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10-21-ESC

July 14, 2010

Mr. Joshua Sperry, Sr. Union Representative
Engineers and Scientists of California, Local 20
IFPTE (AFL-CIO & CLC)
835 Howard Street, 2nd floor
San Francisco, CA 94103

Dear Mr. Sperry:

In 2006, the parties signed letter of agreement 06-08. To become the nation's leading utility, PG&E implemented Business Transformation, an enterprise-wide effort to conduct a thorough examination of its operations to implement new tools, processes, and operational approaches. Some of the changes require modification to the way ESC-represented employees perform their work, particularly in the Estimating, Mapping, and Scheduling functions.

ESC and the Company entered into negotiations on the Mapper, Estimator, and Scheduler positions on February 10, 2006. The agreement is summarized below and the amended contract sections are attached. In Letter of Agreement 06-08, the parties agreed to establish Exhibit S to cover the job description and job requirements for the Work & Resource Scheduler and the Scheduler-in-Training. Exhibit S has been established in Letter of Agreement 10-20. Therefore, the portions of the original letter of agreement that pertained to Exhibit S (Attachment #2 and Bullet #11) are no longer contained within this letter agreement.

This letter of agreement cancels and supersedes LA 06-08 and includes the changes negotiated during 2009 General Negotiations.

1. Wages

Effective August 1, 2006, all incumbents in the Estimator line of progression will receive a 3% wage increase due to the duties associated with implementation of expanded dual commodity and technology requirements and work process changes. Further due to additional fielding requirements, Estimating line of progression incumbents working in Local Offices will receive an additional 2% increase to wages upon implementation of dual commodity fielding, which will be upon the implementation of templates and training, but no later than June 1, 2007.

The wage schedules associated with the lines of progression will be adjusted in accordance with the timing of these pay increases. Wage progression will be in accordance with Section 15.4, Regular Assignment to Higher Classification, and will require satisfactory performance in the classification as well as time-in-grade.

2. Staffing and Scope of Work at Local Offices

The focus of the local offices will be to perform the full scope of Customer Contact, Project Coordination, Billing and Contract Preparation, as outlined in the attachment. To adequately complete these duties, the Company will fill positions with fully trained Senior Estimators and ADEs.

3. Redesign Estimator Training Program

To meet our mutual objectives of a highly skilled workforce, the Company will dedicate 4.25% of the base Estimating payroll to fund Estimator training through 2008. Continuing levels of funding will be discussed at that time. All formal training will be administered and coordinated through the primary RMCs.

In addition to the required dual commodity training, the Estimator Training Program (ETP) will be redesigned. To ensure that the programs will improve upon the current training, a joint ESC-Company Training Committee will be established. Until the training redesign is completed, employees will continue in the existing ETP.

4. Customer Contact Training for Local Offices

Since Customer Contact will become the focus of Local Offices, remaining incumbents in Local Offices will be trained and certified in Customer Contact. The Joint Training Committee will implement the transition process and requirements.

5. Filling Local Office Vacancies

Typically Local Office vacancies will be filled by Senior Estimators and ADEs to ensure that employees are fully skilled.

6. Job Rotations

Estimators in the RMCs shall be rotated through a broad range of design work to establish and maintain high levels of skill and expertise. A system for rotating employees will be recommended by the Joint Training Committee.

7. Associate Distribution Engineer (ADE) Leadership and Technology

The Company believes the implementation of new technologies will enable ADEs to expand their role in mentoring and developing Estimators as well as improving their focus on quality and efficiency, which is critical to accomplishing Transformation changes. To support these efforts, a standardized job checking process will be implemented, which will include considerations for employees based on skill and technical abilities.

Employees working in a local office may report to an ADE who does not work at the same office. The ESC and Company will assure that coverage in the new Local Offices will not exceed the current 8:1 Estimator to ADE ratio in that geographic area (ADEs in the RMCs will not be counted in the Local Office ratio).

Orders will be generated and work will be assigned by the newly agreed upon Scheduler classification to Estimators. The Scheduler will work closely with ADEs to share the experience level and efficiency of the assigned estimators. Work will be initiated through various channels, but will be centralized to a Customer Contact Center which will follow the 10 critical steps process and establish a "soft schedule" in the work management system.

