



**Pacific Gas and
Electric Company.**

LETTER AGREEMENT NO. 07-26-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
LABOR RELATIONS DEPARTMENT
MAIL CODE N2Z
P. O. BOX 770000
SAN FRANCISCO, CA 94177
(415) 973-4310

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

May 10, 2007

Mr. Tom Dalzell, Business Manager
Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P.O. Box 2547
Vacaville, CA 95687

Dear Mr. Dalzell:

In LA R1-05-63 regarding employee-related expenses for employees participating on Business Transformation Teams, employees are either reimbursed for lodging expenses or at the overtime rate for traveling to and from their home and temporary headquarters each day.

Employees who work on Business Transformation Teams remained "tagged" at their local headquarters so they may be eligible to work overtime there on their time off from Business Transformation assignments. Due to the way PG&E's accounting system works, 100% of lodging expenses are charged against the appropriate Business Transformation PCC but the bulk of overtime costs is incurred by the local headquarters department since only a fraction of the cost is passed on to Business Transformation PCC/orders via the standard rate by the employee who is billing out hours. This is causing costs in the local headquarters to be skewed.

Therefore, the Company proposes that the Company may "tag" employees who are working on Business Transformation to Business Transformation and that those employees continue to have the ability to be considered for overtime in their local headquarters as if they were "tagged" at their local headquarters.

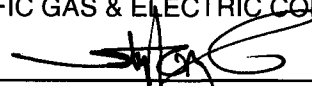
Either party may cancel this letter agreement with two weeks written notice.

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

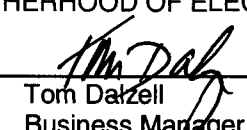
By: _____


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: _____


Tom Dalzell
Business Manager

17 May, 2007