



# LETTER AGREEMENT NO. R1-00-49-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

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STEPHEN A. RAYBURN, DIRECTOR  
AND CHIEF NEGOTIATOR

JACK McNALLY, BUSINESS MANAGER

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October 10, 2000

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, 99-60, covered the ninth refueling outage for Unit 2(2R9).

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 tenth refueling outage of Unit 1 (1R10) scheduled to begin in October 2000.

The proposed outage recognition program for 1R10 is similar to the last outage recognition program in that the award is based on total plant performance as measured by meeting goals in the three key areas of safety, cost and generation. 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. As part of the award calculation, 40 percent of any additional revenue or cost reduction will be available to be distributed as an outage award. This amount may be modified based on safety goal achievement.

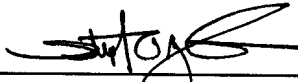
The details of the proposed Outage Recognition Program for the 1R10 outage are provided as Attachment A. The administrative guidelines are provided as Attachment B.

Employees assigned to NPG or other employees who are assigned to directly support the 1R10 outage are eligible to participate in the Outage Performance Recognition 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:   
\_\_\_\_\_  
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

Oct 10 2000

By:   
\_\_\_\_\_  
Jack McNally  
Business Manager

# **ATTACHMENT A**

## **DIABLO CANYON POWER PLANT**

### **UNIT 1 TENTH REFUELING OUTAGE**

#### **PERFORMANCE RECOGNITION**

##### **PROGRAM**



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The 1R10 Outage Performance Recognition Program has been designed to recognize the performance of the organization in the areas of Safety, Cost, and Generation. The 1R10 program will be similar to what was done in 2R9 and reflects the realities of the competitive market. The 1R10 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 00-33).
- (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 personnel 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 1 to service earlier than 35 days and at direct incremental costs less than the \$31 million budgeted [note: the current "no contingency" Revision 0 schedule for 1R10 shows 26 days and 3 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 by the Officers and Managers, with input from Union's Business Manager or designee, based upon a thorough review of factors affecting performance (like dose source term, emergent work scope, etc.).

## III. Outage Goals

Goals similar to 2R9 have been established in areas that are in alignment with the NPG Triangle - Safety, Cost, and Generation.



AREA	GOAL
<p><i>Safety</i></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>≤ 147.5 person rem</p> <p>No Challenges to Decay Heat Removal  No Significant Clearance Errors That Jeopardize Personnel Safety  No Major Equipment Damage</p>
<p><i>Cost</i></p> <ul style="list-style-type: none"> <li>• Incremental Expense</li> </ul>	<p>-</p> <p>-</p> <p>≤ \$31 Million</p>
<p><i>Generation</i></p> <ul style="list-style-type: none"> <li>• Schedule</li> </ul>	<p>≤ 35 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 \$31M. 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.

Case 1 \$31M/35 Days	Case 2 \$30M/30 Days	Case 3 \$28M/27 Days
0 Hours	18 Hours	34 Hours

Reference: 1R10 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.

**SAMPLE 1R10 OUTAGE REWARD CALCULATIONS**

	(1)	(2)	(3)	(4)	(5)
Cost	\$31M	\$30 M	\$28 M	\$25M	\$23.3M
Duration	<u>35Days</u>	<u>30 Days</u>	<u>27Days</u>	<u>32 Days</u>	<u>26 Days</u>
Additional Revenue	\$0	\$4,416	\$7,066	\$2,650	\$7,950
Reduced Cost	<u>\$0</u>	<u>\$1,000</u>	<u>\$3,000</u>	<u>\$6,000</u>	<u>\$7,700</u>
Before-Tax "Profit"	\$0	\$5,416	\$10,066	\$8,650	\$15,650
Tax on Added Profit	<u>\$0</u>	<u>(\$2,167)</u>	<u>(\$4,027)</u>	<u>(\$3,460)</u>	<u>(\$6,260)</u>
Available for Sharing	\$0	\$3,250	\$6,040	\$5,190	\$9,390
Assume 40% to Workers	\$0	\$1,300	\$2,416	\$2,076	\$3,756
Equivalent Maximum Hours	0	18	34	29	53

<b>NOTES / ASSUMPTIONS:</b>	Forecast To Be <u>Eligible</u>	Estimated Cost Per <u>Award</u> <u>Hour</u>
Employees:		
Totals	2097	\$70,542

Revenue Calculation: 3.43 cents/kWh x 1073\* MW  
 1073 MW x 24 hours/day = \$883k / day x 24 hours

24 hours/day = \$883k / day

- (1) Budget case: no additional profit to share
  - (2) Goal Case
  - (3) Current schedule and cost plan case
  - (4) Award Hours Using 2R9 Actuals
  - (5) Cost & Duration Targets That Result in 53 Award Hours
- \* Settlement Agreement budget number for Unit #1

# ATTACHMENT B

## **Diablo Canyon Power Plant 1R10 Outage Recognition Program PG&E Active Status and Temporary Additional Employees (including Hiring Hall)**

### **ADMINISTRATIVE GUIDELINES**

#### **A. General Eligibility**

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

Other PG&E employees who work at the plant site during the outage are eligible for the award 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 Generation Business Unit management and Human Resources.**

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

The 1R10 Outage Recognition Program provides for an option of additional paid time-off or a monetary award, similar to past Outage Award programs.

1. Individual awards will be determined by the final award determination of the Senior Vice President of Generation Business Unit based on the program criteria outlined in the 1R10 Outage Performance Recognition Program for PG&E Active Status Employees and Temporary Additional Employees.
2. The individual award basis applicable to the employee's organization and status is as follows:
  - a) Generation Business Unit 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. Employees on rotation outside of DCPP during the outage, may be excluded at management's discretion.
  - b) Other PG&E Regular full-time Employees will receive a pro-rated award based on the number of days worked in support of the outage as outlined under "Pro-Rated Incentives" below. Generation Business Unit employees who do not support DCPP Operations may not be eligible.
  - c) Outage Temporary Additional Employees (including Hiring Hall employees), Co-ops, and Summer Interns will receive an award based on the same criteria as outlined in 2.b) above. Assignments must be completed to be eligible for the award. Pro-rated awards as outlined in "C" below apply as well.
  - d) Employees in full-time Equivalent Job Share Arrangements will receive an award the same as full-time employee, but allocated according to the job share arrangements.
  - e) Generation Business Unit part-time employees will receive a pro-rated award equivalent to full-time days worked in support of the outage.



## C. Pro-Rated Awards

For eligible employees who work a number of days not equal to the actual time between “breaker open to Mode 4”, the individual award 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 award hours earned determined by the SR. VP - Generation Business Unit is 26 hours;  
And, if the “breaker open to Mode 4” actual duration is 23 days;  
And, if a matrixed employee works 18 days in support of the outage:

$$\text{Individual Award} = \frac{(18 \text{ days worked in support of the outage})}{(23 \text{ days} = \text{actual breaker open to Mode 4})} \times 26 \text{ hours}$$

Final Award = 20 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. Award Election

An election form will be sent to all eligible Generation Business Unit and 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 December 31, 2001. Any unused portion of such paid time off not used by December 31, 2001 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 Tenth Refueling Outage (1R10).

## F. Exceptions

All exceptions will be directed to the Outage Performance Recognition Program Administrator, DCPH Human Resources and will be subject to Officer approval.