

PG&E – IBEW Local 1245 Neutrality Agreement

The Company is entering into this Neutrality Agreement with the understanding that the IBEW Local 1245 has agreed to engage in the Company's Business Transformation process to enable it to become the leading utility in the United States. These provisions apply to IBEW Local 1245 which is participating in PG&E's Business Transformation process. They do not apply to labor organizations not participating in the Business Transformation process. Nothing in these procedures detracts from language in the parties' current collective bargaining agreements or in the bargaining history of the existing PG&E bargaining unit. When collective bargaining agreements contain recognition provisions, the parties may choose to use either those provisions or the ones outlined here.

When the Union is aware of organizing activity subject to this agreement, it will inform PG&E of such activity as soon as possible. Union will, as a courtesy to PG&E staff, advise the Director of Labor Relations of its intent to engage in organizing activity so that the Labor Relations and Human Resources staff can prepare local administrative staff for that activity and avoid any unintended conflict. It is expected that the parties will meet prior to the beginning of organizing activity to insure that the parties proceed in accordance with the spirit and intent of this agreement.

Disputes between the IBEW Local 1245 and ESC Local 20, IFPTE regarding jurisdiction over a particular unit will be resolved by the Unions.

DETERMINATION OF APPROPRIATE BARGAINING UNIT:

The Union and Labor Relations staff will identify and seek a consensus on the composition of a properly-composed addition to the bargaining unit(s). If the parties are unable to reach a decision, they will use the services of an agreed to mediator to resolve their differences. The parties, and any subsequent mediator, shall consider NLRB standards in making their decision. Should the parties not reach agreement on the definition of a properly-composed addition to the bargaining unit(s) after mediation, the parties will jointly select a panel of umpires from whom to draw to resolve disputes regarding a properly-composed addition to the bargaining units. Umpires should possess qualifications sufficient to resolve issues which may involve NLRB rules or practices, bargaining history and complex labor relations situations.

ACCESS:

PG&E may provide Union-designated organizers on-site access to employees at mutually agreed to places and times. Access will not be unreasonably denied and any access agreed to will be in non-work areas and at times that do not interfere with work.

CAMPAIGN COMMITMENTS AND COMMUNICATION:

PG&E and the Union are committed to working together and respect employees' rights to determine whether or not they wish to be represented by a union. Therefore, neither will engage in behavior which portrays the other in a negative light. Further, all parties agree that the campaign shall be free from fear and intimidation and that no employee will be discriminated against or harassed because of his/her legal union activity or lack thereof.

Both PG&E and the Union agree that their respective communications and activities will be consistent with the spirit and intent of this agreement and that neither will engage in misrepresentations, negative campaign tactics, or personal attacks on individuals employed by either organization. Both parties agree to communicate that they will respect the choice made by employees regarding representation. To facilitate positive communication from the beginning of the campaign, it is agreed that PG&E and the Union send employees a joint letter regarding the campaign. (See attached recommended draft).

The Union agrees to share all campaign literature with the Company in advance. The Company will limit its comments to the correction of any factual inaccuracies. The Company reserves the right to issue a targeted communication in the event the parties are not in agreement over a factual statement.

EMPLOYEE INFORMATION:

PG&E will provide lists of job classifications and numbers of employees in such classifications which the Employer and the Union agree are appropriate for organizing under this agreement. When a jointly selected third party verifies through a preliminary card count that the Union can demonstrate 30% support in a properly-composed addition to the bargaining unit(s), the Employer will provide the Union with additional information regarding employees in that unit. This information will include name, home address, telephone number, work location and job title. Updated information to reflect terminations and new hires will be provided each pay period or at other reasonable intervals acceptable to the parties. The Employer's agreement to release any information concerning individual employees will be subject to and limited by any applicable laws or regulations.

CARD COUNT AND RECOGNITION:

The parties agree that communication to employees (including recognition cards) will clearly indicate that signing and dating a card is a vote for union recognition and that the card will be used for that purpose in a card count without a secret ballot election. Employees may revoke their card, either by request to the Union or through the neutral Umpire, at any time up to the date of a card count. And, employees may sign cards up to the date of the card count, however cards will become stale six (6) months after employee signature. The workforce composition will be "frozen" as of the end of the pay period immediately preceding the Union's request for a card count. No terminations will be deleted nor new hires added after this date. As in all aspects of the campaign, PG&E, its managers and supervisors will remain neutral regarding card collection and card withdrawal.

PG&E agrees to recognize the Union as the sole and exclusive bargaining representative of employees when a jointly selected third party has verified that a majority of employees in a

properly-composed addition to the bargaining unit(s) has clearly and unambiguously expressed the wish to be represented by the Union. Any ambiguities will be resolved by the umpire.

The parties also agree that in the event the Union is recognized, they will bargain in good faith and expeditiously reach a final agreement. Employees in newly organized classifications will be reviewed by an agreed to third party to determine their overtime pay eligibility status under applicable wage and hour laws. The existing contract language with respect to continuity of service shall apply to these newly organized employees. Items subject to bargaining for newly organized employees include job descriptions, rate of pay, hours of work, job qualifications, performance standards, overtime eligibility, line of progression, reverse line of progression, seniority application, and timing of benefits conversion. If there are disputes which remain unresolved after six months of negotiations, the parties will utilize the services of an agreed to mediator (RAI) to resolve their differences. Should the parties not reach agreement in mediation, the Union leadership will meet with the Company's senior officer in the functional department and Sr. Vice President – Human Resources to resolve the differences.

RESOLUTION OF DISPUTES:

The parties will jointly select a panel of umpires from whom to draw to verify majority status and to resolve disputes regarding appropriate bargaining units. Umpires should possess qualifications sufficient to resolve issues which may involve NLRB rules or practices, bargaining history and complex labor relations situations.

