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08-15-ESC

June 19, 2008

Mark Mitchell, Business Manager
Engineers and Scientists of California
Local 20, IFPTE, AFL-CIO & CLC
350 Frank H. Ogawa Plaza, 8th Floor
Oakland, CA 94612

Dear Mr. Mitchell:

The Company and Union have concluded negotiations for newly represented Engineers in the unit formerly called Life Cycle Planning – Substation," now "Substation Strategy Implementation". The agreed upon contract language for Exhibit V and job descriptions are included as attachments to this agreement.

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 AND ELECTRIC COMPANY

By: S/Jeff Delaney
Jeff 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

September 8, 2008

By: S/Mark Mitchell
Mark Mitchell
Business Manager

Exhibit V

Substation Strategy Implementation Engineers

For the purpose of collective bargaining with respect to rates of pay, wages, hours of employment, and other conditions of employment, the Company recognizes the Union as the exclusive representative of Engineering positions in Substation Strategy Implementation (formerly Electric Asset Life Cycle Planning – Substation), conducted on June 12, 2007. Pursuant to the Neutrality Agreement between the Company and Union, these classifications will be incorporated into the ESC Agreement pursuant to the conditions provided for in the table agreement reached April 14, 2008. Those conditions are described in the remainder of this Exhibit. Unless otherwise noted, the term “employee” refers to those in classifications covered in the aforementioned unit certification.

Job Descriptions

The job descriptions are shown on Attachment A.

Reclassifications

Claudia Chang will be promoted to Senior Engineer effective October 1, 2007. Sukhjit Dillon will be promoted to Journey Engineer effective October 1, 2007. These employees will receive a 5% promotional increase retroactive to October 1, 2007. This increase will be above any other pay increase retroactive to October 1, 2007, if one exists.

Rate of Pay

The annual salary ranges are effective upon the implementation date, which is the first of the month following ratification, expected to be June 1, 2008 and are shown below.

Pay Bands (annual):	Min-Max
Associate Engineer:	70,550-90,418
Journey Engineer:	88,188-111,946
Senior Engineer:	97,525-125,278
Senior Consulting Engineer:	107,900-139,440

Retroactive Pay Increase 10/1/07

See Attachment C for pay increases retroactive to October 1, 2007.

Pay Increase Upon Implementation

Effective the first of the month following ratification, after applying any retroactive pay adjustment and the 2008 General Wage Increase (3.75%), each employee’s salary will be moved to the salary minimum or receive a 5% increase, whichever is greater; however, no employee’s salary shall be increased beyond the maximum of their pay band. Future progressive wage increases shall occur in accordance with the Agreement on the anniversary date of ratification of this agreement.

Employees whose current wage rate is greater than the pay band maximum shall have their current wage rate “grandfathered,” i.e., they will continue to reside outside the pay band but will not receive increases until the pay band maximum surpasses their current salary, at which time their salary will be increased to the pay band maximum and the employee will receive all future general wage increases.

2007 STIP

A transitional payment equal to each employee's calculated 2007 STIP award will be paid to employees upon ratification of this agreement. The payment will be based on the employee's current pay prior to ratification including any retroactive pay adjustment and the organization's final STIP score; it will be paid at a flat percentage to all employees and not based on individual performance ratings.

Pro-Rated 2008 STIP

A transitional payment equal to each employee's calculated 2008 STIP award, prorated to the date of ratification, will be paid to employees at the time of the regular STIP payout in 2009. The payment will be based on the employee's current pay prior to ratification including any retroactive pay adjustment and the organization's final STIP score; it will be paid at a flat percentage to all employees and not based on individual performance ratings.

Work Jurisdiction

The parties agree that there is shared work jurisdiction between the Principal Engineer and this unit. The Company and Union agree to continue the shared work jurisdiction as currently practiced. The Company will notify the Union of Project Engineering assignments made to Principal Engineers in advance and will meet and confer with the Union before increasing by more than one the number of Principal positions whose work is shared by this unit.

The Company also agrees to maintain a minimum of one Senior Consulting Engineer for each supervisor's group, with a minimum of two Senior Consulting Engineers. In no case will the ratio result in the selection of a Senior Consulting Engineer who is unqualified for the position.

The Company agrees that the next Senior Consulting Engineer vacancy to be filled in the department following ratification of this agreement may be filled by a Senior Advising Engineer.

