



**10-17-ESC**

June 24, 2010

Joshua Sperry, Senior Union Representative  
Engineers and Scientists of California, Local 20  
IFPTE (AFL-CIO & CLC)  
835 Howard Street, 2<sup>nd</sup> Floor  
San Francisco, CA 94103

Dear Mr. Sperry:

During General Negotiations for the 2009 collective bargaining agreement, the Company and Union agreed that the Company could implement a common anniversary date for Progressive Wage Increases (PWI) for monthly salaried ESC-represented employees. The table agreement specified that the PWIs would be prorated appropriately to minimize the impact to employees.

The Company and Union met to discuss the conversion and reached the following agreement:

1) The language of Subsection 15.4(b)(2) Regular Assignment to a Higher Classification will be revised consistent with a common PWI.

(2) On March 1, a monthly employee's progress shall be reviewed. If an employee's rate of improvement and level of performance warrant it, a salary increase of not less than 5 percent shall be granted until the employee reaches the maximum of the salary range. If the March 1 evaluation date is less than 12 months from the employee's placement into the classification by reason of promotion, hire, demotion, or due to absences described in 15.4 (c), the progressive wage increase will be appropriately prorated based on the time worked. If a salary increase is not granted after a performance review, the Company shall notify the employee of the reason therefore.

The language agreed upon will be added to the new contract absent other agreements in General Negotiations.

2) For groups without a specifically agreed upon increase from bargaining, the Company will use the following proration schedule for the conversion:

PWI Date	Proration Calculation	PWI Increase Percentage
March 1, 2010	12/12ths of 5%	5%
April 1, 2010	11/12ths of 5%	4.58%
May 1, 2010	10/12ths of 5%	4.17%
June 1, 2010	9/12ths of 5%	3.75%
July 1, 2010	8/12ths of 5%	3.33%
August 1, 2010	7/12ths of 5%	2.92%
September 1, 2010	6/12ths of 5%	2.5%
October 1, 2010	5/12ths of 5%	2.08%
November 1, 2010	4/12ths of 5%	1.67%
December 1, 2010	3/12ths of 5%	1.25%
January 1, 2011	2/12th of 5%	0.83%
February 1, 2011	1/12th of 5%	0.42%

The actual calculations will be subject to normal rounding.

- 3) This initial proration will not apply to the newly negotiated agreements for Diablo Canyon Engineers, Diablo Canyon Professionals, Power Generation/Hydro, Environmental Services, Telecom Engineers, and Outage Coordinators who move to a March 1 PWI date based on their specific agreements.
- 4) The Company and Union recognize that an unintended consequence of this approach may be that employees who planned to retire later this year with a 5% PWI may have a lower final salary to use for the pension calculation. The Company agrees to mitigate this issue by adjusting the salary of affected employees 30 days prior to the employee's retirement date so that they will receive the full 5% increase. This mitigation will only apply to employees impacted by this change. That impact will be assessed by the following conditions:
  - The employee received a prorated PWI of less than 5% in 2010 as part of this conversion and did not receive a full 5% payment in January, February, or March of 2010.
  - The employee is not part of a group with a negotiated PWI of 2.5% based on bargaining.
  - The employee has a retirement date falling after March 1, 2010 but on or before December 1, 2010.
  - The employee's retirement date is after the previous PWI date prior to the transition to the March 1 date.

Employees who believe they are eligible need to notify the benefits call center, their appropriate Union Representative and Labor Relations prior to submitting his/her retirement application. No changes are made to the pension calculation.

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: \_\_\_\_\_

  
Jeffrey M. Delaney  
Principal Negotiator

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

ENGINEERS AND SCIENTISTS OF CALIFORNIA  
LOCAL 20, IFPTE, AFL-CIO and CLC

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

  
Joshua Sperry  
Senior Union Representative

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\_\_\_\_\_, 2010