



# LETTER AGREEMENT NO. 99-60-PGE



PACIFIC GAS AND ELECTRIC COMPANY  
INDUSTRIAL RELATIONS DEPARTMENT  
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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  
925-933-6060

RICK R. DOERING, MANAGER  
AND CHIEF NEGOTIATOR

JACK MCNALLY, BUSINESS MANAGER

September 10, 1999

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, 98-95, covered the ninth refueling outage for Unit 1 (1R9).

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 recognition program for the ninth refueling outage of Unit 2 (2R9) scheduled to begin September 26, 1999.

The proposed outage recognition program for 2R9 compares to the last outage incentive program (for 1R9) in the following ways:

- 1) **Outage duration and cost:** Both outages were budgeted at 35 days, 35 million dollars, with the goal of 30 days, 30 million dollars. The paid time-off award possible under each program for duration and cost is:

| Duration | Cost       | Award   |         |
|----------|------------|---------|---------|
|          |            | 1R9     | 2R9     |
| 28 days  | 28 million | 44 hrs. | 55 hrs. |
| 30 days  | 30 million | 36 hrs. | 39 hrs. |
| 35 days  | 35 million | 0 hrs.  | 0 hrs.  |

- 2) **Safety goals:** In addition to the award as determined by the outage duration and cost goals, both programs include goals related to Industrial Safety, ALARA and Human Performance. Under the

1R9 outage incentive program an award of 18 additional hours could be earned if all goals in these areas were achieved. Under the proposed program for 2R9, similar goals are established in each of the areas, but there is not a specific paid time off award tied to their achievement. The 2R9 proposal allows management to modify the amount of the duration and cost award following a careful assessment of performance in the safety area.

- 3) **Maximum award:** The 1R9 program limited the award to 56 hours. The proposed outage incentive program for 2R9 has no limit.
- 4) **Other factors:** The 1R9 program and the proposed program for 2R9 allow management to modify the award based on their overall assessment of outage performance.

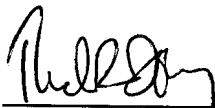
The details of the proposed Outage Recognition Program for the 2R9 outage are provided as Attachment A. The administrative guidelines are provided as Attachment B.

Employees assigned to NPG or other employees who are assigned to directly support the 2R9 outage are eligible to participate in the Outage Incentive Program. Specific eligibility will be determined by the Outage Incentive Program Administrator.

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:   
 Rick R. Doering, Manager 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

Sept 23, 1999

By:   
 Jack McNally  
 Business Manager

## **DIABLO CANYON POWER PLANT**

### **UNIT 2 NINTH REFUELING OUTAGE**

### **PERFORMANCE RECOGNITION**

### **PROGRAM**



A Bridge to our Future

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The 2R9 Outage Performance Recognition Program has been designed to recognize the performance of the organization in the areas of Safety, Cost, and Generation. The 2R9 program, though similar in expected award to past programs should all goals be met, reflects the realities of the competitive market we are entering and represents a significant change from past programs. The 2R9 program has two components:

- (1) Immediate recognition of individuals or groups with non-monetary awards (group meals, meal tickets, T shirts, etc.) during the outage based on excellent performance in the achievement of specific milestones (In accordance with the provisions of LA 91-113).
- (2) Recognition of the outage team as a whole at the completion of the outage based on total plant performance and meeting our goals in the three key areas of safety, cost, and generation. This component utilizes a 60% and 40% "added profit over budget" gain sharing approach between PG&E's shareholders and the outage team. For PG&E employees this award is paid, at the employee's election, in either cash or additional time-off with pay. The award is paid to Temporary Additional based on award administration guidelines.

#### **I. Recognition during the outage**

During the outage, groups and/or individuals will be recognized as successes linked to our goals occur. Departments are encouraged to recognize groups from other departments. Recognition can be in the form of meal tickets, pizza lunches, useful items and other non-cash methods.

