



## Review Committee Decision

ESC Review Committee File no. 906  
ESC Grievance #21136

### Subject of the Grievance

Union alleged that Company engaged in "Forced Ranking" of employees in the Performance Management Program.

### Facts of the Case

In 2010, an ESC-PG&E "joint STP Committee" was established under the language of several Letters of Agreement for newly organized groups. The report includes the following section:

#### **No Forced Ranking**

"Forced ranking" refers to a past PG&E practice where employees were essentially "graded on a curve" — i.e. if one employee received a top rating, the rating of another employee would be reduced to compensate. The committee clearly agreed that, for union personnel, there are no forced rankings in the PMP and STIP system. All performance ratings are individual. Everyone in a given department could get 125%, or zero. Annual funding of STIP does not impact department budgets.

On June 29, 2011, the Sr. Vice Presidents of various business units including Power Generation, Energy Delivery and Shared Services sent an email to their extended leadership teams, including numerous supervisors and managers of ESC personnel, which said in part:

Check our results by comparing the ratio of high-, middle- and low-performers with the outside benchmark we have from looking at other companies. At best, given our overall company performance, our ratio should track no higher than the benchmark. The benchmark tells us that approximately 30 percent of employees should be in the upper "L" of the nine box grid and approximately 10 percent should be in the lower "L". The remaining percentage should fall in the middle box.

Once 2011 year-end performance reviews were completed, 57 ESC-represented employees were placed into the Lower "L." This represents roughly 6% of the approximately 900 ESC-represented employees in the PMP system.

### Discussion

The Company has committed not to engage in forced ranking of ESC represented employees, and the Company maintains this commitment. The Company believes that it did not engage in forced ranking in this instance. The Company maintains that the emails from Senior Vice Presidents setting out the "30-60-10" distribution were not intended as a quota of low ratings. Individual employee ratings are still based on individual performance.

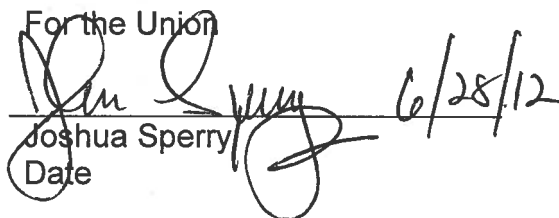
Decision

Based on the discussion above, and maintaining its rights to proceed with other grievances related to actual 2011 year-end performance ratings, the Union agreed to close the grievance.

For the Company

  
Alan P. Andrus Date 6/26/12

For the Union

  
Joshua Sperry Date 6/28/12