with Securities and Exchange Commission (SEC) Rule 3b-7, and California Public Utilities Commission precedent interpreting the Rule, SDG&E defines policy making functions as performed by "senior-level management, responsible for policy decisions of the company, and directly answerable to the [utility's] Board of Directors because their hiring and firing are determined by the Board." (See 17 C.F.R. § 240.3b-7; D.21-08-036 at 418-419.)

Section 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).

Section 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):

Cash: ☒ Other: ☐

If other, describe the other type of STIP payment:

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:

If SDG&E's earnings are below minimum, the ICP payout for the Operational Goals other than Safety shall be discretionary as determined by the SDG&E Board of Directors.

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:

The payout at minimum/threshold performance is 0% for all metrics except the earnings metrics. A 50% payout for earnings at the minimum/threshold level is appropriate based on the earnings goals at the minimum/threshold level.

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
Wildfire Safety	0%	0%	100%	200%
Other Safety	0%	0%	100%	200%
Security (infrastructure, cyber, etc.)	0%	0%	100%	200%
Customer Service (including reliability)	0%	0%	100%	200%
Environmental, Social, Governance (ESG)	0%	0%	100%	200%
Diversity, Equity, and Inclusion (DEI)	0%	0%	100%	200%
Financial	0%	50%	100%	200%

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

Straight line interpolation between minimum and target and between target and maximum.

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:

The payout at minimum/threshold performance is 0% for all metrics except the earnings metrics. A 50% payout for earnings at the minimum/threshold level is appropriate based on the earnings goals at the minimum/threshold level.

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
Wildfire Safety	0%	0%	100%	200%
Other Safety	0%	0%	100%	200%
Security (infrastructure, cyber, etc.)	0%	0%	100%	200%
Customer Service (including reliability)	0%	0%	100%	200%
Environmental, Social, Governance (ESG)	0%	0%	100%	200%
Diversity, Equity, and Inclusion (DEI)	0%	0%	100%	200%
Financial – Earnings	0%	50%	100%	200%
Financial – Other	0%	0%	100%	200%

Describe the interpolation method between categories:

Straight line interpolation between minimum and target and between target and maximum.

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:

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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)
SDG&E did not apply individual performance modifiers in 2024, thus Table 1.3.3 is not applicable.			

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

Did the electrical corporation’s 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:

Board Discretion, check one:

Yes: ☒ No: ☐

If “Yes,” describe and quantify the impact of the board’s discretion:

The Company retains the discretion and authority to interpret, amend or modify the plan; to grant incentive awards; as well as to terminate, increase or decrease any incentive award opportunity during the performance period; and to reduce or eliminate any incentive awards that would otherwise be payable at the end of the performance period. The Company, in its sole discretion determines the Company Performance results and award calculations. The Company shall require the forfeiture, recovery or reimbursement of awards or compensation under this Plan as (i) required by applicable law, or (ii) required under any policy implemented or maintained by the Company pursuant to any applicable rules or requirements of a national securities exchange or national securities association on which any securities of the Company are listed. The Company reserves the right to recoup compensation paid if it determines that the results on which the compensation was paid were not actually achieved. The SDG&E Board may, in its sole discretion, require the recovery or reimbursement of short-term incentive compensation awards from any employee whose fraudulent or intentional misconduct materially affects the operations or financial results of the Company or its subsidiaries.

Section 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
Wildfire Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Wildfire & PSPS System Hardening	Leading	5%	140	160	180	166.31	6.58%
Wildfire Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Vegetation Contacts in HFTD	Lagging/ Outcome	5%	10	6	2	3	8.75%
Wildfire Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	PSPS Average Circuit Restoration Time (Hours)	Leading	5%	24	22	20	5.91	10.00%
Wildfire Safety	Wildfire Mitigation Metrics, Performance/Goal Achievement, and Compliance/Adherence	Electric Overhead Fault Rate During Elevated Fire Potential	Lagging/ Outcome	5%	1.38	1.05	0.89	0.66	10.00%
Subtotal: Wildfire Safety				20%					35.33%
Other Safety	Public Safety-Gas	Distribution Integrity Management Program - Miles of	Lagging/ Outcome	5%	53	55	58	58.2	10.00%

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance	Weighted Contribution
		Vintage Mains & Services Replaced							
Other Safety	Public Safety-Gas	Damage Prevention (Damages per USA Ticket Rate)	Lagging/ Outcome	5%	1.32	1.25	1.20	1.21	9.00%
Other Safety	Emergency Response	P1 Gas Response Time (Minutes)	Lagging/ Outcome	5%	31.5	29.5	28.5	28.1	10.00%
Other Safety	Workforce Safety (employee and contractor)	Lost Time Incident (LTI) Rate	Lagging/ Outcome	5%	0.5	0.4	0.3	.32	9.00%
Other Safety	Workforce Safety (employee and contractor)	Driving Observations	Leading	3%	80	90	100	100	6.00%
Other Safety	Workforce Safety (employee and contractor)	Field Safety Engagements	Leading	5%	26	51	76	126	10.00%
Other Safety	Workforce Safety (employee and contractor)	Near Misses Reported	Leading	5%	300	350	400	447	10.00%
Subtotal: Other Safety				33%					64.00%
Security (infrastructure, cyber, etc.)		Annual Average Phishing Report Rate	Leading	4%	70%	74%	78%	84.73%	8.00%
Subtotal: Security				4%					8.00%
Customer Service (including reliability)	Reliability	System Average Interruption Duration Index (SAIDI)	Lagging/ Outcome	3%	72	69	66	61.67	6.00%
Customer Service (including	Reliability	Customer Service Value	Lagging/ Outcome	2%	80%	100%	120%	120%	4.00%

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Actual Performance	Weighted Contribution
reliability)									
Subtotal: Customer Service				5%					10.00%
Environmental, Social, Governance (ESG)		ESG Project Progress	Lagging/ Outcome	3%	1	2	3	3	6.00%
Subtotal: ESG				3%					6.00%
Diversity, Equity and Inclusion (DEI)		Diversity, Equity and Inclusion Action Plan Progress	Leading	3%	1	2	3	3	6.00%
Diversity, Equity and Inclusion (DEI)		Community Relations	Leading	3%	79%	81%	83%	83%	6.00%
Diversity, Equity and Inclusion (DEI)		Supplier Diversity	Lagging/ Outcome	2%	36%	39%	41%	44.52%	4.00%
Subtotal: DEI				8%					16.00%
Financial		SRE Earnings	Lagging/ Outcome	7%	\$2,807	\$3,051	\$3,295	\$3,158	10.07%
Financial		SDG&E Earnings	Lagging/ Outcome	20%	\$936	\$970	\$997	\$997	40.00%
Subtotal: Financial				27%					50.07%
Total				100%					189.40%

Section 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
Wildfire Safety	Wildfire Mitigation Metrics	Wildfire & PSPS System Hardening	Leading	5%	70	85	100	N/A
Wildfire Safety	Wildfire Mitigation Metrics	Vegetation Contacts in HFTD with High FPI	Lagging/ Outcome	5%	10	6	2	N/A
Wildfire Safety	Wildfire Mitigation Metrics	PSPS Average Circuit Restoration Time (Hours)	Lagging	5%	11	9	7	N/A
Wildfire Safety	Wildfire Mitigation Metrics	Electric Overhead Fault Rate During Elevated Fire Potential	Leading	5%	1.45	0.90	0.62	N/A
Subtotal: Wildfire Safety				20%				
Other Safety	Public Safety-Gas	Gas Integrity Management	Leading	5%	7	8	9	N/A
Other Safety	Public Safety-	Damage	Lagging/	5%	1.32	1.25	1.20	N/A

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Weighted Contribution
	Gas	Prevention (Damages per USA Ticket Rate)	Outcome					
Other Safety	Emergency Response	P1 Gas Response Time (Minutes)	Lagging/ Outcome	5%	31.0	29.0	28.0	N/A
Other Safety	Workforce Safety (employee and contractor)	Lost Time Incident (LTI) Rate	Lagging/ Outcome	5%	0.48	0.38	0.28	N/A
Other Safety	Workforce Safety (employee and contractor)	Driving Observations (percent)	Leading	3%	80%	90%	100%	N/A
Other Safety	Workforce Safety (employee and contractor)	Field Safety Engagements	Leading	5%	50	100	150	N/A
Other Safety	Workforce Safety (employee and contractor)	Near Misses Reported	Leading	5%	325	375	425	N/A
Subtotal: Other Safety				33%				
Security (infrastructure, cyber, etc.)		Cyber Safety	Leading	4%	6%	5%	4%	N/A
Subtotal: Security				4%				
Customer Service (including		System Average Interruption	Lagging/ Outcome	3%	72	69	66	N/A

