



**Pacific Gas and  
Electric Company.**

# LETTER AGREEMENT NO. R1-06-42-PGE

**IBEW**



PACIFIC GAS AND ELECTRIC COMPANY  
INDUSTRIAL RELATIONS DEPARTMENT  
2850 SHADELANDS DRIVE, SUITE 100  
WALNUT CREEK, CALIFORNIA 94598  
(925) 974-4104

INTERNATIONAL BROTHERHOOD OF  
ELECTRICAL WORKERS, AFL-CIO  
LOCAL UNION 1245, I.B.E.W.  
P.O. BOX 2547  
VACAVILLE, CALIFORNIA 95696  
(707) 452-2700

STEPHEN A. RAYBURN,  
DIRECTOR AND CHIEF NEGOTIATOR

TOM DALZELL,  
BUSINESS MANAGER

August 22, 2006

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:

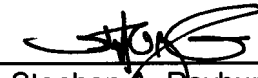
Letter Agreement 06-18 allows employees who are directly impacted by Business Transformation to convert their severance payment into a transitional leave of absence, and Letter Agreement 05-66 allows employees directly impacted by Business Transformation to convert their severance payment into an educational leave of absence. These provisions are effective through December 31, 2008. Therefore, the Company proposes that the attached Severance Agreement and Release document which incorporates these options be used through December 31, 2008 for those employees whose job is impacted by Business Transformation.

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

By: \_\_\_\_\_

  
Tom Dalzell  
Business Manager



, 2006

**SEVERANCE AGREEMENT AND RELEASE (Amended 08-1-06)**

This Severance Agreement and Release is made and entered into between Mr./Ms. \_\_\_\_\_ and the Pacific Gas and Electric Company (PG&E). Mr./Ms. \_\_\_\_\_ and PG&E (collectively referred to as "the parties"), in their wish to compromise, resolve, settle, and terminate any dispute or claim between them with respect to Mr./Ms. \_\_\_\_\_ employment with PG&E and severance therefrom, have agreed as follows:

**1. Severance Payment/Leave Election.** Employee elects the following (Employee should initial his/her choice and cross out the choices he/she does not elect):

- \_\_\_\_\_ A. **Severance Payment:** Effective close of business on \_\_\_\_\_ **LAYOFF DATE** \_\_\_\_\_, Mr./Ms. \_\_\_\_\_ shall be laid off from PG&E employment. On **30 DAYS POST LAYOFF** \_\_\_\_\_, or seven calendar days following the execution of this Severance Agreement and Release, whichever is later, PG&E shall pay to Mr./Ms. \_\_\_\_\_ the amount of \_\_\_\_\_, less applicable deductions. Mr./Ms. \_\_\_\_\_ shall be responsible for paying any taxes on the amount paid to him/her pursuant to this Severance Agreement and Release. If Mr./Ms. \_\_\_\_\_ is rehired within 30 calendar days of layoff, then PG&E's obligation to pay is null and void. The parties agree that the payment provided in this paragraph is in addition to, and does not affect, any payment and benefit to which Mr./Ms. \_\_\_\_\_ may be otherwise entitled under PG&E's compensation, and other benefit programs.
- \_\_\_\_\_ B. **Educational Leave:** Employee elects to convert his/her severance payment (pay per years of service) into an educational leave of absence, for up to a maximum of two (2) years at 50% of Employee's current base pay. The duration of Employee's educational leave cannot extend beyond the equivalent of 75% of Employee's severance amount. Employee's Educational Leave will terminate no later than: \_\_\_\_\_.
- \_\_\_\_\_ C. **50% Transitional Leave: (Available only if Employee is 52 years of age or older at the end of the 45 day consideration period noted in paragraph four.)** Employee elects to convert his/her severance payment (pay per years of service) into a 50% partially paid leave of absence. Employee's 50% Transitional Leave will terminate no later than: \_\_\_\_\_.
- \_\_\_\_\_ D. **100% Transitional Leave: (Available only if Employee is 52 years of age or older at the end of the 45 day consideration period noted in paragraph four.)** Employee elects to convert his/her severance payment (pay per years of service) into a fully paid leave of absence. Employee's 100% Transitional Leave will terminate no later than: \_\_\_\_\_.

