

March 14, 1994



Engineers and Scientists of California, MEBA (AFL-CIO)
1182 Market Street, Suite 204
San Francisco, CA 94102

Attention: Mr. Ben Hudnall, Business Manager

Gentlepersons:

Pursuant to Letter Agreement 93-27 and in accordance with Section 26.1 of the Agreement between the Company and ESC, the parties propose as a result of negotiations the following:

1. Company agrees to the establishment of a monthly Labor Management Committee whose goals will include free and open communication, mutual respect for the legitimate needs of the respective parties, informal problem solving, and the promotion of harmony and efficiency to the end that the Company, the Union and the general public may benefit.
2. Voluntary Severance offer to all Design and Drafting classifications (including EA positions) capped at 16. Cap does not include any employees who elect layoff rather than displacement to the field. No layoffs through September 30, 1994. This no-layoff policy does not include those employees who elect severance rather than relocate to field positions.
3. Company agrees to redeployment as follows:
 - A. Redeployment within the General Office complex will follow the principles of Section 22.9 of the Agreement in so far as possible considering the Company's operational requirements regarding the Engineering disciplines needed for particular work groups.
 - B. If redeployment of personnel from the San Francisco General Office Complex to remote locations is necessary, employees who are displaced, pursuant to the provisions of Section 22.9, may elect layoffs with severance as an alternative to relocation.
 - C. Telecommunications decentralization begins immediately upon execution of a separate Letter of Agreement whose outline is attached as Exhibit II.
4. Company and Union agree to cooperate in an effort to accomplish Engineering and Drafting work utilizing PG&E personnel to the fullest extent feasible within operational constraints. The mutual goal will be to contract out work to accommodate peak work loads that can't be accomplished by existing staff at the time the contract is let, for specific expertise not available in house, to meet unanticipated time constraints set by clients, or if it is more cost effective. The parties agree that contracting will not be used for the purpose of dispensing with the services of PG&E employees.

- A. Exhibit I is Company's proposal for the Building and Site Unit formerly a part of ENCON Business Unit and currently residing in the General Services Organization.
 - B. The parties agree to jointly develop a methodology for accurately calculating the comparative costs of completing projects in house vs. the utilization of contractors. Further, this joint ad hoc committee will review, and negotiate a clarification of the language set forth in paragraph 12.a of the 1987 cover letter to the Agreement. Further, the Company agrees to utilize the procedures set forth in LOA 93-7 with regard to the contracting of work.
5. Company and Union agree that training and maximum utilization of employee skills optimize productivity and performance. Company proposes to delineate the desired qualifications including demonstrated skills or education requirements for classifications and to provide training where it is needed. Union in turn recognizes that training is mandatory and employees must be willing and able to adapt to the new technologies and methods of doing work. Both parties agree that the employee has a role in assuming responsibility for his/her development. Company recognizes that different employees learn at different speeds, and the importance of creating an environment that is encouraging and conducive to learning.
 6. PG&E Management and ESC are committed to efficiency, timeliness and quality in the work place. These goals are furthered by utilizing each worker to the maximum of his/her current abilities and making work assignments that promote growth of those abilities.

Current rigid jurisdictional guidelines are often impediments to the above stated goal. Therefore, for a six month pilot period, the parties shall institute the following system to promote mutual trust and cooperation in the achievement of the above stated goal. At the end of the pilot period, the system will be evaluated for possible improvements or may be abandoned if either party is dissatisfied.

- A. If a bargaining unit employee is assigned exempt duties in accordance with the above goals, the Union will neither claim jurisdiction to the assigned work, nor will the Union demand upgrade pay for Senior Design Engineers. Company agrees to pay Design Engineers performing exempt functions upgrade pay to Sr. Design Engineer. Assignment of exempt job functions to particular employees shall be at Management's discretion, but will be voluntary. Employees performing such duties will not be subject to discipline during the pilot for work beyond their job description. Work experience gained during the pilot will not be cited as qualifications for promotion within the bargaining Unit.
- B. the parties agree that the most efficient procedures may occasionally require performance of a minor amount of bargaining unit work to exempt engineers. If a dispute arises over the question of exempt employees doing bargaining unit work, the issue will first be raised at a monthly Labor Management Meeting. The purpose of discussion will be to resolve the problem in light of the above stated goal. Once the issue is resolved to the satisfaction of both parties, it will no longer be subject to the grievance procedure. It is anticipated that the vast majority of issues raised will be resolved in Labor Management.