Category	Sub-Category	Metric	Metric Type	Weight	Min	Target	Max	Weighted Contribution
reliability)		Duration Index (SAIDI)						
Customer Service (including reliability)		Customer Service Value	Leading	4%	80%	100%	120%	N/A
Subtotal: Customer Service				7%				
Environmental, Social, Governance (ESG)		Clean Energy Transition Projects	Leading	3%	1	2	3	N/A
Subtotal: ESG				3%				
Diversity, Equity and Inclusion (DEI)		Advancing Organizational Culture	Leading	3%	1	2	3	N/A
Diversity, Equity and Inclusion (DEI)		Community Relations: Employee Volunteerism	Leading	3%	9,000	9,500	10,000	N/A
Subtotal: DEI				6%				
Financial	Earnings	SRE Earnings	Lagging/ Outcome	7%	2,621	2,912	3,203	N/A
Financial	Earnings	SDG&E Earnings	Lagging/ Outcome	17%	952	987	1,022	N/A
Financial	Other	SDG&E Balance Sheet	Lagging/ Outcome	3%	1	2	3	N/A
Subtotal: Financial				27%				
Total				100%				

Notes/Context:

SDG&E weights its ICP goals based upon final performance (see Table 1.3.2), and thus it is not currently possible to include the “weighted contribution” to SDG&E’s 2025 ICP structure. Not applicable (“N/A”) indicates that the Weighted Contribution cannot be calculated until the end of the 2025 STIP plan year. The weighted contribution for each metric will be provided in SDG&E’s 2026 Executive Compensation submission.

SDG&E has provided the weight of each metric as required by Energy Safety.

Section 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 Adjustments/Exclusions
Wildfire & PSPS System Hardening	The goal of this program is to mitigate the risk of wildfire and minimize the impact of PSPS either through undergrounding portions of distribution circuits or hardening overhead distribution and transmission systems to known local wind conditions. This goal will be tracked by project managers for the following programs: Strategic Underground, Distribution Overhead Traditional Hardening and Covered Conductor programs, and Transmission Wood to Steel.	Miles replaced in programs: (1) Strategic Underground, (2) Distribution Overhead Traditional Hardening and Covered Conductor, and (3) Transmission Wood to Steel.	
Vegetation Contacts in HFTD with High FPI	Measures the number of outages or ignitions on the primary voltage system caused by vegetation contacts in the High Fire Threat District (HFTD) annually during periods of elevated or extreme fire potential, as measured by SDG&E's Fire Potential Index (FPI). The Vegetation Management (VM) Team follows up on each tree contact to determine the cause and identify further details and action to be taken.	Number of vegetation contacts in (HFTD) determined to have caused an outage or ignition on primary voltage system during periods of elevated or extreme fire potential, as measured by SDG&E's Fire Potential Index (FPI).	

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
PSPS Average Circuit Restoration Time (Hours)	Average hours for power restoration after each PSPS de-energization event.	<p>Measured at circuit level; time begins once Officer-in-Charge gives approval to begin restoration.</p> <p>If no PSPS occurs during the year, performance will be determined by completion of:</p> <ol style="list-style-type: none"> 1. Min – all certified EOC responders attend PSPS training and all assigned patrollers attend PSPS training; 2. Target - updated patrol plans for all PSPS circuit segments are completed; and 3. Max - SDGE has made three helicopters available for aerial patrols during fire season. 	
Electric Overhead Fault Rate During Elevated Fire Potential	Measures overhead faults in the High Fire Threat District (HFTD) leading to an interruption of service during elevated threat conditions divided by the number of days per year in the HFTD with elevated threat conditions. In order to count as near misses, these faults must not have caused an ignition and must not be vegetation related. Each fault that caused service interruption will have	Number of overhead faults in HFTD caused by equipment issues leading to interruption of service during elevated threat conditions (measured by FPI), divided by number of days per year in HFTD for which elevated threat conditions exist.	

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
	a record in our Network Management System and a record kept by our Reliability Team.		
Gas Integrity Management	Miles of pre-1973 in tier 1 and tier 2, Dupont Aldyl-A, plastic pipe mains and services replaced from service or abandoned. Reports of the footage retired/replaced by DIMP including material and installation year for mains and services will be used to verify the ICP targets.	Miles of pre-1973 in tier 1 and tier 2, Dupont Aldyl-A, plastic pipe mains and services replaced from service or abandoned.	
Damage Prevention (Damages per USA ticket rate)	The metric “Damages per 1,000 Tickets” consists of the number of damages to SDG&E’s below ground facilities caused by excavation that result in a gas leak and the total number of received USA Ticket transmittals. This is a standard industry metric for measuring operator performance for damage prevention. To calculate this metric, the number of damages is normalized by the number of USA tickets and multiplied by 1,000 to obtain the number of damages per 1,000 tickets. Normalizing by ticket counts factors in the year-to-year variation in construction and excavation activities that have a direct influence on damages. This allows for measurable year-to-year performance, allowing this metric to be used as an indicator for success of risk reduction activities.	Number of damages that cause a gas leak to below ground facilities divided by the number of received USA Ticket transmittals and multiplied by 1,000 to normalize for year-over-year variation.	

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
P1 Gas Response Time (Minutes)	The Priority 1 gas emergency response time is the average time it takes either Customer Service Field or Gas Operations to respond to a Priority 1 gas emergency. Targets are based on a review of historical response times adjusted for anomalies (e.g., area odors) and operational performance considerations.	Average time for Customer Service Field or Gas Operations to respond to a Priority 1 (P1) emergency (targets adjusted for anomalies including area odors).	
Lost Time Incident (LTI) Rate	The Lost Time Incident Rate is expressed as the number of Lost Time Incidents (OSHA Recordable Injuries or Illnesses resulting in Days Away from Work), per 100 full-time employees. This measure is calculated using the number of Lost-time Incidents x 200,000 divided by the Total Hours Worked. The count of Lost Time Incidents is based on the final year-end OSHA log produced by Employee Care Services. Total Hours Worked are validated at year-end by Employee Care Services.	Number of OSHA Recordable injuries or illnesses resulting in Days Away from Work, per 100 full-time employees; measure is calculated as LTIs x 200,000 divided by total hours worked.	
Driving Observations	The percentage of driving observations completed of employees required to drive a company vehicle as part of their job duties or who drive a vehicle more than 3,000 miles a year in the performance of their work. A driving observation is a documented driving observation completed by a supervisor, BBS observer, peer, or other observer. The goal is to complete one ride-along driving observation of each employee in this group during the year.	Number of driving observations of employees who drive a company vehicle in the performance of their job duties or who drive a vehicle more than 3,000 miles a year in the performance of their work.	

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
Field Safety Engagements	Documented reviews of activities where high-energy hazards are present to ensure the appropriate direct controls are in place to reduce or eliminate exposure and mitigate the risk of serious injuries and fatalities. This leading metric aligns with industry best practices utilizing a standard methodology to conduct High-Energy Control Assessments (HECA), and the EEI Safety Classification and Learning (SCL) Model. Field Safety Engagements are measured as a sum of each documented high-energy exposure assessment completed. The safety department will collaborate with field operations groups to identify, plan, and conduct these high-energy exposure reviews.	Number of documented safety observations or safety assessments of employees (defined as visit to an employee's or crew's work site in which work is observed, assessed for compliance with policy and safe practices, feedback provided, and documented with the date of observation and notes on the observation).	
Near Misses Reported	The number of unplanned events reported by employees that typically have no injuries, illnesses, or damage but had the potential to do so. Near miss reporting is important in catching hazards before they cause considerable harm. Employees submit these near miss events through an SDG&E desktop or mobile application.	Number of near misses reported by employees where no injuries or illnesses occurred, but for which one could have easily occurred.	
Cyber Safety	The 2025 cybersecurity goal focus will be on cyber safety. To build a positive, resilient cyber safety culture, the Company will aim to achieve a 5% or lower failure rate in cyber safety tests, which align with industry benchmarks. These tests will include 8 annual social engineering simulations: 5 link-based, 2 data-entry, and 1 attachment-based. The failure rate will be measured based on actual clicks or interactions with simulated	These tests will include 8 annual social engineering simulations: 5 link-based, 2 data-entry, and 1 attachment-based. The failure rate will be measured based on actual clicks or interactions with simulated phishing attempts and will not include ignored or deleted tests.	

