



LETTER AGREEMENT NO. 99-35-PGE



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
2850 SHADELANDS DRIVE, SUITE 100
WALNUT CREEK, CALIFORNIA 94598
(925) 974-4104

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
P.O. BOX 4790
WALNUT CREEK, CALIFORNIA 94596
925-933-6060

RICK R. DOERING, MANAGER
AND CHIEF NEGOTIATOR

JACK McNally, BUSINESS MANAGER

May 4, 1999

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

Dear Mr. McNally:

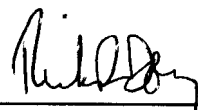
In August 1997, the Company and Union agreed to Letter Agreement R1-97-64-PGE which provided for the revision of the 1994 Benefit Agreement, Part III, Retirement Plan, Section 3.10(a), *JOINT PENSION WITH NON-SPOUSE*, to be consistent with Section 3.10(b) *JOINT PENSION WITH SPOUSE*, as a means to provide employees with the ability to elect a spousal-like pension for their Domestic Partners if they so choose, effective October 1, 1997. The plan language reflecting the agreed-to modification is attached for inclusion in the Agreement.

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: _____


Rick R. Doering, Manager 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

June 7, 1999

By: _____


Jack McNally
Business Manager

**PART III
RETIREMENT PLAN**

3.10 FORMS OF PENSION

(a) JOINT PENSION WITH NON-SPOUSE

For a Participant who is unmarried on the Actual Retirement Date, the normal form of a Pension shall be a Basic Pension or an Early Retirement Pension which terminates on the Participant's death. A Marital Pension as described in 3.10(b) below, is the normal form of Pension for Participants who are married on the Actual Retirement Date. However, any Participant whether married or unmarried, who wishes to have the Pension continued in whole or in part after the Participant's death for the life of a non-spouse Joint Pensioner may elect to have the applicable normal form of Pension paid as a Joint Pension or Special Joint Pension by giving the Employer at least 30 days' advance written notice prior to the Participants' Actual Retirement Date. *The description of the various forms of Joint Pensions are found below in paragraph 3.10 (b). (Amended 10/01/97)*

If such an election is made....(Same)

Non-Spouse Joint Pensions or Special Joint Pensions shall be determined in accordance with the actuarial tables which are set forth in part in Special Provision [C]D. Special Provision D also includes tables of factors which apply to typical options which may be elected. [Amended 1/01/88] Amended(10/01/97)

3.23 DEFINITIONS AND CROSS-REFERENCE

JOINT PENSIONER: The individual designated by a Participant upon the election of a Joint Pension or Special Joint Pension who will be entitled upon the Participant's death to receive a Pension, as explained in Section 3.10. (Amended 10/01/97)

[SPECIAL PROVISION C]
(Entire Provision Deleted 10/01/97)

**PART III
RETIREMENT PLAN**

SPECIAL PROVISION D

MARITAL PENSIONS, ~~[AND]~~ JOINT PENSIONS ~~[WITH SPOUSES]~~, AND SPECIAL
JOINT PENSIONS ~~[WITH SPOUSES]~~
(Amended ~~[1/01/91]~~10/01/97)

Marital Pensions and Joint Pensions [with Spouses] shall be determined by multiplying factors calculated in accordance with the 1951 Male Group Annuity Table at 5% interest, with the following modifications:

(i) (Same)

(ii) Spouses' or Joint Pensioners' mortality rates shall be determined by adding 59% of the rates at Spouses' or Joint Pensioners' ages to 41% of the rates at ages five years higher. *(Amended 10/01/97)*

(iii) (Same)

(iv) (Same)

(v) (Same)

~~[(vi) Whenever a factor calculated for a Marital or Joint Pension.....] *(Deleted 10/01/97)*~~

The following tables illustrate.....(Same)

Example: Assume the Participant is age 62 and Spouse or Joint Pensioner is age 60. Also assume that the Participant's Basic Pension is \$1,000 per month. *(Amended 10/01/97)*

(Rest of Example stays the same)

Special Joint Pensions [with Spouses] shall be determined using the same actuarial assumptions described above and are illustrated in the tables following the Joint Pension tables. *(Amended 10/01/97)*

(Tables stay the same)