



**Pacific Gas and
Electric Company**

LETTER AGREEMENT NO. 07-20-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
LABOR RELATIONS DEPARTMENT
2850 SHADELANDS DRIVE, SUITE 100
WALNUT CREEK, CALIFORNIA 94598
(925) 974-4104

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
P.O. BOX 2547
VACAVILLE, CALIFORNIA 95696
(707) 452-2700

STEPHEN A. RAYBURN,
DIRECTOR AND CHIEF NEGOTIATOR

TOM DALZELL,
BUSINESS MANAGER

April 5, 2007

Mr. Tom Dalzell, Business Manager
Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P.O. Box 2547
Vacaville, CA 95696

Dear Mr. Dalzell:

Benchmarking reports consistently show that incentive programs are a way to encourage employees to demonstrate desired behaviors. These behaviors include working safely, which is a key value of PG&E and Diablo Canyon Power Plant (DCPP), and also includes the station standards and expectations as outlined in Procedure OM15.ID1, "Human Performance Program" that says "all employees are responsible for using error-prevention tools ..." (i.e. self verification, three way communication, peer checking, phonetic alphabet, etc). These are critical components in DCPP's drive to be the industry leader.

In addition, a recent Institute of Nuclear Plant Operators (INPO) document addressing Human Performance Fundamentals states that a Rewards and Recognition Plan "strengthens desired job-site performance." For these reasons, the Company is proposing a six month pilot incentive program for Diablo Canyon.

The specifics of the program are attached. The award applies to employees in regularly authorized positions at Diablo Canyon.

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 & ELECTRIC COMPANY

By: _____


Stephen A. Rayburn
Director and Chief Negotiator

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: _____


Tom Dalzell
Business Manager

April 26, 2007

**Diablo Canyon Power Plant
Pilot Incentive Program**

ADMINISTRATIVE GUIDELINES

A. General Eligibility

All Generation Business Unit employees, PG&E employees, and Temporary Additional Employees who are matrixed or assigned to Diablo Canyon Power Plant (DCPP) will be eligible for participation in the program.

B. Award

Working safely is a critical component in Diablo Canyon's drive to be the industry leader. To that end, this program is designed to encourage employees to practice safe work techniques and to meet station standards and expectations regarding Human Performance error-prevention tools.

How it works:

- 1) A management employee observes another employee exhibiting a positive behavior and completes a three-part "Doing It Right" Immediate Recognition Card. The employee receiving the card gives a copy to his/her supervisor, retains a copy, and either he/she or his/her supervisor deposits the original in an Award Bin or mails to the Human Performance group.
- 2) Random drawings will be held monthly and quarterly. Each month there will be four (4) restaurant gift cards awarded with a value of \$125 each. Each quarter there will be four (4) gift cards awarded with a value of \$500 each to a choice of Best Buy, Borders, etc.
- 3) The winner is responsible for payment of all applicable taxes.
- 4) An employee's name will remain in the Award Bin for the quarterly drawings in the quarter that their card was submitted.
- 5) Records will be maintained by the Human Performance group.

This is a pilot program that will be in effect for six months from the time it is adopted. The program will be re-evaluated at the end of that period.