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
	phishing attempts and will not include ignored or deleted tests.		
System Average Interruption Duration Index (SAIDI)	SDG&E's System Average Interruption Duration Index (SAIDI) is the cumulative outage time (minutes) experienced by the average SDG&E electric customer in a year, and performance will be calculated using data reported as of January 10th with defined exclusion criteria.	Cumulative outage time excluding planned outages, safety shutoffs, load curtailments, major event/elevated FPI days.	<p>There are 4 exclusions that are identified and applied to the data to determine the value for which the annual ICP target is measured up against. The removal of identified dates or events is processed in a specific order to ensure the correct computation of reliability indices. The order is as follows:</p> <p>Planned Outages, Major Event Day (MED), Public Safety Power Shutoff (PSPS), Load Curtailment, and lastly Extreme Fire Potential Index (FPI).</p> <p>1) Planned Outages: All planned outages are excluded.</p> <p>2) MED: A 2.0 beta method was used to identify Major Event Days and represents the first step in removing qualifying exclusions. For purposes of this report, a 2.0 beta standard deviation is employed calculate the MED threshold by using the computation referenced by the Institute of Electrical and Electronic Engineers (IEEE-1366). Mathematically, the following formula is used to identify the MED</p>

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
			<p>threshold value. On current year MED days, the daily MED average for the past 5 years supplements the MED value in the current year. At year-end this 5yr daily average placeholder is updated with the actual year's daily average.</p> <p>3) PSPS. 4) Load Curtailment. 5) Extreme FPI (15 or greater).</p>
Customer Service Value	<p>Incentivize operational behaviors and outcomes that are highly correlated with customer satisfaction industry wide. Composite metric consists of:</p> <p>1) Customer Service Energization Timelines: The total percentage of time reduced for energization for 95% of existing service line extensions and main panel upgrades. Measured from Q1-Q4. - Min - 8%, Target - 10%, and Maximum - 12%</p> <p>2) Average Speed of Answer (ASA): The average wait time in seconds for a customer to speak with a Customer Care Center agent. Measured from Q1-Q4. - Min - 140 seconds, Target - 100 seconds, and Maximum - 60 seconds</p> <p>3) Unplanned Outage Notifications: The percentage of customers who received an initial outage notification relative to the total</p>	ICP calculation weighting: Equal (33 1/3) weight applied to each metric.	Unplanned Outage Notifications is an adjusted value to exclude anomalies (e.g. severe weather, momentary outages, and customers with incorrect contact info or who opted out).

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
	<p>number of customers impacted by the outage. Measured from Q2-Q4.</p> <p>- Min - 55%, Target - 65%, and Maximum - 75%</p> <p>Customer Service Electrification Timelines is the percentage reduction compared to 2024 timelines. Average Speed of Answer is an adjusted value to exclude anomalies (major uncontrollable events such as weather-related, high absenteeism, and IT system outages) exceeding a threshold of 1342 sec.</p>		
Clean Energy Transition Projects	<p>Subgoal 1 – Decarbonize electric or transportation sector. Completion of any 1 of the following subtasks means completion of subgoal.</p> <ul style="list-style-type: none"> - Receive regulatory approval of or file for an incremental utility-owned energy storage project - Secure regulatory approval for implementation of a Low Carbon Fuel Standard (LCFS) clean transportation program - Regulatory advancement of a fossil-generation decarbonization initiative (e.g., Miramar, DSCE, etc.) - Request regulatory approval for a hydrogen or clean fuel (pilot) project or related initiative <p>Subgoal 2 – Transform Regional Grid. Completion of any 1 of the following subtasks mean completion of subgoal:</p> <ul style="list-style-type: none"> - Qualify and approve vendors for 	<p>Min = completion of any 1 subgoal, Target = completion of any 2 subgoals, Max = completion of all 3 subgoals.</p>	

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
	<p>Carbon Core Conductor</p> <ul style="list-style-type: none"> - Complete 30% design on TL13820 <p>Subgoal 3 – Support Customer Medium Duty/Heavy Duty (MD/HD) fleet electrification. Completion of any 1 of the following subtasks mean completion of subgoal:</p> <ul style="list-style-type: none"> - Full launch of Transportation Electrification Advisory Services (TEAS) program - Complete community-based organization solicitation for joint outreach, conduct at least 2 Disadvantaged Community events, launch TEAS targeted marketing 		
Advancing Organizational Culture	<p>Incentivize cross-company coordination and prioritization to support inclusion and engagement.</p> <p>Advancing Organizational Culture Subgoals:</p> <ol style="list-style-type: none"> 1) Company-wide participation rate equal to or above the 2025 Gallup Benchmark average for 2nd year administration; 2) Engagement score mean on Q12 equal to or above the 75% percentile of the 2025 Gallup Benchmark average for 2nd year administration; and 3) 8 monthly Union Ambassador meetings and 4 new ambassadors. 	<p>Min = completion of any 1 subgoal, Target = completion of any 2 subgoals, Max = completion of all 3 subgoals.</p>	

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
Community Relations: Employee Volunteerism	Incentivize employee support of company's philanthropic mission by providing concrete and tangible support to the communities we serve.	<p>Measured by the Team SDGE* volunteer participation hours in the community, inclusive of all employee submitted hours through the My Energy platform.</p> <p>* Team SDG&E is defined as any SDG&E employee and their guests who participate at an SDG&E company-sponsored volunteer project program or for any charity that is recognized on SDG&E's giving platform.</p>	
SDG&E Earnings	SDG&E Earnings (After Interest and Taxes), are earnings we generate primarily from our electric and gas operations after debt financing costs and income taxes. If SDG&E's earnings are below minimum, the ICP payout for the Operational Goals, other than Safety, and Individual Performance measures shall be discretionary as determined by the SDG&E Board of Directors.	Earnings generated primarily from electric and gas operations after debt financing costs and income taxes.	<p>Predefined Adjustment to SDG&E Earnings:</p> <ul style="list-style-type: none"> Exclude the impact of any unplanned changes in tax laws or regulations, accounting rule changes, and changes in governmental policies and regulations, including, but not limited to the impact of tariffs. Exclude certain nonrecurring items at the discretion of the SDG&E Board, provided that such items do not have a material adverse impact on the Sempra's stock price, also as determined by

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
			<p>the SDG&E Board. Such items would include but not be limited to:</p> <ul style="list-style-type: none"> ○ other pro forma earnings impact of any acquisition or divestiture to the extent the earnings impact of such acquisition or divestiture correlated transaction and integration costs is not included in the SDG&E Plan earnings target. ○ Exclude the aggregate variance to plan up to 20% of the minimum to target range and target to maximum range of the impact of, to the extent such impacts are not included in the Plan Earnings target or if adjusted for external reporting purposes, pending regulatory matters related to 1) CPUC filings or applications for wildfire mitigation, integrity management

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
			<p>and pipeline safety enhancement programs and resolution associated with cap on cost per unit for Mobile Home Park program deemed unrecoverable in rates and (2) the deferral and recognition of return on equity for incremental balanced capital programs.</p> <ul style="list-style-type: none"> ○ Exclude the variance from plan associated with the FERC TO6 outcome. ○ Exclude any earnings impact of overhead pool costs deemed unrecoverable in rates. ○ Exclude any earnings impact from reputation management investment, including related charitable contributions, and digital bill redesign. ● Exclude 90% of gains or losses related to asset sales

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
			<p>and impairments in connection with a sale to the extent the earnings impact of such items is not included in the ICP earnings target.</p> <ul style="list-style-type: none"> • Exclude items that are required to be excluded from ICP under SDG&E CPUC decisions. • Exclude the following items related to the California AB 1054 Wildfire Fund: <ul style="list-style-type: none"> ○ The variance from plan for accelerated amortization or other impacts of the California AB 1054 Wildfire Fund. ○ Any earnings impact of the Wildfire Fund asset amortization if the expense is adjusted for external reporting purposes. • Exclude the variance from plan of the liability insurance expense not recoverable through balancing accounts. • Exclude the variance from plan of the impact of pending regulatory matters related to the CPUC and FERC Cost of Capital proceedings.

