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January 15, 2021

VIA EMAIL
Ms. Caroline Thomas Jacobs
Wildfire Safety Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

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

Dear Director Jacobs,

In response to the Wildfire Safety Division's ("WSD") December 22, 2020 Guidance Document, and in accordance with Public Utilities Code §§ 8389(e)(4) and (e)(6), San Diego Gas & Electric Company ("SDG&E") submits its request for approval of its 2021 executive compensation structure. The enclosed submission demonstrates that SDG&E's executive compensation structure complies with those statutory provisions and WSD's guidance. While SDG&E's 2021 executive compensation structure carries forward numerous elements that were included in its 2020 executive compensation structure – which WSD approved – SDG&E has also made certain changes, as described in the enclosed submission, to comply with the additional expectations WSD has issued.

SDG&E also informs WSD that its former Chief Safety Officer, Dave Geier, has retired, and Kevin Geraghty, Senior Vice President of Electric Operations, is its new Chief Safety Officer.

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

Respectfully submitted,

/s/ Dan Skopec
Dan Skopec

Enclosure

cc: R.18-10-007 Service List

SAN DIEGO GAS & ELECTRIC COMPANY'S
2021 EXECUTIVE COMPENSATION STRUCTURE AND COMPLIANCE
WITH PUBLIC UTILITIES CODE SECTION 8389(e)

January 15, 2021

I. INTRODUCTION

This submission demonstrates San Diego Gas & Electric Company's ("SDG&E's") continued compliance with Public Utilities Code Sections 8389(e)(4) and (e)(6) and with the Wildfire Safety Division's ("WSD") additional guidance, as outlined in the December 22, 2020 Guidance Document. Per WSD's guidance, SDG&E includes the following information related to its 2021 executive compensation structure (responsive information is provided in the Sections herein identified in parentheses):

- An explanation of executive compensation components, including base pay, annual bonus/incentive information, and long-term incentive pay, including percentages of overall compensation for each component (*See* Section II);
- A description of all metrics, including safety metrics, used to calculate incentive compensation, including an explanation of safety whether metrics are outcome or input based (*e.g.*, number of ignitions versus number of miles of distribution lines inspected) (*See* Section III.A);
- A breakdown of the percentage of executive compensation based on safety metrics versus other metrics, *e.g.*, financial performance (*See* Section III.A);
- A description of how safety performance is calculated for incentive compensation (*See* Section III.A); and,
- Examples of incentive compensation reduced or withheld in the last 5 years as a result of failure to meet safety metrics (*See* Section III.A).

The December 2020 Guidance Document also directed SDG&E to include the principles articulated in WSD's approval of SDG&E's 2020 executive compensation program, including that:

- Compensation structures should more closely align with measurable outcomes for safety improvements that are required for Wildlife Mitigation Plans (*See* Section III.A).
- Compensation awards should be based on objective, measurable and enforceable progress metrics that track impacts on drivers of ignition probability and safety outcome metrics that measure leading and lagging indicators of wildfire risk and consequences of wildfire mitigation work (*See* Section III.A).
- Compensation structures should appropriately weight safety concerns and financial performance (*See* Section III.A).

Lastly, WSD "encouraged" SDG&E to "review and consider adopting measures from the [Assigned Commissioner Ruling, Proposal 9 in Pacific Gas and Electric Company ("PG&E") Investigation ("I.") 19-09-016] in the spirit of transparency and furthering the purpose of AB 1054" (*See* Section III.C).

II. OVERVIEW OF SDG&E'S EXECUTIVE COMPENSATION STRUCTURE

SDG&E uses a comprehensive, market-based approach to executive compensation. The compensation and benefits for SDG&E executives are designed to attract, motivate, and retain high-performing executives. SDG&E benchmarks its total compensation to market to ensure its competitiveness. SDG&E's executive compensation structure is intended to focus executives on SDG&E's key priorities, the most important of which is safety. Safety is a core value of SDG&E, and thus compensation metrics and key performance indicators are used to drive improved safety performance, as discussed below.

The primary components of SDG&E's executive officer compensation are Base Pay, Variable Pay, and long-term incentives under Sempra Energy's Long-term Incentive Plan.

Base Pay, or base salary, is structured to be competitive, internally equitable and cost effective. While SDG&E emphasizes performance-based compensation via Variable Pay and Long-term Incentives, base salaries remain an essential and standard part of compensation for attracting and retaining executives.