Violations of recognition procedures and campaign rules will be brought immediately to the attention of the designated representatives of the parties. These rules are intended to comply with applicable laws and regulations. Any rules found to conflict with such laws and regulations will be void. Disputes over alleged violations of recognition procedures and campaign rules not resolved by the parties and not addressed otherwise in this agreement may be referred to a neutral umpire for a final and binding decision; the remedial power of the umpire will include traditional labor law remedies, including but not limited to a bargaining order in the event of a material breach.

UNION REPRESENTATION OF NEW POSITIONS:

Principles. The parties agree that the Union maintains strong fundamental interests in preserving the integrity of the bargaining units. The parties also agree that achieving the goals of making PG&E a leading utility and maximizing workforce engagement as a principle means of achieving success requires that all parties commit to maintaining and enhancing bargaining unit integrity. The parties further agree that it is not in the interest of either PG&E or the Union for jobs to be created or restructured for the purpose of removing work from the bargaining units. Furthermore, the parties agree that it is essential for them to work together to assure that newly created and restructured jobs that are appropriately included within the bargaining units are not improperly excluded from them.

For these reasons, the parties have adopted the following procedures for reviewing and determining the status of newly-created and restructured jobs with duties and responsibilities similar to those of positions included in the existing bargaining units.

Process. When the Employer creates a new position or restructures an existing position by forming a non-bargaining unit position with duties similar to those of employees in an existing bargaining unit, the Employer will notify the appropriate Union at least five working days before posting.

The Employer and the Union will meet to review the position jointly within five working days of notification. The Employer and the Union will present their reasons and recommendations concerning the bargaining unit status of the position. The parties will jointly discuss the position and the reasons for the Employer's determination, and they will attempt to reach agreement on the status of the new or restructured position.

If the Employer and the Union agree that the job is a bargaining unit position, it will be evaluated and posted under the contractual process for bargaining unit positions. When a position is determined to be a bargaining unit position, any identical positions which subsequently become available will be posted as bargaining unit positions.

If the parties agree that the job is not a bargaining unit position, it will be evaluated and posted under the applicable process for such positions.

If the parties are unable to agree whether the job is a bargaining unit position, then the parties will use the services of an agreed to mediator to reach an agreement. Should the parties not reach agreement in mediation, the issue will be referred to a third party umpire.

EFFECTIVE DATE:

This agreement is effective on the date that it is signed by both parties and will expire on December 31, 2008.

November 10, 2005

Perry Zimmerman
Perry Zimmerman
Business Manager, IBEW Local 1245

November 10, 2005

Stephen A. Rayburn
Stephen A. Rayburn
Director of Labor Relations

Attachment to Recognition and Campaign Rules

Joint letter/memo template to employees at the beginning of a union organizing campaign conducted under this agreement

Dear _____:

In the near future, you and other employees at (location/department) may be asked to consider whether you wish to be represented by a labor organization, the IBEW Local 1245. On behalf of the leadership of both PG&E and IBEW Local 1245, we want to take this opportunity to assure you that we will honor any decision you choose to make.

As you may know, many PG&E employees are represented by labor unions. PG&E has a long history of respecting the rights of its employees to join together in unions and collectively negotiate their wages, benefits and working conditions. Over the years, PG&E and the unions that represent PG&E employees have worked cooperatively to make our Company a better place to work.

Under a recent agreement with IBEW Local 1245 to participate in PG&E's Business Transformation process, PG&E employees who are considering union representation will be able to make the decision through a completely neutral process. PG&E, its managers and supervisors have promised to remain neutral on the question of whether its employees should be represented by a union. In turn, the Union has promised to conduct all organizing campaigns in a positive and non-adversarial manner.

In short, the decision of whether or not to be represented by a union is entirely up to you.

In accordance with our Agreement, the procedures for determining whether (classifications) wish to be represented by IBEW Local 1245 will be as follows:

- PG&E and IBEW Local 1245 will jointly develop ground rules for the organizing campaign, which will cover who is eligible for IBEW Local 1245 representation and when and how union representatives may communicate with PG&E employees in the workplace.
- Employees who wish to choose union representation will indicate that choice by signing a union authorization card. Signing an authorization card is the same as casting your vote in favor of representation by IBEW Local 1245. At any time prior to the "card count", employees may change their minds, either by signing a card or by revoking a card they have previously signed.
- If and when a majority of (classifications) sign union authorization cards, a "card count" will be conducted by a third party to verify that a majority of employees have in fact signed cards. To assure the confidentiality of card signers and the legitimacy of their signatures, PG&E and IBEW Local 1245 will jointly select a neutral umpire to conduct this process.
- If a "card count" conducted by the neutral umpire verifies that a majority of eligible employees have signed union authorization cards, PG&E will recognize IBEW Local 1245 as their bargaining representative and both parties will enter into union contract negotiations.

- Throughout this process, PG&E, its managers and supervisors, and IBEW Local 1245 will respect the rights and choices of each PG&E employee. PG&E managers and supervisors will remain neutral and will not interfere in the decisions of employees. Union representatives will inform employees about union representation in a positive manner and will respect the choices PG&E employees make.

These procedures were mutually agreed upon by PG&E and IBEW Local 1245 to ensure that you will be able to make your decision in a fair and timely fashion and without disruption to the work of employees.

Many of you may have questions about this process and about whether union representation is the right choice for you. You will be receiving more information in the coming months. We urge each of you to review this information carefully and to weigh all the facts before making this important decision.

Sincerely,

(PG&E representative),

(Union representative)