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
			<ul style="list-style-type: none"> • Exclude any earnings impact associated with legacy litigation matters. • Exclude any earnings impact associated with decommissioning of the San Onofre Nuclear Generating Station (SONGS). • Exclude the impact of authorized decisions of the Board that could impact earnings including, but not limited to, issuing debt or preferred stock securities exceeding planned amounts to fund dividends, legal settlements, or other strategic expenses approved by the board. <p>In addition, after year-end close, and at the discretion of the SDG&E Board of Directors, 2025 SDG&E Earnings for ICP purposes may exclude the after-tax effect of the difference between:</p> <ul style="list-style-type: none"> • the actual and planned Corporate and SoCalGas ICP allocations to SDG&E; and • the actual and planned Corporate and SoCalGas departments' Shared Service

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
			charge.
SRE Earnings	Semptra Earnings are revenue minus expense, less tax. Employees can influence earnings by either increasing revenue or decreasing expenses. Earnings are determined after accounting for the appropriate accrued level of incentive compensation expense.	Revenue minus expense, less tax.	<p>Pre-Defined Adjustments to Semptra Earnings for ICP:</p> <ul style="list-style-type: none"> • Exclude the impact of any unplanned changes in tax laws or regulations and accounting rule changes, and changes in governmental policies and regulations, including, but not limited to the impact of tariffs. • Exclude certain nonrecurring items at the discretion of the Committee, provided that such items do not have a material adverse impact on the Company's stock price, also as determined by the Compensation Committee. Such items would include but not be limited to: <ul style="list-style-type: none"> ○ the pro forma earnings impact of any acquisition or divestiture to the extent the earnings impact of such acquisition or divestiture or related

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
			<p>transaction and integration cost is not included in the Plan earnings target.</p> <ul style="list-style-type: none"> • Exclude the variance from plan of the foreign exchange gains or losses, net of inflation, including any associated cost of hedging. • Exclude unrealized Mark-to-Market gains or losses. • Exclude gains or losses related to legacy litigation matters. • Exclude 90% of gains or losses related to asset sales and impairments in connection with a sale to the extent the earnings impact of such item is not included in the Plan earnings target. • Exclude items that are required to be excluded from the annual incentive plans under the SDG&E and/or SoCalGas general rate case decisions. • Exclude any earnings impact associated with

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
			<p>decommissioning of the San Onofre Nuclear Generating Station (SONGS).</p> <ul style="list-style-type: none"> • Exclude the variance from plan of the liability insurance expense not recoverable through balancing accounts. • Exclude variance from plan of any accelerated amortization or other impacts of the California AB 1054 Wildfire Fund. • Exclude variance to plan of the impact of pending regulatory matters related to the CPUC and FERC Cost of Capital proceedings. • Exclude one-time pension settlement charges and Long-Term Incentive Plan tax windfall or shortfall to the extent such items are not included in the Plan earnings target. • Limit impact of Rabbi trust results (net of deferred compensation) to +/-5% (percentage points) of the Sempra ICP Earnings metric as calculated without such

Measure/Metric	Definition	Calculation Methodology	Any Adjustments/Exclusions
			gains or losses, to the extend such impacts are not included in the Plan earnings target.
SDG&E Balance Sheet	<p>The SDG&E Balance Sheet goal is intended to support enhancing balance sheet strength through activities that result in the reduction of customer arrearages and uncollected regulatory accounts through a variety of operational and regulatory actions.</p> <p>Subgoal 1 - Reduce residential customer arrearages to pre-pandemic levels (~\$75 million), inclusive of Residential Uncollectible Balancing Account (RUBA) collections.</p> <p>Subgoal 2 - File GRC Track 3 (WMP) by mid-year with interim recovery mechanism request.</p> <p>Subgoal 3 - Request CPUC approval to file TIMP, DIMP and GSEP 2024 GRC cycle memo account applications at least annually.</p>	Min = completion of any 1 subgoal, Target = completion of any 2 subgoals, Max = completion of all 3 subgoals.	

Section 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).

SDG&E annually engages in an extensive goal development process that reviews and establishes Company priorities for the year, concluding with approval of the ICP Structure by the SDG&E Board of Directors. Minimum, Maximum and Target goals are reviewed and updated annually considering measurements including but not limited to prior year performance, external benchmarks, internal priorities, and project plans. Success measures may be reviewed and adjusted to account for recent and historical performance, availability of resources, improvements in the means of calculating performance, or other developments.

New measures for 2025 include the following:

- Alternative metrics to capture PSPS preparedness and customer support in the event SDG&E does not initiate a PSPS even in 2025 have been updated.
- Cyber Safety is the updated title for the previous Annual Phishing Report Rate metric which continues to be a leading metric focused on building a positive and resilient cyber safety culture.
- Gas Integrity Management is the updated title for the previous DIMP – Miles of Vintage Mains and Services Replaced metric which continues to be a lagging metric focused on the replacement or retirement of pre-1973 in tier 1 and tier 2, Dupont Aldy-A, plastic pipe mains and services.
- Customer Service Value, which incentivizes operational behaviors and outcomes highly correlated with customer satisfaction, is a composite metric now comprised of three metrics. The weightings for each metric were adjusted to equally weigh each metric.
- Clean Energy Transition Projects, formerly titled ESG Project Progress, has been updated to reflect 2025 subgoal definitions that correspond to the goal's performance value.
- Advancing Organizational Culture is a new leading metric that replaces the prior DE&I Action Plan Progress metric and incentivizes cross-company coordination and prioritization to support inclusion and engagement.
- Community Relations encourages employee support of the company's philanthropic mission and has been updated to focus on employee volunteerism in the communities we serve.
- SDG&E Balance Sheet supports balance sheet strength through a variety of operational and regulatory actions.

Section 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
Wildfire & PSPS System Hardening	253.3	163.60	180.00	169.26	166.31
Vegetation Contacts in HFTD with High FPI	6	9	15	21	3
PSPS Average Circuit Restoration Time (Hours)	N/A	3.28	0	0	5.91
Electric Overhead Fault Rate During Elevated Fire Potential	1.171	1.278	0.90	0.72	0.66
Gas Integrity Management	51.19	52.06	54.70	56.09	58.2
Damage Prevention (Damages per USA ticket rate)	1.66	1.66	1.27	1.19	1.21
P1 Gas Response Time (Minutes)	29.6	29.1	28.6	28.3	28.1
Lost Time Incident (LTI) Rate	0.36	0.44	0.37	0.39	0.32
Driving Observations	N/A	N/A	N/A	N/A	100
Field Safety Engagements	N/A	N/A	N/A	N/A	126
Near Misses Reported	N/A	251	371	436	447
Cyber Safety	56%	68%	73%	78.25%	84.73%
System Average Interruption Duration Index (SAIDI)	65.25	70.10	68.93	62.00	61.67
Customer Service Value	N/A	N/A	N/A	120%	120%
Clean Energy Transition Projects	N/A	N/A	N/A	3	3
Advancing Organizational Culture	N/A	N/A	N/A	N/A	N/A
Community Relations	N/A	100%	82.80%	99.10%	83.00%
SRE Earnings (\$M)	2,339	2,558	2,947	2,977	3,158
SDG&E Earnings (\$M)	823	822	922	955	997
SDG&E Balance Sheet	N/A	N/A	N/A	N/A	N/A

Notes/Context:

Shaded cells indicate that the performance measure was not included in the ICP target for the year indicated but performance data is available.

Not applicable (“N/A”) indicates that the performance metric was not traced previously or tracked reflecting a different methodology or definition than applicable to the current year, and thus comparable performance data is not available.

