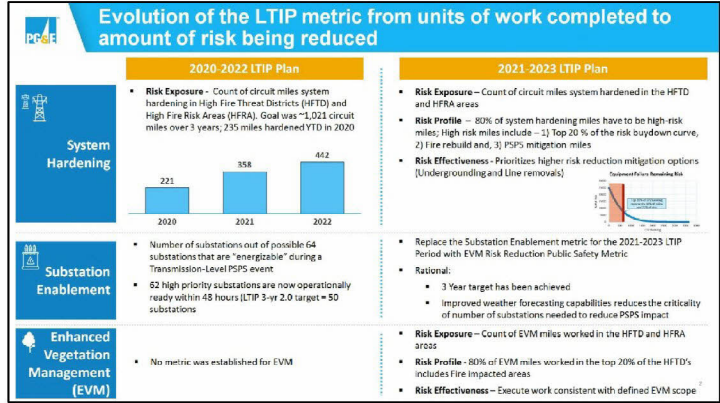


**Public Safety
Long Term Incentive Plan (LTIP)
Target Setting**

November 15, 2020

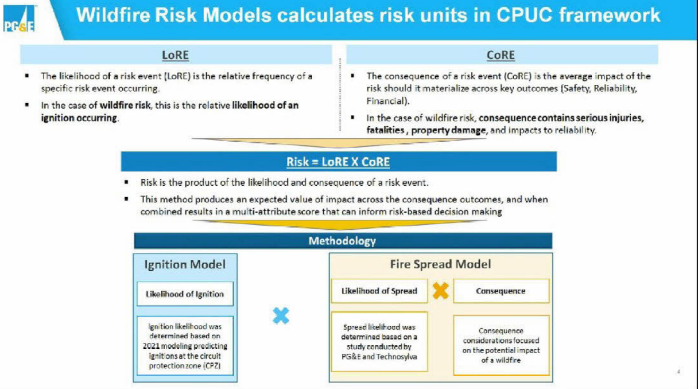


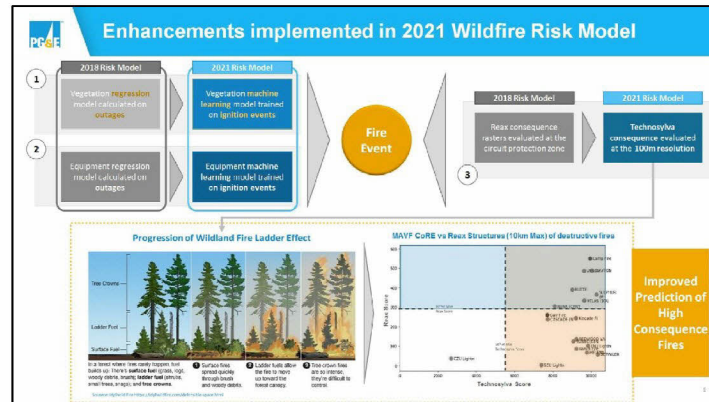
Together, Building
a Better California



Risk Model and Risk Quantification

1/20/2014

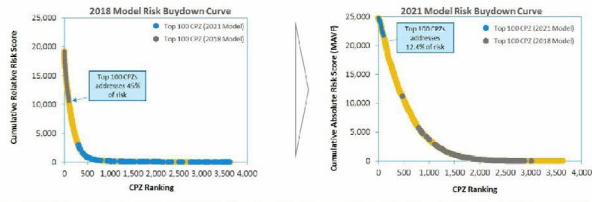






Risk models provide risk buydown curves to guide workplan

The risk buydown curve shows the amount of risk that can be addressed with every subsequent mile or CPZ that is mitigated. This view shows the relative magnitude of potential projects and can compare impacts of programs with varied effectiveness. The visualization helps to highlight the consolidation of risk by mile as you move down the prioritization list.



System Hardening Risk Buydown curves highlight the significant shift of where the top 100 CPZ's are between the two models