**2. No Pending Claims.** Mr./Ms. \_\_\_\_\_ represents that he/she does not have any pending claim, charge or action in or with any federal, state or local court or any administrative agency relating to his/her employment against PG&E, its officers, attorneys, agents, employees, subsidiaries, parent company, assigns, affiliated companies and successors. If Mr./Ms. \_\_\_\_\_ does have pending claims described in the preceding sentence, Mr./Ms. \_\_\_\_\_ agrees that such claims are covered by the release aspect of this Severance Agreement and Release and that he/she shall take all necessary action to seek dismissal with prejudice of each claim, within two business days after the effective date of this Severance Agreement and Release.

**3. Release.** In consideration for the payment which PG&E shall provide Mr./Ms. \_\_\_\_\_ under this Severance Agreement and Release, Mr./Ms. \_\_\_\_\_ in behalf of his/herself, his/her heirs, estate, executors, administrators, successors, and assigns, releases and agrees to hold harmless PG&E, its officers, attorneys, agents, employees, subsidiaries, parent company, assigns, affiliated companies, and successors, from all actions, causes of action, claims, disputes, judgments, obligations, damages, liabilities of whatsoever kind and character, relating to Mr./Ms. \_\_\_\_\_ employment with PG&E, including his/her employment severance and any action which led to the severance. Specifically, Mr./Ms. \_\_\_\_\_ understands and agrees that the actions, causes of action, claims, disputes, judgments, obligations, damages, and liabilities covered by the preceding sentence include, but are not limited to, those arising under any federal, state, or local law, regulation, or order relating to civil rights (including *but not limited to* employment discrimination on the basis of race, color, religion, age, sex, national origin, ancestry, physical or mental handicap or disability, medical condition, veteran status, marital status, pregnancy, and sexual orientation), wage and hour, labor, contract, or tort. However, this General Release is not intended to bar any claims that, by statute, may not be waived, such as claims for workers' compensation benefits, unemployment insurance benefits, and any challenge to the validity of Employee's release of claims under the Age Discrimination in Employment Act of 1967, as amended, as set forth in this Severance Agreement and Release.

Mr./Ms. \_\_\_\_\_ understands and agrees that the Severance Agreement and Release extends to all claims of every nature and kind whatsoever, known or unknown, suspected or unsuspected, past or present, and all rights under Section 1542 of the California Civil Code are hereby expressly waived. Such section reads as follows:

**A general release does not extend to claims which the creditor does not know or suspect to exist in his/her favor at the time of executing the release, which if known to his/her must have materially affected his/her settlement with the debtor.**

Mr./Ms. \_\_\_\_\_ agrees not to initiate, participate or aid, in any way, in any lawsuit or proceeding upon any claim released by him/her under this Severance Agreement and Release. The preceding sentence, however, shall not prohibit Mr./Ms. \_\_\_\_\_ from participating in any judicial or administrative proceeding that relates to the subject matter of, or any claim covered by, this Severance Agreement and Release, if he/she is compelled to do so by a properly-issued subpoena or valid court order. PG&E also acknowledges that Mr./Ms. \_\_\_\_\_ may be legally required to appear and testify at a deposition, court hearing or trial, or otherwise respond to a

subpoena. In the event of any such *subpoena, court order, or request*, Mr./Ms. \_\_\_\_\_ shall notify PG&E's Human Resources *Department as soon as possible*.

**4. Return of PG&E Property.** Mr./Ms. \_\_\_\_\_ represents and agrees that prior to signing this Severance Agreement and Release, he/she returned to PG&E all originals and copies of all files, memoranda, records, software, credit cards, identification cards, keys, and any other property of PG&E or its affiliates which he/she had in his/her possession, custody or control. Mr./Ms. \_\_\_\_\_ further agrees that his/her violation of this paragraph shall constitute a material breach of this Severance Agreement and Release.

**5. Non Disclosure.** Mr./Ms. \_\_\_\_\_ agrees not to use, disclose, publicize, or circulate any secret, confidential or proprietary information concerning PG&E, its subsidiaries, parent company, or affiliates, which has come to his/her attention during his/her employment with PG&E, unless his/her doing so is consistent with any rights he/she may have under any applicable whistleblower laws, is authorized in writing by PG&E or is required by law, including subpoena. Before making any legally-required disclosure, Mr./Ms. \_\_\_\_\_ shall give PG&E as much advance notice as possible. Mr./Ms. \_\_\_\_\_ further agrees that his/her violation of this paragraph shall constitute a material breach of this Severance Agreement and Release.