Section 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):

N/A

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

N/A

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

N/A

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

N/A

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:

N/A

Section 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.⁹ Additionally, the CPUC adopted Safety and Operational Metrics (SOMs) for PG&E¹⁰ to be used in accordance with the approved PG&E’s post-bankruptcy reorganization plan.¹¹

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, SMPs, 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
Wildfire & PSPS System Hardening	Yes	WMP.455 (8.1.2.1); WMP.473 (8.1.2.2); WMP.475 (8.1.2.5.1);	No	N/A	No	N/A	N/A

⁹ CPUC Decision 19-04-020 (accessed Jan. 31, 2025): <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M288/K389/288389255.PDF>.

¹⁰ CPUC Decision 21-11-009 in eight separate files (accessed Jan. 31, 2025): <https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=421107805>.

¹¹ CPUC Decision 20-05-053 (accessed Jan. 31, 2025): https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpucwebsite/content/news_room/newsupdates/2020/d2005053-for-i1909016.pdf.

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
		WMP.543 (8.1.2.5.2); WMP.545 (8.1.2.5.2)					
Vegetation Contacts in HFTD with High FPI	Yes	WMP.494 (8.2.2.1); WMP.508 (8.2.2.2); WMP.501 (8.2.3.3); WMP.494 (8.2.3.4)	No	N/A	No	N/A	N/A
PSPS Average Circuit Restoration Time (Hours)	Yes	Section 8.4.5	No	N/A	No	N/A	N/A
Electric Overhead Fault Rate	Yes	Sections 8.1 and 8.2	No	N/A	No	N/A	N/A
Gas Integrity Management	No	N/A	No	N/A	No	N/A	N/A
Damage Prevention (Damages per USA ticket rate)	No	N/A	No	N/A	No	N/A	N/A
P1 Gas Response Time (Minutes)	No	N/A	Yes	SPM #11	No	N/A	N/A
Lost Time Incident (LTI) Rate	No	N/A	Yes	14	No	N/A	Employee DART Rate (DART Cases times 200,000 divided by employee hours worked)
Driving Observations (percent)	No	N/A	No	N/A	No	N/A	N/A

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
Field Safety Engagements	No	N/A	No	N/A	No	N/A	N/A
Near Misses Reported	No	N/A	No	N/A	No	N/A	N/A
Cyber Safety	No	N/A	No	N/A	No	N/A	N/A
System Average Interruption Duration Index (SAIDI)	No	N/A	No	N/A	Yes	2.1	SAIDI (Unplanned)
Customer Service Value	No	N/A	No	N/A	No	N/A	N/A
Clean Energy Transition Projects	No	N/A	No	N/A	No	N/A	N/A
Advancing Organizational Culture	No	N/A	No	N/A	No	N/A	N/A
Community Relations	No	N/A	No	N/A	No	N/A	N/A
SRE Earnings	No	N/A	No	N/A	No	N/A	N/A
SDG&E Earnings	No	N/A	No	N/A	No	N/A	N/A
SDG&E Balance Sheet	No	N/A	No	N/A	No	N/A	N/A

Section 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).

Section 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

LTIP Type	Previous Performance Year	Current Performance Year
	Grant Date Fair Value as a % of TIC ¹²	Target Value as a % of TIC ¹²
Stock Grant	n/a	n/a
Stock Option	n/a	n/a
Restricted Stock Unit (RSU)	23%	23%
Performance Share Unit PSU)/Performance Restricted Stock Unit (PRSU)	50%	49%
Cash Performance Payment	n/a	n/a
Other	n/a	n/a

LTIP Type	Previous Performance Year	Current Performance Year
	Grant Date Fair Value as a % of TIC ¹²	Target Value as a % of TIC ^{12, 13}
Stock Grant	n/a	n/a
Stock Option	n/a	n/a
Restricted Stock Unit (RSU)	23%	0%
Performance Share Unit PSU)/Performance Restricted Stock Unit (PRSU)	51%	0%
Cash Performance Payment	n/a	n/a
Other	n/a	n/a

LTIP Type	Previous Performance Year	Current Performance Year
	Grant Date Fair Value as a % of TIC ¹²	Target Value as a % of TIC ¹²
Stock Grant	n/a	n/a
Stock Option	n/a	n/a
Restricted Stock Unit (RSU)	23%	23%
Performance Share Unit PSU)/Performance Restricted Stock Unit (PRSU)	51%	50%
Cash Performance Payment	n/a	n/a
Other	n/a	n/a

¹² See footnote 1 above.

¹³ [REDACTED]

LTIP Type	Previous Performance Year	Current Performance Year
	Grant Date Fair Value as a % of TIC ¹⁴	Target Value as a % of TIC ¹⁴
Stock Grant	n/a	n/a
Stock Option	n/a	n/a
Restricted Stock Unit (RSU)	21%	24%
Performance Share Unit (PSU)/Performance Restricted Stock Unit (PRSU)	45%	46%
Cash Performance Payment	n/a	n/a
Other	n/a	n/a

LTIP Type	Previous Performance Year	Current Performance Year
	Grant Date Fair Value as a % of TIC ¹⁴	Target Value as a % of TIC ¹⁴
Stock Grant	n/a	n/a
Stock Option	n/a	n/a
Restricted Stock Unit (RSU)	22%	23%
Performance Share Unit (PSU)/Performance Restricted Stock Unit (PRSU)	49%	49%
Cash Performance Payment	n/a	n/a
Other	n/a	n/a

LTIP Type	Previous Performance Year	Current Performance Year
	Grant Date Fair Value as a % of TIC ^{14, 15}	Target Value as a % of TIC ¹⁴
Stock Grant	N/A	n/a
Stock Option	N/A	n/a
Restricted Stock Unit (RSU)	N/A	24%
Performance Share Unit (PSU)/Performance Restricted Stock Unit (PRSU)	N/A	48%
Cash Performance Payment	N/A	n/a
Other	N/A	n/a

¹⁴ See footnote 1 above.

¹⁵ [REDACTED]

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:

Restricted Stock Units and Performance Share Units are settled in shares of Sempra common stock, which is impacted by company performance and external factors, such as economic and market conditions. LTIP performance is tied to company safety performance in that if the company experiences an adverse safety event, it may impact financial and stock performance.

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)

Metric	Below Minimum	Minimum	Target	Maximum
Sempra total shareholder return vs. S&P 500 Utilities Index	See Table 1 Below			
Sempra total shareholder return vs. S&P 500 Index	See Table 1 Below			
Sempra Earnings Per Share Growth	See Table 2 Below			

Table 1

Sempra Total Shareholder Return Percentile Ranking vs. Peer Group¹	Percentage of Number of Restricted Stock Units that Vest
90 th	200%
80 th	175%
70 th	150%
60 th	125%
50 th	100%
40 th	70%
35 th	55%
30 th	40%
25 th	25%
Below 25 th	0%

¹Peer group for awards based on total shareholder return vs. the S&P 500 Utilities Index is the constituents of the index as of the grant date, excluding water companies. Peer group for awards based on total shareholder return vs. the S&P 500 Index is the constituents of the index as of the grant date.

Table 2

S Sempra Adjusted EPS CAGR Percentile vs. S&P 500 Utilities¹ 2023 - 2026	Percentage of Target Number of Restricted Stock Units that Vest
90 th	200%
75 th	150%
50 th	100%
25 th	25%
Below 25 th	0%

¹Peer group for awards based on Adjusted EPS Growth vs. the S&P 500 Utilities Index is the constituents of the index as of the grant date, excluding water companies.

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

Straight line

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

Table 1.4.3
Current Year LTIP Performance Range(s)

Metric	Below Minimum	Minimum	Target	Maximum
Sempra total shareholder return vs. S&P 500 Utilities Index	See Table 1 Below			
Sempra total shareholder return vs. S&P 500 Index	See Table 1 Below			
Sempra Earnings Per Share Growth	See Table 2 Below			

Table 1

Sempra Total Shareholder Return Percentile Ranking vs. Peer Group¹	Percentage of Number of Restricted Stock Units that Vest
90 th	200%
80 th	175%
70 th	150%
60 th	125%
50 th	100%
40 th	70%
35 th	55%
30 th	40%
25 th	25%
Below 25 th	0%

¹Peer group for awards based on total shareholder return vs. the S&P 500 Utilities Index is the constituents of the index as of the grant date, excluding water companies. Peer group for awards based on total shareholder return vs. the S&P 500 Index is the constituents of the index as of the grant date.