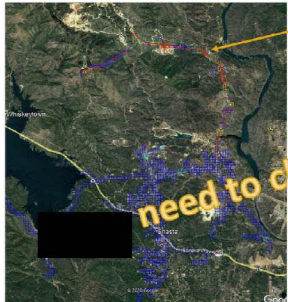
Project Example

1/1/2024



Project Example: Keswick

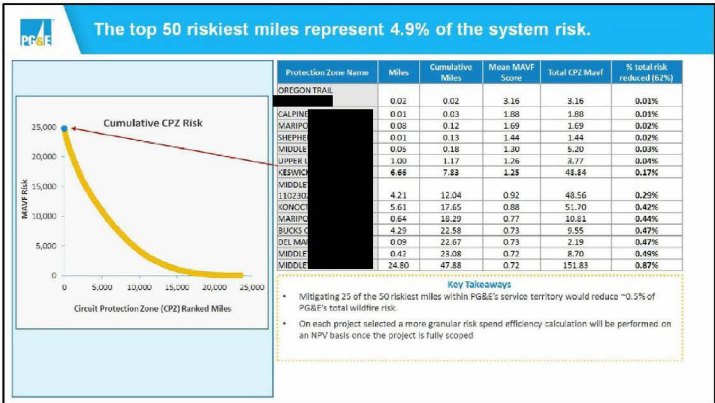
Circuit Protection Zone

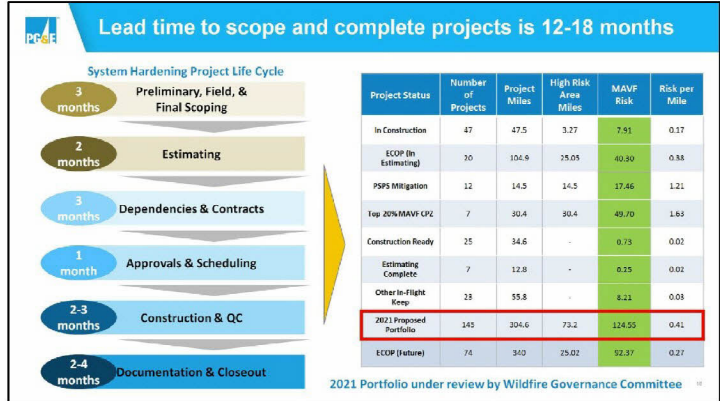


- Keswick [redacted] Circuit Protection Zone
- 6.6 Miles in total, the 100m X 100m squares are the absolute risk values for each section of that protection zone
 - The total protection zone absolute risk score is 48.84 risk units (sum of all the 100m squares along the circuit)
 - Average risk score of all the squares gives the CPZ mean risk score of 1.25

Keswick (6.6 Miles)	No System [redacted]	50-50 [redacted]	Under- grounding	50-50 OH / UG
Total CPZ Risk Score After Mitigation:	30.28	48.35	39.32	
Total CPZ Risk	48.84	18.56	0.49	9.52
	0.6	0.6	0.6	0.6
UG System Hardening [redacted] /mile)	\$ -			
UG System Hardening [redacted] /mile)	\$ -			
Total Capital Cost:	\$ -			
NPV @ 7% discount rate				
\$ NPV per unit of risk (RSE)				

need to chat about the NPV





Target Setting

11/20/2024

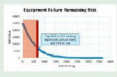
System Hardening

Conditions

Condition 1: 80% of system hardening miles have to be high-risk miles or LTIP is 0

Risk Profile (High Risk Miles defined as)

1. Top 20% of risk buydown curve
2. Fire rebuild miles
3. PSPS mitigation miles



Condition 2: Set minimum percentage of miles mitigated with either Line Removal or Undergrounding or LTIP is 0

Risk Effectiveness

- 5%, 10% and 15% of Undergrounding work in the System Hardening project portfolio in 2021, 2022 and 2023, respectively

Risk Exposure

- Count of circuit miles system hardened in the HFTD and HFRA areas

System Hardening Targets (Risk Miles)

	LTIP 0.5	LTIP 1.0	LTIP 2.0
2021	305	320	350
2022	350	368	403
2023	396	416	455
2021-2023	1,051	1,103	1,209

1. Basis of the 80% is to allow for operational execution considerations including permitting, weather related access, and mob/demob efficiencies

2. Basis of the top 20% correlates to ~70% of the risk on the risk buydown curve

Enhanced Vegetation Management (EVM)

Conditions

Condition 1: 80% of EVM miles have to be high-risk miles or LTIP is 0

Risk Profile (High Risk Miles defined as)

- Top 20% of risk model buydown curve
- Fire impacted miles

Risk Effectiveness

- Execute work consistent with defined EVM scope
 - Achieve 2.2' recommended radial clearance
 - Assess shrub potential trees including high-risk species
 - Remove overhangs above and within 4 feet of power lines
 - Mitigate vegetative fuels under and adjacent to powerlines on targeted basis

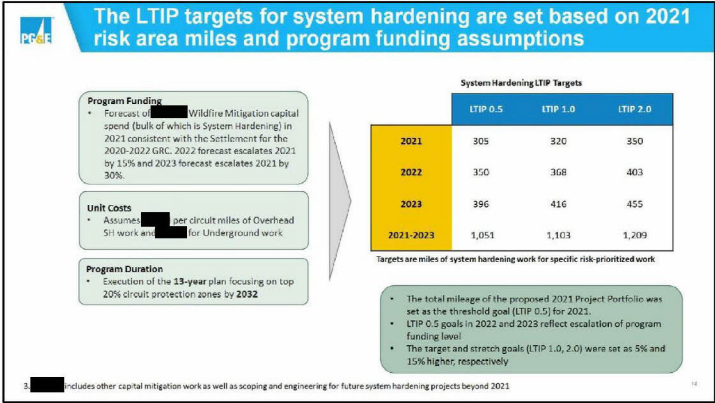
Risk Exposure

- Count of EVM miles worked in the HFTD and HFRA areas

EVM Targets (Risk Miles)

	LTIP 0.5	LTIP 1.0	LTIP 2.0
2021	1,800	1,890	2,070
2022	1,800	1,890	2,070
2023	1,800	1,890	2,070
2021-2023	5,400	5,670	6,210

1. Basis of the 80% is to allow for operational execution considerations including permitting, weather related access and, customer approvals
 2. Basis of the top 20% correlates to ~85% of true risk on the risk buydown curve



The LTIP targets for EVM are set based on work to be completed over the remaining ten years of the program

- Program Duration**
- Assumes execution of the 12-year Enhanced Vegetation management Plan (2021-2032)
 - Forecasting viability of 10-year pace (2021-2030)
- Program Funding**
- Forecast of [redacted] spend on EVM program in 2021, 2022 and 2023 respectively (in alignment with POR)
 - 10-year pace will result in incremental forecast of [redacted] per year
- Unit Costs**
- Assumes [redacted] per miles of EVM work

Enhanced Vegetation Management LTIP Targets

	LTIP 0.5	LTIP 1.0	LTIP 2.0
2021	1,800	1,890	2,070
2022	1,800	1,890	2,070
2023	1,800	1,890	2,070
2021-2023	5,400	5,670	6,210

- Targets are miles of EVM work for specific risk-prioritized work.
- The total mileage of the proposed 2021 Project Portfolio was set as the threshold goal (LTIP 0.5) for 2021
 - The target and stretch goals (LTIP 1.0, 2.0) were set as 5% and 15% higher, respectively