Benefits

Vacation granted for 2008 and subsequent years will be in accordance with the provisions of Section 9.2. Employees whose vacation accrual rate is greater than that set forth in Section 9.2 as the result of a Special Employment Offer shall have their vacation accrual rate "grandfathered" – i.e., maintained at its present level until the amount of vacation due the employee per Section 9.2 is greater than present, at which time they shall receive vacation per Section 9.2.

ESC Agreement

These employees will be Incorporated into the existing ESC Collective Bargaining Agreement ("Agreement") and Benefit Agreement, with the following noted exceptions:

The Company and Union agree that these classifications shall be Exempt pursuant to wage and hour regulations. To recognize the different applications of the contract for Exempt, monthly paid, the attached modification to the agreement, including but not limited to Titles 7, 8, 9, 11, 16, 17, 21, and 22 are included as Attachment B.

Seniority Application

Seniority shall be determined using the employee's date of hire at PG&E.

Performance Standards

The Company will continue with the existing performance appraisal standards and those will be updated by a joint Company-Union Committee to support the shared objective of achieving top quartile performance.

Management Relocation Offer

The Company may continue to offer the management relocation program and additional vacation to new hires into the department.

Professional Membership and Training

The Company shall pay for basic national membership and one local chapter membership in the appropriate professional association for each employee.

Reimbursement of professional registration (PE) license fees shall follow current practices: Company shall reimburse employees for the first PE exam, but not for second and later exams. Company shall reimburse PE registration renewal fees. PE review courses shall be attended on employee's time; tuition is covered under Tuition Refund Program.

Based on the employee's approved developmental plan, Company shall reimburse for reasonable costs incurred attending conferences or training specific to the Substation Strategy Engineering discipline, such as vendor training. Employees will not be paid for additional time beyond normal work hours to attend training or conferences; however, the time spent traveling to or from training may be considered as time worked under the provisions of Title 7 Hours as provided in this letter agreement. Programs reimbursed by the Tuition Refund program are not eligible for Additional Time Worked compensation.

Company shall meet with the Union annually to discuss the training opportunities, developmental plans, and the distribution of the program among the employees. In order to provide transparency, the Company will provide the Union with information including which employees have requested and attended trainings, the type and content of trainings attended, etc.

Attachment A: Job Descriptions for Substation Strategy Engineering

Associate Engineer	
Summary	The Associate level engineer job works under the general technical direction of more experienced engineers. This position is responsible for providing maintenance, technical & planning support for substations. The responsibility level of this position increases with experience.
Job Duties:	<p>As assigned, for electric T&D equipment:</p> <ul style="list-style-type: none"> • May develop and update equipment specification, design, engineering, and maintenance and construction standards. <p>As assigned, for substation equipment:</p> <ul style="list-style-type: none"> • Perform, document and publish equipment ratings • Implement substation replacement programs excluding work performed by Project Services • Participate as necessary in walkdowns to establish scope and schedule of projects for substation work • Provide day-to-day support to Maintenance and support for Construction, Operations, and Planning as needed. • Assist other engineers, team members, and supervision by developing, compiling, and providing technical data • Provide financial information and support for substation sponsored programs • Update and manage databases as required • Prepare reliability studies • Under supervision, release substation equipment for emergency support
Scope	Resolves problems of limited scope and complexity. Assignments are regularly reviewed. As experience increases, greater independence of judgment is expected with respect to standard solution problems.
Interaction	Work typically requires direction from more senior engineers and the supervisor. Works primarily with internal personnel. External contact is limited to those assigned by supervisor.
Knowledge / Abilities	<p>Able to apply basic engineering principles and theory.</p> <p>Assess and recommend solutions for routine projects.</p> <p>Effective written and oral communications.</p> <p>Prioritize, plan and perform assigned work in an organized manner.</p> <p>Demonstrates good judgment.</p> <p>Shows initiative and is proactive.</p>
Job Qualifications:	
Education	A 4-year BS Degree in Electrical Engineering in the US or the equivalent from outside the US.
Licenses / Certifications	
Experience	One year of experience in engineering, planning and/or operations.

