



LETTER AGREEMENT NO. 01-50-PGE



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
2850 SHADELANDS DRIVE, SUITE 100
WALNUT CREEK, CALIFORNIA 94598
(925) 974-4104

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
P.O. BOX 4790
WALNUT CREEK, CALIFORNIA 94596
925-933-6060

STEPHEN A. RAYBURN, DIRECTOR
AND CHIEF NEGOTIATOR

PERRY ZIMMERMAN, BUSINESS MANAGER

September 27, 2001

Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P. O. Box 4790
Walnut Creek, CA 94598

Attention: Mr. Perry Zimmerman, Business Manager

Dear Mr. Zimmerman:

Due to the current national emergency, some employees on military reserve may be called to active duty. The Company proposes to implement its policy for Emergency Active Military Leave, which was first implemented during Desert Storm to be in effect on an "as needed" basis during this emergency. This policy is intended to help protect reservists who are called for emergency active duty from experiencing adverse financial impact. Regular employees will receive pay supplements that are equivalent to their base pay minus taxable wages received from the military for up to 6 months. Regular employees and their dependents will be covered under the Company's medical, dental and vision plans for up to 18 months of their leave. A copy of the Compensation and Benefits Treatment During Emergency Active Military Leave guidelines are attached.

If you are in accord with the foregoing and agree thereto, please so indicate in the space provided and return one executed copy of this letter to the Company.

Very truly yours,

PACIFIC GAS & ELECTRIC COMPANY

By: _____


Stephen A. Rayburn
Director and Chief Negotiator

The Union is in accord with the foregoing and agrees thereto as of the date hereof.

LOCAL UNION NO. 1245, INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO

Sept 27, 2001

By: _____


Perry Zimmerman
Business Manager

Compensation and Benefits Treatment During Emergency Active Military Leave

Compensation

For the first six months of emergency active military leave, regular-status employees will receive a pay supplement, which is equivalent to their base pay minus taxable wages received from the military. Military allowances, such as housing, food and clothing, or other allowances are excluded from the calculation. This supplemental pay only applies to regular-status employees while on emergency active duty status. Employees will need to submit an Emergency Active Military Leave form to Pacific Gas and Electric Company (Company) Payroll Department, along with their first pay voucher in order to initiate pay supplements.

Medical, Dental and Vision Benefits

Medical, dental and vision benefits for regular status employees and covered dependents will continue for up to 18 months at no cost to the employee. This period of paid coverage is concurrent with your COBRA eligibility rights.

Probationary employees who are paying premiums for their medical coverage may continue coverage by continuing to pay the premiums. This period of paid coverage is concurrent with COBRA eligibility rights.

Group Life Insurance

Life insurance coverage will be provided for one year. Coverage will be reinstated upon the employee's return to work from active duty if leave exceeds one year. When the coverage ends, the employee may elect to convert the coverage to a personal policy through Metropolitan Life Insurance Company within 31 days from the date coverage ends.

Retirement Plan and 401(k) Plans

For the Retirement Plan, credited service will continue to accrue for the duration of the leave.

401(k) contributions and Company-matching contributions will continue at the same percentage, but will be based on the supplemental pay amount. Those employees who miss contributions to their 401(k) plans may contact the HR Service Center at 223-2363 and make arrangements to make up these contributions upon their return from leave. These make-up contributions will also include applicable Company-matching contributions.

Vacation and other Prorations

The normal proration for employees who go on leaves of absence will remain in effect. For each 22 workdays on leave of absence, an employee's vacation will be reduced by one-twelfth of the appropriate vacation accrual for the following year.

The current policy affecting prorations for leaves of absence, such as for PIP and FlexDollars, will continue.

Questions

If employees have any questions regarding their benefits while on Emergency Active Military Leave of Absence, employees may contact their Human Resources Advisor or call the HR Service Center at Company extension 223-2363, (415) 973-2363 or 1-800-788-2363.

