



# LETTER AGREEMENT NO. R1-01-40-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

PERRY ZIMMERMAN, BUSINESS MANAGER

September 28, 2001

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

Attention: Mr. Perry Zimmerman, Business Manager

Dear Mr. Zimmerman:

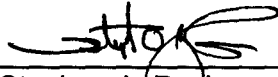
The Company proposes to extend the provisions of the Medical, Dental and Vision Benefit Agreement, Attachment C, Section 6 (b) to provide a credit towards the full cost of the Medicare Part B premium to any identified retiree and spouse who retires before the normal retirement age but becomes entitled to Medicare prior to age 65 to December 31, 2002.

Beginning in 2003, the Company will contribute \$15 per month towards their Medicare Part B premium. Company will charge contributions for these Medicare retirees based on the combination of the retiree's selected plan premium costs and the cap applicable to retirees per subsections 6 (c), (d) and (f).

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.

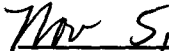
Very truly yours,

PACIFIC GAS & ELECTRIC COMPANY

By:   
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:   
Perry Zimmerman  
Business Manager