

**Company Counter to Union Counter Regarding  
Comprehensive Package Proposal  
October 7, 2008**

The Company would like to offer the comprehensive package proposal outlined below. The provisions in this offer are subject to acceptance of the package as a whole.

1. **Contract Ratification Bonus** - Upon successful contract ratification, provided ratification is obtained by 11/7/08, the Company will make a one-time, lump sum payment to all employees who are on the payroll at the time of ratification, including those on long-term disability. **In response to the Union's request that all employees (full-time and part-time) receive the same amount, all employees will receive \$800 each**, less applicable income tax withholdings.

2. **Wages**

a. **General Wage Increase (excluding Meter Readers)** – In addition to the above signing bonus, if the contract is successfully ratified by 11/7/08, base wages will be increased by 3%, retroactive to 10/1/08. If the contract is not ratified by 11/7/08, the 3% increase will be effective the date of ratification. On 10/1/09, base wages will be increased by 3.25% and, on 10/1/10, base wages will be increased by **3.5%**. *Note: the total wage increase for 2008 is approximately 4.3%, including the lump sum and the general wage increase. The average annual wage increase over the three-year contract is approximately 3.7%, including the lump sum signing bonus.*

b. **Meter Readers**

- Effective 1/1/09, increase the route times for meter routes by a one-time 6%.
- Meter Reader wages will be increased as follows:

The following rates will be retroactive to 10/1/08 if the contract is ratified by 11/7/08; if the contract is not ratified by 11/7/08, the following rates will be effective the date of ratification:

Part-time Stage 1	\$11.35/hour
Part-time Stage 3	\$16.25/hour
Meter Reader-R	\$20.00/hour

October 1, 2009

Part-time Stage 1	\$11.70/hour
Part-time Stage 3	\$16.65/hour
Meter Reader-R	\$21.00/hour

October 1, 2010

Part-time Stage 1	\$12.20/hour
Part-time Stage 3	\$17.05/hour
Meter Reader-R	\$22.00/hour

**c. Premiums**

- Premiums will be increased by the same percentage as each GWI for the duration of the contract (U-31 dated 7/9/08, accepted 9/9/08).
- Concurrent with the 2008 GWI adjustment, the Company will increase on-call premiums by a one-time 3% over and above the 2008 GWI percentage.

**3. Other Allowances**

- a. The existing footwear allowance will be extended to 18 additional classifications, including the following (Company counter regarding U-51 dated 8/26/08, accepted 8/27/08):

Facilities Helper Facilities Mechanic Lead Facilities Mechanic Fleet Tech Lead Fleet Tech Fleet Assistant	Fabrication Shop Mechanic #1 Journey Welder Lead Lab Tech Lead Machinist Lab Assistant Lab Tech Journey Machinist	Journey Sheet Metal Mechanic Lead Repair Shop Mechanic Repair Shop Mechanic #1 System Protection Planner Energy Technician – Residential
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The Company will provide employees who are required to maintain a Class A or Class B driver’s license (excluding Transportation Logistics Representatives) a quarterly allowance of **\$130**. This allowance will be paid in the pay period following the end of each quarter, to eligible employees who are on the active payroll at the end of each quarter (Company counter regarding U-40 dated 9/23/08).

- b. Upon contract ratification, the travel per diem will be increased from \$30 to \$39 per day (Company counter to U-83F dated 8/26/08, accepted 8/27/08)
4. **Split Days Off** – Over the next four open selection periods, beginning in 2009, Customer Service Field will reduce split days off by at least 50% compared to 2007 system levels.

**5. Medical, Dental and Vision Benefit Enhancements for Part-Time Employees**

- a. **Medical** - Effective 1/1/09, medical benefits (the low-cost HMO, for employee only) will be accelerated for part-time employees; employees will be eligible after one calendar year of service as opposed to the current two years (Company counter regarding C-94 dated 8/26/08, accepted 8/27/09).
- b. **Dental** - Effective 1/1/09, the SafeGuard dental benefit will be extended to part-time employees (employee only) (Company counter regarding C-94 dated 8/26/08, accepted 8/27/09)
- c. **Vision** - Effective 1/1/09, the SafeGuard vision benefit will be extended to part-time employees (employee only) (Company counter regarding C-94 dated 8/26/08, accepted 8/27/09)

*Note: Part-time employees who waive all three benefits (i.e., medical, dental and vision) will receive a stipend of \$100/month.*

**6. Dental and Vision Benefit Enhancements for Full-Time Employees**

a. **Dental** - Effective 1/1/09, the Delta Dental plan annual maximum benefit will be increased from \$1,000 to \$1,500, and the maximum orthodontic benefit will be increased from \$500 to \$1,000. In addition, employee monthly costs will be fixed at the following amounts for the term of the agreement (Company counter regarding U-98 dated 8/26/08, accepted 8/27/09):

Employee Only: \$12.50  
Employee + 1: \$25.00  
Employee + 2: \$50.00

b. **Vision** - Effective 1/1/09, coverage for the cost of frames under the VSP and SafeGuard vision plans will be increased as follows (Company counter regarding U-99 dated 8/26/08, accepted 8/27/09):

<b>VSP:</b> After deductible, plan pays 100% for frames having wholesale cost up to \$100. Employee pays wholesale cost over \$100.	<b>SafeGuard:</b> Plan pays 100% up to \$100. Employee pays 75% of retail cost over \$100.
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7. **Medical Cost Sharing** – Effective 1/1/09, SoCalGas will change the current cost sharing structure for the low-cost HMO option from 90%/10% to 85%/15%, where the Company pays 85% of the total premium, and the employee pays 15% of the total premium. Cost sharing for all other HMOs will remain based on the low-cost HMO, whereby the employee pays the difference in the premium between the low-cost HMO and the selected HMO. In addition, the emergency room co-pay will be increased from \$25 to \$50. Office co-pays will remain unchanged (Company counter regarding C-94 dated 8/26/08, accepted 8/27/09).