7. The Ad Hoc Committee and its sub-committees will continue to work toward finding mutual solutions to identified problems, and to propose methods for accomplishing the goals set forth in Letter of Agreement 93-27. Any ad hoc committees established as a result of these negotiations will within their charters set completion target dates.
- A. The Ad Hoc Committee or its subcommittee will consider classification issues, including the appropriate staffing levels for lead positions.
 - B. The Ad Hoc Committee or its sub-committee will review the disciplines and procedures set forth in Exhibit L with the goal of revising this section to address the new operational and organizational structure of PG&E.
 - C. The Ad Hoc Committee or its sub-committee will jointly develop performance criteria which will include evaluation procedures and the consideration of performance based progression systems.

If you are in accord with the foregoing and attachments and agree thereto, please so indicate in the space provided below and return one executed copy of this letter to the Company.

Yours very truly,

PACIFIC GAS AND ELECTRIC COMPANY

By Andrea J. Edens
Director and Senior Negotiator

The Union is in accord with the foregoing and attachments and it agrees thereto as of the date hereof.

ENGINEERS AND SCIENTISTS OF CALIFORNIA,
MEBA

3/14, 1994

By Ben Hodrall
Business Manager

EXHIBIT 1

1. The BSEC Design Unit will retain all Design and Drafting employees remaining after VSI is completed, with the exception that one of the three Civil Design Engineers will be reassigned to the Transmission Group.
- 2a. PRIMARY FUNCTION--The Design Unit will specialize in building interior architectural work, including new and existing space planning and programming, interior HVAC, plumbing, power and lighting design, and interior renovation work.
- 2b. SECONDARY FUNCTION--The Design Unit will also perform other work for which its employees are qualified, including Green Lights program electrical and lighting design, Americans with Disabilities Act modifications, underground tank and wash rack mechanical design, and landscaping renovations and maintenance design and planning and civil site maintenance. Work assignments outside the scope of Paragraph 2a will be performed subject to the availability of qualified employees.
- 2c. Tasks performed by Bargaining Unit employees in this unit include: client contact, defining scopes of work, preparing and issuing proposals, preparing cost estimates, preparing construction documents, conducting field inspection, preparing preliminary sketches and layout, preparing design criteria, performing design, preparing drawings, preparing calculations, approving and stamping designs/drawings, preparing procedure documents, checking shop drawings, responding to field questions, preparing as-built drawings, obtaining permits, recording drawings, performing technical review of submittals, and providing field and construction support. The performance of management duties will not be voluntary in this group. Company recognizes that it is advantageous to both parties to have only those employees with the most capabilities perform such duties. In the event it is necessary to fill a vacancy in a Senior position, Company and Union will meet to mutually determine if a license should be a mandatory requirement for that vacancy.
- 2d. Senior Design Engineers performing previously exempt duties will not receive upgrade pay. Company agrees to pay Design Engineers performing previously exempt functions upgrade pay to Senior Design Engineer. Management retains jurisdiction over all exempt duties assigned to the Bargaining Unit and can at any time elect to no longer have those duties performed by the Bargaining Unit. The Union agrees that exempt duties performed as a result of this Agreement will not be used as a precedent for expanding Bargaining Unit jurisdiction in the future. In the event management elects to no longer have exempt duties performed by the Bargaining Unit, this work reduction will not be used as a basis to declare lack of work.

