



LETTER AGREEMENT NO. 94-92-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
201 MISSION STREET, ROOM 1513A
MAIL CODE P15A
P.O. BOX 770000
SAN FRANCISCO, CALIFORNIA 94177
(415) 973-3425

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W
P.O. BOX 4790
WALNUT CREEK, CALIFORNIA 94596
(510) 933-6060

RONALD L. BAILEY, MANAGER OR
DAVID J. BERGMAN, DIRECTOR AND CHIEF NEGOTIATOR

JACK McNALLY, BUSINESS MANAGER

October 5, 1994

Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P.O. Box 4790
Walnut Creek, CA 94598

Attention: Mr. Jack McNally, Business Manager

Gentlemen:

PG&E has recently announced a Company-wide restructuring that will result in a significant reduction of IBEW bargaining unit positions. As a result of Company's decision the parties have agreed to a IBEW bargaining unit-wide Voluntary Retirement Incentive (VRI) as detailed in Letter Agreement No. R2-94-80.

In order to allow eligible employees to consider a voluntary severance offering in addition to the VRI offering, the parties in this instance agree to the following Voluntary Severance Incentive (VSI) provisions, notwithstanding the provisions of Letter Agreement No. 93-42.

- 1) The VSI benefit is to be the same as that detailed in Letter Agreement No. 93-42.
- 2) Company will offer the VSI utilizing the attached interest check letter.
- 3) Company will determine which classifications, departments and locations are to be offered the VSI.
- 4) Company may limit the number of VSI applications accepted by location and the number of employees to be affected subsequent to the VSI offering.

Furthermore, this confirms our correspondence of August 25, 1993, regarding the VSI as it applies to benefits provided under Part III (Retirement Plan) of the Benefit Agreement and Section 6 of the Medical, Dental and Vision Agreement. Eligible employees who elect the severance package provided under Application I of Letter Agreement 93-42-PGE are eligible for retiree benefits pursuant to the following applications of the Benefit and Medical, Dental & Vision Agreements:

Eligible employees granted voluntary severance at age 55 or over are considered to have retired as provided under Part III of the Benefit Agreement. In addition to the severance payment and the \$4,500 lump sum payment provided in Letter Agreement 93-42-PGE, such employees are eligible for normal retirement benefits, subject to all applicable terms and conditions of the Plan. Additionally, such employees would be eligible for retiree medical benefits as provided under Section 6 of the Medical, Dental and Vision Agreement. This Section provides that the company contribution for medical plans may be prorated for retirees under the age of 65, based upon age and years of service at retirement. All other applicable retiree benefits would be provided pursuant to the respective labor agreements.

Eligible employees under the age of 55 electing voluntary severance, will be considered former employees as provided under Section 3.08 of the Benefit Agreement. Such employees are eligible for the severance payment and the \$4,500 lump sum payment provided under Letter Agreement 93-42-PGE. Such former employees with at least five years of service have a vested right to receive a pension under the terms of the plan, however such employees are not eligible for retiree medical benefits, or the additional retiree benefits provided to employees who retire from active employment with PG&E.

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: Director and Chief Negotiator

The Union is in accord with the foregoing and agrees thereto as of the date hereof.

Oct 5, 1994

By: Business Manager

October 7, 1994



Full Name
Address 1
Address 2
City, State, Zipcode

Dear Full Name:

This letter is to inform you of PG&E's decision to offer you the opportunity to consider benefits of a Voluntary Severance Incentive (VSI) Program. Our offer is based on the agreement negotiated with IBEW Local 1245 during 1993 General Bargaining to establish a VSI Program for bargaining unit employees. There are three key points for you to consider:

First, this is a VOLUNTARY program. This is NOT a notice that your job has been eliminated or that you have been displaced from your position. This is a notice to inform you that you may be eligible for benefits under the Voluntary Severance Incentive (VSI) Program and to allow you to sign up for the program if you are interested in accepting voluntary severance benefits.

Second, we are offering this Voluntary Severance Incentive Program at the same time as the Voluntary Retirement Incentive (VRI) Program. Because we do not know how many employees will accept our VRI program, PG&E reserves the exclusive right to determine whether we will grant voluntary severance and, if so, the number of acceptances. In other words, we may potentially decide to decline all requests for the VSI program.

Third, if you are offered both the VRI and VSI programs, you may accept only one program.

For complete details of the program, please refer to the 1993 collective bargaining settlement between Local 1245 and PG&E, and Application I of Letter Agreement 93-42-PGE. The key features of the Voluntary Severance Incentive Program are summarized below.

- Severance payment calculated based on four weeks' pay (base classification) plus one week's pay for each year of service.

- Severance payment shall not exceed one year's base pay.
- An additional \$4,500 payment to partially offset COBRA and life insurance conversion coverage. (You are not obligated to use this payment for COBRA or continued life insurance.)
- Actual payment is dependent on your signing a Severance Agreement and Release.

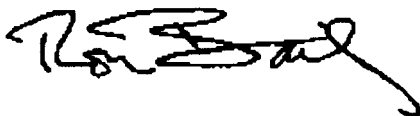
According to our records, your current weekly base pay rate is \$704.45* and you have 3.45* years of service. Based on these figures, your potential severance payment has been calculated as \$9,751.69* (four weeks' base classification pay, plus one week's pay for each year of service, and a lump sum payment of \$4,500.00 to assist you in your transition).

If you are interested in considering whether to accept voluntary severance benefits, you must fill out and return the enclosed form by close of business, Friday, October 14, 1994, to your local Human Resources office. If you are not interested in considering such benefits, you do not have to return the form. This Voluntary Severance Program will begin on October 28, 1994 and will conclude on December 12, 1994. IF YOU ARE UNCERTAIN OF YOUR INTEREST, WE RECOMMEND THAT YOU RETURN THE FORM. BY RETURNING THE FORM, YOU ARE UNDER NO OBLIGATION TO ACCEPT THE VSI PROGRAM BUT YOU WILL RECEIVE ADDITIONAL INFORMATION TO HELP YOU MAKE A DECISION.

If you return your completed form, we will then provide you with an individualized voluntary severance package, including a Severance Agreement and Release, for your consideration. Bear in mind that, even if you receive an individualized package, you are not required to accept severance benefits: you will have an additional 45-day period to make your final decision.

Given the importance of this matter, we urge you to consider your severance options carefully. If you have any questions, please contact your union business representative or your local Human Resources advisor.

Sincerely,



RON BAILEY

Enclosure - Voluntary Severance Incentive Form

* Calculations are subject to verification

VOLUNTARY SEVERANCE INCENTIVE FORM

YOU MUST RETURN THIS FORM TO YOUR LOCAL HUMAN RESOURCES OFFICE BY CLOSE OF BUSINESS, FRIDAY, OCTOBER 14, 1994, IF YOU WANT TO CONSIDER ACCEPTING VOLUNTARY SEVERANCE INCENTIVE BENEFITS. YOU DO NOT HAVE TO RETURN THIS FORM IF YOU ARE NOT INTERESTED IN CONSIDERING VOLUNTARY SEVERANCE INCENTIVE BENEFITS.

Yes, I am interested in considering Voluntary Severance Incentive benefits. I understand that, by signing and returning this form, I am not making a commitment to accept voluntary severance benefits. I will be receiving an individualized voluntary severance package, including a Severance Agreement and Release, and will have an additional 45 days to make a final voluntary severance decision.

Full Name (Please Print)

Signature

Social Security Number

Current Classification/Department

Current Work Location

Deadline to Return Form: Close of Business, Friday, October 14, 1994

HR Contact Name / Lan ID: _____

Contact Company Phone: _____