**8. Pension Plan Enhancements**

a. Effective 1/1/09, the Company will enhance the current, traditional Pension Plan for existing employees, as follows:

- Accelerate vesting time from 5 years to 3 years (this will immediately benefit approximately 300 employees);
- Increase the surviving spouse benefit, i.e., change the pre-retirement death benefit for married participants to provide the full amount that the participant would have received had they commenced payment of the benefit on the day before they died; and
- **Increase the percentage of final average earnings by 0.25% per year for service years greater than 33 but less than or equal to 38.**
- **The Company asks the Union to withdraw its request to allow unmarried employees who elect the annuity payout to designate a beneficiary in lieu of a spouse, as the current plan already allows unmarried employees to name a contingent annuitant, as set forth on page 17 of the SPD:**

### *Contingent Annuitant Option*

*“The contingent annuitant option allows you to name anyone as the beneficiary of your pension benefit. It works the same way as a joint and survivor annuity by providing a percentage of your benefit amount as a lifetime income to your beneficiary following your death after retirement. The main difference is that the annuitant you name can be someone other than your spouse. When you retire, you choose the percentage of benefit your annuitant is eligible to receive (33 1/3%, 50%, 75% or 100%). During your lifetime, you will receive an actuarially reduced benefit. Upon your death, your annuitant will receive a percentage of the amount you were receiving, based on your retirement election. If you are married and choose the contingent annuitant option, your spouse must sign your election form waiving rights to the survivor benefits. Your spouse’s signature must be notarized or witnessed by a plan representative. You may name anyone as a contingent annuitant. Keep in mind, however, that the amount of your benefit is actuarially reduced based on your age and the age of your contingent annuitant at the time you retire. If the contingent annuitant is very young, you may experience a significant reduction in your monthly pension benefit.”*

**Please note that IRS regulations may prohibit some payout options in situations where the non-spouse annuitant is significantly younger than the employee.**

- **The Company asks the Union to withdraw its request regarding increasing the surviving spouse option to 100% if employee death precedes an election. The Company has already offered to increase the surviving spouse benefit, i.e., change the pre-retirement death benefit for married participants to provide the full amount that the participant would have received had they commenced payment of the benefit on the day before they died.**

**The union proposes to change the pre-retirement death benefit such that the surviving spouse would receive a monthly benefit equal to 100% [currently 50%] of the benefit the employee would have received if the employee had retired or terminated on their date of death or age 55, whichever is later, and had elected a 100% [currently 50%] Joint and Survivor Payment Option.**

**The new union proposal would deliver a lesser lump sum benefit to the surviving spouse unless the surviving spouse is at least 10 years younger than the employee.**

- b. Effective 1/1/09, the Company will establish a Cash Balance Plan for all new part-time and full-time hires, as well as existing part-time employees who move to a full-time position on or after 1/1/09. The Company will credit the employee’s account at a rate of 7.5% of the employee’s base pay each month, as well as pay interest on the account. The Cash Balance Plan is advantageous because it is portable.
- c. The Company will transition all existing, unvested employees (i.e., employees with less than three years of service as of 1/1/09) to the Cash Balance plan. This would immediately benefit 898 part-time employees and 136 full-time employees, or a total of 1,034 employees.
- d. Management and associate employees who move to represented positions will not be converted to the traditional pension formula; they will retain their cash balance account.
- e. The Company will honor its written guarantee regarding not converting existing, vested employees to a cash balance plan (see letter dated 9/23/09).

## 9. **401K Savings Plan Enhancements**

- a. Effective 1/1/09, the 401K deferral limit will be increased from 25% to 50%.
- b. To facilitate employees saving for retirement, in addition to the current auto enrollment program, the Company may implement an auto increase feature whereby new employees could automatically have their pre-tax contribution percentage increased by 1% per year, to a maximum of 6%, so that these employees receive the maximum Company matching contribution. Consistent with the current auto enrollment program, employees would be able to opt out of the auto escalation feature.

## 10. **Restructure the Current Sickness Allowance Benefit to Reward Good Attendance, Enable Employees to Accumulate Unlimited Sick Leave, and Be More in Line With Industry Norms**

- a. Beginning 1/1/09, restructure the current sickness allowance benefit in a way that is advantageous to the vast majority of employees and rewards employees for good attendance. Many employees have good attendance and will benefit from the proposed restructuring, which includes the elements outlined below.
  - The re-structured sickness allowance design will be phased in, as opposed to changing immediately. That is, active employees, regardless of sick time previously used, will receive a transition allotment of their Extended-term Paid Sickness Leave based on sick time that would otherwise be afforded in 2009. For example, employees with more than ten years of service will receive seven weeks in their starting Extended-term Paid Sickness Leave bucket.
  - The 2009 transition allotment of Extended-term Sickness Allowance will include Bonus Sick if an employee is eligible.
  - Short-term Annual Accrued Sickness Allowance will be modified to provide five days of sickness allowance for employees with more than six months and less than a year of active service, and ten days for employees with one year or more of active service. Increasing the Short-term Annual Accrued Sickness Allowance for employees with one year of service but less than two years (to two weeks) affords more sick time than is currently available to these employees.
  - At the end of each calendar year, employees will be able to carry over all unused Extended-term Paid Sickness Leave, including any unused 2009 transition-year allotments, and the amount that can be carried over each year will be unlimited. In addition, any unused Short-term Accrued Sickness Allowance will be transferred to the Extended-term Paid Sickness leave bucket. Again, the accumulation of Extended-term Paid Sickness Leave will be unlimited. With the unlimited carry over feature, employees will be able to accumulate far more sickness leave than they have available today, at a much faster rate. For example, a new employee would be able to obtain the current maximum of seven weeks (Extended-term Paid Sickness Leave) in five years instead of the current ten years, depending on the extent to which they carry over unused sick time. Employees who continue to carry over unused sick time would be able to far surpass the current maximum of seven weeks of Extended-term Paid Sickness Leave that is available to them today.