(Journey level) Engineer	
Summary	The Journey level engineer job requires mastery of the Associate level engineer skills and duties. This position is responsible for providing maintenance, technical and planning support for substations. The responsibility of this position increases with experience and demonstrated ability.
Job Duties:	Is able to perform the job duties of an Associate level Substation Strategy Implementation Engineer. Additional job duties include, for substation equipment: <ul style="list-style-type: none"> • Develop engineering analyses, studies, and project scope • Develop requirements for substation ultimate arrangements • Provide emergency support • Manage the CEM and mobile fleet
Scope	Resolves problems of moderate scope. Assignments typically require standard solutions. Generally works independently with limited feedback from other engineers and supervisor. Demonstrates increasing technical and communication skills.
Interaction	Work sometimes requires direction from more senior engineers and the supervisor. Works primarily with internal personnel. Some external contact with vendors, PG&E contractors and customers. Governmental contacts only as assigned by supervisor.
Knowledge / Abilities	Demonstrates knowledge and abilities required for the Associate level engineer and also: Capable of coordinating project team, and has basic understanding of the roles and responsibilities of project managers. Works with limited supervision and guidance to meet project commitments. Able to understand and implement the technical requirements of interfacing engineering disciplines. Demonstrates informed judgment when making decisions and recommendations. Uses judgment in applying engineering principles and techniques to determine cost effective and practical solutions. Ability to interpret applicable codes, industry standards and regulations. Can provide thorough analysis of issues and justification of recommendations.
Job Qualifications:	
Education	A 4-year BS Degree in Engineering or a related technical discipline from an accredited curriculum in the US or the equivalent from outside the US.
Licenses / Certifications	Current and active California PE license desired.
Experience	Mastery of the Associate level Engineer job duties or equivalent and demonstrated knowledge and ability to perform the basic duties of the Journey level Engineer. Meets specific technical requirements gained through a minimum of three years of cumulative experience in engineering, planning and/or operations.

Senior Engineer	
Summary	The Senior level engineer job requires mastery of the Journey level engineer skills and duties. This position is responsible for providing maintenance, technical and planning support for substations and handles complex substation problems and issues.
Job Duties:	<p>Is able to perform the job duties of a Journey level Substation Strategy Implementation Engineer. Additional job duties include, for substation equipment:</p> <ul style="list-style-type: none"> • Develop and manage minor substation equipment replacement programs. • Provide support on regulatory, governmental and other third party issues. • Project manage certain emergency and emergency inventory related substation projects excluding work performed by Project Services • Support, or perform as assigned, root cause analysis. • Address other internal and external requests that may impact substation assets. • Assist with the investigation and implementation of new technologies. • Mentor Associate and Journey level engineers.
Scope	Resolves problems of complex scope. Assignments may require complex solutions. Works independently with limited feedback from other engineers and supervisor.
Interaction	Work sometimes requires direction from more senior engineers and the supervisor. Works with internal and external personnel. External contacts include vendors, PG&E contractors, customers and regulatory agencies. May include other governmental contacts as assigned by supervisor.
Knowledge / Abilities	<p>Demonstrate knowledge and abilities required for the Associate and Journey level Engineer and also:</p> <p>Demonstrate ability to handle multiple large scale, large budget complex projects without supervision.</p> <p>Demonstrate good presentation skills including knowledge transfer presentations.</p> <p>Ability to serve as the leader for guiding the project team.</p> <p>Complete assignments of broad scope and complexity.</p> <p>Ability to integrate information from a variety of sources.</p>
Job Qualifications:	
Education	A 4-year BS Degree in Engineering or a related technical discipline from an accredited curriculum in the US or the equivalent from outside the US.
Licenses / Certifications	Current and active California PE license desired.
Experience	Mastery of the Associate and Journey level Engineer job duties and demonstrated knowledge and ability to perform the basic duties of the Senior level Engineer. Meets specific technical requirements gained through a minimum of eight years of cumulative experience in engineering, planning and/or operations.

