



LETTER AGREEMENT NO. 98-95-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
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WALNUT CREEK, CALIFORNIA 94598
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INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
P.O. BOX 4790
WALNUT CREEK, CALIFORNIA 94596
(510) 933-6060

MEL BRADLEY, MANAGER OR
DAVID J. BERGMAN, CHIEF NEGOTIATOR

JACK McNALLY, BUSINESS MANAGER

December 15, 1998

Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P. O. Box 4790
Walnut Creek, CA 94598

Attention: Mr. Jack McNally, Business Manager

Dear Mr. McNally:

Since 1988, Outage Incentive Programs which award paid time-off for achieving defined outage goals have been offered to employees performing work on refueling outages at the Diablo Canyon Power Plant (DCPP). The most recent agreement, 97-149, covered the eighth refueling outage of Unit 2.

Because the program has proven to be highly effective by minimizing outage duration while focusing on established safety and quality standards, the Company proposes an outage incentive program for the ninth refueling outage of Unit 1 (1R9) scheduled to begin in February 1999. One major change from previous outage incentive programs is that any hours earned in the Safe and Error Free section will be awarded regardless of outage cost or schedule. This change is intended to reinforce NPG Management's expectation that safety is considered a higher priority than schedule or cost.

The details of the proposed Outage Incentive Program for the 1R9 outage are provided as Attachment A. The administrative guidelines are provided as Attachment B.

Employees assigned to NPG or other employees who are assigned to directly support the 1R9 outage are eligible to participate in the Outage Incentive Program. Specific eligibility will be determined by the Outage Incentive Program Administrator.

This proposal applies only to the 1R9 refueling outage and shall not be construed as a commitment to propose any such program in the future.

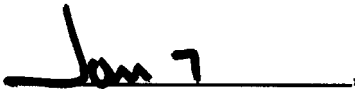
If you are in accord with the foregoing and agree thereto, please so indicate in the space provided and return one executed copy of this letter to the Company.

Very truly yours,

PACIFIC GAS & ELECTRIC COMPANY

By: 
Chief Negotiator

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

 , 1998

By: 
Business Manager

ATTACHMENT A

1R9 OUTAGE INCENTIVE



The 1R9 Outage Incentive plan is designed to be in alignment with the NPG Triangle, where there is a balance between Cost, Generation, and Safety, with approximately one third (18 hours) of the total available award (56 hours) tied to each category. Because of the critical business needs tied to the transition to 30 day, \$30 Million refueling outages, the maximum incentive award remains at 56 hours for 1R9, but this amount is likely to be reduced for future outages to better align with nuclear industry standards.

One major change to this incentive plan is that any hours earned in the Safe and Error Free section will be awarded regardless of outage cost or schedule. This change is being implemented to reinforce NPG Management's expectations that safety (both nuclear and personnel) is considered a higher priority than schedule or cost.

I. Safe and Error Free Award

PERSONNEL SAFETY

Award

Zero Disabling and Zero Recordable Injuries

6 hours

The Personnel Safety Award will be reduced to zero hours for any disabling injury associated with outage activities and will be reduced 1 hour for each recordable injury during the outage.

EQUIPMENT CLEARANCE ERRORS (*see definitions below*)

Award

Zero clearance related errors, **no more than 5** clearance related events of lesser significance, and **no more than 10** administrative type errors.

6 hours

The occurrence of any significant clearance errors will reduce this award to zero. Until zero hours is reached, the equipment clearance error award is reduced by 1 hour for each *lesser significance* event above 5, and by one hour for each *administrative type* error above 10.

PERSONNEL RADIATION EXPOSURE (PERSON/REMS)

Award

The 1R9 outage incentive associated with personnel radiation exposure is based upon the total exposure associated with outage activities.

184 REM or less Total Exposure

6 hours

The 1R9 exposure goal is reduced by 1 hour for each 3 REM that the actual outage exposure exceeds 184 REM until the award reaches zero at 202 REM.

