



**Pacific Gas and
Electric Company**

LETTER AGREEMENT NO. 04-28-PGE

IBEW



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 RAYBURN
DIRECTOR AND CHIEF NEGOTIATOR

PERRY ZIMMERMAN
BUSINESS MANAGER

May 21, 2004

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 proposes to offer personalized investment advisory services through Financial Engines to all IBEW bargaining unit employees, retirees and terminated employees who continue to participate in the PG&E Corporation Retirement Savings Plan for Union-represented employees. Financial Engines is an independent third party and is able to provide investment and portfolio advice via a confidential Internet site. The Financial Engines advice platform offers:

- Advice and portfolio management that integrates complex fund line-ups with employer plan designs, including defined contribution and defined benefit plans, stock options, brokerage windows, and company stock.
- Tax-efficient advice that considers the entire household portfolio and takes into account social security and other income sources.

PG&E recognizes the value of Financial Engines and will offer its services to all IBEW bargaining unit employees, retirees and terminated employees at no cost. It is expected that Financial Engines will be available to employees in July 2004.

The Company or the Union may cancel this program for employees, retirees or terminated employees upon 30-days written notice should the need arise.

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

By: _____


Perry Zimmerman
Business Manager

7-19

_____, 2004