Date Filed: October 14, 2026

Witness: Sasha P. Lazor and Marianne H. Eichler
Request from: Public Utilities Regulatory Authority

Question:

(OFFICER VARIABLE COMPENSATION—AGGREGATE TARGET INCENTIVE BASE) Application, Ex. CLP-EMPLOYEE-1, pp. 30–38; Application, Sch. C-3.7. Explain how the dollar value of the target incentive pool is initially calculated before application of the corporate performance factor.

a. Provide an unlocked Excel workbook showing, for each Schedule C-3.7 participant or anonymized recipient:
    i. eligible base compensation used in the calculation;
    ii. applicable target incentive percentage;
    iii. resulting target incentive dollars;
    iv. a reconciliation of the individual target amounts to the aggregate target pool applicable to the Schedule C-3.7 population.
b. In a narrative response, explain the methodology used to determine eligible compensation for purposes of calculating the target incentive opportunity, including:
    i. whether eligible compensation is based on beginning-of-year, year-end, average, or actual earned salary; and
    ii. how promotions, salary changes, partial-year service, transfers, hires, and terminations are treated in determining eligible compensation and target incentive dollars.

Response:

The target value of is determined based on a bottoms-up calculation determining the level of compensation at target, based on the target payout as a percentage of base salary and each individual's base salary. For instance, if an individual has a target variable compensation of 10 percent of salary at $100,000 annual salary, that individual's target incentive compensation is $10,000 ($100,000 annual salary * 10 percent target payout).

a. Please refer to UPA-015, Attachment 1, which compares annual variable compensation targets to annual variable compensation actually paid, by recipient.

b. When determining the variable compensation, year-end base salary is used, with the following exceptions:

- Promotions – base salaries are pro-rated between the two roles the employee held in the calendar year

- New hires (partial-year service)) – base salaries are pro-rated by the compensation actually earned in the calendar year (i.e. number of months worked)

- Terminations or retirements – employees must be employed as of the date variable compensation is paid in order to be eligible.