Variable Pay, (sometimes referred to as the "Incentive Compensation Plan" or "ICP"), is another component of SDG&E's total compensation package, which creates focus on and accountability for desired results, improves performance, and facilitates ideas and operational improvements. Variable Pay plans are a prevalent market practice. Under SDG&E's Variable Pay plan, a portion of employee compensation is placed at risk, as further discussed below. The Variable Pay plan – at threshold, target, and maximum company performance – are expressed as a percentage of each executive officer's base salary.

Long-term Incentives are another integral component of a competitive compensation program for key management and executive employees. Consistent with the external labor market, SDG&E's compensation philosophy ties a greater portion of pay to company performance at higher levels of responsibility. Long-term incentive awards are granted under the Sempra Energy Long Term Incentive Plan, in the form of performance-based restricted stock units and service-based restricted stock units. Awards consist of three components: (1) performance-based restricted stock units based on Sempra Energy's total shareholder return relative to the utilities in the S&P 500 Utilities index and the S&P 500 index (with performance against each index measured separately) over a three-year period; (2) performance-based restricted stock units based on Sempra Energy's Earnings Per Share growth over a three-year period; and (3) service-based restricted stock units that vest ratably over three years.

For 2021, the percentage allocation of executive compensation among these three components is as follows:

Executive Officer	Base Pay %	Target Variable Pay (ICP) %	Target Annual Long-term Incentive Plan Award %[1]
CEO	28%	19%	53%
President and CFO	31%	19%	50%
COO	Retired January 1, 2021		
SVP & General Counsel	37%	19%	44%
VP, Controller and Chief Accounting Officer	44%	20%	36%

[1] Long-term incentive plan ("LTIP") targets represent 2021 annual LTIP awards and do not include special LTIP awards.

III. DOCUMENTATION OF COMPLIANCE WITH PUBLIC UTILITIES CODE §§ 8389(e)(4) AND (e)(6) AND WSD GUIDANCE

Assembly Bill 1054 (2019) added Section 8389(e)(4) and Section 8389(e)(6) to the Public Utilities Code. These provisions concern an electrical corporation's executive incentive compensation structure, and principles of executive compensation, respectively. An electrical corporation's demonstration of compliance with these statutory provisions is among the requirements necessary for obtaining an annual safety certification. Compliance with each statutory provision, and additional related WSD guidance, is discussed below.

A. Public Utilities Code § 8389(e)(4) and WSD Guidance on Executive Incentive Compensation

SDG&E's executive incentive compensation structure complies with Public Utilities Code § 8389(3)(4), which requires that the structure "promote safety as a priority and to ensure public safety and utility financial stability with performance metrics, including incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers, as defined in Section 451.5."

The SDG&E compensation component that comprises "executive incentive compensation" is Variable Pay. SDG&E's Variable Pay has been a longstanding part of SDG&E's total compensation strategy. Through Variable Pay, a substantial portion of executive pay is at-risk, subject to the achievement of the plan's performance measures, motivating employees to meet or exceed important safety, customer service, supplier diversity, reliability and financial goals.

Each year, the leadership team at SDG&E submits proposed Variable Pay goals to the Board of Directors for review and approval. In addition, safety components of Variable Pay were presented to the Safety Committee of the Board of Directors.

Safety measures or goals are an important focus of SDG&E's Variable Pay, as reflected in the numerous goals falling under the categories of public and employee safety. These measures are designed to incent employees and executives to meet specified safety targets. According to the National Safety Council Center's Campbell Institute of Environmental, Health and Safety Excellence, organizations are best served with a combination of leading and lagging indicators (outcomes).[2]

The following table provides additional detail about the framework of SDG&E's 2021 Variable Pay Plan, including safety measures.

[2] *See, e.g.*, Campbell Institute, "A Practical Guide to Leading Indicators: Metrics, Case Studies and Strategies," p. 2 (2019).

SDG&E ICP ELEMENTS	EXECUTIVE WEIGHTING 2021
OPERATING GOALS	**68%**
EMPLOYEE & PUBLIC SAFETY OPERATIONS	**59%**
System and Customer Safety	
Electric Safety	
Overhead System Hardening (Miles)	3%
Underground System Hardening (Miles)	3%
Wildfire Safety Communications	2%
Average Days for Tier 3 Level 1 Corrections	2%
Vegetation Contacts in HFTD	2%
PSPS Average Circuit Restoration Time (Hours) from "Okay to patrol"	2%
Wildfire Risk Events	2%
System Average Interruption Duration Index (SAIDI)	3%
Gas Safety	
Distribution Integrity Management Program - Miles of Vintage Mains & Services Replaced	4%
Damage Prevention (Damages per USA ticket rate)	3%
Mobile Home Park Retrofit Program (Spaces with To-the-Meter Installed)	2%
P1 Gas Response Time (Minutes)	2%
PSEP Line 1600 - Projects Moved into the Construction Phase	2%
Employee Safety	
Zero employee electric contacts	3%
Lost Time Incident (LTI) Rate	3%
Controllable Motor Vehicle Incidents (CMVI)	2%
ESCMP Findings Mediated	3%
Field Observations	3%
Near Misses Reported	3%
Executive Individual Safety Performance	10%
CUSTOMER SERVICE	**4%**
SDG&E Listens Survey (Voice of the Customer)	3%

