



**Pacific Gas and
Electric Company[™]**

Matthew Levy
Senior Manager
Labor Relations

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16-18-ESC

June 24, 2016

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:

PG&E and ESC Local 20 have met to discuss the effects of the Company's recent decision not to seek relicensing of the Diablo Canyon Power Plant ("DCPP").

Notwithstanding this decision, the operation of DCPP will continue for several years. During this period, PG&E has the obligation to operate the plant safely and reliably. In order to accomplish this, PG&E will need highly skilled personnel who are knowledgeable about the plants' operation.

Therefore, the Company and Union agree to address retention and transition issues as follows:

Base Retention Program:

The Company shall establish a Base Retention Program ("BRP"). It is the intent of the parties that BRP payments are solely intended for PG&E employees who remain employed and who work in a regular active full-time status at DCPP, whose job or job functions will be eliminated as a result of the cessation of operations at DCPP, and work during the entirety of the commitment periods outlined below. Also eligible are those PG&E employees who solely support DCPP operations and whose job or job functions will be eliminated as a result of the cessation of operations at DCPP and who work the entirety of the commitment periods outlined below. Eligible DCPP PG&E employees are defined as those employees represented by ESC Local 20 as described in §3.1 (recognition clause) of the parties Collective Bargaining Agreement ("CBA"). New hires and PG&E employees bidding or transferring into DCPP during the term of this Agreement will also be eligible for the BRP on a pro-rata basis. PG&E employees working at DCPP on a temporary or rotational assignment are not eligible for the BRP. Contractors, Hiring Hall, and other personnel are not eligible for the BRP. Issues regarding eligibility will be referred to and addressed by the Company's Chief Negotiator and the Union's Senior Representative.

The BRP is divided into two commitment periods. The first period is a four (4) year commitment of employment which covers years 2016 through 2020. The second period is a three (3) year commitment which covers years 2020 through 2023. Employees may accept a single commitment period, both periods, or neither. The Company will determine the process and timeframe for employee acceptance of the BRP, including the written agreement to be signed by the employee, and will provide advance notice to the Union prior to communicating with employees. Base salary will be determined by annualizing the employee's basic wage rate and shall exclude all overtime, premium, differentials, and bonus payment(s).

The first BRP commitment period payments will be provided as follows:

- Sept 1, 2016 - Aug 31, 2017 Payment of 25% of base salary will be made in Dec 2017

- Sept 1, 2017 - Aug 31, 2018 Payment of 25% of base salary will be made in Dec 2018
- Sept 1, 2018 - Aug 31, 2019 Payment of 25% of base salary will be made in Dec 2019
- Sept 1, 2019 - Aug 31, 2020 Payment of 25% of base salary will be made in Dec 2020

The second BRP commitment period payments will be provided as follows:

- Sept 1, 2020 - Aug 31, 2021 Payment of 25% of base salary will be made in Dec 2021
- Sept 1, 2021 - Aug 31, 2022 Payment of 25% of base salary will be made in Dec 2022
- Sept 1, 2022 - Aug 31, 2023 Payment of 25% of base salary will be made in Dec 2023

Each year, upon payment of the BRP payment, the Company will recalculate an employee's overtime rate (for all overtime hours worked that year) that factors in the BRP payment pursuant to state and federal law. This OT true up will be paid separately from the BRP payment.

Employees electing one or both commitment periods will not have their bids or transfers considered, except to another classification at DCP, until they complete their total commitment period.

Nothing in the BRP or this Agreement shall be construed as (i) a requirement to retain any employee for any period of time, (ii) a restriction of the Company' right to layoff, transfer or reassign, discipline or discharge or take any other action in accordance with the terms of the parties' Collective Bargaining Agreement ("CBA").

Failure to complete commitment timeframe

An employee who voluntarily terminates employment at DCP, retires, accepts another PG&E job outside of DCP, or is discharged by the Company for cause, prior to the completion of a commitment period will reimburse the Company for the full amount of any and all BRP payments paid. The written retention agreement will contain provisions to facilitate how repayment will be accomplished.

Employees who take a Company approved leave, Union leave or a legally protected leave of absence will not be required to repay the Company for BRP amounts already paid and will be eligible for a pro-rata BRP payment for the period in which the leave commences. If the employee subsequently returns to work in a regular capacity at DCP, the employee will be entitled to a pro-rata portion of any remaining future BRP payments.

Similarly, upon the death of an employee or if the employee is laid off for lack of work during a commitment period, he or she will not be required to repay the Company for BRP amounts already paid. Further, such employees will also receive a pro-rata BRP payment for the partial year prior to their death or layoff from the Company.