## II. Recognition after the outage

After the outage, the Officers and Managers will determine an overall recognition award, based on performance against pre-established outage goals. The "target" funding for this award is determined by applying a 60% to 40% profit sharing factor to the added profit generated for PG&E by returning Unit 2 to service earlier than 35 days and at direct incremental costs less than the \$35 million budgeted [note: the current "no contingency" official schedule for 2R9 shows 28 days and 9 hours and direct costs in the \$28 million range]. Depending upon how we do on safety, ALARA and human performance goals, the actual award distributed by the Officers and Managers will vary from the "target" funding determined by profit sharing. Adjustments for performance against safety, ALARA and human performance goals are not determined by a pre-defined table but rather will be determined and explained by the Officers and Managers based upon a thorough review of factors affecting performance (like dose source term, emergent work scope, etc.).

## III. Outage Goals

Goals have been established in areas that are in alignment with the NPG Triangle - Safety, Cost, and Generation. Specific goals were recommended by different groups in the organization. The NPG Safety Committee recommended the industrial safety goal, the ALARA HIT the ALARA goal, the AR Review Team the Human Performance goal, and Outage Management the Cost and Generation (schedule) goals.



| AREA   | GOAL   |
|--|--|
| <p><b>Safety</b></p> <ul style="list-style-type: none"> <li>• Industrial Safety</li> <li>• ALARA</li> <li>• Human Performance</li> </ul> | <p>Zero (0) RIs and Zero (0) DIs</p> <p>≤ 120 person rem</p> <p>No Challenges to Decay Heat Removal<br/> No Significant Clearance Errors That Jeopardize Personnel Safety<br/> No Major Equipment Damage</p> |
| <p><b>Cost</b></p> <ul style="list-style-type: none"> <li>• Incremental Expense</li> </ul>   | <p>-</p> <p>≤ \$30 Million</p>   |
| <p><b>Generation</b></p> <ul style="list-style-type: none"> <li>• Schedule</li> </ul>  | <p>≤ 30 Days</p>   |

#### IV. Performance Award

As noted in section I, during the outage, individuals or groups will be recognized as successes linked to our goals occur. This type of recognition can take many forms and the decision of what is appropriate will be left to the individual or department doing the recognizing.

The cost and generation goals are used to determine the target amount of the post-outage award taking into account both revenue, as derived from schedule performance, and cost, as derived from budget performance. Schedule and cost performance will be based on a budget case of 35 days and \$35M. As part of the award calculation, 60% of any additional revenue or cost reductions will be retained by the shareholders and 40% will be available to be distributed as an outage award. The safety goals may modify the award. The Officers and Managers will assess the organizations achievement of the safety goals at the end of the outage. Their assessment may include additions for superb performance in a goal area or reductions for any significant safety performance violations or unsatisfactory plant performance during power ascension.

Three cases are shown to demonstrate the range of award hours based on cost and generation. They represent the present budget (Case 1); the 30/30 long-term Outage Goal (Case 2); and the present Rev 0 schedule and Cost Plan targets (Case 3). The actual award allowance will be calculated using actual cost and schedule performance and may differ from these examples based on safety performance.

| <b>Case 1</b><br>\$35 M/35 Days | <b>Case 2</b><br>\$30M/30 Days | <b>Case 3</b><br>\$28M/28 Days |
|---------------------------------|--------------------------------|--------------------------------|
| 0 Hours                         | 39 Hours                       | 55 Hours                       |

Reference: 2R9 Outage Award Calculation (attached)

**V. Administration**

After the number of hours has been determined, the award will be administered as follows:

◇ **NPG Employees**

NPG employees can take the award hours in time-off or in pay. Time off must be requested in writing or the hours will be paid, as in past outages. A form will be made available to request the time off.

◇ **Temporary Additional Employees**

Temporary Additional employees will be paid for all award hours if they worked breaker-to-mode 4. If they work less than breaker-to-mode 4, their award will be prorated based on the number of days worked during that period divided by the actual breaker-to-mode 4 duration.

Individuals who voluntarily quit or are terminated for cause other than job completion will receive no recognition award.

# **ATTACHMENT B**

## **Diablo Canyon Power Plant 2R9 Outage Recognition 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 2 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 recognition award. Specific employee eligibility will be determined by NPG management and Human Resources.***

#### **B. Individual Award Determination**

The 2R9 Outage Recognition 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 2R9 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 recognition 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 =  $\frac{(18 \text{ days worked in support of the outage})}{33 \text{ days = actual breaker open to Mode 4}} \times 40 \text{ hours}$   
final award = 22 hours earned

\* 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 December 31, 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 2 Ninth Refueling Outage (2R9).

#### **F. Exceptions**

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