SDG&E ICP ELEMENTS	EXECUTIVE WEIGHTING 2021
Envision: Deploy and begin serving customers	1%
DIVERSITY AND INCLUSION	**5%**
Diversity, Equity and Inclusion Action Plan Progress	3%
Supplier Diversity	2%
FINANCIAL GOALS	**27%**
SRE Earnings	12%
SDG&E Earnings	15%
INDIVIDUAL PERFORMANCE	**5%**
TOTAL	**100%**

The definitions of the 2021 safety goals in this table are set forth in Appendix 1 hereto. These safety goals include a combination of both input-based (*e.g.,* leading indicators) and output-based (*e.g.,* lagging indicators) measures. The metrics associated with the 2021 Variable Pay elements (minimum, target, and maximum) will be reviewed and approved by SDG&E's Board of Directors at its upcoming February 11, 2021 meeting. Following that approval, SDG&E will supplement this submission with those metrics.

In developing its 2021 Variable Pay elements and structure, SDG&E has taken WSD's additional expectations – as reflected in its June 30, 2020 action approving SDG&E's 2020 executive compensation program and the December 2020 Guidance Document – into account. For 2021, SDG&E has added several new safety operating goals to its Variable Pay and removed certain goals that were included in 2020 Variable Pay. More specifically, SDG&E has added:

(1) average days for Tier 3 Level 1 corrections;

(2) vegetation contacts in the High Fire Threat District ("HFTD");

(3) Public Safety Power Shutoff ("PSPS") average circuit restoration time (hours) from "okay to patrol;" and

(4) near misses in the HFTD (overhead faults that could result in ignition).

Measures (1), (2), and (4) are leading indicators of wildfire risk, and they tie SDG&E wildfire mitigation actions, such as vegetation management or inspections and maintenance of equipment, to outcomes, including outcomes associated with wildfire ignitions. Measure (3) is an indicator of SDG&E's performance in mitigating the impact of its wildfire prevention activities on customers. Or they measure events that have important wildfire safety implications or ramifications. Additionally, SDG&E added one new employee safety goal in 2021 – near misses reported and investigated. This new goal is also a leading indicator and is part of SDG&E's ongoing efforts to encourage near miss reporting and thereby learn from and correct safety issues.

As part of its 2021 revisions to address WSD's concerns and include more metrics that incentivize current wildfire risk mitigation priorities, SDG&E also removed several 2020 safety operating goals, including:

(1) fire hardening: wood-to-steel pole replacements (and relocated the percentage weighting to overhead system hardening);

(2) substation breaker replacement (units); and

(3) tee replacement program (locations).

The changes to 2021 safety-related goals were developed by SDG&E leadership, in consultation with its Safety Committee.

In recent years, SDG&E has increased the weighting of safety operating goals within the overall weighting of Variable Pay goals. Presently, 59 percent of executive Variable Pay is tied to Employee & Public Safety Operations, whereas only 27 percent is tied to Financial Goals. SDG&E believes that this allocation strikes the appropriate balance. Furthermore, there is an additional 10 percent of executive Variable Pay that is directly tied to Executive Individual Safety Performance.

In years in which performance goals (including safety goals) are not met, Variable Pay is reduced or withheld. Below is a summary of instances in which performance for safety measures was below the target performance goals under the 2014 through 2019 plans.[3]

Safety Performance Measure	Plan Year	Weighting (% of Company Component)	Performance Goals			Actual Perfor-mance	Payout as a % of Target	Performance Result
			Minimum	Target	Maximum			
Lost Time Incident Rate	2018	5.0%	0.73		0.53	0.71	20%	Between minimum and target
System Average Interruption Index	2018	2.5%	67	64	61	72	0	Below minimum - no payout
System Average Interruption Index	2016	5.0%	64	62	60	72.24	0	Below minimum - no payout
OSHA Recordable Rate	2015	8.0%	2.60		2.20	1.91*	0	Negative discretion - no payout
System Average Interruption Index	2014	5.0%	68	63	58	64.6	68%	Between minimum and target

*Although OSHA Recordable Rate was at 1.91, a level that would have resulted in a maximum payout, the payout was reduced to zero due to an employee death.