Senior Consulting Engineer	
Summary	The Senior Consulting level engineer job requires mastery of the Senior level engineer skills and duties. This position is responsible for providing maintenance, technical and planning support for substations and handles complex substation problems and issues. The Senior Consulting Engineer is a recognized expert within their area of responsibility, identifies opportunities and brings in ideas to help improve company performance and applies extensive knowledge of concepts, principles, and practices to resolve complex problems with only general direction.
Job Duties:	Is able to perform the job duties of a Senior level Substation Strategy Implementation Engineer. Additional job duties include, for substation equipment: <ul style="list-style-type: none"> • Develop and manage major substation programs (e.g. Transformers, CB's & Switches, etc. • Lead the development and management of Life Cycle Plans • Represent PG&E at selected trade and association meetings
Scope	Resolves problems of complex scope. Assignments may require complex solutions. Works independently with limited feedback from supervisor. Expected to apply creative solutions, techniques and approaches to work assignments
Interaction	Assists lower classification engineers and works with the supervisor. Externally, establishes and maintains good relations with counterparts and higher level representatives in third party organizations, e.g., governmental, regulatory, business partner or community entities, using skilled negotiation, tact and diplomacy. Internal contacts include project team members and company management across various departments. May have specialized technical expertise and provides information and training as appropriate in the assigned specialized area.
Knowledge / Abilities	Demonstrates knowledge and abilities required for the Associate, Journey and Senior level Engineer and also: Able to handle multiple large and complex projects without supervision and serve as team leader. Provide leadership, direction, and assistance to project team. Successfully negotiate cost effective solutions beneficial to our customers and PG&E. Complete complex assignments with few or no precedents or standards. Apply extensive knowledge of concepts, principles and practices in a specific field or area of expertise to resolve complex problems. Demonstrates strong technical and communications skills.
Job Qualifications:	
Education	A 4-year BS Degree in Engineering or a related technical discipline from an accredited curriculum in the US or the equivalent from outside the US.
Licenses / Certifications	Current California PE license required for Senior Consulting Engineer.
Experience	Mastery of the Associate, Journey, and Senior level engineer job duties and demonstrated knowledge and ability to perform the basic duties of the Senior Consulting/Advising Level Engineer. Meets specific technical requirements gained through a minimum of thirteen years of cumulative experience in engineering, planning and/or operations.

Attachment B: ESC Agreement Changes for Substation Strategy Engineering

Title 7. Hours

Since the work hours of Exempt employees covered by this Exhibit may vary on any given day, it is expected that they may be required to work for more than eight hours on a workday or to work on a non-workday as the occasion demands. Additional time worked may be eligible for compensation as outlined by the Additional Time Worked policy in Title 17 of this Exhibit.

The provisions for overtime pay in Section 7.3 are not applicable to Project Engineering employees included in this unit.

The provisions of Section 7.4 (f) shall apply to employees covered by this Exhibit.

Business travel for Exempt employees is an integral part of their duties and may be considered as time worked and paid under the Additional Time Worked policy. However, employees are not eligible for pay for additional time worked for commuting to or from their regular headquarters. To receive payment for travel time incurred outside of normal work hours, Exempt employees must receive approval in advance from their supervisor or higher as described in Title 17 of this Exhibit.

Title 8. Holidays

The provisions for overtime pay in Section 8.5 are not applicable for Exempt employees.

Title 9. Vacations

9.16 Hourly Increments

Exempt employees shall not be charged vacation leave for increments used of less than four (4) hours.

Title 11. Sick Leave

11.6 Hourly Increments

Exempt employees shall be charged sick leave in four (4) hour increments, with no charge made for increments of less than four (4) hours. Once the four (4) hour threshold is met, additional sick leave will be charged in hourly increments. No deduction shall be made for an increment of less than four (4) hours from the wages of an employee who has exhausted his/her sick leave.

- Example #1: Employee is off 3 hours for a medical appointment – the employee's sick leave account is not charged.
- Example #2: Employee is off 5 hours for a medical procedure – the employee's sick leave account is charged for the 5 hours.

Title 16. Meals

The provisions of Section 16.2, 16.4 and 16.6 shall not be applicable to these Exempt employees.

(a) Meals are reimbursable if required for:

- 1) a business need to host customers or guests
- 2) out of town or overnight travel
- 3) business related circumstances that prevent normal meal practice
- 4) conferences or training sessions
- 5) business meetings
- 6) group or individual recognition

Approval for reimbursement is required by an employee's supervisor. Meals involving only PG&E employees conducting internal PG&E business or staff related meetings (i.e., items 5 and 6 above) are discouraged and are only reimbursable if approved by the employee's Director or VP.

Employees are expected to use good judgment in selecting moderately priced meals.

- (b) Groceries or the cost of meals prepared at home are not usually eligible for reimbursement. Exceptions may include meals prepared when on extended assignment away from home and home prepared meals when hosting clients on Company business. When such meals are reimbursable, reimbursement is limited to the actual cost of food and beverages purchased and consumed, or the catering costs if applicable.