8. Transition to Resource Management Centers (RMC)

Estimator, Senior Estimator, and ADE positions will be established at all RMCs. Estimators currently working in the Telco and Pole teams will move to the appropriate RMCs as intact work groups and will be integrated into the ETP.

9. Staffing

The parties agree to staffing the Concord RMC for the pilot phase utilizing a modified Section 22.9 process. Company agrees to provide severance and Transition benefits to ESC employees directly impacted by Business Transformation, consistent with the application of such benefits to IBEW employees directly impacted by Business Transformation.

10. Job Description changes for Estimating Line of Progression—Dual Commodity

Additional dual commodity Fielding and Estimating, shown in Attachment 1, will be added to the Estimator job descriptions. Incumbents will not be asked to perform the additional requirements until they have received training from the Company on the new duties.

11. Mapping Technicians

The Company and ESC recognize that Mapping Technicians will continue to be used during the Geographical Information System (GIS) data conversion. Mapping functions performed today will remain within the jurisdiction of Mapping Technicians when the work is performed using the GIS system. The Company and Union acknowledge that the GIS database is a key component of asset management and work in and on the GIS system is shared jurisdiction and will continue to be performed by non-unit employees.

The Mapping Advancement Program (MAP) shall be redesigned through the Joint Training Committee.

12. Mark and Locate Automation

The parties agree to a system-wide rollout of Mark and Locate automation and agree to settle RC 765, grievance 15735 (ESC 9000-07-05), and any other Mark and Locate grievances.

13. Performance Standards

The Company and ESC agree to establish a joint committee and to develop and implement performance standards for all ESC lines of progression within 6 months of this agreement.

14. Attachment

- Attachment 1 is the specific contract language associated with this agreement.
- Attachment 2 was deleted from this revision because it is included in Exhibit S of the contract and Letter of Agreement 10-20.
- Attachment 3 is the agreement reached in Employee Engagement on the 7 RMC locations.

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: Mary K. King
Mary K. King
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

8/10, 2010

By: Joshua Sperry
Joshua Sperry
Sr. Union Representative

Background

The Company has embarked on a Business Transformation, an enterprise-wide effort to conduct a thorough examination of its operations and implement new tools, processes and operational approaches to achieve leading industry performance. Some of the changes related to achieving the future state require modifications to the way employees perform their work. One primary change is the consolidation of certain work functions including Estimating into Resource Management Centers (RMCs). There will continue to be Estimating work performed in local offices also. The focus of Local Estimating will be customer contact and fielding of work and the focus of RMC estimating will be on design. Another change is to have Estimators perform work on dual commodities to varied levels and scopes as specifically identified in this agreement.

The parties have negotiated the changes due to Business Transformation and our agreements are reflected in this Letter of Agreement. The solutions described below, when incorporated, will achieve our shared vision of being the leading utility in the U.S. with first quartile performance, delighted customers, energized employees, and rewarded shareholders.

1. Wages

Effective August 1, 2006 all incumbents in the Estimator line of progression will receive a 3% wage increase due to the duties associated with implementation of expanded dual commodity and technology requirements and work process changes. Further due to increased fielding requirements, those in the Estimating line of progression who successfully bid/remain at a Local office will receive an additional 2% wage increase once dual commodity fielding is taking place locally. The definition of when the wage increase will be effective is upon the implementation of templates and training in dual commodity fielding, or no later than June 1, 2007. Employees will not be asked to perform new or different work until they've been trained.

Wage progression will be in accordance with Section 15.4, which requires satisfactory performance and time-in-grade.