B. Public Utilities Code § 8389(e)(6)

SDG&E's executive compensation structure also complies with Public Utilities Code § 8389(e)(6). Set forth below are the compensation principles of Section 8389(e)(6) (in italics), followed by a description of SDG&E's compliance with those principles.

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

[3] The results for the 2020 Executive Compensation Plan have not yet been finalized.

As reflected in the table above, Base Pay comprises less than 50% of the total targeted annual compensation for SDG&E executives in 2020. The primary portion of that compensation is based on achievement of objective performance metrics through Variable Pay, and the Long-term Incentive Plan.

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

There are no guaranteed monetary incentives in SDG&E's executive compensation structure.

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

SDG&E's executive incentive compensation satisfies the compensation principles identified in Section 8389(e)(4), as discussed above.

(iii) A long-term structure that provides a significant portion of compensation, which may take the form of grants of the electrical corporation's stock, based on the electrical corporation's long-term performance and value. This compensation shall be held or deferred for a period of at least three years.

As described above, through the Long-term Incentive Plan, SDG&E provides a significant portion of executive compensation in the form of grants of Sempra Energy stock[4] based on long-term performance and value.

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

SDG&E is not aware of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation.

C. Assigned Commissioner Ruling on Executive Compensation Proposal 9 in PG&E Bankruptcy Investigation

SDG&E has reviewed and considered adopting measures from the Assigned Commissioner Ruling, Executive Compensation Proposal 9. Per the December 2020 Guidance Document, PG&E was directed to retain a nationally recognized independent consultant and to include the numerous components in its plan. Those components are set forth below, in italics, followed by a description of the status of SDG&E's review and consideration.

As reflected below, SDG&E has already implemented certain of these components. In other instances, however, SDG&E has not, largely due to significant differences between it and PG&E, including with respect to the safety records of the two companies, executive conduct, and the fact that SDG&E has not been the subject of a Commission restructuring investigation.

Publicly disclosed compensation arrangements for executives

[4] SDG&E is wholly owned by Sempra Energy and does not have publicly traded stock.

In accordance with General Order No. ("GO") 77-M, SDG&E reports compensation for all executive officers and other employees who received a base salary of $250,000 or more per annum, as well as all other employees who received a base salary of $125,000 or more per annum.

Written compensation agreements for executives.

SDG&E has written compensation agreements for executives. Variable Pay and awards under the Sempra Energy Long-Term Incentive Plan are administered in accordance with the applicable plan documents.

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

As discussed under Section II above, base salaries are structured to be competitive in order to allow SDG&E to recruit and retain executive talent.

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

As noted in Section II above, SDG&E's long-term incentive awards, in the form of Sempra Energy company stock, vest over a three-year period. In addition, SDG&E's executive officers also are subject to share ownership requirements. The share ownership requirements set minimum levels of share ownership that executive officers must achieve and maintain, ranging from one to three times the officer's base salary.

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.

While, as discussed in Section III.A above, SDG&E bases a significant component of incentive compensation (*i.e.*, Variable Pay) on safety performance, it does not directly base long-term incentive awards on safety performance, nor is such a measure warranted under the circumstances. Indirectly, however, financial performance is related to safety performance, as safety incidents, such as catastrophic wildfires caused by utility equipment, tend to negatively affect financial performance measures and thus long-term incentive awards.

Annual review of awards by an independent consultant.

Performance results under the Variable Pay plan are reviewed by Sempra Energy's Audit Services department.

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

As noted above, SDG&E submits GO-77M reports to the Commission. SDG&E also files an annual Tier 1 advice letter to report executive officer compensation pursuant to Senate Bill 901 and D.19-09-051.

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.

SDG&E has not implemented this presumption given differences between the companies. In addition, such a presumption would present a timing problem: the fact that a catastrophic wildfire was caused by a utility's unreasonable conduct might not be definitively determined until many years after the fire ignited. But the SDG&E Board of Directors does have discretion to withhold portions of executive Variable Pay in the event of a catastrophic wildfire caused by unreasonable SDG&E conduct. For instance, individual safety performance and individual performance measures could be withheld. In addition, both SDG&E's Variable Pay plan and Long-Term Incentive Plan provide the Board of Directors with discretion to require reimbursement of compensation awards in certain circumstances (*e.g.*, when fraudulent or intentional misconduct is present).