- **To address the Union’s request that there be some differentiation based on seniority, and concerns about current, long-service employees not having as much time as short-term employees to accumulate a lot of unused sick leave, employees with 28 or more years of service, as of 1/1/09, will receive two weeks of Short-term Annual Accrued Sickness Allowance, plus one week of Extended-term Sickness Leave, for a total of three weeks, beginning 1/1/10 and annually thereafter.**
  - Employees will be able to use their Short-term Annual Accrued Sickness Allowances for their own medical and dental appointments.
  - The same-calendar-year restriction for the State Disability Insurance (SDI) bucket will be removed, providing employees with greater flexibility in the use of their SDI bucket.
  - Employees on long-term disability as of 01/01/09, and who return from disability after 01/01/09 and beyond, will receive the same one-time allotment of Extended-term Paid Sickness Leave. Upon returning to full-time work for 180 days, this allotment can be used for unrelated disabilities within the 180 days of returning to work and for any disability after 180 days. The one-time allotment will be based on the amount of sick time the employee would have been afforded in 2009 had they been at work.
- b. It is estimated that at least 90% of employees will benefit from this re-structured sickness allowance design. To address the rare instances where employees are out of sick time and then incur an unfortunate, serious illness or injury that prevents them from working, the long-term disability (LTD) benefit will also be enhanced. That is, to provide added protection for employees who suffer from disabilities that prevent them from working, the Company will implement the following enhancements:
- The Long-Term Disability Plan will be accessible to employees much sooner than it is today, i.e., the waiting period will be shortened significantly, from 60 days to 28 days, beginning 1/1/10, paid for by the Company.
  - For employees who become eligible for the Long-Term Disability Plan on or after 1/1/10, the Long-Term Disability Plan will be further enhanced by increasing the benefit from 60% to 65%, for the first year of disability benefits, for employees who have 25 or more years of service, and from 60% to 70%, for the first year of disability benefits, for employees who have 30 or more years of service. This enhancement does not apply to employees who are already on the disability payroll.

**11. Restructure the Pre-Age-65, Post-Retirement Health Benefit to Enable Employees to Benefit from Pre-Tax, Health Reimbursement Accounts and Unused Sick Time**

- a. Employees who retire will continue to receive the existing post-age-65 retirement health benefit structure, when Medicare becomes the primary coverage and the Company benefit becomes secondary. Employees may still continue to use their HRA balances to offset medical costs.
- b. For regular, full-time employees who retire on or after 12/1/09, the Company will implement a fixed, monthly, pre-age 65, Company contribution of \$600/month (retiree plus 1 or more) or \$300/month (retiree only). Eligibility requirement is age 55 with 15 years of service or age 65 with 5 years of service.

- c. At the Company's expense, the Company will establish a Health Reimbursement Account (HRA), at the date of retirement, for all regular, full-time employees retiring on or after 12/1/09. The opening balance of the account will be determined based on the aggregate value of the following components:
- The aggregate value of a percentage of the employee's total unused Sickness Allowance (including Extended-term Paid Sickness Leave, Short-term Annual Accrued Sickness Allowance and Bonus Sick time) at the date of retirement, based on the employee's straight-time wage rate at the date of retirement. The percentage of unused Sickness Allowance to be credited to the employee's HRA will be based on years of service as of January 1, 2009, as follows:
    - 40+ years (60%)
    - 35 – 39 years (50%)
    - 30 – 34 years (40%)
    - 25 – 29 years (30%)
    - 20 – 24 years (20%)
    - Less than 20 years (10%)
  - 100% of all unused vacation at the date of retirement, based on the employee's straight-time wage rate at the date of retirement. There will no longer be any cash payouts for unused vacation at the date of retirement. The value of unused vacation payouts at retirement is currently taxed, whereas there will be no tax withholding when converted to the HRA.
  - Beginning with 2009 vacation being carried over to 2010, employees will be able to carry over up to an additional two weeks of vacation (in total, all in one year, or in smaller increments carried over each year, up to a total of two additional weeks) upon attaining retirement eligibility (age 55 with 15 years of service). This will allow eligible employees to increase their carryover vacation from 120 hours to a maximum of 200 hours. The value of all unused vacation at the date of retirement, based on the employee's wage rate at retirement, would be credited to the employee's Health Reimbursement Account. The ability of employees to carry over additional vacation will enable employees to further increase the value of their HRA. (Company counter regarding U-35 dated 9/23/08)
  - The value of all unused holiday credits at the date of retirement, based on the employee's wage rate at retirement, will also be credited to the employee's HRA. There will no longer be any cash payouts for unused holiday credits at the date of retirement. The value of unused holiday credit payouts at retirement is currently taxed, whereas there will be no tax withholding when converted to the HRA.
- d. Consistent with IRS regulations, the HRA may be used by retirees for reimbursement of health-related expenses, such as retiree share of premiums, health plan co-payments and other out-of-pocket, health-related expenses as permitted by IRS regulations and guidelines.

