

PRELIMINARY STATEMENTS

OO. OFFICER COMPENSATION PROGRAM MEMORANDUM ACCOUNT ("OCMA")

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1. PURPOSE

BVES shall maintain an Officer Compensation Memorandum Account ("OCMA"). The OCMA is established pursuant to Public Utilities Code Section 706, as enacted by Senate Bill 901 (2018, Dodd). Public Utilities Code Section 706 requires, among other things, that all forms of compensation for officers of electrical or gas corporations shall be paid solely by shareholders. The purpose of the OCMA is to track the difference between (1) compensation for officers of the utility that is authorized in GSWC's water operations General Rate Cases ("GRCs") or resolutions that have been allocated to the electric operations and; (2) all compensation as defined by Public Utilities Code Section 706 that have been allocated to the electric operations from GSWC's future GRCs for its water operations. The term "officer" shall be defined as those employees of the investor owned utilities in positions with titles of Vice President or above, consistent with Rule 240.3b-7 of the Securities Exchange Act.

2. APPLICABILITY

The OCMA is effective January 1, 2019 until closed at the direction of the Commission.

3. ACCOUNTING PROCEDURE

The OCMA consists of two sub-accounts:

The "Authorized Compensation Sub-Account" tracks the portion of salaries, bonuses, benefits, and all other consideration of any value paid to officers that has been allocated to the electric operations division of GSWC in GSWC water operations GRCs.

The "Total Compensation Sub-Account" tracks the portion of salaries, bonuses, benefits, and all other consideration of any value paid to officers that has been allocated to the electric operations division of GSWC by the Commission in GRC decisions for GSWC's water operations.

Salaries, Bonuses, Benefits: Payroll data for Executive Officer base salaries, Variable Pay/Incentive Compensation Plan, Employer portion of health and welfare premiums, Executive Officer perquisites in payroll data and/or invoices, deferred compensation company match that has been allocated to the electric operations division of GSWC by the Commission in future GRC decisions for GSWC's water operations.

BVES shall maintain this account by making monthly entries (or annual entries where applicable and monthly data is not available) as follows:

A. Authorized Compensation Sub-Account

1. A credit entry equal to the salaries, bonuses, benefits, and all other consideration of any value set aside to be paid to its officers as authorized in the final decision and allocated to electric operations, in future GRCs for water operations.

B. Total Compensation Sub-Account

1. A debit entry equal to the salaries, bonuses, benefits, and all other consideration of any value paid to its officers that have been allocated to the electric operations from the GRCs for the water operations.

4. ACCOUNT DISPOSITION

Amounts tracked in the OCMA may be addressed in the next BVES GRC or other appropriate Commission proceeding and should be refunded to customers in rates.

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