2. Staffing and Scope of Work at Local Offices

The desired end state of local offices is that they be staffed with fully trained Senior Estimators and ADEs performing the full scope of Customer Contact, Project Coordination, Billing and Contract Preparation. This will encompass Service Alterations, Temporary and typical Permanent Services, Re-wires, Sub Divisions 4 lots or less, simple service disconnect/reconnect, defined as "work that does not involve added load or relocation of the panel" may be directly dispatched. Local Estimators will complete Checking/Field Notes for WRO Agency Work, New Business, Poles and Telco Work for transmittal to RMC as needed. Examples of situations where direct-dispatching is appropriate:

- The temporary disconnection and removal of an overhead or underground service for the purpose of customer executing work in a safe manner around service facilities, such as tree-trimming, painting, roofing, etc.
- Main breaker replacement or panel work that does not involve the installation of a new panel.
- General maintenance of a panel, or removal of hazards within or around panel.

Examples of situations where direct-dispatching is not appropriate and review by estimating is required:

- A new panel is being installed, regardless of load adjustment.
- A panel is being relocated, for any reason.
- Where estimating needs to make the determination of whether 3rd party billing is required or in order to ensure existing panel location is acceptable to current construction standards.

Estimating and Customer Contact for Commercial, Industrial, and Agricultural Jobs will be completed where efficiencies can be gained, although Sr. New Business Representatives and Industrial Power Engineers retain jurisdiction over such work consistent with their job descriptions.

Adequate staffing considerations will include coverage for all work and non-productive time, i.e., vacation, sick leave, training, etc. Also requires adequate clerical support. SO205 will not be exclusive to local offices (level 2 and above emergencies may be treated differently).

3. Re-Design Estimator Training Program

4.25% of base Estimating payroll shall be budgeted to fund Estimator training through 2008. Continuing levels of funding will be discussed in 2008.

The Estimator Training Program (ETP) shall be re-designed. It shall be accomplished jointly by the Company and ESC. The training program shall include On-the-job Training, Classroom Training, Construction Crew Participation, Job Assignments and Customer Contact skills.

The new training program will reflect the IBEW apprenticeship program in terms of structure and oversight. Jointly managed and administered by ESC and Management (*JATC-Like*) and including ADE and Estimator training.

All formal and classroom training will be administered and coordinated through the primary RMCs. Evaluation of proficiency and certification will be part of the redesign process.

Training duration and intensity for Estimators will be determined by joint Company/ESC training committee (JATC-like). Training shall include the full scope of the work so at the completion of ETP, there is a fully trained Estimator that can pass the Senior Test. This would support the next step of passing the ADE Exam.

Until ETP redesign is complete, current ETP participants will continue their progression in the existing program.

4. Customer Contact Training for Local Offices

Incumbents remaining in local offices shall be trained and certified in Customer Contact. The parties will jointly design a transition process including criteria to facilitate the staffing of local offices during the transition. Following the initial transition the parties will jointly develop a training and certification process for all future staffing of local offices.

5. Filling Local Office Vacancies

Typically, local offices will be staffed only with Sr. Estimators and ADEs. If unable to fill a vacancy at that level, Company may consider establishing a Routine Estimator position. If a Routine position is filled at a local office or transitional RMC, the alternate Estimator training program (to be developed jointly) will be applied. When the revised ETP is available, participants will be placed at the equivalent step of the new program. Estimators and ADEs moving to RMCs will be given training in new tools and processes. Routine Estimators may be required to travel to accomplish their training program or for the work experience (similar to Apprentice Linemen). Routine Estimators will be expected to successfully achieve various competency assessments throughout the training program.

6. Job Rotations

Estimators shall be rotated through a broad range of design work to establish and maintain high levels of skills and expertise. A system for rotating will be recommended by the joint ETP committee. There may be some categories of work that, due to complexity and volume, may not lend themselves to regular rotations. The parties recognize that the goal is to have a well-trained group of Estimators capable of a myriad of types of work while maintaining productivity and business goals.

7. ADE Leadership and Technology

Leadership training for ADE's shall be part of their development.

ADEs will continue to be responsible for overall performance including QA and QC. The Company and ESC will jointly formalize a process for periodic QA/QC reviews. ADEs will also continue to be responsible for providing input to supervisors regarding Estimator performance. A process will be defined to standardize the job checking process. This process will include considerations for employees based on skill and technical ability. As technology is enhanced the process of job validation will reflect the increased accuracy of the tools and systems. Some evaluations of job quality will be post construction and a sample will continue to be performed pre-construction.

