



**Pacific Gas and
Electric Company**

Eric Bachman
Principal Negotiator
Labor Relations

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15-27-ESC

October 26, 2015

Joshua Sperry, Senior Union Representative
Engineers and Scientists of California, Local 20
IFPTE (AFL-CIO & CLC)
810 Clay Street
Oakland, CA 94607

Dear Mr. Sperry:

Since 1988, outage recognition programs which award paid time off for achieving defined outage goals have been offered to employees performing work on refueling outages at the Diablo Canyon Power Plant (DCPP).

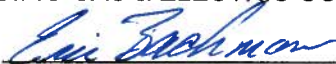
Performing safer, shorter and less expensive outages remain primary and important goals of PG&E and for that reason the Company is proposing incentive programs for the next refueling outage, 1R18 and 2R18.

This program is shown as Attachment A.

If you agree, please so indicate in the space provided below and return one executed copy of this letter to the Company.

Very truly yours,

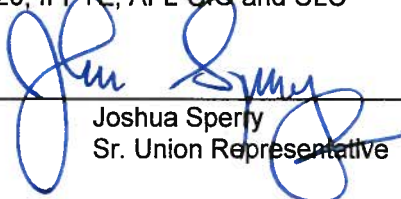
PACIFIC GAS & ELECTRIC COMPANY

By: 
Eric Bachman
Principal Negotiator

The Union is in agreement.

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

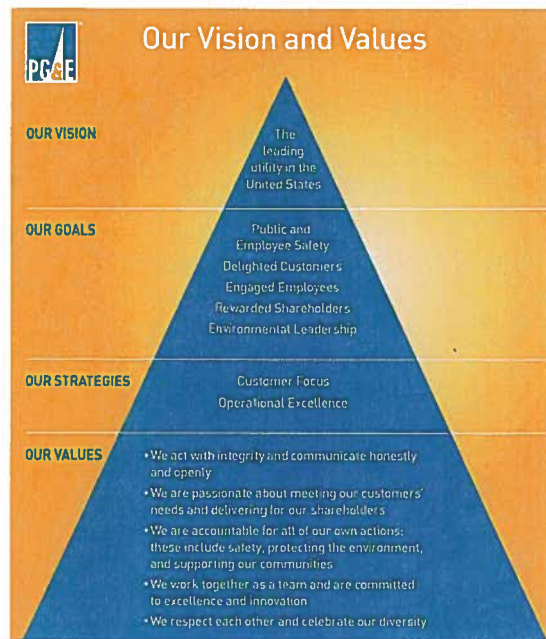
10/27, 2015

By: 
Joshua Sperry
Sr. Union Representative

DIABLO CANYON POWER PLANT

1R19 and 2R19

INCENTIVE PROGRAMS



I. Incentive Plan Structure

The Outage Incentive Plan has been designed to recognize the performance of the organization in the areas of the DCPD Business Plan cornerstones: Safety, Reliability, Organizational Effectiveness, Cost and Environmental Stewardship. This program provides for incentive components based on performance goals structured around each of these cornerstones, awarded following the completion of the outage.

This award applies to regular PG&E employees who directly support the outage or whose normal job function must continue through the outage. The award will not apply to contractors, temporary additional employees, hiring hall and building trades personnel. The award will be paid as additional time off with pay. Having safe, efficient, and effective outages is our goal as an industry leader, has value to PG&E and our customers, and is an effort that should be rewarded.

II. Conditions of Incentive Award

After the outage, the NPG officers will determine an overall recognition award, based on performance against pre-established outage goals. The maximum achievable incentive award is 24 hours of vacation time. The breakdown of the incentive goals are listed below, structured around safety, reliability, organizational effectiveness, and cost.

If significant events occur that dramatically affect safety, the NPG officers reserve the right to adjust this amount accordingly, up to elimination of the award for very serious events. Conversely, the award amount may also be raised to recognize exemplary performance.

Example: If human error leads to a significant personnel injury, the Officers may choose to eliminate all award components.

