

PACIFIC GAS AND ELECTRIC COMPANY

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December 23, 1987

Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P. O. Box 4790
Walnut Creek, California 94596

Attention: Mr. Jack McNally, Business Manager

Gentlemen:

Letter Agreement 85-50, concerning production standards and incentive pay in the Payment Processing Center, provides for revision of the standards in accordance with changes in technology, equipment, and work methods. The Company has begun installing new processing machines which operate at a substantially faster rate than the existing machines. The work methods in the Center have also been revised. The Company and Union are currently working with Mr. Charles Olsen, Industrial Engineer, on the development of new production standards; however, the parties also recognize the need to address training needs during this transition period and to make revisions to the job rotation and overtime systems. Based on our recent discussions regarding these items, the Company proposes the following guidelines to be applicable during a six-month trial period:

1. The Company will designate five new machines to be utilized for training employees on new machine operation, until such time as all employees have training.

Each machine operator will receive training on the new machine for a period not to exceed two weeks. During this two-week period an employee will be in a "training mode" and will not be subject to the current or the forthcoming production standards. However, during this two-week period, an employee may elect to be subject to the production standards and thereby be eligible to earn bonus achievement pay. Such employee may elect to convert back to the "training mode" not more than once during the two-week period.

Employees may volunteer to be trained on the new machines; thereafter, the Company will assign employees to training on the basis of reverse seniority.

2. Machine operators who are designated as trainers for the new machines will receive upgrade pay of five percent.
3. Employees may sign-up for assignment to the following three categories:
 - a) Document machine operation
 - b) CES (new) machine operation
 - c) Other - non-BAP machine operation, i.e., key entry
 - T-time
 - loan out to other departments

Assignments to these areas will be based on seniority order of the sign-up lists.

4. One overtime sign-up list will be developed to include all of the Payment Processing Center, Operating Unit. An employee who refuses an overtime assignment, or who is unavailable for reasons other than illness or vacation, will nevertheless be credited for the assignment.

It is further proposed that either party may request to meet no more than every 30 days during this trial period.

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

Yours very truly,

PACIFIC GAS AND ELECTRIC COMPANY

By Richard B. Beaulieu
Manager of Industrial Relations

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

By Jack McHenry
Business Manager

Feb 1, 1987