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 has not implemented this provision given differences between the companies. Executive officers convicted of a crime of moral turpitude and terminated for cause are not entitled to severance.

APPENDIX 1

SDG&E 2021 ICP PERFORMANCE GOAL DEFINITIONS

	2021 Goals	Descriptions
1	Overhead System Hardening (miles)	The goal of this program is to mitigate the risk of wildfire and minimize the impact of PSPS by hardening the distribution system to known local wind conditions, reducing the risk of equipment failure in high wind. Additionally, the Fire Risk Mitigation ("FiRM") program installs high tensile strength conductors that are less likely to fail than the aged small wire that exists today. This goal will be tracked by the project managers in the following programs and verified on the quarterly GIS reports. FiRM, Pole Risk Mitigation Engineering ("PRiME"); Cleveland National Forest Project ("CNF"); Corrective Maintenance Program ("CMP").
2	Underground System Hardening (miles)	The objective of undergrounding distribution circuits in strategic locations allow SDG&E to dramatically reduce SDG&E equipment as an ignition source. Removing the possibility of the overhead conductors failing, poles from failing and vegetation contacting SDG&E equipment, reduces possibilities of ignition. This program has the added benefit of reducing the need for PSPS as a mitigation under extreme weather conditions, potentially eliminating PSPS impacts for some customers. This goal will be tracked by the project managers in the CNF and underground hardening programs.
3	Wildfire Safety Communications	Measures the percentage of fire safety messages confirmed as received by customers that are sent prior to a PSPS event. The delivery of this message notifying customers of a loss of power generally occurs 24-48 hours before a circuit or portion of a circuit is deenergized.

	2021 Goals	Descriptions
4	Average Days for Tier 3 Level 1 Corrections	Level 1 infractions are issues on power lines found during inspections and have the potential to be an imminent hazard to public safety or fire risk that requires immediate action to either correct or make safe. Measures the average time between the recognition of a Level 1 risk and a corrective action being completed to mitigate immediate issue.
5	Vegetation Contacts in HFTD	Measures the number of vegetation contacts in the HFTD annually. Each vegetation contact to the primary voltage system that causes an outage or an ignition is captured via the Network Management System ("NMS") system and reported by SDG&E's Reliability Team. The Vegetation Management Team follows up on each tree contact to identify further details and action to be taken.
6	PSPS Average Circuit Restoration Time (Hours)	Each electric investor-owned utility shall ensure that electric service to impacted service points is restored as soon as possible and within 24 hours from the termination of the de-energization event, unless it is unsafe to do so. Electric service shall be restored only after facilities have been inspected and the utility has determined that service can be restored safely. Each de-energization event tied to a sectionalizing device is a record. The time measures the de-energized state of the sectionalizing device. The order to re-energize is tied to specific meteorological conditions as well as the availability of daylight and ability for air resources to safely conduct operations. If repairs are required as part of the patrol that inhibits the ability to re-energize the sectionalizing device, that record is not included in the average.

	2021 Goals	Descriptions
7	Wildfire Risk Events (OH faults that could result in ignitions)	These are specific faults on the overhead electric grid in the HFTD caused by equipment issues leading to an interruption of service. In order to count as near misses, these faults must not have caused an ignition. Each fault that caused service interruption will have a record in the Network Management System and a record kept by the Reliability Team.
8	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.
9	Distribution Integrity Management Program – Miles of Vintage Mains and Services Replaced	Miles of pre-1986, Dupont Aldyl-A, plastic pipe mains and services replaced from service or abandoned. Reports of the footage retired/replaced by the Distribution Integrity Management Program ("DIMP") including material and installation year for mains and services will be used to verify the ICP targets.
10	Damage Prevention	The metric "Damages per 1,000 Tickets" consists of the number of damages that cause a gas leak to SDG&E's below ground facilities 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.