**6. Anti-Disparagement.** Mr./Ms. \_\_\_\_\_ agrees *not to make, issue, endorse, publicize, or circulate to any person or entity statements or remarks that can reasonably be construed as disparaging toward PG&E, including its officers, directors, attorneys, agents, employees, assigns, parent company, subsidiaries, affiliated companies and successors, or any aspect of its operations*. Mr./Ms. \_\_\_\_\_ also agrees that, if called upon to do so, he/she will cooperate with, and provide reasonable assistance to, PG&E to protect and further its lawful interests in all judicial, administrative, investigative, and legislative proceedings involving PG&E or any aspect of its operations. The parties agree that this paragraph does not affect Mr./Ms. \_\_\_\_\_'s legitimate exercise of his/her rights under applicable whistleblower laws or his/her obligation to comply with all validly-issued court or administrative orders, including subpoenas. Mr./Ms. \_\_\_\_\_ further agrees that his/her violation of this paragraph shall constitute a material breach of this Severance Agreement and Release.

**7. Breach.** Mr./Ms. \_\_\_\_\_ agrees that, if he/she engages in a material breach of this Severance Agreement and Release, PG&E shall not be required to make any unmade payment due under this Severance Agreement and Release, and he/she shall repay to PG&E the payment he/she received under this Severance Agreement and Release within seven (7) calendar days upon written demand by PG&E. The parties agree that this paragraph shall not apply to the lawful exercise of any right Mr./Ms. \_\_\_\_\_ may have under the Age Discrimination in Employment Act and that such matters shall be governed by the provisions of said act.

**8. Misconduct.** Mr./Ms. \_\_\_\_\_ understands that if he/she engages, or has engaged, in misconduct that would warrant his/her termination of employment under PG&E's employee conduct standards and the collective bargaining agreement's just cause standard, he/she shall forfeit his/her right to sign this Severance Agreement and Release.

**9. Arbitration.** Any dispute regarding any aspect of this Severance Agreement and Release, including its validity, interpretation, or any action which would constitute a violation of this Severance Agreement and Release (hereinafter referred to as an "arbitrable dispute") shall be resolved by an experienced arbitrator, selected by the parties in accordance with the rules of the American Arbitration Association. The fees of the arbitrator and the cost associated with producing a transcript of the proceedings shall be paid in equal shares by Mr./Ms. \_\_\_\_\_ and PG&E. The parties agree that arbitration shall be the exclusive remedy for resolving arbitrable disputes and that the decision of the arbitrator shall be final and binding. The judgment rendered by the arbitrator may be entered in any court having competent jurisdiction. *The prevailing party in any such arbitration shall be entitled to costs and reasonable attorneys' fees. In addition, any party who attempts to pursue an arbitrable dispute in any forum other than arbitration shall be liable for costs and attorneys' fees incurred by the other party in seeking to compel arbitration. The parties agree that this paragraph shall not apply to the lawful exercise of any right Mr./Ms. \_\_\_\_\_ may have under the Age Discrimination in Employment Act and that such matters shall be governed by the provisions of said Act.*

**10. Repayment.** Mr./Ms. \_\_\_\_\_ agrees that, if he/she initiates an administrative, judicial, arbitral, or other similar proceeding, to bring a claim released by this Severance Agreement and Release or to challenge the validity of this Severance Agreement and Release, PG&E shall not be required to make any unmade payment due under this Severance Agreement and Release and he/she shall repay to PG&E the payment he/she received under this Severance Agreement and Release concurrent with his/her initiation of the proceeding. Mr./Ms. \_\_\_\_\_'s failure to make the prescribed repayment shall be a basis for rejecting his/her claim and/or his/her attempt to challenge the validity of this Severance Agreement and Release. Mr./Ms. \_\_\_\_\_ also agrees that, if the claim he/she brought or his/her attempt to challenge the validity of this Severance Agreement and Release is rejected, he/she shall pay to PG&E any loss, cost, damage, or expense, including, without limitation, reasonable attorney fees PG&E incurred in the proceeding, within seven (7) calendar days from the final decision rejecting his/her claim or attempt. Further, notwithstanding the foregoing, if Mr./Ms. \_\_\_\_\_ obtains against PG&E a monetary judgment or settlement for a claim released under this Severance Agreement and Release, the payment he/she received under this Severance Agreement and Release shall be deducted from any such monetary judgment or settlement. *The parties agree that this paragraph shall not apply to the lawful exercise of any right Mr./Ms. \_\_\_\_\_ may have under the Age Discrimination in Employment Act and that such matters shall be governed by the provisions of said Act.*

