



**Pacific Gas and
Electric Company.**

LETTER AGREEMENT NO. R2-16-22-PGE

IBEW



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LABOR RELATIONS
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INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
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TOM DALZELL
BUSINESS MANAGER

February 8, 2018

**CXL & Superseded by
R3-16-22**

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:

PG&E and IBEW Local 1245 met in 2016 to discuss the effects of the Company's decision not to seek relicensing of the Diablo Canyon Power Plant ("DCPP").

This decision will ultimately result in the plant's closure, however the operation of DCPP will still continue for several years. During this period, PG&E has the obligation to operate the plant safely and reliably. In order to accomplish this, PG&E will need highly skilled personnel who are knowledgeable about the plant's operation.

Accordingly, the parties reached agreement on a retention plan (Letter of Agreement R1-16-22), incentivizing employees to meet these obligations and needs. The terms of this agreement were part of a Joint Proposal submitted to the CPUC in August 2016. The terms of this agreement were also contingent upon CPUC approval. In January 2018, the CPUC voted unanimously on a revised Proposed Decision approving approximately 60% of the funds needed to support the agreement (LA R1-16-22).

In accordance with the CPUC's Joint Proposal Decision ("JPD") on January 11, 2018, the parties have reconvened to craft an agreement that will comply with that ruling. This Agreement cancels and revises LA R1-16-22.

The Company and Union agree to the following:

1. Base Retention Program

- 1.1 Intent – The Company shall establish a Base Retention Program ("BRP"). It is the intent of the parties that BRP payments are solely intended for PG&E employees who remain employed and who work in a regular active full-time status at DCPP, whose job or job functions will be eliminated as a result of the cessation of operations at DCPP, who work during the entirety of one or both of the commitment periods outlined below, and sign a BRP Payback Agreement. Also eligible are those PG&E employees who solely support DCPP operations and whose job or job functions will be eliminated as a result of the cessation of operations at DCPP, who work the entirety of one or both of the commitment periods outlined below, and sign a BRP Payback Agreement.

1.2 Eligibility - Eligible DCPD PG&E employees are defined as those employees represented by IBEW Local 1245 as described in Section 2.1 (recognition clause) of the parties' Collective Bargaining Agreement ("CBA") and section 1.1 of this Agreement. Issues regarding eligibility will be referred to and addressed by the Company's Chief Negotiator and the Union's Senior Assistant Business Manager.

1.3 Employees eligible for the R2-16-22 BRP (pursuant to the effective date of this agreement)

a. Current Employees

- (i) Employees who previously signed the LA R1-16-22 BRP Payback Agreement who sign an updated BRP Payback Agreement pursuant to this Agreement will be paid retroactive to the date of their prior eligibility within the first BRP commitment period per sections (1.5 and 1.6).
- (ii) Employees who did not previously sign the LA R1-16-22 BRP Payback Agreement but now want to sign an updated BRP Payback Agreement pursuant to this Agreement will be eligible on a going-forward pro-rata basis beginning with the effective date of this Agreement.
- (iii) Employees who previously signed the LA R1-16-22 BRP Payback Agreement but do not want to participate in the updated program under this Agreement will not receive any retroactive BRP payments and the previous BRP Payback Agreement is canceled.

b. Future Employees

- (i) PG&E employees bidding or transferring into DCPD during the term of this Agreement will also be eligible for the BRP on a pro-rata basis.
- (ii) Newly hired employees shall be offered the opportunity to participate in the BRP upon being hired. They will only be eligible to receive any BRP payment after completion of their probationary period (CBA Section 106.5) retroactive to their date of hire. Should their date of attaining regular status prohibit them from a timely BRP payment per section 1.6, an off-schedule payment will be made within 45 days of obtaining regular status.

1.4 Employees ineligible for the LA R2-16-22 BRP

- a. PG&E employees not eligible per 1.2, and are assigned to DCPD on a temporary or rotational assignment.
- b. Contractors, Hiring Hall, and other temporary personnel.

