



LETTER AGREEMENT NO. 03-37-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

November 14, 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:

Upon conclusion of general negotiations for physical employees on August 25, 2003, the parties agreed to provide a one-time payment equal to the amount employees would have received if the general wage increase had been implemented on January 1, 2003. In Letter Agreement 03-26, the parties agreed to also provide this one-time payment to clerical employees. It was agreed that this payment would apply to straight-time, overtime and 401(k).

Letter Agreement 03-26-PGE states that the 401(k) deduction and Company match would be based on an employee's 401(k) contribution election as of August 31, 2003 for physical employees and as of May 31, 2003 for clerical employees, which are referred to as "reference" dates below.

Payroll has been working on calculating the one-time, retroactive payment for employees. However, the Company has run into a programming glitch with respect to the Company 401(k) match.

There are about 1,000 employees whose 401(k), non-401(k) or 401(k) catch-up contribution level has changed since their reference date. Payroll must generate deduction adjustments to correct the deduction the payroll system will withhold. Payroll must do this type of adjustment because in order to get the Company match, the payroll system must see the correct part of the ratification payment as covered compensation, and once it sees it as covered compensation, it will take the deduction it thinks needs to be taken based on employees' current percentages.

Even though Payroll is correcting the actual employee 401(k) deduction, it is not possible to use the reference percentages for the Company match. The system will only use employees' current contribution levels in determining the Company match.

Based on this programming glitch, the Company proposes that employee 401(k) deductions be based on the reference date of May 31 or August 31, however that the Company match be based on employees' current contribution level.

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

Dec. 08, _____, 2003

By: 

Perry Zimmerman
Business Manager