II. Incentive Goals and Allocation

- Goals have been established in areas that are in alignment with the DCPD Operating Plan cornerstones, and apply to all individuals supporting the outage as specified above. The award hours will be allocated as follows:

AREA	GOAL	AWARD
<p>Safety</p> <ul style="list-style-type: none"> Industrial Safety Radiological Safety Nuclear Safety 	<p>Zero Disabling & Recordable Injuries (PG&E and non-PG&E)</p> <p><u>1R19</u> ≤ 38.5 Person-Rem ≤ 16 Personnel Contamination Events</p> <p><u>2R19</u> \leq TBD* Person-Rem For stretch goal of TBD* \leq TBD* Personnel Contamination Events</p> <p>No unplanned loss of decay heat removal within station control. No unplanned reduction below outage safety plan minimum due to human error.</p>	<p>6 hrs</p> <p>3 hrs</p> <p>3 hrs</p>
<p>Reliability</p> <ul style="list-style-type: none"> Power Ascension Max Capable Power 	<p>≤ 5 Days ≥ 90 days</p>	<p>1 hr 1 hr</p>
<p>Org Effectiveness</p> <ul style="list-style-type: none"> Human Performance Scheduled Window Durations 	<p>No Site HU Clock-Resetting Events. No Significant Security Violations. No Significant FME Events.</p> <p>Achieve / exceed Day 0 Scheduled Duration in the following areas:</p> <p><u>1R19</u></p> <p>- Breaker open to breaker closed window (33 days)</p> <p><u>2R19</u></p> <p>- 2R19 Breaker open to breaker closed window (TBD*)</p>	<p>2 hrs</p> <p>6 hrs</p>
<p>Cost</p> <ul style="list-style-type: none"> Incremental O&M 	<p>≤ 51.5 Million For 1R19 \leq TBD* Million For 2R19</p>	<p>2 hrs</p>

* Final goals to be determined by Site VP

IV. Administration

After the vacation hours have been determined by the NPG officers, the award will be administered as follows:

A. General Eligibility

All Generation Business Unit employees and PG&E employees who are matrixed or assigned to Diablo Canyon Power Plant (DCPP) operations in support of the refueling outage will be eligible for participation in the program.

Other PG&E employees who work at the plant site during the outage are eligible for the award at the discretion of their management.

The award will not apply to contractors, temporary additional employees, hiring hall and building trades personnel.

NOTE: Participants who leave before the end of their outage assignment or who are discharged will not be eligible for an outage recognition award. Specific employee eligibility will be determined by Generation Business Unit management and Human Resources.

B. Individual Award Determination

The Outage Incentive Program provides for an opportunity to earn additional paid time-off.

1. Individual awards will be determined by the final award determination of the Senior Vice President of Generation Business Unit based on the program criteria outlined in the Outage Incentive Program for PG&E active status employees.
2. The individual award basis applicable to the employee's organization and status is as follows:
 - a) Generation Business Unit regular full-time employees and other matrixed PG&E employees who work at DCPP full time, who are on active payroll at the end of the outage, will receive the full recognition earned. Employees on rotation outside of DCPP during the outage may be excluded at management's discretion.
 - b) Other PG&E regular full-time employees will receive a pro-rated award based on the number of days worked in support of the outage as outlined under "Pro-Rated Incentives" below. Generation Business Unit employees who do not support DCPP Operations may not be eligible.
 - c) Employees in full-time equivalent job share arrangements will receive an award the same as full-time employee, but allocated subject to the job share arrangements.
 - d) Generation Business Unit part-time employees will receive a pro-rated award equivalent to full-time days worked in support of the outage.

C. Pro-Rated Awards

For eligible employees who work a number of days not equal to the actual time between “breaker open to Mode 4”, the individual award will be determined by dividing the total number of days worked in direct support of the outage* by the total number of days from breaker open to Mode 4. Awards will be rounded to the nearest whole hour.

**The number of days worked in direct support of the outage may include time worked just prior to the breaker open period, if the individual's assignment is scheduled to complete before we reach Mode 4. Common examples include access & badging, trainers, planners, schedulers.*

Example: If the final award hours earned determined by the SR. VP - Generation Business Unit is 18 hours, and if the “breaker open to Mode 4” actual duration is 20 days, and, if a matrixed employee works 17 days in support of the outage:

$$\text{Individual Award} = \frac{(17 \text{ days worked supporting outage}) \times 18 \text{ hours}}{(20 \text{ days} = \text{actual breaker open to Mode 4})}$$

Final Award = 15 hours earned

D. Award

All Generation Business Unit employees and PG&E employees who directly supported 1R19 or 2R19 and whose normal job functions continued through the outage are eligible. This award does not apply to contractors, temporary additional employees, and building trade personnel. This award will be provided as time off with pay only.

Vacation bonus hours will be available for use after March 1, 2016 for 1R19 and TBD for 2R19. For any vacation bonus hours earned in 1R19 or 2R19, it is not necessary to enter a special code in Work Force; all time will be entered as vacation (Time Code 2001).

E. Term

This program applies to Unit 1 Refueling Outage (1R19) and Unit 2 Refueling Outage (2R19).

F. Exceptions

All exceptions will be directed to the Outage Incentive Program Administrator, DCPH Human Resources and will be subject to Officer approval.