1.5 BRP Commitment Periods – The BRP is divided into two commitment periods. The first period is a four (4) year commitment of employment which covers years 2016 through 2020. The second period is a three (3) year commitment which covers years 2020 through 2023. Employees may accept a single commitment period, both periods, or neither. Employees will have 30 days from the effective date of this Agreement to accept the first commitment period and no later than August 1, 2020, to accept the second commitment period. The Company will determine the process for employee acceptance of the BRP, including the written agreement to be signed by the employee, and will provide advance notice to the Union prior to communicating with employees. (See attached BRP Payback Agreement)

a. The first BRP commitment period will consist of the following segments:

- (i) Sept 1, 2016 - Aug 31, 2017
- (ii) Sept 1, 2017 - Aug 31, 2018
- (iii) Sept 1, 2018 - Aug 31, 2019
- (iv) Sept 1, 2019 - Aug 31, 2020

b. The second BRP commitment period will consist of the following segments:

- (i) Sept 1, 2020 - Aug 31, 2021
- (ii) Sept 1, 2021 - Aug 31, 2022
- (iii) Sept 1, 2022 - Aug 31, 2023

- 1.6 BRP Payment Periods - Pursuant to the JPD, eligible employees will receive a BRP payment equal to 15% of the employee's base salary for each yearly segment of each of the commitment period(s). Base salary will be determined by multiplying the employee's base hourly wage rate on August 1 of the year of payment (as established by Exhibit X of the parties' CBA) by 2080 hours and shall exclude all overtime, premiums, differentials, and bonus payment(s). Notwithstanding these base salary requirements, an exception will be made for the Licensed Reactor Operator premium, Senior Licensed Reactor Operator premium, and Firefighter Advanced Skill premium. These three premiums will be incorporated in the base salary determination when calculating the BRP payments.

Each year, upon payment of the BRP payment, the Company will recalculate an employee's overtime rate (for all overtime hours worked that year) that factors in the BRP payment pursuant to state and federal law. This overtime true up will be paid separately from the BRP payment. The Company will endeavor to make the overtime true up payment as quickly as possible but not later than 60 days following the BRP payment.

- a. The first BRP commitment period will be paid on the following schedule in conjunction with the corresponding commitment periods in 1.5.a.:
 - (i) Payments will be made within 90 days of the effective date of this Agreement
 - (ii) By Oct 2018 no later than December 31, 2018
 - (iii) By Oct 2019 no later than December 31, 2019
 - (iv) By Oct 2020 no later than December 31, 2020
- b. The second BRP commitment period will be paid on the following schedule in conjunction with the corresponding commitment periods in 1.5.b.:
 - (i) By Oct 2021 no later than December 31, 2021
 - (ii) By Oct 2022 no later than December 31, 2022
 - (iii) By Oct 2023 no later than December 31, 2023

2. Failure to complete commitment timeframe

- 2.1 An employee who voluntarily terminates employment at DCP, retires, accepts another PG&E job outside of DCP (through bid and transfer per Title 205 or otherwise), or is discharged by the Company for cause, prior to the completion of a commitment period will reimburse the Company for the gross amount of all BRP payments received in the commitment period. The BRP Payback Agreement will contain provisions to facilitate how repayment will be accomplished.
- 2.2 Employees who take a Company approved leave, Union leave or a legally protected leave of absence will not be required to repay the Company for BRP amounts already paid and will be eligible for a pro-rata BRP payment for the period in which the leave commences. If the employee subsequently returns to work in a regular capacity at DCP, the employee will be entitled to a pro-rata portion of any remaining future BRP payments.
- 2.3 Similarly, upon the death of an employee or if the employee is laid off for lack of work during a commitment period, he or she will not be required to repay the Company for BRP amounts already paid. Further, such employees will also receive a pro-rata BRP payment for the partial year prior to their death or layoff from the Company.
- 2.4 Finally, in the event DCP ceases operations prior to the expiration of either commitment period or for any reason (e.g. order from a government agency, management decision, etc.) or if an employee's services are no longer required for any other reason not addressed elsewhere in this Agreement (e.g. Title 206, 306, or 19 implications), employee will not be required to repay BRP amounts already paid and such employees will also receive a pro-rata BRP payment for the partial year worked prior to the last day worked at DCP by such employee.

2.5 Under no circumstances in the foregoing scenarios, or any other similar scenario, will an employee be entitled to receive any remaining BRP payments scheduled beyond the last date of employment or last day worked at DCPD by employee.

3. Severance Benefit

Severance benefits will be provided pursuant to the parties' collective bargaining agreement in effect at the time of severance.