Table 2

Sempra Adjusted EPS CAGR Percentile vs. S&P 500 Utilities¹ 2024 - 2027	Percentage of Target Number of Restricted Stock Units that Vest
90 th	200%
75 th	150%
50 th	100%
25 th	25%
Below 25 th	0%

¹Peer group for awards based on Adjusted EPS Growth vs. the S&P 500 Utilities Index is the constituents of the index as of the grant date, excluding water companies.

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

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:

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:

Section 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

All executive officers of SDG&E participate in Sempra's LTIP. Target values of annual LTIP awards are based on a percentage of salary. Current year targets are set forth below:		Target Percentage
<div>16</div>		210%
		160%
<div>17</div>		160%
		120%
<div>18</div>		120%
		160%

16
17
18

Section 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: All Executive Officers¹⁹		
LTIP Type	Previous Year Weight	Previous Performance Year LTIP Award Basis
Stock Grant	0%	
Stock Option	0%	
RSU	33.3%	
PSU/ PRSU	66.7%	Performance-based restricted stock units (weighted at two-thirds, collectively): <ul style="list-style-type: none"> • One-third based on 3-year relative total shareholder return (TSR) – 70% based on 3-year relative TSR vs. S&P 500 Utilities Index – 30% based on 3-year relative TSR vs. S&P 500 Index • One-third based on 3-year Adjusted EPS CAGR relative to S&P 500 Utilities peers.
Cash	0%	
Other	0%	
Weighting Total:	100%	

¹⁹ [REDACTED]

Table 1.4.6
Current Year LTIP Measures, Weighting and Award Basis

Executive Title/ Function and Name: All Executive Officers		
LTIP Type	Current Year Weight	Current Performance Year LTIP Award Basis
Stock Grant	0%	
Stock Option	0%	
RSU	33.3%	
PSU/ PRSU	66.7%	Performance-based restricted stock units (weighted at two-thirds, collectively): <ul style="list-style-type: none"> • One-third based on 3-year relative total shareholder return (TSR) – 70% based on 3-year relative TSR vs. S&P 500 Utilities Index – 30% based on 3-year relative TSR vs. S&P 500 Index • One-third based on 3-year Adjusted EPS CAGR relative to S&P 500 Utilities peers.
Cash	0%	
Other	0%	
Weighting Total:	100%	

Section 1.4.4: 2024 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.
Relative Total Shareholder Return (TSR) vs. S&P 500 Utilities Index	Measures TSR over the three-year performance period for Sempra relative to the S&P 500 Utilities Index peers, excluding water companies. Peers are based on the constituents of the index as of the grant date.	TSR percentile ranking for the performance period (based on the 30-day average closing stock price immediately preceding the start of the performance period compared to the 30-day average closing stock price immediately preceding the end of the performance period) of Sempra's cumulative total shareholder return (consisting of per share appreciation in common stock plus reinvested dividends and other distributions paid on common stock) among the companies (ranked by cumulative total shareholder returns) in the S&P 500 Utilities Index (excluding water companies)	N/A	23.3%	See 1.4.3 above		
Relative Total Shareholder Return vs. S&P 500 Index	Measures TSR over the three-year performance period for Sempra relative to the S&P 500 Index peers. Peers are	TSR percentile ranking for the performance period (based on the 30-day average closing stock price immediately preceding the start of the performance period compared	N/A	10.0%	See 1.4.3 above		

Measure/Metric	Definition	Calculation Methodology	Any Adjustment/ Exclusions	Weight	Min.	Target	Max.
	based on the constituents of the index as of the grant date.	to the 30-day average closing stock price immediately preceding the end of the performance period) of Sempra's cumulative total shareholder return (consisting of per share appreciation in common stock plus reinvested dividends and other distributions paid on common stock) among the companies (ranked by cumulative total shareholder returns) in the S&P 500 Index					
Earnings per share growth	Measures Sempra's Adjusted EPS three-year compound annual growth rate (CAGR) relative to the S&P 500 Utilities Index peers, excluding water companies. Peers are based on the constituents of the index as of the grant date.	Based on the CAGR of Sempra's 2023-2025 Adjusted Earnings Per Share vs. the Adjusted Earnings Per Share CAGRs of the constituents of the S&P 500 Utilities Index, excluding water companies.	Adjusted EPS of Sempra and peers differs from EPS calculated under accounting principles generally accepted in the United States of America (GAAP). Typical exclusions include but are not limited to foreign exchange gains and losses, gains and losses related to acquisitions and divestitures, and the impact of changes in accounting and tax laws and regulations. Sempra's Adjusted EPS also excludes the effect of any common stock buybacks not contemplated as of the grant date.	33.3%		See 1.4.3 above	

Section 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
TSR vs. S&P 500 Utilities Index	115% (2018-2020 Award cycle)	64% (2019-2021 Award cycle)	131% (2020-2022 Award cycle)	145% (2021-2023 Award cycle)	192% (2022-2024 Award cycle)
TSR vs. S&P 500 Index	103% (2018-2020 Award cycle)	2% (2019-2021 Award cycle)	81% (2020-2022 Award cycle)	109% (2021-2023 Award cycle)	170% (2022-2024 Award cycle)
EPS Growth	200% (2018-2020 Award cycle)	200% (2019-2021 Award cycle)	200% (2020-2022 Award cycle)	200% (2021-2023 Award cycle)	200% (2022-2024 Award cycle)

Notes/Context:

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Section 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):

n/a

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

n/a

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:

n/a

Section 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

[REDACTED]			
LTIP Program Name ²⁰	Performance Measure	Projected % of TIC at Time of Grant	Actual % of TIC at Vesting Date
2021 PSU	Total Shareholder Return vs. S&P 500 Utilities Index	13%	21%
2021 PSU	Total Shareholder Return vs.S&P 500 Index	14%	16%
2021 PSU	EPS Growth	24%	60%
2021 RSU	Third Installment	8%	11%
2022 RSU	Second Installment	8%	9%
2023 RSU	First Installment	8%	8%

[REDACTED]			
LTIP Program Name ²⁰	Performance Measure	Projected % of TIC at Time of Grant	Actual % of TIC at Vesting Date
2021 PSU	Total Shareholder Return vs. S&P 500 Utilities Index	13%	21%
2021 PSU	Total Shareholder Return vs.S&P 500 Index	14%	16%
2021 PSU	EPS Growth	23%	60%
2021 RSU	Third Installment	8%	10%
2022 RSU	Second Installment	8%	9%
2023 RSU	First Installment	8%	8%

²⁰ See footnote 1 above.

LTIP Program Name ²¹	Performance Measure	Projected % of TIC at Time of Grant	Actual % of TIC at Vesting Date
2021 PSU	Total Shareholder Return vs. S&P 500 Utilities Index	12%	21%
2021 PSU	Total Shareholder Return vs.S&P 500 Index	14%	16%
2021 PSU	EPS Growth	23%	58%
2021 RSU	Third Installment	8%	10%
2022 RSU	Second Installment	7%	8%
2023 RSU	First Installment	8%	8%

LTIP Program Name ²¹	Performance Measure	Projected % of TIC at Time of Grant	Actual % of TIC at Vesting Date
2021 PSU	Total Shareholder Return vs. S&P 500 Utilities Index	11%	19%
2021 PSU	Total Shareholder Return vs.S&P 500 Index	13%	14%
2021 PSU	EPS Growth	21%	53%
2021 RSU	Third Installment	7%	9%
2022 RSU	Second Installment	7%	8%
2023 RSU	First Installment	7%	7%

LTIP Program Name ²¹	Performance Measure	Projected % of TIC at Time of Grant	Actual % of TIC at Vesting Date
2021 PSU	Total Shareholder Return vs. S&P 500 Utilities Index	12%	21%
2021 PSU	Total Shareholder Return vs.S&P 500 Index	14%	16%
2021 PSU	EPS Growth	23%	58%
2021 RSU	Third Installment	8%	10%
2022 RSU	Second Installment	7%	9%
2023 RSU	First Installment	8%	8%

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

Value realized upon vesting divided by TIC
--

²¹ See footnote 1 above.