Proximity – The Company shall maintain a ratio of Estimators to ADEs not to exceed 8:1. ADE reporting relationships will be determined by area proximity and not by Headquarters. Estimators may report to an ADE who does not work at the same location. Company and ESC will do an overview of coverage in local offices to ensure adequate coverage not to exceed 8:1. ADEs or Estimators in RMCs will not be included in Local ratios.

The ADE role will continue to focus on the quality, efficiency, mentoring and development of the Estimators assigned. More time will be spent sharing the technical knowledge and enhancing the ability of those reporting to the ADE. This is designed to enhance the value of the leadership and mentor role of the ADE.

Initiation of work – Following the 10 critical steps process, the initiation of the notification will be done as a clerical function. During Early Release the expansion of the duties will include a "soft scheduled" appointment for the local Estimating Engineering by the clerical receiving the initial contact. During Early Release the soft-schedule appointment will be assigned to an Estimator by the RMC ESC Scheduler. With the increase of technology during the roll out of Core, this process will become more automated.

Scheduling and dispatching of work – Work will be assigned by the ESC Scheduler to the Estimators. The ESC Scheduler will need to work closely with the ADE to share the experience level and efficiency of the assigned Estimators. A weekly/monthly communication will be required until the technology of SAP will allow Estimator efficiency and skill level to be entered directly into the system.

8. Transition to RMCs

Routine, Sr. Estimator, and ADE positions will be established at all RMCs. When the revised ETP is available, participants will be placed at the equivalent step of the new program. Until ETP redesign is complete, current ETP participants will continue their progression in the existing program. All formal and classroom training will be administered and coordinated through the primary RMCs. Estimators and ADEs moving to RMCs will be given training in new tools and processes as appropriate. Estimators currently in Telco and Pole teams will move into RMCs as intact workgroups and be integrated into ETP. The LOAs for those teams will be reviewed and revised to facilitate their transition into RMCs.

9. Staffing

The parties are in agreement to staff the Concord RMC for the pilot phase utilizing Section 22.9 and the following process:

- Company will identify the type of work to be performed and the number of positions available at the RMC
- Company and ESC will review the work types and work together to identify the headquarters from which to solicit volunteers to perform the work in the RMC.
- Volunteers will be solicited from those headquarters identified and considered on the basis of seniority – lateral moves will take priority over promotions.
- If this step does not identify sufficient volunteers Company and ESC will meet to determine appropriate application of Section 22.9 to fully staff the Concord RMC for the pilot phase.

Within one week of this agreement Company and ESC will meet to discuss the application of Section 22.9 to facilitate the remaining staffing, as well as the application of Letter Agreement 05-26-ESC.

10. Dual Commodity

Following is the definition of dual commodity scope expectations at the Fielding and Estimating levels:

Fielding in the opposite commodity:

Company will utilize the Best Practices committee to develop templates that facilitate dual commodity field checking. Templates will require validation of the existing facilities that will be impacted. Standardization of measurements for new and existing facilities will be included on the templates and standard measurements (i.e., length of trench, clearance measurements around existing and new facilities on set templates, heights for attachments), and other pre-determined information. Adequate training on fielding will be given to all local estimators on an ongoing basis.

Project work that is pre-determined to need RMC fielding will be sent directly to the RMC and will be fielded by an RMC estimator. Globals will be assisted by the local estimator on an as-needed basis.

Work that requires additional information will have either an RMC ADE/Estimator do a field visit or the ADE in the RMC will call for additional information to be collected by the local Estimator.

Dual Commodity Estimating:

Typical Estimating Work as defined in the Estimator and Senior Estimator Job description SHALL be required by local and RMC Estimators.

Subdivision work by RMC Estimators in both commodities will be required once training has occurred and the Graphic Work Design tool is in operation. The dual commodity work will have the tie-in work reviewed by the ADE in each commodity prior to assignment. Direction on the tie will be given to the Estimator (typical tie-in work) or completed by the ADE/Estimator in the commodity and turned over for completion of the backbone and service work. Adequate training in both commodities will be provided to all RMC estimators doing subdivision work.