- e. The balance of the employee's HRA will earn interest at the 30-year Treasury Bond rate (at the Company's expense), based on the November average of the preceding year, as the rate changes from year to year.
- f. The HRA is designed to more than cover retiree, pre-age-65 medical premiums, with money left over to offset other post-retirement medical costs in most cases.
- g. To address the Union's concern about sick time allowances needing to be exhausted before an employee can move to the LTD payroll, and therefore impacting the value of the HRA, effective 1/1/09, employees will only be required to exhaust their current sick time and 50% of their extended-term sick time before moving to the LTD plan. Employees who want to exhaust more than 50% of their accumulated, extended-term sickness allowance will need to notify the Company.**

*Note: The Company's proposed restructuring of the post-retirement health benefit and associated offer to create an HRA provides a means for employees to: (a) receive significant value for unused sick time as, presently, there is no reward for unused sick time; (b) leverage dollars, pre-tax, as employees will not be taxed on the value of the unused sick time, vacation and holiday credits that are credited to the account at the date of retirement, nor will employees be taxed on HRA funds that are subsequently used to offset retiree medical cost; and (c) build a sizeable HRA account that will likely more than offset retiree medical costs through age 65, and leave money left over depending on usage, when the existing post-retirement benefit and Medicare come into play after age 65.*

12. **Other Long-Term Disability (LTD) Plan Modifications** – In addition to enhancing the Plan by shortening the LTD waiting period from 60 days to 28 days, and increasing the first-year LTD benefit for high seniority employees as noted above, the following changes will be made:
  - a. Effective 1/1/09, employees who have been offered a job more than 50 miles (versus 75 miles) from their last work location may elect termination wages equal to one week of pay for each year of service up to 25 weeks (versus 20 weeks) in lieu of accepting the job, as proposed in U-66.
  - b. The Union will accept the changes set forth in the Company's last counter dated 9/24/08 regarding C-89 and other related proposals, with the following three changes:
    - The Company will withdraw the portion of the proposal pertaining to social security overpayments;
    - The Company will withdraw the clarification language in C-89 pertaining to job displacement vouchers; and
    - The Union will withdraw its proposal regarding enhancing the LTD benefit for employees who are permanent and stationary (U-104)
13. **Use of Contractors** - The Company will add two classifications to the "fenced-in" list: System Protection Planner and System Protection Technician (Company counter regarding U-4)
14. **New Positions** – The Company will create two new positions: Senior Cathodic Protection Specialist and Cathodic Protection Technician. Pipeline Technicians will have bid priority to

the CP Technician position. The first two Senior CP Specialist positions will be filled from within Transmission (Union counter to C-59A, accepted 8/12/08)

15. **Position Opportunity System** (Company counter regarding U-40, U-58 and C-59B dated 9/2/08).
  - a. The Company will implement a real-time bidding process by July 31, 2009. Should system programming, development or testing cause unforeseen delay, the Company will keep the Union fully informed. The current pre-qualification process will remain as is.
  - b. The Company will post the name and seniority date of the employee who is the successful bidder within 5 days.
  - c. Employee test results will be posted online so that employees may access their own results.
  - d. The Union and the Company will encourage employees to cancel test sessions within 5 business days if they are not able to attend.
  - e. Employees will be required to submit bids for promotional opportunities until a real-time bidding process is established. While employees are not restricted for promotional opportunities at the work location after accepting a job, bids will no longer remain active, and employees will be required to re-submit bids for promotion.
16. **Temporary Relief Assignments** - Provisions regarding temporary relief assignments will be modified to address Union concerns (Company counter regarding U-57 dated 8/27/08, accepted 8/27/08)
17. **ETRs**
  - a. Beginning with the next open schedule selection process, for bases that have at least 24 ETRs, the Company will allow the most senior employee to be excluded from off-hour shifts or night work assignments (Company counter to U-82D, accepted 8/27/08)
  - b. The Company will pilot 4-10-1/2-hour shifts among the ETR classification, with one pilot base per region, for one year. If the pilot is deemed by the Company to be successful, it may be expanded (Company counter to U-82B).
  - c. The Energy Technician Residential Apprentice (ETR-A) letter agreement on pages 203-204 of the agreement will be eliminated, and the Company will revert back to the pre-2005 progression, including Field Service Assistant, Field Technician and Energy Technician-Residential. Existing ETR-As will continue to progress to ETR, pursuant to a new letter agreement that will be added to the contract (Company counter to U-18 dated and accepted on 9/25/08).
18. **Overtime** – The Company understands and appreciates the Union’s concern regarding mandatory overtime (U-23, et al). The Company’s willingness to reduce split days off and pilot alternative work schedules, as noted above, may reduce overtime, as the Union suggested when presenting these proposals. In any case, the Company will continue to work toward reducing mandatory overtime on a best efforts basis.

