



LETTER AGREEMENT NO. 07-51-PGE



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 A. RAYBURN,
DIRECTOR AND CHIEF NEGOTIATOR

TOM DALZELL,
BUSINESS MANAGER

October 23, 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:

Since many Medicare retirees are reaching the lifetime maximum medical and/or prescription benefit amounts provided by the Medicare Supplemental Plan (MSP) as outlined in Letter Agreement 03-29-PGE, the Company proposes the following.

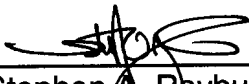
- Once a retiree reaches the lifetime maximum for either medical or prescription benefits, s/he will be eligible to enroll in another retiree medical program offered by PG&E. The effective date of the new medical plan will be the first of the following month after enrollment.
- Once a retiree has reached the lifetime maximum for either medical or prescription benefits and elects to enroll in another retiree medical plan, s/he will not be eligible to re-enroll in the MSP at any future date.
- Retirees have the option of continuing in the MSP if they have reached the lifetime maximum for either medical or prescription benefits, however, they will continue to receive only the annual \$1,000 restoration to the lifetime maximum as outlined in LA 03-29-PGE and no further medical and/or prescription coverage will be provided.

This proposal is contingent on all three of the Unions at PG&E being in agreement. Should one or more Unions not be in agreement, this proposal will be moot.

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

November 29, 2007

By: 

Tom Dalzell
Business Manager