Typical trench work will be taught to both commodity Estimators in the RMC and field as appropriate. This will include trench costing, composite and Form B. Single commodity trench design, Form B and composite will be completed by the Estimator in that commodity. All trench work at a Senior Level will be completed by a Gas Estimator.

Changes on Page 84 & 85 – Exhibit D

Routine Engineering Estimator

- o Change "May" to "Shall" – paragraph #3 under duties
- o **Shall** be required to perform customer contact, project coordination, billing and contract preparation in connection with non-sub division residential services. Non-subdivision residential work is defined as gas and electric work of four or fewer applicant lots. Typical jobs include temporary and permanent services, service, service alterations, rewires and rule 16 gas/electric extensions. Given appropriate training, **shall** also be required to perform typical jobs in the opposite commodity.

Senior Engineering Estimator

- o Change "May" to "Shall" – paragraph after "Provides guidance to Engineering Estimators."
- o **Shall** be required to perform customer contact, project coordination, billing and contract preparation in connection with non-sub division residential services. Non-subdivision residential work is defined as gas and electric work of four or fewer applicant lots. Typical jobs include temporary and permanent services, service, service alterations, rewires and rule 16 gas/electric extensions. Given appropriate training, **shall** also be required to perform typical jobs in the opposite commodity.

Associate Distribution Engineer (ADE)

- o Page 82 Add last sentence to ADE duties. – "Given appropriate training, **shall** also be required to perform typical jobs in the opposite commodity."

11. Mapping Technicians

The parties recognize that Mapping Technicians will continue to be utilized during the (Geographic Information System) GIS data conversion for local quality assurance checks.

Mapping functions done today when done using the GIS system will remain the work of Mapping Technicians.

The parties acknowledge that the GIS database is a key component of asset management and that work in and on the GIS system is and will continue to be performed by non-unit employees.

The current Neutrality Agreement requires all new positions to be reviewed with ESC for determination of the job status as bargaining unit or exempt.

The Mapping Advancement Program (MAP) shall be re-designed. It will be accomplished jointly by the Company and ESC. A joint Company/union committee will be established to design the training components required for the program including duration and intensity (JATC-like).

12. Mark and Locate Automation

The parties agree that changes to technology have made it possible to effectively automate the Mark and Locate process. The technology has been sufficiently described and demonstrated and there is agreement that a system-wide roll-out of the program should proceed. This agreement effectively settles the following grievances: # 11352/RC 765 and #15735 (ESC 9000-07-05).

13. Performance Standards

The Company and Union agree within 6 months of this agreement to establish a joint committee to fully develop and implement performance standards for ESC lines of progression. The agreed to standards will support the Company reaching industry leading performance.

Pacific Gas & Electric

**Consolidation Workshop
for Resource Management Centers (RMC)**

Design Recommendations

January 27, 2006

Introduction

Scope and Assumptions

1. For the purpose of the workshop, we assume we will consolidate functions into Resource Management Centers (RMCs).
2. The RMCs includes all of ED, gas and electric transmission, engineering support, design, and a range of back office functions.
3. Both ED and non-ED functions will be located in the RMCs (see below and Appendix X for details of proposed functions). The consolidation team did not discuss Hydro in any detail. RMCs will not include physical work (i.e., construction crews) or call center functions.
4. At present, there is no discussion of changing the operating area boundaries.
5. The time frame for the RMC design is the End State, defined as implementation of all Early Release and Core initiatives including mobile devices. This will be the 2-3 year range where everything is implemented and functional. Consolidation into centers should be largely complete by early 2007.

Caveats

This report is based on the Business Transformation project team's Level 1 and 2 design concepts. Labor did not participate in developing these concepts.

Labor did not recognize overwhelming evidence to support the need for consolidation as the only method to achieve benefits as presented by management in the business case.

Many details related to the RMCs will be developed and finalized in the Level 3 design process and subsequent design and deployment activities.

Many of the concepts presented in this report reflect discussions and debate among union and management members and are not necessarily recommendations. Joint recommendations are clearly indicated; the reader should not assume other sections are mutually supported.

