



LETTER AGREEMENT NO. 03-26-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 2547
VACAVILLE, CALIFORNIA 95696
(707) 452-2700

STEPHEN A. RAYBURN,
DIRECTOR AND CHIEF NEGOTIATOR

PERRY ZIMMERMAN,
BUSINESS MANAGER

September 4, 2003

Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P.O. Box 2547
Vacaville, CA 95696

Attention: Mr. Perry Zimmerman, Business Manager

Gentlemen:

On August 25, 2003, the parties concluded general negotiations, with the assistance of a Federal Mediator, for the Physical Agreement. Both parties made changes to their respective positions to reach agreement on this table settlement.

One of the changes contained in the Physical table settlement is to grant a one-time payment equal to the amount employees would have received if the general wage increase had been implemented on January 1, 2003. The one-time payment applies to employees on the active payroll on the date of ratification of the Physical Agreement. This one-time payment will apply to straight-time, overtime and 401(k) and will be made as soon as practical on a regular paycheck. The 401(k) deduction and Company match will be based on the employee's 401(k) contribution election as of August 31, 2003.

The Company proposes upon ratification of the Physical Agreement, that the one-time payment cited above also apply to Clerical Bargaining Unit employees taking into consideration the \$900 lump sum payment that has already been made. The 401(k) deduction and Company match will be based on the employee's 401(k) contribution election as of May 31, 2003. The retroactive amount will be calculated for each clerical employee. If the retroactive amount comes out to more than \$900, the employee will receive the difference. If the amount comes out less than \$900, no deduction will be made and the employee will not receive any additional pay.

The inclusion of 401(k) deductions to be made from the retroactive pay is contingent upon approval by the Employee Benefits Committee.

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.

Yours very truly,

PACIFIC GAS AND ELECTRIC COMPANY

By: _____


Stephen A. Rayburn
Director and Chief Negotiator

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

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

By: _____


Perry Zimmerman
Business Manager

Sept 4, 2003