



**Pacific Gas and
Electric Company.**

LETTER AGREEMENT NO. 08-01-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
LABOR RELATIONS DEPARTMENT
MAIL CODE N2Z
P. O. BOX 770000
SAN FRANCISCO, CA 94177
(415) 973-4310

STEPHEN RAYBURN
DIRECTOR AND CHIEF NEGOTIATOR

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
P.O. BOX 2547
VACAVILLE, CALIFORNIA 95696
(707) 452-2700

TOM DALZELL
BUSINESS MANAGER

January 9, 2008

Mr. Tom Dalzell, Business Manager
Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P.O. Box 2547
Vacaville, CA 95687

Dear Mr. Dalzell:

Since 1988, outage recognition programs which award paid time off for achieving defined outage goals have been offered to employees performing work on refueling outages at the Diablo Canyon Power Plant (DCPP). The most recent agreements, L/A 07-14 and 07-15, covered the fourteenth refueling outage of Unit 1. LA/07-14 allowed a gift raffle for employees who submitted radiation dose reduction suggestions or were observed practicing excellent dose reduction techniques. L/A 07-15 provided a system (Outage Recognition Program) to award paid time off for achieving outage goals.

Performing safer, shorter and less expensive outages remain primary and important goals of PG&E and for that reason the Company is proposing incentive programs for the Steam Generator Replacement Outages (2R14 and 1R15), scheduled to begin February 2008 and January 2009, respectively.

The first program, **Steam Generator Replacement Outage (SGRO)**, rewards regular employees with paid time off for meeting pre-determined outage goals. This program is shown as Attachment A.

The second program, **Human Performance, ALARA, Peer & Safety "Good Catch" Reward Program**, allows employees to participate in daily gift drawings for suggestions or performance that meets program guidelines. This program is shown as Attachment B.

If you are in accord with the foregoing and attachments and agree thereto, please so indicate in the space provided below and return one executed copy of this letter to the Company.

Very truly yours,

PACIFIC GAS & ELECTRIC COMPANY

By: _____


Stephen A. Rayburn
Director and Chief Negotiator

The Union is in accord with the foregoing and agrees thereto as of the date hereof.

LOCAL UNION NO. 1245, INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO

January 28, 2008

By: _____

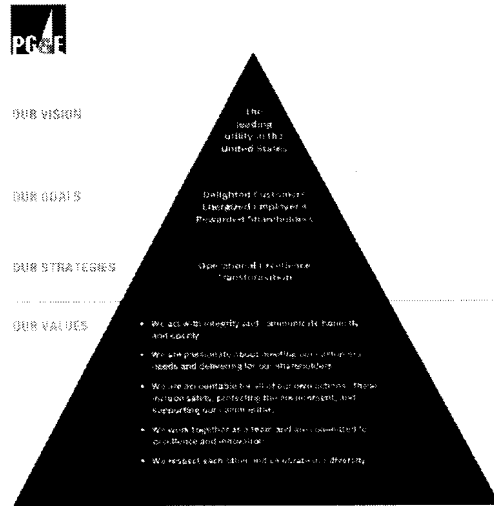

Tom Dalzell
Business Manager

Attachment A

DIABLO CANYON POWER PLANT

STEAM GENERATOR REPLACEMENT OUTAGE (SGRO)

INCENTIVE PROGRAM



I. Incentive Plan Structure

The Outage Incentive Plan has been designed to recognize the performance of the organization in the areas of the DCCP Business Plan cornerstones: Safety, Reliability, Organizational Effectiveness, and Cost. This program provides for incentive components based on performance goals structured around each of these cornerstones, awarded following the completion of the outage.

This award applies to regular PG&E employees who directly support the outage or whose normal job function must continue through the outage. The award will not apply to contractors, temporary additional (including Hiring Hall), and building trades personnel. The award will be paid as additional time off with pay. Having safe, efficient, and effective outages is our goal as an industry leader, has value to PG&E and our customers, and is an effort that should be rewarded.

II. Conditions of Incentive Award

After the outage, the NPG officers will determine an overall recognition award, based on performance against pre-established outage goals. The maximum achievable incentive award is 24 hours of vacation time. The breakdown of the SGRO incentive goals are listed below, structured around safety, reliability, organizational effectiveness, and cost.

If significant events occur that dramatically affect safety, the NPG officers reserve the right to adjust this amount accordingly, up to elimination of the award for very serious events. Conversely, the award amount may also be raised to recognize exemplary performance.

Example: If human error leads to a significant personnel injury, the Officers may choose to eliminate all award components.

III. Incentive Goals and Allocation

Goals have been established in areas that are in alignment with the DCPD Business Plan cornerstones, and apply to all individuals supporting the outage as specified above. The award hours will be allocated as follows:

AREA	GOAL	AWARD
Safety <ul style="list-style-type: none"> Industrial Safety 	Zero Disabling injuries (PG&E and non-PG&E) ≤ 2 Recordable Injuries	6 hrs
<ul style="list-style-type: none"> Radiological Safety 	≤ 256.7 Person-Rem For 2R14 ≤ <i>Dose goal established at T-3M for 1R15</i> ≤ 170 Personnel Contamination Events	2 hrs
<ul style="list-style-type: none"> Nuclear Safety 	No unplanned loss of decay heat removal No unplanned reduction below outage safety plan minimum due to human error	2 hrs
<ul style="list-style-type: none"> Human Performance 	No Site HU Clock-Resetting Events No Significant Security Violations No Significant FME Events	2 hrs
Reliability <ul style="list-style-type: none"> Power Ascension Max Capable Power 	≤ 5 Days ≥ 90 days	2 hrs 2 hrs
Org Effectiveness <ul style="list-style-type: none"> Scheduled Window Durations 	Achieve / exceed Polar Crane turnover to SGRP Achieve / exceed ILRT complete window Achieve / exceed breaker closed window	2 hrs 2 hrs 2 hrs
Cost <ul style="list-style-type: none"> Incremental O&M 	≤ \$40.8 Million For 2R14 ≤ <i>Cost goal established at T-3M for 1R15</i>	2 hrs

