

Pacific Gas and Electric Company

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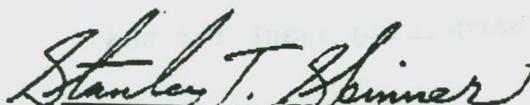
April 5, 1995

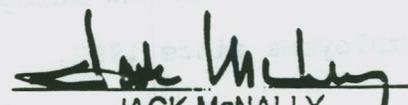
**PG&E EMPLOYEES:**

PG&E and IBEW Local 1245 agreed today to begin a new process of dialogue to address issues related to a new labor-management partnership to maintain and operate the gas and electric systems to ensure the delivery of safe, reliable, responsive service to PG&E customers. Specifically, to begin this process:

1. PG&E rescinds the current 206 and 306 activity within Customer Energy Services. Customer Energy Services employees who received 206 or 306 notices and bid or transferred to other classifications will be allowed to return to their previous classifications and headquarters if they choose to do so within 15 days after notification.
2. The current 206 and 306 process will continue in other business units. However, the company and union will immediately begin discussing the change in displacement options for employees in other business units resulting from rescission of the 206 and 306 notices to Customer Energy Services employees.
3. The principles of Letter Agreement 94-53 will be utilized to establish labor-management cooperation committees to address the following issues:
 - a) Determine the labor force required to deliver safe, reliable, and responsive service, and address issues related to storm response, infrastructure maintenance, etc.
 - b) Determine appropriate Performance Based Ratemaking targets to be used in future regulatory proceedings (i.e., CPUC).
 - c) Other issues as agreed to.

PG&E and IBEW Local 1245 will jointly use expert external consultants for the above.


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FOR IMMEDIATE RELEASE
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Union applauds PG&E decision to cancel layoffs

Walnut Creek, Ca. -- IBEW Local 1245 today expressed its approval of ^{PG&E'S} ~~the utility's~~ decision to cancel planned layoffs of about 800 employees.

Local 1245 Business Manager Jack McNally issued the following statement:

"I applaud the courage of Stan Skinner to rescind the layoff notices, and to involve our members, who do the work, into the process of addressing the issues of service to PG&E customers.

"This is a responsible change and I look forward to a new process of dialogue. It will not be easy. However, I am confident that working together to jointly find solutions will be in the best interest of the company and our members.

"It is in the best interest of both of us to truly provide safe, reliable and responsive service to all the customers of PG&E."

Local 1245 represents approximately 13,000 workers at PG&E in both physical and clerical classifications. The union has been the recognized bargaining agent for the employees since 1952.

END

FOR IMMEDIATE RELEASE

April 5, 1995

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PG&E ACCELERATES MAINTENANCE -- CANCELS 800 LAYOFFS

Pacific Gas and Electric Company announced today that, because of the severity of storm damage, it is accelerating its maintenance programs and canceling planned layoffs of about 800 employees.

"The severity of the recent storms caused an unusual amount of damage to our electric system," said Stanley T. Skinner, president and chief executive officer. "We don't want a repeat of the extensive customer outages we had this winter. As a result, we are accelerating our maintenance programs and thoroughly reviewing our on-going maintenance practices."

"Many of our employees, who are members of International Brotherhood of Electric Workers Local (IBEW) Local 1245, have identified facilities throughout the system that would benefit from a more extensive and accelerated maintenance program. We agree with their evaluation and are canceling layoffs of about 800 IBEW employees in our Customer Energy Services unit so that we have the skilled, experienced employees to do this extra maintenance work."

"Our highest priority is to provide safe, reliable, and responsive service to our customers," said Skinner. "This must remain our top priority as we make the difficult decisions required to reduce our prices and become more competitive. If at any time it appears we may be falling short of that goal, we will deploy whatever resources are necessary to correct the situation. Our decision today affirms that pledge."

To assist in evaluating maintenance programs, PG&E has retained two independent consulting firms. Black & Veatch will review technical and engineering criteria used for maintenance. Venture Associates will examine management systems and procedures, including a review of past practices and ways they might be improved in the future.

Jack McNally, business manager of Local 1245 of the IBEW, said, "Our members raised very legitimate concerns about the downsizing path PG&E was pursuing, and its impact on the company's ability to provide safe and reliable service to customers. I look forward to working with PG&E in the future to help the company develop business objectives in a way that provides for meaningful involvement by the IBEW."

Skinner noted that the electric and gas business "is being fundamentally reshaped by market forces. To meet customers' changing expectations, we must reinvent the way we do much of our work. It is essential that we work closely with employees and union leadership, and have the benefit of their experience and understanding of our business."

PG&E Drops Plans For 800 Layoffs

PG&E is canceling the layoffs of 800 employees and accelerating system maintenance in the wake of this winter's extensive storm damage.

Acknowledging that the utility had to "correct the situation," PG&E President and Chief Executive Officer Stan Skinner said, "We don't want a repeat of the extensive customer outages we had this winter. As a result, we are accelerating our maintenance programs and thoroughly reviewing our ongoing maintenance practices."

The union that represents the 800 employees who work on electric maintenance and repair hailed the move. "I applaud the courage of Stan Skinner to rescind the layoff notices and to involve our members, who do the work, into the process of addressing the issues of service to PG&E customers," said Jack McNally, business manager of Local 1245 of the International Brotherhood of Electrical Workers.

Last August, the utility said it was eliminating 3,000 positions to cut costs as the electric industry heads toward a competitive market. But customers and union representatives blamed the layoffs and voluntary departures as the cause of many problems during the January and March storms, including power interruptions affecting 2.6 million customers.

PG&E's decision followed a trip to Merced by Senior Vice President and General Manager Bob Haywood to see the concerns of workers in the field. Skinner said union employees "identified facilities throughout the system that would benefit from a more extensive and accelerated maintenance program. We agree with their evaluation."

PG&E also said it will retain two consulting firms, Black & Veatch and Venture Associates, to review its maintenance program and suggest improvements. The company still plans to lay off about 300 workers not in customer service.

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PG&E Cancels Layoffs

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Officials with the state Public Utilities Commission said they were pleased by PG&E's decision but said it does not change the commission's investigation into allegations that the utility's system was not maintained adequately. The CPUC received a record number of complaints following the two storms, and last week said it would speed its study into the utility's service and response.

Audrie Krause, executive director of Toward Utility Rate Normalization, also gave a cautious nod of approval to the step. "It's a move in the right direction," said Krause. "Generally speaking, we think their layoffs have created service problems and they shouldn't be looking at laying off their workforce."

PG&E said it remains committed to cutting costs and holding the line on electric rates, but not at the expense of quality of service. "Our highest priority is to provide safe, reliable and responsive service to our customers," Skinner said. "If at any time it appears we may be falling short of that goal, we will deploy whatever resources are necessary to correct the situation." (San Francisco Chronicle, San Jose Mercury News, Marin Independent Journal, Contra Costa Times 4/6)