4. Joint Oversight and Flexibility Committee

4.1 Company and Union agree to establish a Joint Oversight and Flexibility Committee comprised of five (5) core representatives selected by the Union and five (5) core representatives selected by the Company. Observers, guest speakers, or other participants shall be allowed to attend as necessary.

4.2 The Committee will address all unanticipated or implementation issues arising from the closure of DCPD and/or this Agreement. This Committee will also be responsible for attempting to address and resolve disputes arising from this Agreement prior to a grievance being filed.

4.3 The Committee will also discuss a recommended workforce flexibility plan. These plans will address flexibility issues such as cross crafting, work schedules, job assignments and work rule flexibility, and modifications to training programs. The Committee will also be charged with reviewing Exhibit XVI of the CBA and developing solutions to address contracting issues that may develop at the plant.

4.4 Once the plans are agreed to, the Committee will be responsible to review and recommend amendments and updates. Any modifications to the CBA will require a letter of agreement signed by the Company's Chief Negotiator and the Union's Business Manager.

5. Decommissioning Work

The parties acknowledge that much of the decommissioning work is not work normally performed within the scope of the parties' CBA. Therefore, the Joint Oversight Committee outlined above will partner to discuss plans that address issues such as the assignment of decommissioning work to bargaining employees, retraining opportunities, and any potential need to modify the parties' CBA as a result of those plans.

6. Enhanced Placement Options and Relocation (Section 206.8)

6.1 At the end of the employee's assignment and BRP commitments, as determined by the Company, the employee will have the option for a six-month paid job search while seeking internal employment (deducted from severance if job not found). Employees who must relocate to secure an employment opportunity will be reimbursed for moving expenses as defined in Section 206.8 of the Physical Agreement to a maximum of \$5,000.

6.2 The Company agrees to meet and confer with the Union six months prior to expiration of each commitment period and prior to the closure of DCPD to discuss whether open job requisitions will be held and any Title 206, 306, or 19 implications.

7. Wage Protection

Employees who complete their assignment and BRP commitments, as determined by the Company, and successfully bid, transfer or are displaced into a lower paying regular position in another department or another line of progression, will maintain their rate of pay for up to three years or until such time as the rate of pay in the new position is equal to or greater than that of the employee's frozen rate of pay, whichever comes first. If at the end of three years, an employee is still paid above the top of the rate for the classification held, the employee will be

placed at the top of the rate for that classification. During the time that an employee's pay remains above the wage range of the position into which he/she bid, the employee will not receive General Wage Increases or Progressive Wage Increases.

8. Miscellaneous Provisions

- 8.1 The parties agree to meet and confer six months prior to the expiration of each commitment period to discuss whether any modification(s) to the BRP program is necessary. Additionally, in the event of future judicial or legislative changes, or CPUC orders affecting this Agreement, the parties agree to a limited re-opener to negotiate changes specific to the judicial, legislative, or CPUC requirements.
- 8.2 The Critical Classification language in the CBA will not be implemented without mutual agreement between the Company and Union.
- 8.3 In the event that the Company agrees with ESC Local 20 or SEIU-USWW on a BRP Agreement that has more favorable economic provisions than those contained in this Agreement then IBEW shall be afforded the option to replace the provision(s) of this Agreement with the corresponding, more favorable provision(s) from the ESC or SEIU Agreement.
- 8.4 Nothing in the BRP or this Agreement shall be construed as (i) a requirement to retain any employee for any period of time, (ii) a restriction of the Company's right to layoff, transfer or reassign, discipline or discharge, or take any other action in accordance with the terms of the parties' CBA.

9. Entire Agreement

This Agreement sets forth the entire agreement between the parties, and fully supersedes any prior agreements or understandings regarding the subject matter of this Agreement, except any confidentiality or non-disclosure agreements which are incorporated herein by reference. Any modification to this Agreement must be in writing and signed by both the Company's Chief Negotiator and the Union's Business Manager. The terms of this Agreement will not expire and shall survive the expiration of any future CBA(s) between the parties.

If you agree, 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: 

Robert Joga
Senior Director

The Union is in agreement.

LOCAL UNION NO. 1245, INTERNATIONAL
BROTHERHOOD OF ELECTRICALWORKERS, AFL-
CIO

By: 

Tom Dalzell
Business Manager

Feb 8th, 2018

for Tom Dalzell