19. **Administrative Support Positions** – All jobs in Administrative Support job progressions will have progression bid rights to all other Administrative Support progressions (Company counter regarding U-76 dated 9/19/08, accepted 9/24/08)
20. **Transmission and Storage Specialists** – Employees in Specialist positions within Transmission and Storage will have progression bid rights when bidding to the same job title in either transmission and/or Storage (C-77, accepted 9/3/08)
21. **LCT/PPA** – Lead Construction Technicians and Pipeline Planning Assistants will have equal bid priority to the Planning Associate positions (C-78)
22. **Roving Main Gangs** – A subcommittee will be formed (three union and three management employees) to explore adding more roving main gangs. (Company counter regarding U-83G dated 7/30/08)
23. **Local Hiring**

To achieve shared interests, the parties agree the Company may fill full-time entry level field positions in Customer Services, Distribution, and Transmission departments from union-sponsored and community-based local training programs. The positions included are:

Construction Technician  
 Field Technician  
 Station Technician  
 Pipeline Technician

The Utility Workers Training Trust provides training classes to prepare students with skills needed to succeed in the energy utility industry at entry level positions. The International Chemical Workers Union Council plans to provide local training with similar objectives. Part-time employees who desire to enroll in these programs may request to be scheduled off work, with no pay, to enable them to attend. A maximum of one employee per work location and four (4) from the Call Center in San Dimas and two (2) from the Call Center in Redlands, will be allowed to attend at a time, in seniority order. In addition, a new bid priority will be established and utilized to provide bid preference for part-time employees who successfully complete the above training, provided that they meet the minimum qualifications for the position. Part-time employees will continue to accrue hours for bidding seniority while in training.

The positions listed above may be filled based on a 3 to 2 hiring ratio described below.

**Internal Job Fills 3 Positions:**

- Utilizing E-Bid, positions will be filled in seniority order from the bid list. Part-time employees completing the above union-sponsored local training will have bid priority over all other part-time bidders. The employee will provide the Company with the verification of successfully completing such training.

This means full-time employees bidding to full time jobs will continue to have bid priority; part-time employees who complete the union sponsored local training will be considered, in seniority order, before all other part-time employees when bidding for the classifications listed above.

**External Job Fills 2 Positions:**

- Includes 1 union-sponsored local training graduate and 1 external hire from other sources, including community-based training programs. If qualified union-sponsored local training graduates are not available, after March 31, 2009, the position may be filled by external hires. Internal candidates may be considered when filling external positions based on operating needs.

This hiring practice will be revisited prior to workforce impacts that may result from AMI.

In addition to the above provisions regarding training and hiring, the hours a part-time employee is scheduled to work will not be reduced for the sole purpose of denying Company benefits and will be based on operating needs at the work location.

This letter agreement will be in effect beginning 01/01/09 through the term of the 2008 contract.

24. **Training Trust Contributions** (Company counter to U-65)

**The following will be memorialized in a letter agreement outside the collective bargaining agreement:**

The Company and the UWUA share an interest in continuing to work together on the Western States Utility Workers Industry Apprenticeship and Training Trust Fund (UWUA Training Trust).

The Company will continue its participation in the UWUA Training Trust through the term of this agreement. The Company will also make financial contributions (totaling \$300,000) to the Training Trust, as follows:

- 2009: \$20,000 per quarter, plus \$2,000 per candidate hired from the training trust's pool of candidates, with the annual maximum contribution not to exceed \$100,000. A single payment will be made at the end of each quarter.
- 2010: \$20,000 per quarter, plus \$2,000 per candidate hired from the training trust's pool of candidates, with the annual maximum contribution not to exceed \$100,000. A single payment will be made at the end of each quarter.
- 2011: \$30,000 per quarter, plus \$2,000 per candidate hired from the training trust's pool of candidates, through September 30, 2011, with the total cost for the final three quarters of the agreement not to exceed \$100,000. A single payment will be made at the end of each quarter.

If the International Chemical Workers Union Council establishes a training program through its Health and Safety Training Center, **and it is an entity to which the Company can legally contribute funding**, the Company will contribute a pro rata portion of the above amounts based on the percentage of Company employees who pay dues to ICWUC. The pro rata share will be based on membership levels as of the end of each quarter. Contributions will begin in the quarter following establishment of the eligible training program. The Company's contributions to the ICWUC training program and UWUA training trusts, on a combined basis, will not exceed \$300,000, in total, for the term of the

agreement. This total amount will be divided between the two training trusts, as set forth above.

25. **PAQ** (Company counter regarding C-86 and U-114)

- a. The Company will honor its pre-existing commitment to conduct job evaluations using the current PAQ process for the following two classifications in early 2009:

District Operations Clerk-4  
Gas Measurement Analyst-5

If there are indications of either party attempting to influence the process and/or outcome, in any way, the process will be halted. The process will be resumed upon mutually acceptable resolution of the concerns. In the event there is a re-starting of the process, the effective date for any job level changes would be the most recent re-start date.

- b. The Company will move the Lead Payment Control Clerk-5 and Transportation Logistics Representative classifications up one level, upon contract ratification, without conducting a job evaluation.
- c. The Company will forego seeking modification to the PAQ process, as well as conducting any additional PAQs beyond the two noted above, until the next round of contract negotiations.

