



LETTER AGREEMENT NO. 03-07-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

February 3, 2003

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:

The parties recently met regarding the lack of work in the Major Billing Section of Customer Billing. Due to a reduction/elimination of Post Audit (D&C), Post Audit (Power), Late Route Control, and Summary Billing work, the Company will be making the following reductions in the Major Billing Section:

- 1 - Sr. Acct Clerk II's
- 9 - Sr. Acct Clerk I's
- 3 - Acct. Clerks
- 1 - Utility Clerk-Acct

Company proposes pursuant to Section 19.12 of the Clerical Agreement, the following to address the needed reduction.

Company and Union will hold meetings with all employees in the Accounting Line of Progression in Major Billing and Miscellaneous Billing to announce the planned reductions. Employees will be advised that the reductions will occur in the following four steps.

Step One (Voluntary Layoff) - Employees in Major Billing and Miscellaneous Billing will be given the opportunity to request voluntary severance by indicating such on their Employee Election Form. Employees will be given 7 days from notification to complete/update their form. The Company will grant severance by seniority, to the employees in these two sections, until the needed number of reductions is met. Such employees shall be notified of lay-off within 3 days of the severance window and will be laid-off no later than April 4, 2003. Actual date of lay-off is at Company's discretion. Requests to retain specific employees longer than April 4 require local written agreement between the parties on a case-by-case basis.

Any vacancies created by the voluntary layoffs of employees performing the eliminated work will be captured thereby reducing the number of employees affected. The remaining vacancies will then be filled in the manner described in steps two and three. These steps will begin with any Sr. Accounting Clerk II vacancies and continue with vacancies lower in the line of progression.

Step Two (Reassignment Within Section) – Employees performing the eliminated work will be assigned to vacancies (created by those taking voluntary severance and through subsequent bidding) in the same classification and Section where work remains. In the case of multiple vacancies and/or employees to be placed, preference will be given to employees with the greatest service.

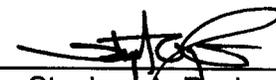
Step Three (Bidding - Title 18) – If there are more vacancies than the needed reduction in an affected classification/section (e.g. Sr. Acct Clerk II/Major Billing), these vacancies will be filled in accordance with Title 18. Vacancies in an affected classification, but outside the affected section (e.g. Sr. Acct. Clerk I/Revenue) will be held for Title 19. Company will hold up to the number of remaining impacted employees in that classification, and fill the remaining in accordance with Title 18. Given the expected number of Sr. Accounting Clerk II vacancies in Major Billing and Misc. Billing, the Company will establish a control date for these positions effective the date of this letter and begin offering vacancies immediately upon the close of the severance window.

Step Four (Displacement - Title 19) – In the event the needed reductions and movements of employees are not accomplished with the use of the first three steps, the Company may implement the provisions of Title 19. At that time, the Company will provide the required notice to all potentially impacted employees (anticipated at this time to be within Demotion Unit 11) and all Hiring Hall assignments in the Vice President & Controller's Organization will end, or be treated as regular vacancies for purposes of Title 19.

If you are in accord with the foregoing, and agree thereto, please so indicate in the space provided below 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

Feb 11, 2003

By: 

Perry Zimmerman
Business Manager