



LETTER AGREEMENT NO. 03-38-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 20, 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

Dear Mr. Zimmerman:

The Company has determined that the following four retirees and one surviving spouse have dependents under age 65 enrolled in the Medicare Supplemental Plan (MSP), although the plan guidelines provide for those enrolled in the plan to be age 65 or older.

Bart Longoria	Retiree
Richard McPhedran	Retiree
Winfred Parsons	Retiree
Jimmie Pyle	Retiree
Joyce Ward	Surviving Spouse

In all cases, the dependent on the MSP is also eligible for Medicare due to a medical condition.

The Company proposes to allow the above dependents to remain enrolled in the MSP and modify the Medicare Supplemental Plan to allow for retirees or dependents of retirees under age 65 to be covered by the plan if they are eligible for Medicare. Except for the individuals noted above, this change would be effective after January 1, 2004.

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

12-08, 2003