



**Pacific Gas and
Electric Company.**

LETTER AGREEMENT NO. 07-10-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
LABOR RELATIONS DEPARTMENT
2850 SHADELANDS DRIVE, SUITE 100
WALNUT CREEK, CALIFORNIA 94598
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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 RAYBURN
DIRECTOR AND CHIEF NEGOTIATOR

TOM DALZELL
BUSINESS MANAGER

February 12, 2007

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:

During 2006, the Company began the consolidation and centralization of clerical work into the Resource Management Centers (RMCs). Operating Clerical classifications were filled at the RMCs through the provisions of Letter Agreement 06-26. In connection with this consolidation, the Company will be reducing Operating Clerical positions throughout the system during 2007 in a phased approach.

The IBEW and the Company met recently to discuss ways of capturing the reductions through voluntary methods. The Company proposes, pursuant to Section 19.12, the following voluntary process to address the needed reductions.

Step One (Soliciting Volunteers) – Under the provisions of Letter Agreement 05-66 and Letter Agreement 06-18, the Company will expand the classifications of employees who may volunteer for severance in an effort to capture the needed reductions without implementing the displacement provisions of Title 19. Full-time employees in the classifications covered listed below will have the opportunity to express their interest for voluntary severance (with the option for transitional leave, educational leave, or Section 19.7/206.7/306.7). The parties may agree to include additional classifications.

A phased approach will be used in soliciting volunteers on a quarterly basis. Employees will have 14 calendar days to express their interest to volunteer and will be advised that their election is binding for that quarter. For purposes of this letter agreement, employees indicating a desire for severance will be referred to as volunteers. The first offering will cover the period ending July 1, 2007. Additional quarterly offerings will be made as needed. During each quarterly offering those employees who previously volunteered will be considered as volunteers for the next quarter unless they elect otherwise.

Operating Clerical: Sr. Operating Clerk II (2723), Sr. Operating Clerk-Typist II (2646), Sr. Operating Clerk I-II (2801), Sr. Operating Clerk-Typist I-II (2802), Sr. Operating Clerk I (2789), Sr. Operating Clerk-Typist I (2655), Sr. Operating Clerk-Steno I (PIO) (2654), Operating Clerk (2662), Operating Clerk-Typist (2667), Operating Clerk-Steno (PIO) (2664), Service Planning Clerk (2587), E&P Operating Clerk (PIO) (2703), Utility Clerk (2676), Utility Clerk-Typist (2684), and Utility Clerk-Steno (PIO) (2680).

Physical Clerical: Foreman's Clerk (0250), Foreman's Clerk with 2 AFC (0253), Assistant Foreman's Clerk (0252), Utility Foreman's Clerk (0254), Maintenance Assistant I (0057), Maintenance Assistant II (0049), Sr. Maintenance Assistant (0048), Senior Field Clerk (0243), First Field Clerk (0246), Routine Field Clerk (0245), Senior Shop Clerk (0310), First Shop Clerk (0313), Routine Shop Clerk (0314), Parts Clerk (0277), Partsman (0275), and Lead Partsman (1084).

Step Two (Accepting Volunteers) - The Company will use a phased approach, accepting a certain number of severance requests when reductions are warranted due to the implementation of new technology or procedures. Company will determine the number and location of volunteers to accept whenever reductions are warranted. If there are more volunteers than needed at a headquarters, selection will be made based on service from among the volunteers in Operating Clerical classifications followed by volunteers in Physical Clerical classifications listed above. Prior to the review and acceptance of volunteers, the Company will meet with the Union and provide updated lists of identified reduction needs, Operating Clerical vacancies, and hiring hall employees.

The Company will advise volunteers whether their request for voluntary severance has been accepted. Those who are not initially accepted will be considered throughout the quarter. Those volunteers who are accepted will be advised of the effective date as soon as it is determined.

The Workforce Transition Benefits included in Letter Agreement 05-66 are available to impacted Operating Clerical employees who are considering accepting voluntary severance. These benefits include a Transitional Leave of Absence (age 52/above), an Educational Leave of Absence, and a Financial Planning Seminar.

Operating Clerical employees who desire to maintain employment at PG&E also have several Workforce Transition Benefits available to them, including assistance with career planning, additional consideration for entry level bargaining unit and A&T vacancies, additional testing opportunities and test preparation workshops, increased relocation allowance, and an increased tuition refund allowance.

The parties recognize that by using a purely voluntary approach, the Company may not capture the needed reductions. At the very least, some headquarters will continue to be overstaffed while others become understaffed, as the Company may accept more volunteers than needed at a headquarters in order to capture the overall reductions. If the needed reductions are not met, the parties will meet and discuss other alternatives including exploring the use of volunteers at headquarters which are not overstaffed.

It is the Company's desire to avoid the use of Title 19 displacements or at least delay such action until later when voluntary options have been exhausted. In support of this, the Company will explore the use of existing contractual options (e.g., temporary headquarter assignments, hiring hall, re-assignment of work between headquarters, shifting resources between organizations, Title 301, etc.) to address staffing imbalances on a temporary basis.

If the Company determines that a Title 19 displacement action is needed, the parties will meet prior to any displacement activities to discuss ways of minimizing employee disruption and to ensure compliance with Letter Agreements 99-72 and 06-19. These discussions will include the consideration of voluntary bidding to reduce the number of impacted employees.

The Company proposes to add the Parts Clerk, Partsman, and Lead Partsman classifications to the list of classifications covered under Letter Agreement 06-19. Currently, some classifications supporting Fleet (Field Clerks and Shop Clerks) are covered under Letter Agreement 06-19. Under the terms of the letter agreement, Field Clerks, Shop Clerks, and Operating Clerks may perform clerical support of either Title 200 or Title 300 employees. Additionally, as Field Clerk and Shop Clerk positions are vacated, they may be filled as Operating Clerks.

By adding Parts Clerk, Partsman, and Lead Partsman to the list, these employees will be treated as the other Fleet classifications described above. These classifications may provide support of either Title 200 or Title 300 employees, and as vacated, may be filled as Operating Clerks. Company agrees to include employees in these classifications with those in Letter Agreement 06-19, in the voluntary layoff process provided for in this letter agreement.

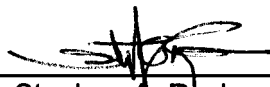
Given that certain Physical classifications assigned to Fleet may be filled with Operating Clerical positions when vacated, those Operating Clerical positions assigned to Fleet will be included in the 35:1 ratio provided for in Letter Agreement 96-107.

This proposal has been discussed with Assistant Business Managers Ken Ball and Dorothy Fortier.

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

13 FEB 2007, 2007

By: 

Tom Dalzell
Business Manager