Finally, in the event DCP ceases operations prior to the expiration of either commitment period or for any reason (e.g. order from a government agency, management decision, etc.) or if an employee's services are no longer required for any other reason not addressed elsewhere in this Agreement, employees will not be required to repay BRP amounts already paid and such employees will also receive a pro-rata BRP payment for the partial year worked prior to the last day worked at DCP by such employee . Under no circumstances in the foregoing scenarios, or any other similar scenario, will an employee be entitled to receive any remaining BRP payments scheduled beyond the last date of employment or last day worked at DCP by employee.

Severance Benefit

Upon closure of DCP and Company notification to an Employee of layoff pursuant to Titles 22 of the parties CBAs, severance benefits will be provided to an employee as follows:

- Severance
- Four weeks of pay at the basic wage rate (which excludes overtime, premiums, differentials, and bonuses amounts), plus two weeks at the basic wage rate for each full year of service; and

- \$5,000 lump sum payment
- All payments will be less legally required tax withholding

Joint Oversight and Flexibility Committee:

Company and Union agree to establish a Joint Oversight and Flexibility Committee consisting of an equal number of Company and Union representatives. Committee members will be appointed by the Company and Union, respectively.

The Committee will address all unanticipated or implementation issues arising from the closure of DCPD and/or this Agreement. This Committee will also be responsible for attempting to address and resolve disputes arising from this Agreement prior to a grievance being filed.

The Committee will also discuss a recommended workforce flexibility plan. These plans will address flexibility issues such as cross crafting, work schedules, job assignments and work rule flexibility, and modifications to training programs. Once the plans are agreed to, the Committee will be responsible to review and recommend amendments, and updates. Any modifications to the CBA will require a letter agreement signed by the Company's Chief Negotiator and the Union's Executive Director or Senior Representative.

Decommissioning Work:

Since not all decommissioning work is work normally performed within the scope of the parties' CBA the Joint Oversight Committee outlined above will partner to discuss plans that address issues such as the assignment of decommissioning work to bargaining employees, retraining opportunities, and any potential need to modify the parties CBA as a result of those plans.

Enhanced Placement Options and Relocation (22.7)

At the end of the employee's assignment and BRP commitments, as determined by the Company, the employee will have the option for a 6 month paid job search while seeking internal employment (deducted from severance if job not found). Employees who must relocate to secure an employment opportunity will be reimbursed for moving expenses as defined in Section 22.7 of the Physical Agreement to a maximum of \$5,000.

The Company agrees to meet and confer with the Union 3 months prior to expiration of each commitment period and prior to the closure of DCPD to discuss whether open job requisitions will be held and any Title 21 and Title 22 implications. Nothing in this section is intended to limit the frequency with which the parties may elect to meet to discuss such topics

Wage Protection:

Employees who complete their assignment and BRP commitments, as determined by the Company, and successfully bid, transfer or are displaced into a lower paying regular position in another department or another line of progression will maintain their rate of pay for up to three years or until such time as the rate of pay in the new position is equal to or greater than that of the employee's frozen rate of pay, whichever comes first. If at the end of three years, an employee is still paid above the top of the rate for the classification held, the employee will be placed at the top of the rate for that classification. During the time that an employee's pay remains above the wage range of the position into which he/she bid, the employee will not receive General Wage Increases or Progressive Wage Increases.

DCPD Section 27.2 Committee

In light of the unique circumstances associated with continued operations at DCPD, the Company and Union will create a DCPD Exhibit XVI Committee that will consist of an equal number of Company and Union representatives. Committee members will be appointed by the Company and Union, respectively. The Committee shall be charged with reviewing Section 27.2 of the CBA and developing solutions to address contracting issues that may develop at the plant.

Regulatory Approval:

BRP payments are contingent upon PG&E obtaining regulatory approval of the BRP plan.

Conflicts:

In the event that any provision of the parties CBA conflicts with provision(s) of this Agreement, the terms of this Agreement shall supersede those of the CBA.

Entire Agreement

This Agreement sets forth the entire agreement between the parties, and fully supersedes any prior agreements or understandings regarding the subject matter of this Agreement, except any confidentiality or non-disclosure agreements which are incorporated herein by reference. Any modification to this Agreement must be in writing and signed by both the Company's Chief Negotiator and the Union's Executive Director or Senior Representative. The terms of this Agreement will not expire and shall survive the expiration of any future CBA(s) between the parties.

If you are in agreement, please sign and return one executed copy of this letter to the Company.

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: Matthew Levy
Matthew Levy
Senior Labor Relations Manager

The Union is in agreement.

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

6/27, 2016

By: Joshua Sperry
Joshua Sperry
Senior Union Representative