TOTAL SAFE AND ERROR FREE AWARD POSSIBLE**

18 HOURS

***All hours earned which are associated with the Safe and Error Free portion of the 1R9 Outage Incentive will be paid regardless of the outage cost or duration. See Overall Award section for other details.*

II. Outage Duration and Cost Award

Outage duration and outage cost together determine the financial impact of 1R9 on PG&E's "bottom line". In 1999 with per kwh energy prices set at 3.37 cents, the financial value of a day at 100% power is about equal to \$1 Million. PG&E developed its 1999 financial budget for 1R9 assuming a duration of 35 days and incremental costs of \$35 million. NPG's 1999 financial goal for 1R9 strives for a duration of 30 days and incremental costs of \$30 million. Given current scope and plans, a "perfect" (no unanticipated scope additions, etc.) 1R9 would be completed in 30 days and \$28 million. In keeping with the intent of a "bonus", the 1R9 outage duration and cost incentive only awards performance that is better than the budgeted duration and cost, and pays out the "target" award (36 hours = 18 + 18) when the combined 1R9 duration and cost goal is reached. Exceeding goal and

reaching the “perfect” 1R9 adds additional award hours that offset award losses elsewhere.

OUTAGE DURATION AND COST:

The 1R9 Duration and Cost award is calculated by summing the breaker to breaker outage duration (days) and the incremental outage cost (\$Millions)

| <u>Duration + Cost</u> | <u>Award</u> |
|------------------------|-------------------------|
| 70 (NPG Budget) | 0 hours |
| 69 | 2 hours |
| 68 | 4 hours |
| 67 | 6 hours |
| 66 | 9 hours |
| 65 | 12 hours |
| 64 | 16 hours |
| 63 | 20 hours |
| 62 | 24 hours |
| 61 | 30 hours |
| 60 (NPG Goal) | 36 hours (Target award) |
| 59 | 40 hours |
| 58 (1R9 “Perfect”) | 44 hours |

POWER ASCENTION DURATION

If the unit is not returned to >70% power within 5 days of the date that the main generator breaker is closed, for each day beyond 5, one day will be added to the breaker to breaker outage duration used in the outage duration and cost award calculation.

III. Overall Award

A maximum of 56 vacation hours can be earned through this incentive.

The Senior Vice President of Nuclear Power Generation may, at his sole discretion, reduce the incentive hours earned if adverse quality, safety, performance or regulatory issues arise that have a significant direct impact on outage results or overall plant performance. For example, if a particularly severe error occurs that results in a cited level 3 NOV, or a serious personnel injury, or significant damage to plant equipment, then the Senior Vice President of Nuclear Power Generation may reduce to zero the incentive hours for the entire safe and error free award, the outage duration and cost award, or the entire 1R9 incentive, depending on the seriousness of the error/injury.

IV. Definitions:

*A **significant clearance related error** is one which results in all barriers being lost, e.g. one where plant workers perform actual work on equipment where they have no control over the status of that equipment, equipment is not tagged in accordance with procedural requirements, the clearance as implemented provides inadequate isolation and protection from energy sources, there are MOL tags which are required for protection from energy sources for the work to be performed but which have not been associated with the work group, or a work group reports "Off" a clearance when work is still in progress and protection is still required.*

*A **clearance event of lesser significance** is one where a barrier, as defined above, still exists to protect workers, but a key element of the clearance process was violated such as a clearance point found out of its specified position during the Acceptors walkdown of the clearance, MOL or red tags hung on incorrect points found during the Acceptors walkdown, or cases where the protection of a clearance is determined to be inadequate for the work to be performed prior to acceptance of the clearance by the Maintenance group. (i.e. for an error to be considered of lesser significance, it must be found prior to the work being performed which depends on the protection of the clearance)*

***Administrative type errors** are defined as errors in completion of paperwork which have little or no bearing on actual provision of a safe work boundary. Errors in this category would include things such as activation of a clearance before all paperwork has been completed and signed.*

*The **Outage Duration** is defined as the time between opening the breaker, when we first come off line, to closing the breaker when we parallel to the grid. If the unit must be taken off line any time prior to reaching > 90% power during post-outage power ascension, the time spent off-line will be counted as part of Outage Duration.*