Section 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 ²²	Target Annual STIP as a Percent of TC ²²	Target Quarterly STIP as a Percent of TC ²²	Target LTIP as a Percent of TC ²²	Indirect and Ancillary Compensation as a Percent of TC ²²
[REDACTED]	24%	21%	n/a	54%	1%
[REDACTED]	59%	35%	n/a	0%	6%
[REDACTED]	31%	18%	n/a	51%	0%
[REDACTED]	37%	18%	n/a	44%	1%
[REDACTED]	36%	18%	n/a	45%	1%
[REDACTED]	31%	18%	n/a	50%	1%

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

Executive benefit program allowance, supplemental disability insurance, executive security, personal liability insurance, Medjet, and financial planning.

²² See footnote 1 above.

Section 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.

Section 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)

Title	Current Year Indirect or Ancillary Compensation Element	Eligibility Requirements	Frequency (One-time, Annual, Other)	Current Estimated Proportion of Current Year TC ²³
[REDACTED]	Executive Benefits Program Allowance	[REDACTED]	Annual	Approximately 1%
[REDACTED]	Supplemental Disability	[REDACTED]	Annual	Less than 1%
[REDACTED]	Executive Security	[REDACTED]	Annual	Less than 1%
[REDACTED]	Personal Liability Insurance	[REDACTED]	Annual	[REDACTED]
[REDACTED]	Medjet	[REDACTED]	Annual	Less than 1%
[REDACTED]	Financial Planning	[REDACTED]	Annual	[REDACTED]

²³ See footnote 1 above.

²⁴ [REDACTED]

Section 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):

Participation in the SERP is subject to approval by the Compensation and Talent Development Committee of the Sempra Board of Directors and the SDG&E Board.

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).

██████ participates in the Supplemental Executive Retirement plan. The other executive officers participate in the Cash Balance Restoration Plan. The Supplemental Executive Retirement Plan is a defined benefit plan that considers age at retirement, years of service and final average pay (average base salary for the two consecutive years of highest base salary prior to retirement plus the average of the three highest annual bonus (STIP) awards in the 10 years prior to retirement). Benefits payable under the Supplemental Executive Retirement Plan are reduced by benefits payable under the Cash Balance Plan.

The Cash Balance Restoration Plan restores the benefits that would otherwise be provided under the qualified Cash Balance Plan but for Internal Revenue Service limits applicable to tax-qualified plans.

Benefits are paid in cash (both Supplemental Executive Retirement Plan and Cash Balance Restoration Plan).

Benefits are paid in a lump sum or as an annuity following retirement, based on the employee's payout election.

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 ²⁵	Number of Years Credited Service as of Current Year	Present Value of Accumulated Benefit – Previous Year as a % of TDC ^{26,27}	Cash Balance Account Lump Sum Value – Previous Year as a % of TDC ²⁸
[REDACTED]	39	1%	1%
[REDACTED]	20	1%	1%
[REDACTED]	5	2%	2%
[REDACTED]	10	5%	5%
[REDACTED]	26	1%	1%

²⁵ [REDACTED]

²⁶ See footnote 1 above.

²⁷ 2024 SERP/Cash Balance Restoration Plan Service Cost, consistent with SEC Form 14-A proxy pay versus performance disclosure methodology, as a percentage of 2024 TDC.

²⁸ 2024 Cash Balance Service Cost, consistent with proxy pay versus performance disclosure methodology, as a percentage of 2024 TDC.

Section 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).

Section 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: [REDACTED]						
LTIP Type ²⁹	Previous Year PY Grant Date (1)	Previous Year PY Vesting Schedule	Previous Year PY Grant Date Fair Value as a % of TC ²⁹	Current Year PY Anticipated Grant Date	Current Year PY Vesting Schedule	Current Year PY Target Value as a % of TC ²⁹
Stock Grant	n/a	n/a	n/a	n/a	n/a	n/a
Stock Option	n/a	n/a	n/a	n/a	n/a	n/a
Restricted Stock Unit (RSU)	1/2/2024	Vests ratably over three years	17%	1/2/2025	Vests ratably over three years	17%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	1/2/2024	Vests following completion of three-year performance period, subject to performance	37%	1/2/2025	Vests following completion of three-year performance period, subject to performance	37%
Cash Performance Payment	n/a	n/a	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a	n/a

(1) Performance year

²⁹ See footnote 1 above.

Executive Title/ Function and Name: [REDACTED]						
LTIP Type ³⁰	Previous Year PY Grant Date (1)	Previous Year PY Vesting Schedule	Previous Year PY Grant Date Fair Value as a % of TC ³⁰	Current Year PY Anticipated Grant Date	Current Year PY Vesting Schedule	Current Year PY Target Value as a % of TC ³⁰
Stock Grant	n/a	n/a	n/a	n/a	n/a	n/a
Stock Option	n/a	n/a	n/a	n/a	n/a	n/a
Restricted Stock Unit (RSU)	1/2/2024	Vests ratably over three years	16%	1/2/2025	Vests ratably over three years	0%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	1/2/2024	Vests following completion of three-year performance period, subject to performance	35%	1/2/2025	Vests following completion of three-year performance period, subject to performance	0%
Cash Performance Payment	n/a	n/a	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a	n/a

³⁰ See footnote 1 above.

Executive Title/ Function and Name: [REDACTED]						
LTIP Type ³¹	Previous Year PY Grant Date (1)	Previous Year PY Vesting Schedule	Previous Year PY Grant Date Fair Value as a % of TC ³¹	Current Year PY Anticipated Grant Date	Current Year PY Vesting Schedule	Current Year PY Target Value as a % of TC ³¹
Stock Grant	n/a	n/a	n/a	n/a	n/a	n/a
Stock Option	n/a	n/a	n/a	n/a	n/a	n/a
Restricted Stock Unit (RSU)	1/2/2024	Vests ratably over three years	16%	1/2/2025	Vests ratably over three years	16%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	1/2/2024	Vests following completion of three-year performance period, subject to performance	35%	1/2/2025	Vests following completion of three-year performance period, subject to performance	35%
Cash Performance Payment	n/a	n/a	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a	n/a

(1) Performance Year (PY)

³¹ See footnote 1 above.

Executive Title/ Function and Name: [REDACTED]						
LTIP Type ³²	Previous Year PY Grant Date (1)	Previous Year PY Vesting Schedule	Previous Year PY Grant Date Fair Value as a % of TC ³²	Current Year PY Anticipated Grant Date	Current Year PY Vesting Schedule	Current Year PY Target Value as a % of TC ³²
Stock Grant	n/a	n/a	n/a	n/a	n/a	n/a
Stock Option	n/a	n/a	n/a	n/a	n/a	n/a
Restricted Stock Unit (RSU)	1/2/2024	Vests ratably over three years	11%	1/2/2025	Vests ratably over three years	15%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	1/2/2024	Vests following completion of three-year performance period, subject to performance	25%	1/2/2025	Vests following completion of three-year performance period, subject to performance	29%
Cash Performance Payment	n/a	n/a	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a	n/a

(1) Performance Year (PY)

³² See footnote 1 above.

Executive Title/ Function and Name: [REDACTED]						
LTIP Type ³³	Previous Year PY Grant Date (1)	Previous Year PY Vesting Schedule	Previous Year PY Grant Date Fair Value as a % of TC ³³	Current Year PY Anticipated Grant Date	Current Year PY Vesting Schedule	Current Year PY Target Value as a % of TC ³³
Stock Grant	n/a	n/a	n/a	n/a	n/a	n/a
Stock Option	n/a	n/a	n/a	n/a	n/a	n/a
Restricted Stock Unit (RSU)	1/2/2024	Vests ratably over three years	14%	1/2/2025	Vests ratably over three years	14%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	1/2/2024	Vests following completion of three-year performance period, subject to performance	31%	1/2/2025	Vests following completion of three-year performance period, subject to performance	31%
Cash Performance Payment	n/a	n/a	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a	n/a

(1) Performance Year (PY)

³³ See footnote 1 above.

