



**Pacific Gas and
Electric Company.**

LETTER AGREEMENT NO. 06-36-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 A. RAYBURN,
DIRECTOR AND CHIEF NEGOTIATOR

PERRY ZIMMERMAN,
BUSINESS MANAGER

July 10, 2006

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

Dear Mr. Zimmerman:

Company proposes to add the DeltaPreferred Option (DPO) Plan in addition to the existing DeltaPremier Plan to provide dental benefits effective January 1, 2007. Employees will have the option to use the existing DeltaPremier Plan or the newly added DeltaPreferred Option Plan. Employees who use only dentists who are in the DPO Plan will pay an annual deductible of \$25 per person or \$75 per family instead of the current deductible of \$50 per person or \$150 per family for the DeltaPremier Plan. All other dental benefits remain the same.

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 Pacific Gas and Electric Company.

Very truly yours,

PACIFIC GAS AND ELECTRIC COMPANY

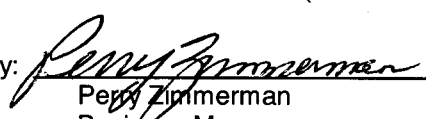
By: _____


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

July 19, 2006