



**LETTER AGREEMENT
NO. 98-53-PGE**

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
2850 SHADELANDS DRIVE, SUITE 100
WALNUT CREEK, CALIFORNIA 94598
(510) 974-4282

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

MEL BRADLEY, MANAGER OR
DAVID J. BERGMAN, CHIEF NEGOTIATOR

JACK McNALLY, BUSINESS MANAGER

June 15, 1998

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:

In late 1997, reductions in specific bargaining unit classifications at the Diablo Canyon Power Plant were announced. The reduction plan provided that a Voluntary Severance Incentive (VSI) offering, Application I, would be made in February 1998, and then again in September 1998, to affected employees. If these VSI offerings and other efforts were not successful in meeting the reduction plan, Title 206 option notices would then be distributed in November 1998. The first VSI consideration period under this plan expired on March 30, 1998.

At that time, voluntary severance was offered to Mr. Timothy Hughes, Utility Worker - C&RP. Mr. Hughes elected not to participate in the VSI Program during the original consideration period. Since that time, Mr. Hughes has asked that an exception be made - to allow him to elect voluntary severance and to resign from the Company.

The Company proposes to allow Mr. Hughes to elect voluntary severance at this time since the circumstances under which the Voluntary Severance Incentive Program was offered still exists.

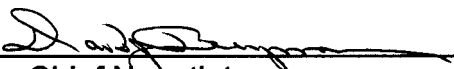
Mr. Hughes will be provided with a VSI Agreement within one week of the signing of this letter agreement. The additional time worked will be counted as credited service in calculating his new VSI benefit.

This Letter Agreement is specific to the business situation described above and is non-precedential.

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: 
Chief Negotiator

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

July 27, 1998

By: 
Business Manager