***Power Ascension** is defined as the length of time in days required to achieve a stable power level greater than 70% of full rated power. The Senior Vice President of Nuclear Power Generation, at his sole discretion, can adjust the breaker to breaker or power ascension duration for award calculation purposes if these values are impacted by events not under NPG's control. Examples would include the ISO's request for the unit to remain off line because of low demand or power transmission capacity, or a NPG management/NRC decision to pull steam generator tubes that represent a significant increase over the planned outage scope. Normal "unanticipated" scope increases will **not** merit duration adjustments.*

ATTACHMENT B

Diablo Canyon Power Plant 1R9 Outage Incentive Program PG&E Regular Status and Temporary Additional Employees (including Hiring Hall)

ADMINISTRATIVE GUIDELINES

A. General Eligibility

All NPG employees and PG&E employees who are matrixed or assigned to Diablo Canyon Power Plant (DCPP) operations in support of the Unit 1 Ninth refueling outage will be eligible for participation in the program.

PG&E employees from outside of NPG that contribute to the outage are eligible for the incentive at the discretion of their management.

Participants who leave before the end of their outage assignment or who are discharged will not be eligible for an outage incentive award. Specific employee eligibility will be determined by NPG management and Human Resources.

B. Individual Award Determination

The 1R9 Outage Incentive Program provides for an option of additional paid time-off or a monetary award, similar to past Outage Incentive programs.

1. Individual incentives will be determined by the final incentive determination of the Senior Vice President of NPG based on the program criteria outlined in the 1R9 Outage Incentive Program for PG&E Regular Status Employees and Temporary Additional Employees.
2. The individual incentive basis applicable to the employee's organization and status is as follows:
 - a) NPG Regular Full-Time Employees and other matrixed PG&E employees who work at DCPP full time, who are on active payroll at the end of the outage, will receive the full incentive earned.
 - b) Other PG&E Regular Full-Time Employees will receive a prorated incentive based on the number of days worked in support of the outage as outlined under "Pro-Rated Incentives" below.

- c) Outage Temporary Additional Employees (including Hiring Hall employees), Co-ops, and Summer Interns will receive an incentive based on the same criteria as outlined in 2.b) above. Assignments must be completed to be eligible for the incentive. Pro-rated incentives as outlined in "C" below apply as well.
- d) Employees in Full-Time Equivalent Job Share Arrangements will receive an incentive the same as full-time employee, but allocated according to the job share arrangements.
- e) PG&E part-time employees will receive an incentive equivalent to full-time days worked in support of the outage.

C. Pro-Rated Incentives

For eligible employees who work a number of days not equal to the actual time between "breaker open to Mode 4", the individual incentive will be determined by dividing the total number of days worked in direct support of the outage* by the total number of days from breaker open to Mode 4. Awards will be rounded to the nearest whole hour.

Example: If the final incentive hours earned determined by the SR. VP - NPG is 40 hours,
And, if the "breaker open to Mode 4" actual duration is 33 days,
And, if a matrixed employee works 18 days in support of the outage:

Individual Incentive = $\frac{(18 \text{ days worked in support of the outage})}{33 \text{ days}} \times 40 \text{ hours}$
final award = 22 hours earned (33 days = actual breaker open to Mode 4)

* The number of days worked in direct support of the outage may include time worked just prior to the breaker open period, if the individual's assignment is scheduled to complete before we reach Mode 4.
Examples: access & badging personnel, trainers, planners & schedulers.

D. Incentive Award Election

An election form will be sent to all eligible PG&E employees once the earned award is determined following the completion of Power Ascension. Employees will be asked to specify the amount of additional time off they select, if any, with the remainder to be received as a monetary award. Employees will be requested to return their election form within two weeks of issuance. If the form is not returned on time, the employee will automatically receive the default monetary award. Employees who elect additional paid time off will be required to use such additional paid time off prior to using vacation under Title 111 of the Agreement. Any additional paid time off earned under this program must be used by June 30, 2000. Any unused portion of such paid time off not used by June 30, 2000 will be eliminated and the employee will be reimbursed for the unused time off.

Temporary Additional workers (including Hiring Hall) will only be eligible to receive the monetary award.

E. Term

This program applies only to the Unit 1 Ninth Refueling Outage (1R9).

F. Exceptions

All exceptions will be directed to the Outage Incentive Program Administrator, NPG Human Resources and will be subject to Officer approval.