



LETTER AGREEMENT NO. 13-03-PGE



PACIFIC GAS AND ELECTRIC COMPANY
LABOR RELATIONS AND HUMAN RESOURCES DEPARTMENT
MAIL CODE N2Z
P.O. BOX 770000
SAN FRANCISCO, CALIFORNIA 94177
(415) 973-4310
STEPHEN RAYBURN
DIRECTOR AND CHIEF NEGOTIATOR

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

January 22, 2013

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:

During 2011-12 General Negotiations, Company and Union agreed to establish a cash balance pension benefit applicable to employees hired on or after January 1, 2013, and to employees hired before 2013 who make a one-time voluntary election to participate in the cash balance pension during a Choice Period. Pursuant to discussions between the parties, the following highlights key provisions applicable to the cash balance pension benefit:

- Covered compensation will include straight time pay (base wages) for hours worked up to 40/week including:
 - Temporary upgrades
 - Vacation pay (including vacation paid out upon termination or retirement), paid sick leave (including sick pay during an approved leave of absence, and sick pay upon termination due to disability as covered under Sections 112.9 of the Physical Agreement and Section 7.9 of the Clerical Agreement)
 - Shift, Sunday, nuclear premiums at the straight time rate of pay
 - Differential pay for military training (unless qualify for military leave of absence coverage)
 - Alternate work schedules will be eligible for 40 hours per week of straight time as covered compensation if full-time (2080 hours per year)
 - Critical pay is considered a component of base wages and is therefore covered compensation
- Unpaid leave of absence (*includes leave while receiving Workers' Compensation temporary disability payments*)
 - For full-time employees, pay credits that would have been earned during the leave period will be granted based on the employee's last active rate of pay of his/her base classification before the leave
 - For part-time employees, no pay credits are earned during the unpaid leave
 - Quarterly interest credits are provided as discussed under the Interest Credits section below
- Employees receiving Long Term Disability (LTD) benefits will receive pay credits that would have been earned during the LTD period based on the greater of the:
 - Last active wage rate of base classification or
 - LTD benefit
 - Quarterly interest credits are provided as discussed under the Interest Credits section below

- Excluded compensation
 - Rewards & Recognition awards, incentive payments, retention payments, hiring bonuses or bonuses of any kind including Short Term Incentive Plan (STIP) payments
 - Pay/Shift/Sunday/Nuclear premium > 40 hours per week
 - Vacation or holiday pay requests (including excess vacation payments)
 - Per Diem allowances
 - Workers' Compensation payments
 - Voluntary wage benefit/state disability insurance (SDI) benefits
- Rehire after Layoff For Lack of Work applicable to Cash Balance Plan (Plan III)
 - For the purpose of determining the Severance from Service Date (for Plan III), the following period shall not be considered as absence from work – Absence caused by layoff for lack of work of less than 30 months provided the Participant returns to active status as an eligible Participant within this 30-month period. In such case, upon rehire the Participant will receive pay credits and interest credits that would have been earned during the layoff period. Pay credits will be based on the employee's last active wage rate in effect before the layoff, consistent with leaves of absence and other inactive status.
 - In the event Participant elects distribution within the 30-month period after layoff, no pay credits will be paid for the period of layoff upon rehire.
 - An employee hired in 2012 or earlier who chooses to remain in the final pay pension (Part II) during the Choice Period will not be forced into the cash balance plan (Part III) provided their employment and participation in the final pay pension is continuous since 2012: (1) The continuity of an employee's Service shall be deemed to be broken by termination of employment for any reason, except in the case of rehire within 30 months after layoff for lack of work; (2) Electing to retire (begin receiving Plan II pension payments), even if within the 30 month period after layoff, will sever participation in the final pay plan.
- LTD Offset for Cash Balance Distributions
 - Addition to the LTD SPD: Current LTD plan offsets 100% of the Retirement Plan (RP) benefit. If a participant takes distribution of the RP cash balance account, the LTD Plan will offset by the actuarially equivalent monthly-paid annuity value - whether the payment is received as a lump sum cash payment, lump sum rollover, e.g. to an IRA or other plan, or as a monthly-paid annuity.
- Interest Credits
 - Interest credits provided equal to the quarterly proration of the average yields on 30-year Treasury bonds for the calendar quarter preceding each one-calendar quarter stability period (i.e. January – March, April – June, July – September, and October – December of each year.) For example, for the July – September 2013 period, the plan would use the average rates from April – June 2013 divided by 4. Interest would be credited on the account balance as of the end of each calendar quarter.
 - IRS published 30 Year Treasury rates will be used to determine the interest crediting rate.
 - Minimum annual interest rate is 1.95% ($1.95/4 = 0.4875\%$ each quarter)
- Ineligible Participants – same as Plan II (and 401(k) plan)
 - Hiring Hall
 - Temporary Additional
 - Intermittent (who has not attained regular status)
 - Outage
 - “Any other individual excluded under the terms of an applicable agreement with a Union”
 - Contractors (“leased employees”)

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

February 14, 2013

By: 

Tom Dalzell
Business Manager