



VOLUNTARY RETIREMENT ENHANCEMENT PROGRAM LETTER AGREEMENT

This Letter of Agreement is an agreement between the Southern California Gas Company ("Company") and the Utility Workers Union of America, AFL-CIO and International Chemical Workers Union Council, UFCW - (collectively the "Union"). The Company and the Union agree to a Voluntary Retirement Enhancement Program ("VREP") based on the conditions outlined below.

The VREP will be offered to a targeted number of represented employees who are at least 55 years of age, with a minimum of fifteen years of completed service. The program will only be offered to employees in targeted job classifications and/or work locations.

All employees who would like to be considered for the program must submit their request between February 1, 2017 and March 29, 2017. Those employees approved for the VREP will be notified by April 6, 2017. All retirements under the program will be effective May 1, 2017. All separations under the program will be effective April 30, 2017.

The Company will provide a post-retirement benefit called a Healthcare Reimbursement Account (HRA) for each employee who retires under the Program. The Company will credit a recordkeeping account for each HRA with a one-time amount of \$100,000. The HRA provides a tax-free benefit for out-of-pocket health-related expenses such as medical and Medicare premiums, pharmaceutical, and medical costs during retirement. Those who accept and are approved for the VREP will be required to sign a General Release and Waiver.

The proposed offer is voluntary, and any employee voluntarily approved for this program will not be eligible for any benefits under Article VII (Seniority in Layoff) of the Collective Bargaining Agreement.

The purpose of the VREP is not intended to eliminate the positions of those who elect it. However, as per the Collective Bargaining Agreement the Company is not required to maintain any certain number of positions and will fill the resulting vacancies with bargaining unit employees as deemed necessary based on business needs.

All parties agree that the terms of this agreement are limited to the facts herein and neither party shall refer to this Agreement as precedent of any position it may wish to assert in future unrelated disputes between the parties. All parties further agree that nothing in this agreement modifies the party's Collective Bargaining Agreement.


Leonard R Prymus
Labor Relations Manager 1-17-17


Javier A Salas 1-17-17
Chair, Joint Steering Committee