**11. Forfeiture of Severance Benefits.** Mr./Ms. \_\_\_\_\_ agrees that, if he/she accepts an offer of employment from Pacific Gas and Electric Company, PG&E Corporation, or an affiliate of PG&E, after the effective date of this Severance Agreement and Release, he/she shall forfeit any right to any unmade installment payment.

**12. No Admission of Liability.** This Severance Agreement and Release shall not be considered an admission of liability or a violation of any applicable contract, law, rule, regulation, guideline, or order of any kind.

**13. Older Workers' Benefit Protection Act (Age 40 or over).** Mr./Ms. \_\_\_\_\_ agrees that all claims he/she may have arising under the Age Discrimination in Employment Act before he/she signs this Severance Agreement and Release are covered by paragraphs 2 and 3 of this Severance Agreement and Release and that his/her waiver of those age discrimination claims is an integral part of the release aspect of this *Severance Agreement and Release*. Therefore, consistent with the Older Workers Benefit Protection Act, Mr./Ms. \_\_\_\_\_ states that he/she was given this Severance Agreement and Release on \_\_\_\_\_, and understands that he/she has 45 calendar days from \_\_\_\_\_ until \_\_\_\_\_, to consider the Severance Agreement and Release. Further, Mr./Ms. \_\_\_\_\_ understands that, if he/she signs this Severance Agreement and Release, he/she may revoke it within seven (7) calendar days of the agreement's execution. To revoke this Severance Agreement and Release, Mr./Ms. \_\_\_\_\_ must submit to the local Human Resources Department, a signed statement to that effect by close of business of the seventh (7<sup>th</sup>) day. Mr./Ms. \_\_\_\_\_ understands and agrees that this Severance Agreement and Release will not take effect until the expiration of the seven-day revocation period. Further, Mr./Ms. \_\_\_\_\_ may elect to consider the severance package for *fewer* than 45 days, at his/her own option, but is under no obligation to shorten the period. If Mr./Ms. \_\_\_\_\_ elects to consider the severance package for *fewer* than 45 days at his/her option and executes this Severance Agreement and Release before the 45-day consideration period has expired, said employee may receive the severance payment before the 45-day consideration period, *but only after the seven-day revocation period has expired*. In no event, however, shall Mr./Ms. \_\_\_\_\_ receive the payment until he/she has completed his/her consideration period, which may be less than 45 days at his/her option, as well as the *seven-day* revocation period.

**14. Entire Agreement.** This Severance Agreement and Release sets forth the entire agreement between the parties and fully supersedes any and all prior agreements or understandings between the parties pertaining to the subject matter of this Severance Agreement and Release. *This Severance Agreement and Release, however, shall not affect any right either party has or may have against the other regarding Workers' Compensation claims and Supplemental Benefit payments made for those claims.* The parties agree that this Severance Agreement and Release may not be modified or canceled in any manner except by a writing signed by Mr./Ms. \_\_\_\_\_ and an authorized PG&E official. If any provision of this release is found to be unenforceable, all other provisions will remain fully enforceable.

**15. Consultation with Counsel.** Mr./Ms. \_\_\_\_\_ states that he/she has read this Severance Agreement and Release in its entirety, that he/she has been given the necessary time to consider its contents, that he/she fully understands its terms, that he/she has been advised that he/she should consult legal counsel of his/her choosing, that the only promises made to him/her to sign are those stated herein, and that he/she is signing this Severance Agreement and Release voluntarily.

**PLEASE READ CAREFULLY. THIS SEVERANCE AGREEMENT AND RELEASE  
INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

\_\_\_\_\_  
PACIFIC GAS AND ELECTRIC COMPANY

\_\_\_\_\_  
EMPLOYEE

\_\_\_\_\_  
PERSONNEL NUMBER

\_\_\_\_\_  
DATE

\_\_\_\_\_  
DATE