



LETTER AGREEMENT NO. R1-01-05-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

STEPHEN A. RAYBURN, DIRECTOR
AND CHIEF NEGOTIATOR

JACK McNALLY, BUSINESS MANAGER

March 12, 2001

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 Letter Agreement 00-53, the parties agreed to a modified Title 206 displacement process for employees at phase 2 steam plants. Basically, the process provided for the scheduling of Title 206 to correspond to various employment and severance opportunities that were available to employees from divested plants. Letter Agreement 00-63 extended the ERI offer period agreed to in Letter Agreement 00-53 from January 4, 2001 to the close of business on January 18, 2001. This extension allowed for the overlap of the job offer period of the owner of the phase 2 plants and ERI offering. The Company proposed in Letter Agreement 01-02 to extend the ERI offer period date until close of business on January 22, 2001.

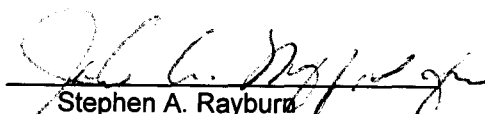
The Company is now proposing to allow phase 2 Steam employees who have their 206 assignments but now want to take ERI the opportunity to make that election.

These employees will be provided the ERI information as soon as possible after the execution of this agreement and will be given up to thirty days prior to the end of the O&M Agreement to decide whether to elect ERI or take their 206 assignment. This decision will be final and binding.

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 the Company.

Very truly yours,

PACIFIC GAS & 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

 2001

By: 
Jack McNally
Business Manager