LETTER AGREEMENT
NO. 13-19-PGE

Pacific Gas and Electric Company

IBEW

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

March 26, 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:

In June 2012 the Company announced the plan to consolidate its Electric Distribution Control Centers from 13 centers into three. Since then, the Company and Union have been meeting to discuss the effects on employees due to this consolidation, and the Company's interest in retaining experienced System Operators throughout the consolidation and during the initial years after start-up of the new control centers.

Incumbents

In accordance with Section 206.12 of the Physical Agreement, Company proposes to offer a number of options to incumbent Distribution System Operators and Apprentice System Operators including incentives to remain in their current headquarters and incentives to transition to and remain in the new control centers. Incumbents will also have the option of declining these options and accepting their displacement rights in accordance with Title 206. For the purpose of this agreement, "incumbent" refers to Distribution System Operators and Distribution Apprentice System Operators who are employed in one of the existing control centers upon execution of this agreement. Anyone bidding into a Distribution control center following the execution of this agreement will not be eligible for the incentives.

Incumbents will be offered the following options and will be given 30 days to complete a Retention Bonus Agreement and Payback Agreement declaring their intent to either accept or decline one of the following retention bonus offers. Once made, their decision is binding.

A. Incumbent commits to stay in existing control center until it closes, during which time s/he waives Title 205 bidding and transfer rights, except to a higher classification at their headquarters. If incumbent elects Option A, they will receive a retention bonus based on the expected closure date of their individual control center (see chart below). Once their control center closes, they may elect to move to the new control center within their Area of Responsibility (AOR) or accept their Title 206 displacement rights. Should they transition to their new control center, they are not entitled to any additional retention bonus under Option B or C. In the event the scheduled closure of a control center is delayed into the next Group's date range on the chart below, incumbent will be eligible for an additional $1000.00 retention bonus based on the chart below.

Group	**Control Center Scheduled Closure**	**Retention Bonus Amount**
1	10/1/2014 –12/31/2014	$ 9,000
2	1/1/2015 – 3/31/2015	$ 10,000
3	4/1/2015 – 6/30/2015	$ 11,000
4	7/1/2015 – 9/30/2015	$ 12,000
5	10/1/2015 – 12/31/2015	$ 13,000

Group 1: Fresno, Kern, San Luis Obispo
Group 2: Mission, Edenvale
Group 3: Stockton, Ignacio, Diablo, East Bay, Auburn
Group 4: Golden Gate, Humboldt, North Valley
Group 5: N/A

B. Incumbent agrees to stay in their control center until it closes, plus commits to transition to the new control center within their AOR and remain there for 12 months, during which time s/he waives Title 205 bidding and transfer rights, except to a higher classification at their headquarters. The retention bonus for electing Option B is $20,000. Once the retention period ends, incumbent may elect to remain in the headquarters, exercise their Title 205 rights, or elect to accept Section 206.7 Layoff (with severance).

C. Incumbent agrees to stay in their control center until it closes, plus commits to transition to the new control center within their AOR and remain there for 24 months, during which time s/he waives Title 205 bidding and transfer rights, except to a higher classification at their headquarters. The retention bonus for electing Option C is $30,000. Once the retention period ends, incumbent may elect to remain in the headquarters, exercise their Title 205 rights, or elect to accept Section 206.7 Layoff (with severance).

D. Incumbent chooses Option B or C above, and requests an exception to transfer to a new control center outside of their current AOR. Once all incumbents have made their selections from A, B, C, D or E, Company will review all selections along with the staffing plans for the three new control centers and determine whether or not the exceptions can be accommodated. In the event that more incumbents make such a request than can be accommodated, the incumbent with the highest Company seniority will have priority for any opportunities. In the event the incumbent's request cannot be accommodated, they will have the opportunity to change their election at that time (choosing from all Options).

E. None of the above. Incumbent declines to accept any of the retention bonus offers, and maintains their Title 205 transfer and bidding rights. If they are still employed at their current control center when it closes, they will be eligible for the provisions of Title 206.

Incumbents accepting one of the retention bonuses above will be required to sign a Retention Bonus Agreement and Payback Agreement committing them to remain in the control center(s) specified for the length of time specified.

As the individual control centers close, the parties will meet to discuss the application of the Title 206 process to those employees affected.

Employees accepting one of the retention bonuses will have the retention payment factored into their wages for all overtime hours worked during the period of time they committed to, in accordance with FSLA guidelines (see example below). The factored payment will be calculated and paid on an annual basis from the start of the retention period, and at the end of the retention period for any remaining months.

Example of Overtime Computation: In the following calculation, a $20,000 retention payment was earned over 24 months or 104 weeks, for a weekly equivalent of $192.30 ($20,000 ÷ 104 weeks).
If the employee worked ten hours of overtime in a week, the employee would be due an additional $19.23 in overtime earning as follows:

> $192.30 ÷ 50 hours = $3.85 (increase in the regular rate)
> $3.85 x ½ = $1.92 (increase in the additional half-time rate)
> $1.92 x 10 hours of overtime worked = $19.23 (increase in overtime earnings due to the bonus)

New Apprentices
The Company is in the process of hiring a number of Apprentice System Operators into existing headquarters within a commutable distance from, and within the jurisdiction of, one of the three future control center sites. Apprentices will be hired with the understanding that, when their headquarters closes, their new headquarters will become the new control center within their Area of Jurisdiction. They will not be eligible for any retention offers nor will the provisions of Title 206 apply to them. For training purposes, an apprentice may be assigned to work in several control centers within the jurisdiction of their future control center. While assigned to such headquarters, the provisions of Title 202 regarding reporting to a temporary headquarters will apply.

Moving Allowance
Employees who are eligible for the Section 206.8 Moving Allowance as a result of relocating to a position in one of the new control centers will be eligible for an enhanced moving allowance of $5000. Employees will not be required to relocate to be eligible for the allowance. Eligible employees will receive the allowance as a flat amount rather than as reimbursement for covered expenses as in Section 206.8.

Unanticipated Changes
Should any unforeseen circumstance occur to cause the partial or total cancellation or delay of the distribution control center consolidation beyond December 31, 2015, the parties will meet as far in advance as possible to address any impacts to employees as a result of the change. If the parties are unable to reach agreement to address the impacts caused by delay or cancellation of the project by December 31, 2015, then the retention commitments made by employees will expire, and their bid and transfer rights will be restored.

This proposal has been discussed with Assistant Business Managers Bob Dean and Ken Ball.

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

April 9, 2013

By: Tom Dalzell
Tom Dalzell
Business Manager