

## Regulatory Relations Workforce Reduction Plan

1. In an effort to reduce costs in the organization, Regulatory Relations will be eliminating eight (8) positions through a hybrid voluntary/involuntary process – 7 through a voluntary severance offering and 1 through an involuntary reduction of headcount. In July 2009, the organization implemented an involuntary workforce reduction eliminating 5 positions targeting less critical functions and lower performers. Additionally, the organization either eliminated vacancies at the same time or placed them on hold indefinitely. For this next set of reductions, the proposal is to move forward with a hybrid voluntary/involuntary severance process.
  
2. The voluntary severance process will be offered to a subset of employees in the Regulation and Rates organization targeting 5 severances with the following parameters:
  - a) Only employees in PL1, Principal and Chief positions are eligible
  - b) A&T employees, Managers, Directors/Sr. Directors, and Officers are ineligible due to the nature of work and inability to easily absorb and transfer work without backfilling the positions
  - c) If 5 employees volunteer for severance, all will be accepted
  - d) If more than 5 employees volunteer for severance, the 5 volunteers with the greatest company seniority based on his or her most recent hire date will be accepted
  - e) If less than 5 employees volunteer for severance, an involuntary severance process will be implemented targeting employees in departments with less critical work using the Decision Analysis form to document the criteria in the selection process
  - f) The target date to implement the voluntary offering is September 17th
  - g) If necessary, the target notification date for the involuntary severance(s) is October 9th
  
3. The voluntary severance process will also be offered to a subset of employees in the FERC & ISO Relations organization to capture a target of 2 severances using the following parameters:
  - a) Work has been categorized based on criticality for the business and certain functions will be eliminated or reduced. These functions include reducing intervention, litigation or settlement participation in the TO Tariff rate cases of other ISO Participating Transmission Owners; reduction in case coordination needs due to the number of Existing Contract filings and ISO Tariff amendment interventions requiring case coordination; reduce or eliminate non essential billing research, monitoring and customer contact, mainly for old QF bills and certain cost of ownership charges associated with generator interconnections and older generator special facilities agreements. In addition, recent process improvement efforts in Generator Interconnection Services Department should result in a more streamlined billing process; management of the South of Tesla Principles, including managing the customer relationship, responding to customer inquiries and reviewing and approving monthly bills will transfer to Customer Care
  - b) Only employees having all or a piece of the functions above as part of their regular work will be considered for voluntary severance, with the exception of Managers, Directors/Sr. Directors and Officers due to the nature of their responsibilities and inability to easily absorb and transfer work without backfilling the positions
  - c) If 2 employees volunteer for severance, all will be accepted
  - d) If more than 2 employees volunteer for severance, the 2 volunteers with the greatest company seniority based on his or her most recent hire date will be accepted

- e) If less than 2 employees volunteer for severance, an involuntary severance process will be implemented targeting the same group of employees as in the voluntary process using the Decision Analysis form to document the criteria in the selection process
  - f) The target date to implement the voluntary offering is September 23rd
  - g) If necessary, the target notification date for the involuntary severance(s) will be October 16th
4. An involuntary severance process will be implemented in the Regulatory Relations department (Brian Cherry's organization) to capture 1 position using the following approach:
- a) The department will eliminate a non-critical position where work can be eliminated and/or easily absorbed by remaining staff within the department. The decision has been made to eliminate an Associate Regulatory Analyst position.
  - b) The department will complete the Decision Analysis form to document the criteria used in the selection process (employees' skills, abilities, competencies, and performance)
  - c) The target notification date for this involuntary severance will be October 9th