Our Process

1. We bridged the gap.
2. Both parties really stretched to get to a joint recommendation.
3. Reached the goal of engaged employees working together with engaged managers.
4. Really tried to understand each others' interests and try to meet them.
5. People from all over the state with a lot of experience and a diversity of views become a cohesive group.
6. By bringing such a diverse group together, we got to where we needed to go with better results.
7. Got to a result faster than we expected.
8. Learned a lot about what happens in other areas and about the Company.
9. Able to focus on our scope and trust that the other groups were doing the right thing in their groups.
10. We worked it through professionally.
11. It felt good to be part of this team.

Interests

The purpose of the interest-based discussion was to understand the motivations, concerns, and fundamental needs from both management and labor. While the group acknowledged that the most of the interests/principles were mutual, they also identified the need to recognize that each interest is subject to different interpretations on how it may be met. The group also understood that balance (trade-offs) among the interests may need to be made. The interests below are not listed in order of priority or importance.

Management interests

1. **Flexibility.** Optimizing work assignment flexibility in order to fully utilize employees and their skills.
2. **Consistency.** Performing work in a consistent way according to a standard process
3. **Efficiency.** Optimizing the use of resources to efficiently accomplish the desired outcomes (including customer satisfaction, quality, meeting deadlines, etc.)
4. **Training.** Developing an appropriately trained and proficient workforce through classroom, on the job, and peer learning, as well as progression through a career path. This will involve establishing performance standards, testing, and accountability.
5. **Customer Satisfaction.** Improving customer satisfaction through improving communications, meeting commitments, and delivering quality products and services.
6. **System-Wide Perspective.** Establishing a system-wide view in how we approach and perform our work.
7. **Collaboration.** Creating an environment that establishes and supports collaboration
8. **Effectiveness.** Maximizing benefits achieved from Business Transformation
9. **Attractive Jobs.** Creating attractive jobs and work environment to enhance employee satisfaction, attraction and retention.
10. **Opportunities for Development.** Creating opportunities for job development and progression, resulting in a multi-skilled workforce.

Union interests

Employees represented by both IBEW and ESC developed their list of interests together. These interests were identified in three areas: considerations for the decision-making process when designing RMCs, addressing issues during the transition to an RMC, and the "To-Be" design of the RMC.

Decision Process

1. Having a realistic approach to reach goals.
2. Using hard data to support our decisions.
3. Understanding number and location of centers.

Transition Issues

1. Minimizing impact on employees (uprooting, disrupting lives).
2. Maintaining customer satisfaction and service during transition.
3. Ensuring timely completion of work during transition.
4. Giving affected employees proper notice.
5. Keeping everyone informed about transition (what, how, minimize "chaos").
6. Offering fair bidding process.

To Be Design

1. Maintaining flexibility (as opposed to specialization).
2. Improving relationships/interactions between work groups.
3. Maintaining training and skill levels.
4. Maintaining/improving job satisfaction.
5. Ensuring rotation of all job responsibilities.
6. Maintaining good communication and relationships with construction/field personnel.
7. Ensuring field estimators are close to customers.
8. Having good emergency response times.
9. Ensuring local offices are adequately staffed for coverage and meeting customer expectations (e.g., not withdrawing too many EE's too early).
10. Ensuring standardized workload (fair distribution).
11. Ensuring vehicle and material availability and maintenance.
12. Having enough local staff for field checking and creating global packages.
13. Having clear, good, effective, efficient work processes across the board (prior to consolidation).
14. Maximizing job security.
15. Retaining employees (having enough centers).
16. Putting centers within commutable distance.
17. Having centers located near mass transit in Bay Area.

RMC Design

Design Considerations

In the process of developing recommendations, the Consolidation Workshop group, through caucus and mutual discussion, developed a number of design principles to guide them. The ones that proved most influential in their problem solving are listed below.