IV. Administration

After the vacation hours have been determined by the NPG officers, the award will be administered as follows:

A. General Eligibility

All Generation Business Unit employees and PG&E employees who are matrixed or assigned to Diablo Canyon Power Plant (DCPP) operations in support of the refueling outage will be eligible for participation in the program.

Other PG&E employees who work at the plant site during the outage are eligible for the award at the discretion of their management.

The award will not apply to Contractors, Temporary Additional Employees, and Building Trades personnel.

NOTE: Participants who leave before the end of their outage assignment or who are discharged will not be eligible for an outage recognition award. Specific employee eligibility will be determined by Generation Business Unit management and Human Resources.

B. Individual Award Determination

The Outage Incentive Program provides for an opportunity to earn additional paid time off.

1. Individual awards will be determined by the final award determination of the Senior Vice President of Generation Business Unit based on the program criteria outlined in the Outage Incentive Program for PG&E Active Status Employees.
2. The individual award basis applicable to the employee's organization and status is as follows:
 - a) Generation Business Unit Regular full-time Employees and other matrixed PG&E employees who work at DCPD full time, who are on active payroll at the end of the outage, will receive the full recognition earned. Employees on rotation outside of DCPD during the outage may be excluded at management's discretion.
 - b) Other PG&E Regular full-time Employees will receive a pro-rated award based on the number of days worked in support of the outage as outlined under "Pro-Rated Incentives" below. Generation Business Unit employees who do not support DCPD Operations may not be eligible.
 - c) Employees in full-time Equivalent Job Share Arrangements will receive an award the same as full-time employee, but allocated subject to the job share arrangements.
 - d) Generation Business Unit part-time employees will receive a pro-rated award equivalent to full-time days worked in support of the outage.

C. Pro-Rated Awards

For eligible employees who work a number of days not equal to the actual time between "breaker open to Mode 4", the individual award will be determined by dividing the total number of days worked in direct support of the outage* by the total number of days from breaker open to Mode 4. Awards will be rounded to the nearest whole hour.

** The number of days worked in direct support of the outage may include time worked just prior to the breaker open period, if the individual's assignment is scheduled to complete before we reach Mode 4. Common examples include access & badging, trainers, planners, schedulers.*

Example: If the final award hours earned determined by the SR. VP - Generation Business Unit is 18 hours, and if the "breaker open to Mode 4" actual duration is 20 days, and, if a matrixed employee works 17 days in support of the outage:

$$\text{Individual Award} = \frac{(17 \text{ days worked supporting outage})}{(20 \text{ days} = \text{actual breaker open to Mode 4})} \times 18 \text{ hours}$$

Final Award = 15 hours earned

D. Award

After the vacation hours have been determined by the NPG officers, the award will be provided as time off with pay only. Any award hours for the outage will be specified by the NPG officers as to when it will be taken but in no case will it be later than June 30, 2010.

This program applies to the Unit 1 and 2 Steam Generator Replacement Outages (SR11 and 1R15).

F. Exceptions

All exceptions will be directed to the Outage Incentive Program Administrator, DCPH Human Resources and will be subject to Officer approval.

Attachment B

Diablo Canyon Power Plant

Human Performance, ALARA, Peer & Safety “Good Catch” Rewards Program

ADMINISTRATIVE GUIDELINES

A. General Eligibility

All Generation Business Unit employees, PG&E employees, and Temporary Additional Employees (including Hiring Hall employees) who are matrixed or assigned to Diablo Canyon Power Plant (DCPP) operations in support of the Unit 2 fourteenth refueling outage (2R14) and Unit 1 fifteenth refueling outage (1R15) will be eligible for participation in the program.

B. Award

Completing refueling outages safely and error-free is a critical component in Diablo Canyon’s drive to be the industry leader. To that end, this program is designed to encourage employees to identify safe and error-free practices by submitting ideas and suggestions to document good catches, near misses, error traps, lessons learned and near misses. These suggestions will improve the SAFETY, ALARA and HUMAN PERFORMANCE programs. This will be called a GOOD PRACTICE CARD.

How it works:

- 1) Drawings will be held daily for gifts (not cash or cash equivalents) with a value not to exceed \$250.
- 2) Drawings will begin two weeks prior to the start of the outage and continue through the last week of the scheduled outage.
- 3) An employee’s name will be submitted for the drawing each time the employee accomplishes one of the following:
 - a. The employee **submits a Good Practice idea or suggestion** that is submitted in writing and deemed reasonable by representatives of the Human Performance/Safety/ALARA sections,
 - b. The employee is **observed practicing excellent safety, ALARA or human performance techniques**. That observation is verified in writing by a supervisor and deemed reasonable by representatives of the Human Performance/Safety/ALARA sections.
- 4) The \$200.00 award limit is per employee per calendar quarter will be increased to \$500 for this program.