

Union Memo
Staff f(6-7
Benefit Agreement

To: All Staff
From: J. K. McNeilly
Date: June 7, 1974
Subject: P.G. & E. Standard Practice on Vacation

Attached is above mentioned subject. We received this from Company during Pension negotiations when Union raised the issue on how vacation was to be treated when an employee retired. Company's position was as stated on page 4 and 5 "Vacation Pay on Retirement" of the attached Standard Practice. Union disagreed and pointed to the definition of Covered Compensation on page 19 of the benefit agreement which states "(including vacation pay upon retirement)". This means that if the employee elects to take pay for his final vacation at retirement and does not take the vacation prior to his retirement date the vacation pay will be lumped into his highest average covered compensation. In other words, it is in addition to the compensation for the appropriate sixty consecutive months.

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The Company verbally agreed to Union's position and will compute pensions based on the above understanding. This means that the Vacation Pay on Retirement part of the Standard Practice is not applicable.

JKM/rg