1. Multiple functions will be co-located at each RMC.
2. RMC will have critical support functions where appropriate (e.g., land, clerical, mapping, etc.)
3. RMC will include customer contact exposure. Estimators and other occupations should, as appropriate, have customer contact for training purposes. It should be built into the training rotation in an RMC without requiring employees to bid to another location.
4. Strive for economies of scale. Economies of scale come from sharing fixed costs such as facilities, equipment, training resources, etc.
5. Strive for "critical mass". Have enough people to do the work and provide coverage for vacation, collaboration, special assignments, training, etc. Critical mass also enables consistency of training and work, process improvement, peer learning and rapid deployment of new procedures.
6. Provide for estimator access to the operating system for complex jobs and emergency response. Labor suggested that RMCs be located within a 2-hour drive to most of the operating system.
7. Minimize commute times. Locate the RMCs so that a majority of the affected employees live within a reasonable commute. RMCs should be located near public transportation where possible.
8. Capture benefits of business case.
9. Achieve consistency across the company in the way work is performed and the results that are achieved.
10. Provide flexibility for the future. Configure the number and location of RMCs so that the company can adapt to the implementation of consolidation and be able to meet future changes in population, growth, labor markets and business needs.

Functions Located at an RMC

ED Functions

1. Design
2. Forecasting
3. Dispatch
4. Business Performance Reporting
5. Clerical
6. Quality Management
7. Project Management
8. Dependency Management
9. Asset Data/Information
10. Customer Field Services
11. Emergency Response
12. Supervision
13. Compliance Planning & Scheduling (Part of Asset Optimization function)

Other Functions

1. Asset Management
2. Mapping
3. Demand and Supply Planning (Supply Chain)
4. Fleet
5. General Services
6. Vegetation Management
7. Safety, Health & Claims
8. Land Department
9. Environmental
10. ISTS
11. HR

Note: Location of these functions in an RMC will be determined by the leadership of these groups.

Functions Located at Local Service Centers

1. Local Design (including customer contact and field support)
2. Local Project Management
3. Clerical
4. Supervision
5. Field Execution (e.g. construction, maintenance, etc.)

Recommended Number and Location of RMCs

Joint Recommendation

Location of Centers

The Consolidation Workshop jointly recommends that RMCs should be in seven locations:

Larger Centers

- East Bay
- Fresno
- Sacramento
- San Jose/Salinas

Smaller Centers

- Chico
- Santa Rosa
- Bakersfield

Management believes smaller centers would have a more limited range of design functions. Smaller centers would be transitional in the sense that their long term viability is uncertain. Recruitment and beginning classifications for many occupations (such as estimators) would be located only in the larger RMCs to allow consolidation of full training resources in order to gain efficiency and consistency.

Labor believes that substantially all the benefits of consolidation and critical mass can be achieved in the smaller centers including training to a high standard. Allowing hiring to beginning classifications in all RMCs would maximize access to the labor market, increase opportunity for all PG&E employees, minimize the number of moves employees would be forced to make, and ensure that experienced employees are willing to locate where needed by the Company.

Understandings on Joint Recommendation

1. Employees in smaller RMCs will receive training on work performed in the smaller RMCs that they may not have seen before.
2. Employees in smaller RMCs that transfer to other RMCs or local service centers will receive training needed to perform the work in the new locations.
3. Smaller RMCs will be considered transitional:
 - a. Their future status is uncertain.
 - b. They may grow due to increasing markets where they are located.
 - c. They may shrink due to market or other changes.
 - d. They may eventually be closed if they do not prove to be efficient and effective compared to the large RMCs.
 - e. Smaller RMCs will be given a fair opportunity to demonstrate their performance as evaluated by clear, common performance measures.
4. The full range of Estimating functions currently performed in the OM&C organization will be performed in all four larger RMCs, with certain exceptions:
 - a. Some minor exceptions would be needed where the function is not performed in the area or where the function is so specialized or infrequent that it makes sense to locate it only one center. Examples include Ag Ice and Gen Interconnection.
 - b. Customer-specific projects. An example is the AT&T Telco project.

Open Issues

1. Scope of design functions in RMCs
 - a. Mgt view: Limited scope of functions in some RMCs
 - b. Labor view: Full scope of functions in all RMCs (with minor exceptions)
2. Training new employees or transfers
 - a. Mgt view: training new estimators only at larger RMCs
 - b. Labor view: training new estimators at all RMCs