Executive Title/ Function and Name: [REDACTED] ³⁴						
LTIP Type ³⁵	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 ³⁵
Stock Grant	n/a	n/a	n/a	n/a	n/a	n/a
Stock Option	n/a	n/a	n/a	n/a	n/a	n/a
Restricted Stock Unit (RSU)	n/a			1/2/2025	Vests ratably over three years	17%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	n/a			1/2/2025	Vests following completion of three-year performance period, subject to performance	33%
Cash Performance Payment	n/a	n/a	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a	n/a

³⁴ [REDACTED]

³⁵ See footnote 1 above.

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

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1) Is any LTIP compensation not at risk?

Yes: ☐ No: ☒

Describe/Explain for answering either Yes or No:

Restricted Stock Units and Performance Share Units are settled in shares of Sempra common stock, which is impacted by company performance and external factors, such as economic and market conditions. LTIP performance is tied to company safety performance in that if the company experiences an adverse safety event, it may impact financial and stock performance.

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)

Metric	Below Minimum	Minimum	Target	Maximum
Sempra total shareholder return vs. S&P 500 Utilities Index	See Table 1 Below			
Sempra total shareholder return vs. S&P 500 Index	See Table 1 Below			
Sempra Earnings Per Share Growth	See Table 2 Below			

Table 1

Sempra Total Shareholder Return Percentile Ranking vs. Peer Group³⁶	Percentage of Number of Restricted Stock Units that Vest
90 th	200%
80 th	175%
70 th	150%
60 th	125%
50 th	100%
40 th	70%
35 th	55%
30 th	40%
25 th	25%
Below 25 th	0%

Table 2

Sempra Adjusted EPS CAGR Percentile vs. S&P 500 Utilities³⁷ 2023 – 2026	Percentage of Target Number of Restricted Stock Units that Vest
90 th	200%
75 th	150%
50 th	100%
25 th	25%
Below 25 th	0%

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

Straight line

³⁶ Peer group for awards based on total shareholder return vs. the S&P 500 Utilities Index is the constituents of the index as of the grant date, excluding water companies. Peer group for awards based on total shareholder return vs. the S&P 500 Index is the constituents of the index as of the grant date.

³⁷ S&P 500 Utilities Index constituents as of the grant date, excluding water companies.

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

Table 1.7.3
Current Year LTIP Performance Range(s)

Metric	Below Minimum	Minimum	Target	Maximum
Sempra total shareholder return vs. S&P 500 Utilities Index	See Table 1 Below			
Sempra total shareholder return vs. S&P 500 Index	See Table 1 Below			
Sempra Earnings Per Share Growth	See Table 2 Below			

Table 1

Sempra Total Shareholder Return Percentile Ranking vs. Peer Group³⁸	Percentage of Number of Restricted Stock Units that Vest
90 th	200%
80 th	175%
70 th	150%
60 th	125%
50 th	100%
40 th	70%
35 th	55%
30 th	40%
25 th	25%
Below 25 th	0%

³⁸ Peer group for awards based on total shareholder return vs. the S&P 500 Utilities Index is the constituents of the index as of the grant date, excluding water companies. Peer group for awards based on total shareholder return vs. the S&P 500 Index is the constituents of the index as of the grant date.

Table 2

Sempra Adjusted EPS CAGR Percentile vs. S&P 500 Utilities³⁹ 2024 – 2027	Percentage of Target Number of Restricted Stock Units that Vest
90 th	200%
75 th	150%
50 th	100%
25 th	25%
Below 25 th	0%

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

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:

³⁹ S&P 500 Utilities Index constituents as of the grant date, excluding water companies.

Section 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: All Executive Officers	
LTIP Type	Vesting Period and Type
Stock Grant	n/a
Stock Option	n/a
RSU	Equal installments over 3 years
PSU/ PRSU	3-year cliff
Cash	n/a
Other	n/a
Weighting Total:	100%

Table 1.7.5
Current Year LTIP Measures Vesting

Executive Title/ Function and Name: All Executive Officers	
LTIP Type	Vesting Period and Type
Stock Grant	n/a
Stock Option	n/a
RSU	Equal installments over 3 years
PSU/ PRSU	3-year cliff
Cash	n/a
Other	n/a
Weighting Total:	100%

Section 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.^{6F7}

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.

Section 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.

SDG&E's Review of Assigned Commissioner Ruling Executive Compensation Proposal 9:

The 2025 Guidelines encourage electrical corporations other than PG&E to review and consider adopting the executive compensation requirements that apply to PG&E pursuant to the final decision approving PG&E's reorganization plan (D.20-05-053), which obligated PG&E to comply with the requirements proposed in ACR Executive Compensation Proposal 9 ("ACR-9"). SDG&E has reviewed these executive compensation requirements for PG&E. As explained below, while SDG&E is under no obligation to comply or adhere to the requirements of ACR-9, the intent and substance of SDG&E's executive compensation structure align with most of the ACR-9 requirements. Since 2020, SDG&E has also adopted additional practices described in ACR-9, including the retention of an independent compensation consultant in 2023.

To the extent that SDG&E's executive compensation program differs from the ACR-9 requirements for PG&E, the features of SDG&E's program reflect the independent judgment and discretion of SDG&E's Board of Directors, as well as the Board's Safety Committee and Compensation Committee. As Energy Safety has recognized since the passage of Assembly Bill 1054, SDG&E's executive compensation structure complies with the requirements of Public Utilities Code Section 8389, promotes safety as a priority, and helps ensure public safety and utility financial stability.

1) Publicly disclosed compensation arrangements for executives.

As part of its annual report pursuant to General Order No. 77-M, SDG&E publicly discloses compensation for executives with base salaries of at least \$250,000.

2) Written compensation agreements for executives.

SDG&E does not have employment contracts for executive officers. SDG&E's short-term incentive plan and long-term incentive plan award agreements are updated annually.

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

SDG&E places an emphasis on variable performance-based pay, providing a greater proportion of target annual compensation through performance-based short-term incentives and LTIP rather than base salary.

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

SDG&E's performance-based restricted stock unit awards are subject to three-year cliff vesting and our restricted stock unit awards vest over a three-year period. Executive officers are subject to stock ownership guidelines that require them to achieve and maintain significant equity holdings.

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.

As explained above, SDG&E's long term compensation program is based on company financial performance. SDG&E's financial performance, however, is inexorably tied to company safety performance, as well as overall customer satisfaction, engagement, and welfare, in that if the company experiences an adverse safety event, it will likely adversely impact financial and stock performance – thus reducing overall long-term compensation. This is illustrated by the financial performance of PG&E, whose stock was at an all-time high in 2017 prior to a precipitous drop after the 2018 wildfires.

6) Annual review of awards by an independent consultant.

SDG&E's Board of Directors retains an independent compensation consultant to periodically review and advise on aspects of executive compensation and ICP awards.

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

As part of its annual report pursuant to General Order No. 77-M, SDG&E publicly discloses compensation for executives with base salaries of at least \$250,000, including awards to those executives.

- 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.**

The Board of Directors has discretion to reduce or eliminate an annual incentive award in the event of a significant lapse in safety or compliance, including if SDG&E is the ignition source of a catastrophic wildfire. Consistent with Public Utilities Code Section 8389(e)(4), “this may include tying 100 percent of incentive compensation to safety performance and denying all incentive compensation in the event the electrical corporation causes a catastrophic wildfire that results in one or more fatalities.”

SDG&E does not believe it would be prudent for the company to implement the presumption that is required for PG&E because (i) the presumption of ACR-9 was tied to conduct specific to PG&E and unrelated to SDG&E, and (ii) implementing such a presumption would unnecessarily make positions at SDG&E less attractive for recruitment purposes, especially when compared to compensation packages from the companies and industries where we recruit (including utilities other than the California electrical corporations).

- 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.**

SDG&E’s severance agreements provide that severance benefits are not paid in connection with a termination for cause, which can include, but is not limited to, grossly negligent performance of the executive’s duties and willful criminal conduct involving acts of moral turpitude resulting in an adverse effect for the company. SDG&E does not believe that it would be prudent to include this specific provision from ACR-9 because i) implementing these severance provisions would unnecessarily make positions at SDG&E less attractive for recruitment purposes, and ii) this provision of ACR-9 addresses actions specific to PG&E and its reorganization in the context of the concurrent criminal investigations of PG&E’s conduct leading to catastrophic wildfires.