

PACIFIC GAS AND ELECTRIC COMPANY

PGE + 215 MARKET STREET • SAN FRANCISCO, CALIFORNIA 94106 • (415) 972-7000 • TWX 910-372-6587
October 6, 1988

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:

In accordance with Letter Agreement 85-50-PGE, Section I-D of the Attachment, new production standards have been developed by Dr. Charles Olson for use on the CES 9400 payment-processing machines.

The attached is our understanding of the agreement reached by the Company and Union regarding the new production standards for Utility Machine Operators and Machine Operator Bs in the Payment Processing Center (formerly Receivables Accounting Section). The associated wage incentive plan is unchanged by this agreement except for the new production standards as developed by Dr. Olson.

This agreement cancels and supersedes LA 85-50-PGE and LA 87-252-PGE. It is proposed that this agreement be implemented as soon after signature as practical.

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 AND ELECTRIC COMPANY

By [Signature]
Manager of Industrial Relations

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

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

Oct 27, 1988

By [Signature]
Business Manager

PAYMENT PROCESSING CENTER
Production Standard

I. PRODUCTION STANDARDS

A. Production standards shall be as follows:

Type of Mail	Standard Items Per Hour	Standard Items Per Day
Regular Mail:	760	5,130
Multiples:	1,056	7,128

B. To monitor performance, and to pay accordingly, multiples will be measured at the regular mail rate according to the following formula:

$$\frac{760 \text{ regular mail rate}}{1,056 \text{ multiple mail rate}} = .72 \times \text{number of multiple items worked} = \text{regular mail equivalents}$$

Example:

Workstation operator processes 3,000 regular payments in 3.4 hours and 4,000 multiple payments in 2.9 hours.

$$\frac{760 \text{ regular mail rate}}{1,056 \text{ multiple mail rate}} = .72 \times 4,000 \text{ multiple payments} = 2,880 \text{ regular payment equivalents}$$

$$\frac{760 \text{ regular mail rate}}{760 \text{ regular mail rate}} = 1 \times 3,000 \text{ regular payments} = 3,000 \text{ regular payments}$$

$$2,880 \text{ regular payment equivalents} + 3,000 \text{ regular payments} = 5,880 \text{ regular payments}$$

$$5,880 \text{ regular payments} \div \text{machine hrs. worked} \\ (3.4 \text{ hrs.} + 2.9 \text{ hrs.} = 6.3 \text{ hrs.})$$

$$5,880 \div 6.3 \text{ hrs} = 933.33 \text{ payments per hr.}$$

$$933.33 \text{ regular payments per hr.} \div 760 \text{ payments per hr.} = 122.8\% \text{ performance as a percentage of Standard}$$

$$6.3 \text{ machine hrs.} \times 22.8\% = 1.44 \text{ hrs. bonus pay}$$

- C. Standards shall be subject to revision depending on changes in technology, equipment, or work methods. Such revisions in standards shall be negotiated with the Union upon such change. Should either party desire, a mutually agreed upon consultant shall be utilized.

II. IMPLEMENTATION OF STANDARD

- A. The Standard shall be implemented on October 1, 1988. All employees shall be eligible for bonuses upon implementation.
- B. The Company shall maintain a job rotation system based on seniority and voluntary sign up.
- C. Any Payment Processing Center employees who are Machine Operator incumbents and attained regular status as of the implementation of this agreement shall not be disciplined or terminated for not meeting 95% of the Standard, provided they maintain at least 90% of the Standard. Such employees shall be subject to the provisions of Section III below at threshold of 90% rather than 95% of the Standard.

III. ADMINISTRATION OF STANDARD

- A. Performance shall be reported to employees on a daily basis in Regular Payment Equivalents.
- B. Records for calculating incentive pay shall be maintained on a weekly basis. Incentive pay shall be included in the employees' regular biweekly paycheck.
- C. No performance based discipline shall be initiated against employees who achieve at least 95% of the Standard calculated in Regular Weighted Items.
- D. An employee who falls below 95% of the Standard for one pay period and who has attained at least 95% of the Standard for the past five months shall be given a two (2) weeks grace period, during which time no performance based discipline shall be initiated with such employee. All employees shall be eligible for grace periods six months after implementation of the Standard.
- E. Except as provided in Section III, D above, an employee who drops below 95% of the Standard in any pay period shall be subject to remedial action, which may include progressive discipline.
- F. Transferees to the Payment Processing Center shall have five (5) working days to meet at least 80% of the Standard. Upon successful completion of the 5-workday training period, a transferee shall be awarded the vacancy effective the following Monday. Should a transferee not attain 80% of the Standard during the 5-day training period, or at the transferee's request, he or she shall be returned to his or her former classification. Transferees awarded vacancies shall have an additional three months to meet 95% of the Standard. During this three-month period, transferees shall be eligible for incentive pay.

- G. The provisions in III, A - E above apply to incumbent employees identified in Section II, C above, except that in all cases they shall be required to maintain 90% of the Standard, rather than 95%.

IV. BONUS ACHIEVEMENT PROGRAM (BAP)

Employees' pay shall be based on their performance and determined using the current wage progression as listed in Exhibit F of the Labor Agreement. Should an employee's weekly performance exceed the Standard, such employee's pay shall increase in accordance with the following formula:

$$\frac{\frac{\# \text{ Regular Items worked in weekly period}}{\# \text{ of machine hours worked in weekly period}}}{\text{Regular Standard}} - 1$$

(Above quantity) x # of machine hours worked in weekly period
x straight-time hourly rate = Bonus.

$$\left(\frac{\# \text{ Regular Items worked in weekly period}}{\# \text{ of machine hours worked in weekly period}} - 1 \right) \times \text{Hourly Regular Items worked in weekly period}$$

Example for Utility Machine Operator at 30-month step:

Utility Machine Operator Base Rate: \$479.05

Weekly period in which Standard is met:

$$\$479.05/40 = \$11.9762 \text{ (hourly pay rate)}$$

$$\frac{23,180 \text{ items}}{30.5 \text{ hrs.}} - 1 \times 30.5 \text{ hrs.} \times \$11.9762 = \$00.00$$

Weekly Bonus = \$00.00

Biweekly pay (2-week pay period; production remains the same)
= \$958.1

Weekly period in which Standard is exceeded:

$$\frac{27,450 \text{ items}}{30.5 \text{ hrs.}} - 1 \times 30.5 \text{ hrs.} \times \$11.9762 = \$67.29$$

Weekly Bonus = \$67.29

Biweekly pay (2-week pay period; assume production remains the same) = \$1,092.68

V. OVERTIME

- A. Overtime shall be administered in accordance with Title 12 of the Labor Agreement. Incentive Overtime will be calculated at the appropriate rate.

VI. HOURS

Hours shall be scheduled in accordance with the Department Flextime Guidelines and Title 10 of the Labor Agreement.

VII. BENEFITS

A. All benefits shall be calculated in accordance with appropriate agreements.