



LETTER AGREEMENT NO. 07-15-PGE



PACIFIC GAS AND ELECTRIC COMPANY
LABOR RELATIONS DEPARTMENT
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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

March 5, 2007

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:

Since 1988, outage recognition 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, L/A 05-47, covered the thirteenth refueling outages for Units 1 and 2 (1R13 and 2R13).

Performing safer, shorter and less expensive outages remain primary and important goals of PG&E and for that reason the Company is proposing an outage recognition program for the fourteenth refueling outage of Unit 1 (1R14) scheduled to begin in April 2007. The structure of the proposed program is the same as the program agreed to for 1R13 and 2R13.

The specifics of the program are attached. The award applies to employees in regularly authorized positions who directly support the outage or employees in regularly authorized positions at Diablo Canyon whose normal job function must continue through the outage. The award will not apply to temporary additional employees, hiring hall employees or contractors.

If you are in accord with the foregoing and agree thereto, 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: /s/ Stephen A. Rayburn
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

March 16 , 2007 By: /s/ Tom Dalzell
Tom Dalzell

Business Manager

**Diablo Canyon Power Plant
Generic Outage Recognition Program
PG&E Active Status Employees**

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 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.

The award will not apply to Contractors, Temporary Additional Employees, and Building Trades personnel.

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 Outage Recognition Program provides for an opportunity to earn additional paid time-off.

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 Outage Performance Recognition Program for PG&E Active Status 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) 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.
 - d) 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 18 hours;
And, if the “breaker open to Mode 4” actual duration is 20 days;
And, if a matrixed employee works 17 days in support of the outage:

$$\text{Individual Award} = \frac{(17 \text{ days worked in support of the outage})}{(20 \text{ days} = \text{actual breaker open to Mode 4})} \times 18 \text{ hours}$$

Final Award = 15 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

After the vacation hours have been determined by the NPG officers, the award will be administered as follows:

1. Regular PG&E employees who directly supported the refueling outage and whose normal job function continued throughout the outage:

Award will be provided as time off with pay only. Any award hours for the outage will be specified by the NPG officers as to when it will be taken but in no case will it be later than December 31, 2007.

2. Contractors, temporary additional employees, and building trades personnel:

Award is not applicable to this population of workers.

E. Term

This program applies only to the Unit 1 Fourteenth Refueling Outage (1R14).

F. Exceptions

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

DIABLO CANYON POWER PLANT

UNIT 1 FOURTEENTH REFUELING OUTAGE

PERFORMANCE RECOGNITION PROGRAM

The Outage Performance Recognition Program has been designed to recognize the performance of the organization in the areas of Safety, Cost, Generation, and Reliability. The intent is to have a generic outage incentive plan that will remain the same except the duration, cost, and dose will be determined for each individual outage.

The program has two components:

- (1) Immediate recognition of individuals or groups with non-monetary awards during the outage based on excellent performance in the achievement of specific milestones.
- (2) Recognition of the outage team as a whole after the outage based on total plant performance and meeting our goals in the three key areas of safety, cost, and generation.

Based on benchmarking data of other utilities' outage incentive awards **20 hours of vacation can be earned if 1R14 is completed safely, within 25 days, runs reliably for 30 days, and at a cost of \$40.9 million or less.** A few additional hours may be earned for each outage if the outage is of shorter duration and/or costs less than the goal.

This award applies to regular PG&E employees who directly support the outage or whose normal job function must continue through the outage. The award will not apply to contractors, temporary additional employees, and building trades personnel. The award will be paid as additional time off with pay. Having safe, short, and cheaper outages is our goal as an industry leader, has value to PG&E and our customers, and is an effort that should be rewarded.

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 by various non-cash methods.

II. Recognition After the Outage

After the outage, the NPG officers will determine an overall recognition award, based on performance against pre-established outage goals. If 1R14 is completed with all safety goals met, in 25 days' duration, \$40.9 million in cost, power ascension is completed within the goal, and runs reliably for 30 days, 20 hours of vacation will be awarded. When we evaluate the performance, roughly a third of this award will be based on cost, a third on duration, power ascension, and a 30-day reliable run, and a third on safety. A few additional hours may be earned for each outage if the outage is of shorter duration and/or costs less than the goal.

If significant events occur that dramatically affect safety, the NPG officers reserve the right to adjust this amount accordingly, up to elimination of the award for very serious events.

III. Outage Goals

Goals have been established in areas that are in alignment with the NPG Triangle of Safety, Cost, and Generation and apply to all individuals supporting the outage. The award hours are aligned accordingly.



AREA	GOAL
<p>Safety</p> <ul style="list-style-type: none"> • Industrial Safety • Radiological Safety • Nuclear Safety • Human Performance 	<p>Zero (0) DI's</p> <p>≤ 84 Person-Rem For 1R14</p> <p>No Challenges to Decay Heat Removal</p> <p>No Significant Equipment Damage</p> <p>No Significant Security Violations</p> <p>No Significant Human Performance Events</p> <p>No Significant FME Events</p>
<p>Reliability</p> <ul style="list-style-type: none"> • Power Ascension • 100% Power 	<p>≤ 6 Days</p> <p>≥ 30 days</p>
<p>Generation</p> <ul style="list-style-type: none"> • Schedule 	<p>≤ 25 Day Goal For 1R14</p>
<p>Cost</p> <ul style="list-style-type: none"> • Incremental Expense 	<p>≤ \$40.9 Million For 1R14</p>

IV. Performance Award

During Outage

During the outage, individuals or groups will be recognized as successes linked to our goals are achieved. This type of recognition can take many forms and the decision of what is appropriate will be left to the individual or department responsible for or benefiting from the accomplishment.

After Outage

Following the completion of power ascension, the NPG officers will assess overall outage performance against the outage goals to determine the distribution of the 20 hours of available award. More specific details regarding this assessment are provided in Section II.

V. Administration

After the vacation hours have been determined by the NPG officers, the award will be administered as follows:

- ◆ Regular PG&E employees who directly supported 1R14 whose normal job function continued throughout the outage:

Award will be provided as time off with pay only. Any award hours for 1R14 will be specified by the NPG officers as to when it will be taken but in no case will it be later than December 31, 2007.

- ◆ Contractors, temporary additional employees, and building trades personnel:

Award is not applicable to this population of workers.