



LETTER AGREEMENT No.



Pacific Gas and Electric Company
Industrial Relations Department
215 Market Street
San Francisco, California 94106
[415] 973-1125

91-78-PGE

May 30, 1991

International Brotherhood of
Electrical Workers, AFL-CIO
Local Union 1245, IBEW
P.O. Box 4790
Walnut Creek, California 94596
[415] 933-6060

Ronald L. Bailey, Manager or
David J. Bergman, Director and Chief Negotiator

Jack McNally, Business Manager

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

Attention: Mr. Jack McNally, Business Manager

Gentlemen:

Consistent with the provisions of Letter Agreement 91-71-PGE, the Engineering and Construction Business Unit proposes to formalize the implementation of a "Continuous Improvement" (CI) process within the Business Line, Functional and Service Departments. CI is an effort to increasingly involve employees in work related activities and decisions, improve quality of work life, promote more efficient team work and increase productivity throughout the Business Unit.

To clarify our understanding and mutual expectations in this process, we propose the following conditions:

1. The process shall have a Continuous Improvement Coordination Team (CICT) whose purpose is to provide direction and oversight for CI. This team consists of representatives from the Union and the Company's management.
2. In addition to the CICT, there shall be an Advisory Committee to consist of two representatives from the Union and two representatives of the Company's management. The Advisory Committee will meet as frequently as determined necessary by the Committee.
3. Continuous Improvement Teams will be created at operating locations within ENCON. CI Coaches will be identified through a voluntary selection process from both bargaining unit and management classifications. Team members will come from ENCON work groups and may also have members from more than one department. CI team membership is voluntary with each team member being involved in the work process being improved. Team leaders will be selected by team members. Clients from other PG&E Business Units may also participate as team members. Team members will be paid for time spent on

continuous improvement activities. Teams will meet at regular intervals as established by the team. A four hour meeting every two weeks is the norm.

ENCON personnel may also participate on client CI teams if the guidelines for appropriate scope of issues as established in this agreement are followed.

4. Subject to the restriction in Item Number 5 below, Continuous Improvement Teams will have authority to identify, discuss and investigate problems and make recommendations on possible improvements. Teams may be established to address specific problems and dissolved upon completion of activities related to that problem or may continue to identify and resolve related problems. The Union's Business Representative or designee may monitor the teams as appropriate.
5. The following issues are beyond the appropriate scope of issues which Continuous Improvement Teams may discuss and submit recommendations:
 - * Issues subject to collective bargaining
 - * Disciplinary issues
 - * Interpersonal conflicts and/or personality conflicts

The CICT will develop guidelines to be issued to CI Teams detailing issues which it agrees are subjects inappropriate for a CI Team Project. The CICT will also develop a tracking system for the purpose of reviewing CI Team Projects for appropriateness.

6. Continuous Improvement Teams may discuss some local working conditions normally subject to local agreement process only after receiving permission from the Company and Union representatives who have authority to enter into agreements on such work conditions. The Continuous Improvement Team, after being given permission to discuss such items, must then submit any proposed recommendations or solutions to the appropriate authorizing representatives for their approval prior to implementation of the revised working conditions.
7. There will be no demotions or lay-offs of regular employees as a direct result of implementing Continuous Improvement recommendations in ENCON. In the event there is an impact on the workload as a direct result of CI that is not handled through attrition, the parties will meet to discuss avenues of addressing such impact.
8. The Company will provide training to team members, team leaders, and coaches in CI. At Union's request, time will be provided at each training session for Union to present its views related to CI.
9. This agreement may be canceled upon 30 days written notice by either the Company or the Union.

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.

Very truly yours,

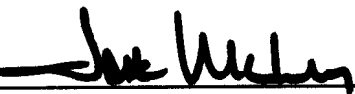
PACIFIC GAS AND ELECTRIC COMPANY

By 
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

May 31, 1991

By 
Business Manager

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