*Note: See attached letter agreement*

26. **Union Dues** – Effective 1/1/09, part-time employees will begin paying dues after 520 hours of cumulative employment (Company counter to U-83A dated 7/31/08, accepted 9/18/08)

27. **Union Business**

- a. Union leaves of absence will be expanded to include conferences (Company counter to U-6 dated 8/12/08, accepted 8/12/08)
- b. Requests for Union leaves of absence may be submitted electronically, at any time, provided they are properly completed and Labor Relations has 48 hours (two business days) to process (Company counter to U-6, accepted 8/12/08)
- c. The ten-day cap on Union leaves of absence for administrative work will be eliminated during contract negotiations, when mutually agreed to (Company counter to U-6, accepted 8/12/08)
- d. The Union will provide the Company with 48 hours notice for requested absences for union business, as well as minimize the number of employees on leave from the same work group/department so as not to unduly burden the operations of a location (C-7 dated 6/24/08, accepted 8/12/08)
- e. The Union will provide 48-hours notice prior to the beginning of a requested absence for Union activity at a Company property (C-9 dated 6/24, accepted 8/12/08)
- f. The Union will review and update their existing Dues Authorization forms to ensure legal compliance by 12/31/08 (C-8 dated 9/9/08, accepted 9/9/08)

28. **Emergency Postponement of Lunch Periods** – Replace existing, outdated language indicating the Company will comply with applicable federal and state laws (C-30 dated 6/16/08, accepted 8/27/08).

29. **Vacation (Company counter regarding U-35/C-36 dated 9/23/08)**

- a. Revise language to change “convenience of the company” to “operating necessity as determined by the Company”
- b. Clarify that sold vacation less than 40 hours is paid in one lump sum
- c. Clarify that employees who sell 40 hours of vacation will have the option of receiving the payment in a lump sum or over 24 pay periods.
- d. The Company will increase holiday vacation slots in the CCC (for Christmas and New Years), for the term of this agreement, for classifications that have more than 25 incumbents, as noted in the table below. **The regular and bi-lingual slots will be kept separate, with one additional slot afforded to each.** These additional vacation slots will be communicated to employees through the local shop committees.

Classification	Site	Current Vacation Slots 2008 Monday – Friday		Revised Vacation Slots 2008 – 2011 Monday - Friday	
		Christmas	New Year	Christmas	New Year
CSR 4	San Dimas >25	18	20	20	22
CSR Lead	San Dimas >25	4	4	5	5
CSR 4	Redlands >25	10	8	12	10
CSR Lead	Redlands <25	3	2	3	2
Multilingual CSRs	San Dimas <25	1	1	1	1
OBD/Correspondence	San Dimas <25	1	1	1	1
Clerical	San Dimas <25	1	1	1	1
Clerical	Redlands <25	1	1	1	1

- e. **In addition to the CCC, one additional holiday vacation slot (for Thanksgiving, Christmas and New Years) will be added at each base for Distribution Field for the term of this agreement. This change will be communicated through the local shop committee.**
- f. **For Customer Service Field (ETRs), for 2008 only, one additional Christmas vacation slot will be added per base (for bases that have more than 25 ETRs). This change will be communicated through the local shop committee.**

**For the CCC, Distribution Field and Customer Service Field vacation slots noted above, the Company reserves the right to modify this commitment to the extent regulatory, customer or operating conditions warrant a change.**

30. **Use of Personal Vehicles for Company Business** - Add language clarifying that the Company will use the IRS standard mileage rate to reimburse employees for Company business miles Company counter regarding U-48, accepted 9/24/08).
31. **Coveralls** - Coveralls will be provided to three additional classifications: Lab Assistant, Lab Technician and Lead Lab Technician (U-49, accepted 8/27/08).
32. **Military Service**
  - a. The Veteran's Seniority Credit will be extended to employees who served in active duty in the U.S. Armed Forces or National Guard in the Afghanistan/Iraq conflicts which resulted from the events of September 11, 2001 (U-17, accepted 8/12/08)
  - b. A new letter agreement will be added to the contract outlining military leave of absence benefits afforded to full-time employees called to serve in the Afghanistan/Iraq conflicts (U-17, accepted 8/12/08)
  - c. Military leave of absence provisions afforded to part-time employees will be added to the part-time employee letter agreement on page 195 of the agreement (Company counter to U-17, accepted 8/12/08)
33. **Alternative Dispute Resolution** – A new letter agreement will be added to the contract outlining changes to the ADR process, e.g., in cases where ADR is being used for discipline, and the Company contemplates discipline greater than two days off, the Local union president or their designee must approve the ADR resolution (Union counter regarding U-71 dated 8/26/08, accepted 8/27/08).
34. **Arbitration** – The arbitrator panel will be expanded, and if a selected arbitrator is not available within six months, the parties may mutually agree to use the very next arbitrator on the list if available within six months (Company counter regarding U-72 dated 8/12/09, accepted 8/28/08).
35. **Training** – The Western States Utility Workers Industry Apprenticeship and Training trust Fund or the ICWUC Center for Worker Health and Safety Education may provide training to employees without regard to Union affiliation. To the extent such training is proposed to be conducted on Company time/premises, such opportunities require advance discussion with the Company and Company consent (Company counter to U-64, accepted 8/27/08)
36. **Collaboration Opportunities** - A new letter agreement will be added to Appendix C regarding Union and Company collaboration opportunities in areas such as safety, training, apprentice programs and new technology (see attached letter agreement in response to U-20, U-62 and U-63, which builds upon the Union's last counter regarding U-20).
37. **The Union agrees to the following amended and restated Plan documents:**
  - a. Pension Plan (Appendix D) as set forth in C-107
  - b. Retirement Savings Plan (Appendix E), as set forth in C-108
  - c. Medical, Dental and Vision Plan (Appendix F), as set forth in C-109 (accepted 8/27/08)
  - d. Disability Plan (Appendix G), as set forth in C-107
  - e. Life Insurance Plan (Appendix H) as set forth in C-107

*Note: The Plan documents will be updated to reflect modifications resulting from these negotiations.*

