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18-04 ESC

February 8, 2018

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

Dear Ms. Curry:

PG&E and ESC Local 20 met in 2016 to discuss the effects of the Company's decision not to seek relicensing of the Diablo Canyon Power Plant ("DCPP").

This decision will ultimately result in the plant's closure, however, the operation of DCPP will still 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 plant's operation.

Accordingly, the parties reached agreement on a retention plan (Letter of Agreement 16-18-ESC), incentivizing employees to meet these obligations and needs. The terms of this agreement were part of a Joint Proposal submitted to the CPUC in August 2016. The terms of this agreement were also contingent upon CPUC approval. In January 2018, the CPUC voted unanimously on a revised Proposed Decision approving approximately 60% of the funds needed to support the agreement (LA 16-18-ESC).

In accordance with the CPUC's Joint Proposal Decision ("JPD") on January 11, 2018, the parties reconvened to craft an agreement that will comply with that ruling. This Agreement cancels and supersedes LA 16-18-ESC.

The Company and Union agree to the following:

**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, who work during the entirety of one or both of the commitment periods outlined below, and sign a BRP Payback Agreement. 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 who work the entirety of one or both of the commitment periods outlined below, and sign a BRP Payback Agreement.

Eligible DCPP PG&E employees are defined as those employees represented by ESC Local 20 as described in Section 3.1 (recognition clause) of the parties' Collective Bargaining Agreement ("CBA"). 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. Newly hired employees shall be offered the opportunity to participate in

the BRP upon being hired. They will only be eligible to receive a BRP payment after completion of their probationary period, retroactive to their date of hire. Should their date of attaining regular status prohibit them from a timely BRP payment, an off-schedule payment will be made within 45 days of obtaining regular status. PG&E employees working at DCPP on a temporary or rotational assignment are not eligible for the BRP. Contractors, Hiring Hall, and other temporary 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.

- Employees who previously signed the LA 16-18-ESC BRP Payback Agreement and who sign an updated BRP Payback Agreement pursuant to this Agreement will be paid retroactive to the date of their prior eligibility.
- Employees who did not previously sign the LA 16-18-ESC BRP Payback Agreement but now want to sign an updated BRP Payback Agreement pursuant to this Agreement will be eligible on a going-forward pro-rata basis beginning with the effective date of this Agreement.
- Employees who previously signed the LA 16-18-ESC BRP Payback Agreement but do not want to participate in the updated program under this Agreement will not receive any retroactive BRP payments and the previous BRP Payback Agreement is canceled.

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 will consist of the following segments:

- Sept 1, 2016 - Aug 31, 2017
- Sept 1, 2017 - Aug 31, 2018
- Sept 1, 2018 - Aug 31, 2019
- Sept 1, 2019 - Aug 31, 2020

The second BRP commitment period will consist of the following segments:

- Sept 1, 2020 - Aug 31, 2021
- Sept 1, 2021 - Aug 31, 2022
- Sept 1, 2022 - Aug 31, 2023

Pursuant to the JPD, eligible employees will receive a BRP payment equal to 15% of the employee's base salary for each yearly segment of the commitment period. Base salary will be determined by annualizing the employee's basic wage rate and shall exclude all overtime, premium, differentials, and bonus payment(s). Notwithstanding these base salary requirements, an exception will be made for the Licensed Reactor Operator and Senior Licensed Reactor Operator premiums. These premiums will be incorporated in the base salary determination when calculating the BRP payments. The Company will endeavor to make each yearly segment payment by October but no later than December 31<sup>st</sup> of the segment year. For the yearly segment ended August 31, 2017, the Company will make the associated BRP payment within 90 days of the effective date of this Agreement.

Each year, upon payment of the BRP payment, the Company will recalculate each non-exempt employee's overtime rate (for all overtime hours worked that year) that factors in the BRP payment pursuant to state and federal law. This overtime true up will be paid separately and within 60 days of the BRP payment.

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's 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 DCPP, retires, accepts another PG&E job outside of DCPP, or is discharged by the Company for cause, prior to the completion of a commitment period, will reimburse the Company for the gross 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 DCPP, 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 DCPP 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, employee 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 DCPP 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 DCPP by employee.

#### **Severance Benefit**

Severance benefits will be provided pursuant to the parties' collective bargaining agreement in effect at the time of severance.

#### **Joint Oversight and Flexibility Committee:**

Company and Union agree to establish a Joint Oversight and Flexibility Committee comprised of up to five (5) core representatives selected by the Union and up to five (5) core representatives selected by the Company. Observers, guest speakers, or other participants shall be allowed to attend as necessary.

The Committee will address all unanticipated or implementation issues arising from the closure of DCPP 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 of 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 (Section 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 six-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 CBA to a maximum of \$5,000.

The Company agrees to meet and confer with the Union six months prior to expiration of each commitment period and prior to the closure of DCPP 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.

**DCPP Section 27.2 Committee**

In light of the unique circumstances associated with continued operations at DCPP, the Company and Union will create a DCPP Section 27.2 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.

**Miscellaneous Provisions**

The parties agree to meet and confer six months prior to the expiration of each commitment period to discuss whether any modification(s) to the BPR program is necessary. Additionally, in the event of future judicial, legislative changes, or CPUC orders affecting this Agreement, the parties agree to a limited re-opener to negotiate changes specific to the judicial, legislative or CPUC requirements.

In the event that the Company agrees with IBEW Local 1245 or SEIU-USWW on a BRP Agreement that has more favorable economic provisions than those contained in this Agreement, then ESC shall be afforded the option to replace the provision(s) of this Agreement with the corresponding, more favorable provision(s) from the IBEW or SEIU Agreement.

**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

Ms. Melanie Curry

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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 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: Micah Van Bogelen

Micah Van Bogelen  
Labor Contracts Manager

The Union is in agreement.

February 8, 2018

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