Title 17. Overtime

The following overtime provisions shall be applicable to Exempt employees covered by Exhibit R and will replace the provisions of this Title in the Agreement. Further, provisions for overtime payment contained elsewhere in the Agreement, including its exhibits or any other agreements between the parties, shall not be applicable to these Exempt employees unless otherwise specifically agreed upon.

Additional Time Worked for Monthly Paid ("Exempt") Employees

- a) Exempt employees will be eligible for compensation at the straight-time rate of pay for work beyond normal work schedules, subject to the conditions contained below:
1. Employee receives prior authorization from a supervisor, manager or director within the department to work beyond normal daily work schedule or on a non-workday to meet critical work requirements, including time worked by telecommuting or remote access or on Regular Days Off associated with Alternative Work Schedules.
 2. Employee works at least one hour beyond the normal daily work schedule, or works on a non-workday. On normal workdays, only the time beyond the initial one hour beyond the normal work schedule will be compensated. On non-workdays, all time worked will be compensated.
 3. Employee is not eligible for any other type of special incentive to offset additional time worked.

Title 21. Job Bidding, Promotion and Transfer

Advancement Associate-Journey-Senior Engineer

Associate Engineers who meet the requirements of the Journey Engineer position and are performing satisfactorily in their current classification shall advance to Journey Engineer upon reaching 3 years experience. Journey Engineers, who are similarly performing satisfactorily in their current classification and meet the qualifications of the Senior Engineer classification, shall automatically advance from Journey Engineer to Senior Engineer upon reaching 8 years experience; such experience may include related industry or PG&E experience as well as time in Substation Strategy Engineering.

Associate-Journey-Senior Level Vacancies

When vacancies occur at the level of Associate, Journey or Senior Engineer, a selection board comprised of two management and two union appointed employees will interview all interested and qualified employees, using jointly-developed job qualifications and interview questions. The selection board shall evaluate the candidates against the selection criteria to determine who is most qualified.

Candidates for the vacancies will be considered using an alternating process. Only ESC-represented titles will be considered for interviews for alternate vacancies for Associate, Journey, or Senior Engineer. If no ESC-represented candidates apply, or the selection board determines that the interested ESC candidates are not qualified for the position, additional candidates from within and outside the unit may be considered. For the remaining vacancies in these classifications, the Company may add candidates for consideration.

In either case, applicants must meet minimum qualifications in order to be considered by the selection board. In the event the board is deadlocked, a fifth member alternately selected by the Union and the Company will be added to the panel to resolve disputes.

Senior Consulting Engineer Vacancies

When vacancies occur at the level of Senior Consulting Engineer, the selection panel will first consider qualified Senior Engineers covered by this agreement. If no Senior Engineers apply, or the panel rejects all Senior Engineer applicants, the panel may consider other candidates.

Senior Advising Engineer

When considering candidates for Senior Consulting Engineer vacancies for the minimum number identified above, the selection committee may elect to fill a Senior Advising Engineer position if the best qualified candidate does not possess an active California Professional Engineer registration. The duties and pay range will be the same for Senior Advising and Senior Consulting Engineers. If the Company elects to fill vacancies above the minimum staffing requirement, the Company shall determine if creating a Senior Advising Engineer position is appropriate and will notify the selection committee.

Title 22. Demotion and Layoff

In the event that Demotions and Layoffs are needed, the company will follow the provisions of Title 22 of the Agreement. Within the established unit, employees who meet the full requirements of the position may displace less senior employees in their reverse line of progression with service based on overall company seniority

Line of Progression and Reverse Line of Progression

These classifications will be separate line of progression, reverse line of progression and bidding unit.

Title 27. Management of Company

Engineer Trainees may perform bargaining unit work as part of the Engineer Trainee Program for a period not to exceed one year.

Attachment C—October 1, 2007 Salaries

Name	Career Stage (10/1)	10/1/2007 Salary
Aviles, Norman	Associate	\$72,646
Dillon, Sukhjit	Associate	\$71,595
Mehari, Aster	Associate	\$72,743
Chang, Claudia	Engineer	\$98,700
Stevenson, Dan Per	Senior	\$109,200
Benefiel, Richard	Senior Consulting	\$121,280
Gavazza, Rick	Senior Consulting	\$121,280
Gill, Gurpal	Senior Consulting	\$121,280