38. **The parties agree to remove the following letter agreements from the contract:**
- a. The Energy Technician Distribution letter agreement on page 194, as it is no longer applicable (U-83E, accepted 7/29/08)
  - b. The letter agreement on page 199 regarding direct deposit of reimbursable expenses, as this has already been implemented (accepted 9/25/08)
  - c. The letter agreement on page 205 regarding Field Technicians, as it is no longer applicable (accepted 9/25/08)
  - d. The letter agreement on page 206, as implementation of an on-line bidding system has been completed (accepted 9/25/08)
39. **Other Housekeeping Items**
- a. The current index in the agreement will be replaced with a more user-friendly version, making it easier to look up and find topics in the agreement (C-110, accepted 8/12/08)
  - b. Appendix A will be updated to reflect current job titles and placement (C-113, accepted 9/24/08)
  - c. Appendix B will be updated to reflect current job titles and levels (Revised C-111, accepted 9/24/08)
40. **Term of Agreement** - The term of the agreement will be three years, from October 1, 2008 to and including September 30, 2011 (U-12, accepted 9/3/08)
41. **The Company and the Union have withdrawn the following proposals:**
- The portion of C-8 regarding electronic dues authorization (withdrawn 9/9/08)
  - C-13 (withdrawn 7/29/08)
  - C-15 (withdrawn 8/12/08)
  - C-19 (withdrawn 9/25/08)
  - C-22 (withdrawn 7/29/08)
  - C-24 (withdrawn 8/12/08)
  - C-27 (withdrawn 9/9/08)
  - C-29 (withdrawn 8/27/08)
  - C-34 (withdrawn 7/10/08)
  - C-79 (withdrawn 9/9/08)
  - C-80 (withdrawn 9/24/08)
  - C-85 (withdrawn 9/9/08)
  - The portion of C-94 pertaining to increasing medical office co-pays (withdrawn 8/27/08)
  - The portions of C-112 pertaining to new hire notification and POS (withdrawn 9/25/08)
  - C-115 (withdrawn 7/16/08)
  - C-116 (withdrawn 7/15/08)
  - C-117 (withdrawn 7/10/08)
  - C-118 (withdrawn 7/29/08)
  - C-119 (withdrawn 7/10/08)
  - U-1 (withdrawn 9/3/08)

- U-2 (withdrawn 8/12/08)
- U-10 (withdrawn 8/12/08)
- U-11 (withdrawn 8/12/08)
- U-16 (withdrawn 9/9/08)
- U-18 (withdraw 9/25/08)
- U-25 (withdrawn 8/12/08)
- U-26 (withdrawn 8/7/08)
- U-28 (withdrawn 9/9/08)
- U-32 (withdrawn 8/12/08)
- U-33 (withdrawn 8/7/08)
- U-38 (withdrawn 9/9/08)
- U-44 (withdrawn 9/9/08)
- U-50 (withdrawn 8/27/08)
- U-52 (withdrawn 8/7/08)
- U-53 (withdrawn 8/7/08)
- U-55 (withdrawn 9/25/08)
- U-56 (withdrawn 7/8/08)
- U-60 (withdrawn 8/13/08)
- U-67 withdrawn 7/8/08)
- U-68 (withdrawn 9/9/08)
- U-69 (withdrawn 9/25/08)
- U-74 (withdrawn 8/13/08)
- U-75 (withdrawn 9/24/08)
- The portion of U-76 regarding the Journey Facilities Mechanic (withdrawn 9/24/08)
- U-81 (withdrawn 9/24/08)
- U-82A (withdrawn 8/13/08)
- U-82C (withdrawn 7/16/08)
- U-82E (withdrawn 9/25/08)
- U-83B (withdrawn 7/16/08)
- U-83D (withdrawn 9/24/08)
- U-97 (withdrawn 8/6/08)
- U-101 (withdrawn 7/16/08)
- U-102 (withdrawn 7/16/08)
- U-103 (withdrawn 7/16/08)
- U-105 (withdrawn 7/16/08)

**42. The Company and the Union agree to withdraw the following additional proposals:**

- The portion of C-36 clarifying that management may schedule vacation for employees who fail to do so in order to remain under carryover limits
- The portion of C-89 pertaining to social security overpayments
- U-3
- U-5
- U-14
- U-23
- U-41
- U-42

- U-43
- U-45
- U-46
- U-47
- U-54
- U-61
- U-62
- U-63
- U-70
- U-73
- U-83C
- U-91
- U-92
- U-100
- U-104
- U-106

**LETTER AGREEMENT**

**Re: UNION AND COMPANY COLLABORATION OPPORTUNITIES**

The Union seeks to provide the safest, highest skilled and most productive workers possible for employers. Similarly, the Company's desire to run its operations as safely, efficiently and effectively as possible benefits not only the Company but also employees, customers and the Union.

The similarity of objectives presents opportunities for the Union and the Company to continue to work collaboratively through the Joint Steering Committee.

In the spirit of cooperation and collaboration, the Company will keep the Union informed about technology changes that may affect the working conditions of bargaining unit employees, such as OpEx 20/20, AMI, etc. The Company and Union agree to meet at mutually acceptable times, where both parties can discuss and share information. At a minimum, discussions will include mandatory subjects of bargaining.

The Company recognizes that employees and the Union may have suggestions and/or alternatives to offer from a change management perspective on new technology the Company may be planning to implement. Such ideas and suggestions may be brought forth through the Joint Steering Committee.

