



**Pacific Gas and
Electric Company.**

LETTER AGREEMENT NO. 04-36-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
2850 SHADELANDS DRIVE, SUITE 100
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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

July 19, 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 parties recently met regarding a reduction in workforce at the Emeryville Repair Facility. The Company will be making the following reductions at Emeryville:

- 1 - Electric Shop Leader
- 4 - Electricians
- 1 - Apprentice Electrician
- 1 - Machinist
- 2 - Utility Workers

Company proposes, pursuant to Section 206.12 of the Physical Labor Agreement, the following to address the needed reductions:

Step One (Section 206.1 Notice) – On July 15, Company met with employees at Emeryville and advised them of the needed reductions. The impacted employees (the junior employees in the affected classifications subject to displacement – referred to as the A List) were provided 206.1 Notification with accelerated bidding and transfer rights in accordance with Section 206.9.

Step Two (Layoff/Vacancy Options) – In order to minimize the impact to employees, the Company will offer all Emeryville employees in the affected classifications the opportunity to express their interest in electing layoff (with severance) or any existing vacancies in their same classification. Additionally, the Utility Workers (and the Traveling Utility Worker) will be given the opportunity to express their interest in and qualify for Materials Handler vacancies. Employees must be qualified by the date the vacancy list is due in order to be assigned a position under this step. The waiting period on the Clerical Test Battery will be waived for those Utility Workers attempting to qualify for Materials Handler. Employees will be asked to return their prioritization list within seven calendar days of receipt.

Company will make assignments from the prioritized vacancy lists based on seniority and qualifications up to the number of reductions needed in each group of classifications as follows:

- Group 1 (Electric Shop Leader, Electrician, Apprentice Electrician) – 6 reductions
- Group 2 (Machinist, Unassigned Machinist) – 1 reduction
- Group 3 (Utility Worker) – 2 reductions

Impacted (A List) employees placed into vacancies under this process will be removed from the A List and will have accelerated bidding and transfer rights in accordance with Section 206.9. Any non - A List employee placed during this process will not have Section 206.9 rights, but will result in the removal of the most senior impacted employee in the same classification from the A List.

In addition to the above, the Company will ask the Emeryville Utility Workers if they are interested in being considered for Title 300 Utility Worker vacancies in the East Bay. Although these vacancies will not show up as options for these employees, the Company will ensure that those employees expressing interest will be given serious consideration.

Step Three (Section 206.2 Notification) – If the needed reductions are not accomplished in Step Two, remaining A List employees will be provided with their 206.2 Notice. These employees will be notified of the specific date that the Title 206 job assignment process will begin. The assignment process will begin no less than 14 days following the notice and employees will have until two days prior to the start of the assignment process to update their Employee Election Forms.

Company will identify potentially impacted employees (B List) and provide these employees with notice of this displacement activity including the specific date that the Title 206 job assignment process will begin. The Company will then implement the provisions of Sections 206.3 – 206.7 in accordance with L/A 99-72

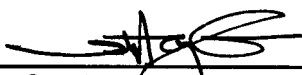
The contractual departments involved in this displacement are Materials-Machine Shop and Materials-Electric & Utility. There is one hiring hall Electrician in the Materials-Electric & Utility Department located in Fresno. Given the availability and location of Electrician vacancies, this hiring hall position will not be released in connection with this displacement.

This process has been discussed with Sr. Business Representatives Ken Ball and Frank Saxsenmeier, and Business Representative Lula Washington.

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

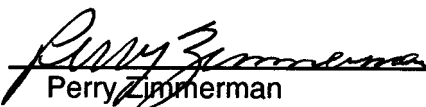
By: 

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

8-2-, 2004

By: 

Perry Zimmerman
Business Manager