



LETTER AGREEMENT NO. 12-60-PGE



PACIFIC GAS AND ELECTRIC COMPANY
LABOR RELATIONS AND HUMAN RESOURCES DEPARTMENT
MAIL CODE N2Z
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STEPHEN RAYBURN
DIRECTOR AND CHIEF NEGOTIATOR

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

November 2, 2012

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:

In conjunction with the Company's Pipeline Safety Enhancement Program, the Company needs to stabilize and increase its Welder workforce. While efforts are being pursued to bring on additional UA-represented Welders, the Company proposes a Welder Retention Program for the following classifications:

Title 300 Welder (Legacy Code 2617, SAP Code 50010435)
Title 300 Working Foreman B-Gas (Legacy Code 0255, SAP Code 50251368) (only Working Foremen who are journeymen Welders)
Title 300 Working Foreman A-Gas (Legacy Code 0257, SAP Code 50251366) (only Working Foremen who are journeymen Welders)

Employees in these classifications will be offered a one-time opportunity to make a 3-year commitment to remain in their current classification. Employees making this commitment will receive a \$7,500 lump sum payment 18 months after making the commitment and an additional \$7,500 lump sum payment at the conclusion of the 3-year commitment. Employees may accept a higher level position in their line of progression (e.g. Welder to Working Foreman B-Gas) during this commitment period.

In addition, employees who previously held one of these classifications within the past 3 years and are qualified to return to one of these classifications will be eligible for the retention payment if they return to one of these classifications before December 31, 2012.

Employees accepting the retention payment will have the payment factored into their salary for all overtime in accordance with FLSA guidelines (see the example below).

Example - Overtime Computation When Receiving a Retention Payment

In the following calculation, the \$7,500 retention payment was earned over eighteen months or 78 weeks, for a weekly equivalent of \$96.15 ($\$7,500 \div 78$ weeks).

If the employee worked ten hours of overtime, the employee would be due an additional \$9.60 in overtime earning as follows:

$\$96.15 \div 50$ hours = \$1.92 (increase in the regular rate)
 $\$1.92 \times \frac{1}{2}$ = \$.96 (increase in the additional half-time)
 $\$.96 \times 10$ hours of overtime worked = \$9.60 (increase in overtime earnings due to the bonus)

The Company and Union will collaborate on communications to employees regarding the offering of the retention payment.

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

November 9, 2012

By: /s/ Tom Dalzell
Tom Dalzell
Business Manager