



**Pacific Gas and
Electric Company.**

LETTER AGREEMENT NO. 06-45-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

TOM DALZELL,
BUSINESS MANAGER

August 17, 2006

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

Dear Mr. Dalzell:

Letter Agreement 06-37 established a special Labor Management Committee for the Operations Department at the Diablo Canyon Power plant. This Letter Agreement allows Committee members to discuss and make recommendations relative to issues subject to collective bargaining in the Nuclear Operations Department Line of Progression.

The Committee met on August 16, 2006. The Committee discussed the provisions of paragraph 5 of Letter Agreement 97-58 which provides that participants in RO License class will be allowed one retest of each of the required examinations following a period of remediation. Letter Agreement 97-58 also allows participants to receive additional testing opportunities only with Company and Union agreement.

The Committee recommends that participants of the current RO License class be allowed a second opportunity to retest on each of the required examinations in this license class following a period of remediation or, as an alternative, may withdraw from class and attend the next available RO License class. This recommendation is for the participants of the current RO License class only. The Committee will continue to discuss the issue of RO License class selection and testing.

The Company supports the Committee's recommendation and has provided this proposal for your consideration.

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

By: _____


Tom Dalzell
Business Manager

8/25/06, 2006