After the signing of this agreement, the Company and the Union will resume collaborative discussions regarding OpEx 20/20, implementation of an Advanced Metering Infrastructure (AMI) and other technology rollouts that may affect bargaining unit employees. The parties will also pursue the development and implementation of apprenticeship programs, DOL certification and other employee training opportunities, to the extent mutually acceptable outcomes can be achieved.

This letter agreement will remain in effect through the term of this agreement. The letter agreement may be extended or modified during negotiations pertaining to the next collective bargaining agreement.

Nothing in this letter agreement shall be interpreted to replace or diminish the Union's statutory right to bargain over any changes that may affect wages, hours and working conditions of bargaining unit employees.

Similarly, nothing in this letter agreement is intended to affect the Managements Rights provisions contained in the Collective Bargaining Agreement.

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Sue Bosworth  
For the Company  
Date:

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Louis Correa  
For the Union  
Date:

**Company Counter to Union Counter dated Oct 2, 2008 regarding PAQ  
October 7, 2008**

Replace the current PAQ letter agreement on page 196 of Appendix C with the following:

Job Evaluation Process  
Side Letter Agreement

The Company and Union agree to the following:

1. No existing job can be lowered unless it falls at least 5 points below the bottom of its grade.
2. All PAQ results will be in whole numbers with .5 of a point rounded up.
3. Job Evaluation for purposes of evaluating levels, to be done only when
  - a. General Bargaining in progress.
  - b. Brand new classifications.
  - c. Mid-Term by mutual agreement when major changes take place in an existing classification.
4. All job evaluations to be completed within 12 months. All jobs, if any, that increase in level will be paid back to the time the job evaluation process begins, for those sets of jobs being evaluated.
5. The Union and Company agree to evaluate the following classifications:

District Operations Clerk-4  
Gas Measurement Clerk-3
6. The job evaluations will be conducted by a tripartite panel including an external vendor, Valtera, a company representative, and a Union representative.
7. The Company and the Union will jointly select the job incumbents to be interviewed and the location of the interviews.
8. If there are indications of either party attempting to influence the process and/or outcome, in any way, the process will be halted. The process will be resumed upon mutually acceptable resolution of the concerns. In the event there is a re-starting of the process, the effective date for any job level changes would be the most recent re-start date.

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**Sue Bosworth**  
**For the Company**  
**Date:**

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**Louis Correa**  
**For the Union**  
**Date:**

## SUMMARY

Company	Union
Medical cost sharing	Lump sum contract ratification bonus of \$800 for all employees, including those on disability, as well as part-time employees
Restructuring of sick time allowance	Wage increases of 4.3% in 2008 (including lump sum contract ratification bonus), 3.25% on 10/1/09, and 3.5% on 10/1/10, averaging approximately 3.7% per year for the term of the agreement
Restructuring of Post-retirement health benefit	Premium increases consistent with base wage increases
Cash balance for new hires	Increase in on-call premium
	Boot allowance – approximately 1200 more employees
	Increase in travel per diem (30% increase)
	Class A/B allowance (\$130 per quarter)
	Benefit enhancements for P-T employees <ul style="list-style-type: none"> <li>• Acceleration of Medical benefits</li> <li>• Dental (new)</li> <li>• Vision (new)</li> </ul>
	Dental enhancements (full-time employees)
	Vision enhancements (full-time employees)
	Sick Allowance Benefit enhancements <ul style="list-style-type: none"> <li>• Ability to carry over unlimited, unused sick time</li> <li>• Ability to use sick time for medical and dental appointments</li> <li>• More sick time for new employees (available sooner)</li> <li>• Ability to accumulate more sick time, at a faster rate, than today</li> <li>• Provide value for a percentage of unused sick time at retirement (versus no value today)</li> </ul>
	Pension enhancements <ul style="list-style-type: none"> <li>• Acceleration of vesting for traditional plan</li> <li>• Increased surviving spouse benefit for traditional plan</li> <li>• Enhanced formula for traditional plan</li> <li>• Conversion of unvested employees to cash balance</li> </ul>
	LTD 28-day waiting period (reduced from 60 days)

	<p>LTD enhancements for first year of new disability cases</p> <ul style="list-style-type: none"> <li>• 65% for employees with 25 years of service</li> <li>• 70% for employees with 30 years of service</li> </ul>
	<p>HRA</p> <ul style="list-style-type: none"> <li>• Value for unused sick time, pre-tax (zero value today)</li> <li>• Value of higher wage rates at retirement</li> <li>• Tax value on unused vacation and holiday credits (pre-tax versus being taxed on unused vacation/holiday credits at retirement as is currently the case)</li> <li>• Interest value (HRA account balance will earn 30-year Treasury bond rate, at the Company's expense)</li> </ul>
	Real time bidding
	Training Trust participation and financial contribution (total of \$300,000)
	PAQ (2 classifications)
	Move two classifications up one level
	Coveralls for three additional classifications
	Split Days Off (50% reduction)
	Fenced-In list – 2 additional classifications
	Temporary Relief Assignment changes
	ETRs – Canzone-type rule
	ETRs – pilot 4-10 ½ schedules in each Region
	Administrative support progression; increased bid opportunities
	Roving main gangs
	Union dues acceleration for PT employees
	Additional holiday vacation slots for CCC, Distribution Field and ETRs
	Vacation – extra carryover ability for HRA
	Vacation – added language changes requested by Union
	ADR – local president involvement
	Arbitration panel changes
Ability of Union Training Trust/Center to Train Existing Employees	
Local Hiring	
Union Business Modifications	
Collaboration Opportunities	