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- 3a. Bargaining Unit employees will have full responsibility for all jobs assigned. Job assignments will come from Project Managers and the Design Unit Supervisor. Senior Design Engineers will perform professional engineering and architectural work and direct the work of others. The performance of exempt duties for Design Engineers will be done as needed and assigned by the Senior Design Engineers. Assignment of these duties must be for the substantial portion of a day before upgrade pay is required. The Design Unit Supervisor maintains final authority over the assignment of exempt duties. The Design Unit Supervisor will coordinate the scheduling of jobs, facilitate communications between the Project Managers and the Design Unit, and perform administrative functions.
- 3b. Because a collaborative relationship between the Design Unit Supervisor and Bargaining Unit employees is critical to the success of this innovative approach, Union will appoint 3-5 members from the Design Unit to represent Bargaining Unit employees and assist the Design Unit Supervisor in coordinating the work of the unit. Union will also be given an avenue to provide input in the selection of a Design Unit Supervisor with management retaining all rights to selection.
- 4a. The long range success of this group will depend on its ability to complete projects on time with high technical quality at a competitive price. To assure this outcome the transition to self-direction must be well-planned and supported with appropriate technical training and equipment. The coordination committee established in Paragraph 3b will work with the Design Unit Supervisor to jointly develop recommendations on required training and equipment and will assist in its scheduling and implementation.
- 4b. In calculating the cost of work performed by the Design Unit, fully loaded costs will be used. Fully loaded costs include nonproductive and nonbillable time, overtime, benefits, employee expenses, space and equipment costs and Corporate overheads and indirects specific to the Design Unit. The cost of start-up training and equipment provided in 1994 will not be included in calculations of the Design Unit's cost-effectiveness. Company and Union will jointly agree on a methodology for calculating the Design Unit's comparative costs.
- 4c. To benchmark the competitiveness of the Design Unit, 5% of the work included in the scope of Paragraph 2a will be contracted out on an ongoing basis for the term of the general Agreement between the Company and ESC. At the end of the four year term, this procedure will be reviewed by both parties and mutual agreement will be needed to continue. This contracting will be done to ensure that projects similar in scope to those regularly performed by the Design Unit are used to gather benchmark information. The Company will not be required to offer overtime before contracting this work. Company will consult with the Union concerning the selection of contracts to be benchmarked. Further, Company will not layoff for lack of work while contracting Design Unit work for benchmarking purposes.

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- 5a. Former Building and Site work not within the scope of Paragraph 2a may be contracted out with no requirement for the Company to offer overtime to the Design Unit provided that the employees are fully utilized on 2a work. Before contracting out 2a work, overtime will be offered in accordance with the provisions of the contract.
- 5b. Union recognizes that large contracts or contracts for work outside the scope of 2a and 2b may include some portion of 2a and 2b work. Company will not be required to extract that work or offer overtime.
- 5c. Decisions to contract out work within the scope of Paragraph 2a will be made in conjunction with the coordination committee established in Paragraph 3b, except in case of an emergency. The mutual goal will be to contract out work within the scope of Paragraph 2a only to accommodate peak work loads that can't be accomplished by existing staff at the time the contract is let, for specific expertise not available in-house, to meet unanticipated time constraints set by clients, or if it is more cost effective. Contracting will not be utilized for the purpose of dispensing with PG&E employees.
- 5d. If work within the scope of Paragraph 2a is contracted out for any reason the Union steward will be notified, given a copy of the contract and the reason it was let. Company and Union will work cooperatively to develop a common understanding of the appropriate use of contracting.
- 5e. Except as otherwise provided in this Exhibit, contracting and offering overtime for the Design Unit shall follow the provisions of the General Contract between PG&E and the ESC and any additions or modifications of that Agreement that have been or will be negotiated between the parties.
6. In the event of a lack of work within the scope of Paragraph 2a and 2b, Bargaining Unit employees of the Design Unit will be assigned former BSEC work outside the defined scope or assigned work normally performed by other design groups for which they are qualified, or temporarily assigned to another design group. These assignments will only be made if the receiving department has a need. Such temporary assignments are not intended to result in the contracting out of work within the scope of Paragraph 2a and 2b. If however, employees are committed to other work projects or on loan to other design units, they will be considered unavailable for 2a and 2b work for the period of that commitment. In the event work within 2a or 2b scope is available during this time, Company may contract without having to recall those employees currently committed. It is not Company's intent to contract out large portions of work during this time and exacerbate the reduced workload upon the return of loaned employees.

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- 7a. Company and Union will annually review the success of the Design Unit, including cost-effectiveness, technical quality of the work performed and client satisfaction. Either party may suggest improvements or changes to improve the Design Unit's competitiveness.
- 7b. Through labor management cooperative efforts, Company and Union will work together to resolve issues involving the self managed work group. The grievance process will only be utilized for self-directed work unit issues that can not be resolved through these efforts.