	2021 Goals	Descriptions
11	Mobile Home Park Retrofit Program – Mobile Home Spaces with To-the-Meter Installed	The total number of Mobile Home Park ("MHP") spaces with completed To-the-Meter ("TTM") construction in 2021. This includes the installation and pressurization of gas main and service lines, and installation of electric conduit to each individual MHP space service point including the installation of electric meter pedestals when both systems converted to utility service. For the joint conversion park with Southern California Gas Company ("SoCalGas"), SDG&E will only include the installation of electric conduit to each individual MHP space service point and the installation of electric meter pedestals.
12	P1 Gas Response Time	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 three-year average of response times adjusted for anomalies including area odors.
13	Pipeline Safety Enhancement Plan Line 1600	Number of Line 1600 16" diameter pipeline replacement projects moved into the construction phase during 2021. As approved by the CPUC, the PSEP Line 1600 Test or Replacement Plan consists of 19 large projects to be constructed between 2020 and 2024. The 2021 ICP target takes into consideration the engineering, design, permitting, and construction efforts commensurate with the 2021 construction plan. ICP results will be certified with evidence of successfully passing through the formal Stage Gate 3 project review recognizing and approving of a project to move from the development phase into the construction phase. Certification information will include the Stage Gate 3 presentation and written documentation from the Construction Department Project Management Office indicating that the project was approved to move into construction.

	2021 Goals	Descriptions
14	Zero Employee Contacts	Zero employee electric contacts - No employee makes a direct primary voltage electrical contact with any part of their body that results in a disfigurement, dismemberment, or extended hospitalization requiring substantial medical treatment.
15	Lost Time Incident Rate	The Lost Time Incident ("LTI") Rate is expressed as the number of 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.
16	Controllable Motor Vehicle Incidents	Controllable Motor Vehicle Incidents ("CMVI") - Minimum performance, 53; maximum performance, 33 or fewer. Motor vehicle incident records in the electronic Safety Information Management System will document controllability.
17	ESCMP Findings Mediated	Environmental & Safety Compliance Management Program ("ESCMP") Corrective Action – Percent of Corrective Actions documented in the Safety Information Management System and scheduled for completion in calendar year 2021 that are completed by December 31, 2021.
18	Field Observations	The Company has developed a leading indicator safety metric which counts the number of documented observations to front line operational employees. An observation is defined as a visit to an employee or crew work site in which work is observed and documented, with at minimum the date of observation and notes on the observation. Note: BBS processes includes observations from front line employees who may also work in an office environment.

	2021 Goals	Descriptions
19	Near Misses Reported	A leading indicator metric in which a near miss is reported by an employee of an event that had no injuries or illnesses but could have easily resulted in an injury or illness. Employees submit these near miss events through an SDGE desktop or mobile application designed specifically for near miss reporting. It is measured by counting the number of documented near misses reported.
20	Executive Individual Safety Performance	The SDG&E Board of Directors has discretion in determining this portion of an officer's ICP award based upon the Board's assessment of an individual officer's demonstration of commitment to safety excellence. The Individual Safety Performance Component is determined by the officer's contribution to: • championing safety culture; • contribution to safety initiatives; • achievement of Safety Barometer Survey action planning; • contribution to key safety programs including: Executive Safety Council, Employee Safety Congress, Contractor Safety Congress, Employee Safety Committees.
21	SDG&E Listens Survey (Voice of the Customer)	The metric represents the top two ratings for the "Made it Easy" survey question for customers who rated their interaction with SDG&E a 4 or 5 on a 1-5 scale. This represents how well SDG&E made the interaction easy for the customer.

	2021 Goals	Descriptions
22	Envision: Deploy and begin serving customers	Deploy and begin serving customers by April 5, 2021, which means that Envision – the new customer information system system – will be used to: • Receive phone calls in the Customer Care Center • Execute processing to run billing cycles • Produce bills for customers
23	Diversity, Equity and Inclusion Action Plan Progress	TBD
24	Supplier Diversity	The Supplier Diversity attainment is calculated by dividing the diverse business enterprise ("DBE") spend (tier 1, 2, & 3) by the total spend for all goods and services. SDG&E will continue to optimize DBE spend by eliminating pass-through contracting that does not add value, reducing markups in subcontracting, expand subcontracting opportunities with tier 3 and seeking opportunities for diverse suppliers to take on prime roles.

	2021 Goals	Descriptions
25	Individual Performance (Executive Plan)	The SDG&E Board of Directors has discretion in determining this portion of an officer's ICP award based upon the Board's assessment of an individual officer's contribution and performance during the year on an absolute basis and relative to the officer's peer group. The Individual Performance Component is determined by the officer's contribution to: • achievement of the Company Performance Component result, including financial, safety, operational and other goals; • contribution to strategic initiatives identified by the Board; • achievement of individual goals; • demonstrating leadership competencies, including: delivering results, leading change, inspiring trust, building talent, acting strategically, and exercising good judgment; • managing operational cash flows to maintain high quality credit ratings.