

## PACIFIC GAS AND ELECTRIC COMPANY

PGE



245 MARKET STREET • SAN FRANCISCO, CALIFORNIA 94106 • (415) 781-4211 • TWX 910-372-6587

January 14, 1985

Local Union No. 1245  
 International Brotherhood of  
 Electrical Workers, AFL-CIO  
 P. O. Box 4790  
 Walnut Creek, California 94596

Attention: Mr. Jack McNally, Business Manager

Gentlemen:

Pursuant to Sections 15.2 of the Clerical Agreement and 201.6 of the Physical Agreement, Company proposes to change the mileage allowances for personal automobiles used for Company business retroactive to January 1985, to 20.5¢ a mile for the first 1,000 miles per month and 14¢ a mile for all mileage over 1,000 miles per month. These changes apply to Paragraph 12 of Standard Practice 724.5-1, which was effective May 1, 1981.

This change is necessary due to the changed IRS regulations regarding reporting mileage reimbursements. Per the attached memo, item 2 explains that over 20.5¢ per mile all reimbursements must be reported on employees' W-2 forms. These revised mileage allowances will prevent this and keep all the reimbursements in the employees' hands.

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 Company.

Yours very truly,

PACIFIC GAS AND ELECTRIC COMPANY

By *Al Boulbright*  
 Manager of Industrial Relations

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

Feb 1, 1985

By *Jack McNally*  
 Business Manager

**PG&E**

**FOR INTRA - COMPANY USES**

From Division or  
Department VICE PRESIDENT AND COMPTROLLER  
To Division or Department ALL  
FILE NO. 552.1  
RE: LETTER OF  
SUBJECT Reporting Procedures  
For Vehicle Usage

December 26, 1984

TO ALL EMPLOYEES:

The purpose of this letter is to advise you of certain changes in Company procedure that are the result of changes in tax laws and in Internal Revenue Service (IRS) rulings.

The new procedures for use of personal vehicles are as follows:

1. Commencing retroactively on January 1, 1984 employees who receive an \$85/month reimbursement associated with the authorization to use their own vehicle will have the \$85/month, together with all their mileage reimbursements, reported to them on their W-2 forms.
2. Effective January 1, 1985, whenever an employee receives mileage reimbursement in excess of 20 1/2 cents per mile, such employee will have the entire amount reimbursed for the month, reported on their W-2 forms as income.
3. Currently the Company allows reimbursements for business use of employee automobiles at 23 cents a mile for the first 300 miles per month, 20 cents a mile for the next 700 miles per month, and 12 cents a mile thereafter. For management employees and employees not represented by Local 1245 of the IBEW, commencing January 1, 1985, reimbursement will be 20 1/2 cents a mile for the first 1,000 miles per month and 14 cents per mile thereafter. Employees represented by Local 1245 of the IBEW will remain on the current schedule until it is negotiated otherwise.
4. Finally, we urge employees who are considering purchasing a personal vehicle for business purposes to proceed with caution and to consult their tax advisors regarding new tax rules on vehicle usage.

The procedures for Company-owned vehicles are as follows:

1. Effective January 1, 1985, any employee using a Company-owned vehicle susceptible to personal use (i.e. all Company vehicles under 6000 lbs. as well as 1/2, 3/4 and 1 ton vehicles or any other vehicle used for commuting or other non-business purposes) will substantiate the business use of the vehicle. Employees using any of these vehicles will make an entry in a log, which will be in the vehicles, indicating the mileage and business use. Also, any commute or other non-business use will be reported and such use will be included with an employee's regular pay at 20 1/2 cents a mile. This income is subject to withholding.
2. Those employees with assigned Company vehicles susceptible to personal use (i.e. all Company vehicles under 6000 lbs. as well as 1/2, 3/4 and 1 ton vehicles or any other vehicle used for personal transportation) will have a separate form for use in that vehicle. This form, which will be distributed separately, will be a monthly log which will require completion on a daily basis for business use of the vehicle. Mileage not reported as business will be attributed to the assigned employee and reported on a monthly basis as income at the rate of 20 1/2 cents per mile. This income is subject to withholding.
3. The current gross-up procedure, specified in Standard Practice 552.1-1, to cover additional taxes resulting from the taxability of reported personal mileage will be continued.
4. The forms used in the above procedures will replace the current Commute Miles Report form which is to be discontinued as of January 1, 1985.

The above procedures and rates may be changed as a result of future action of the IRS. Should there be any questions, please contact Linda Leung on extension 222-3955.

  
G. E. LAVERING