EMERGENCY ACTIVE MILITARY LEAVE GUIDELINES

ELIGIBILITY

All employees are eligible for Emergency Active Military Leave.

PAY SUPPLEMENT

For the first six months of Emergency Active Military Leave, bargaining unit regular status and all Management and Administrative and Technical employees are eligible to receive a pay supplement. Pay supplement is the employee's base wages less the taxable wages shown on the military pay chart/pay voucher. Military allowances such as housing, food, clothing or other allowances are excluded from the calculation.

Probationary employees are not eligible for a pay supplement.

GOING ON LEAVE OF ABSENCE

EMPLOYEE'S RESPONSIBILITY

1. Provides supervisor with the following:
 - Copy of military orders
 - Copy of military pay chart
 - Copy of first pay voucher
 - Emergency Active Military Leave form (completed)

The Company will not pay employees until the Company has received these documents.

SUPERVISOR'S RESPONSIBILITY

1. Advises employee of the employee's rights under Emergency Active Military Leave which are available on the intranet (http://www/hr/Benefits/Medical_Personal_LV/default.htm)
2. Provide employee with a copy of the Emergency Active Military Leave and Health Care Reimbursement Account Election While On Unpaid FMLA or Personal Leave of Absence form.
3. Provides employee with a copy of the benefit plan information entitled Compensation and Benefits Treatment During Emergency Active Military Leave (refer employees to the HR Service Center (8-223-BENE or 415-973-2363) for additional benefit questions).
4. Provide employee with a copy of Emergency Active Military Leave Guidelines.
5. Prepares a manual Payroll Change Tag using the Payroll Change Tag template that is available on the intranet (<http://www/Payroll/Default.htm>). The following information shown in the Proposed Section:
 - i. EMERGENCY ACTIVE MILITARY LEAVE
 - ii. Beginning date and estimated ending date
6. Forwards completed Payroll Change Tag to Payroll with the following attached:
 - a. Copy of military orders
 - b. Copy of military pay chart
 - c. Copy of pay voucher

PAYROLL'S RESPONSIBILITY

1. Regular employees will be paid full basic Company wage less the taxable wages shown on the employees' military pay chart and pay voucher.

Pay adjustments may be required when employees return to work.

2. Employees will be paid according to their current pay schedule (bi-weekly or monthly).
3. Normal payroll deductions will be taken from the pay supplement. Group Life Insurance Plan coverage will be in effect twelve (12) full months. After twelve months, coverage will be suspended and Group Life Insurance Plan deductions will stop.

RETURNING FROM LEAVE OF ABSENCE

EMPLOYEE'S RESPONSIBILITY

1. Must notify the Company of employee's intent to return to work in accordance with the provisions of the Company's Military Leave policy.
2. Must provide the Company with copies of military pay vouchers covering period of Emergency Active Military Leave.
3. Employees may make up the difference of base pay vs. supplemental pay for Savings Fund Plan or Retirement Savings Plan contributions upon their return to work. They should contact the Human Resource Service Center at 223-BENE to initiate this process.

SUPERVISOR'S RESPONSIBILITY

1. Places employees in their former or equivalent classifications and work location.
2. Prepares a Payroll Change Tag returning employees from Emergency Active Military Leave.
3. Tag should be sent to Payroll along with military pay vouchers and employees will have previous payroll deductions resumed.

PAYROLL'S RESPONSIBILITY

1. Upon receipt of Payroll Change Tag, military pay vouchers showing completion of Emergency Active Military Leave, employees will have applicable payroll deductions resumed.
2. Payroll will advise employees within 30 days of their return from leave of any necessary salary adjustment.
3. If Group Life Insurance Plan (GLIP) premiums weren't deducted from employee's pay supplement, employee must reimburse the Company for the missed premiums upon return from Emergency Active Military Leave.

OTHER

Employees who go on any type of leave have the right to drop coverage. Employees who elect to drop coverage have 31 days after return from leave to contact the HR Service Center at Ext. 223-2363 to re-enroll.