



LETTER AGREEMENT NO. R2-00-38-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

December 1, 2000

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 1981 the Company and Union established a separate group in the line of progression in the General Construction Gas Department to operate drilling and boring equipment. The purpose of establishing this group was to recognize this special operation, which required special skills and extensive travel through out the Company system. These employees perform vertical and horizontal earth drilling. These crews performed standard penetration tests, soil sampling, diamond core drilling and the use of other drilling accessories. Prior to that agreement the Company used Working Foreman "B", Working Foreman "C and Miscellaneous Equipment Operator A or B to operate the drilling equipment.

In 1992, the Company and Union agreed to modify the General Construction Gas Department Lines of Progression to allow for "Drilling Working Foreman C" (0846) who could perform directional boring up to 4 inches and may be the lead of a crew consisting of an MEO and/or Fieldperson. The agreement was reached recognizing the fact that the skill level required was somewhat less than that required of the equipment used by the Drilling and Boring Group.

Equipment and technological advances have resulted in the ability of each area to perform their own boring work , which requires that special skill level. The equipment allows for large bores requiring additional skills or knowledge. The amount of boring required no longer justifies a special centralized group. Boring is now common place, where in the past it was the exception. Cities and municipalities are requiring more boring and less trenching. The Company is also being charged more and more for cut and trench fees.

Company is proposing pursuant to Section 304.4 of the Agreement to modify the General Construction Gas Department Line of Progression, Attachment A, and to move the Drilling group into the Equipment Operating group. The 0405 Driller will now be next lower to 1515 Backhoe Operator, 1860 Trencher Operator, 1840 Tractor Operator and 1597 Crane Operator. 1646 Miscellaneous Equipment Operators will be next lower to 0405 Driller.

Company further proposes to move the 0844 Drilling Working Foreman B into the same group as 0853 Working Foreman B and they will be considered as the same. On a voluntary basis the working foremen will be cross trained to be qualified to perform all of the work of a Working Foreman B in order to become qualified for promotion to 0850 Working Foreman A.

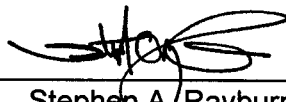
Since the Drilling group is being moved into the Equipment group the systemwide promotion demotion area no longer applies and the 0405 Drillers and 0844 Drilling Working Foreman B's will be placed in the promotion demotion geographical area based on their current work location. The Company if possible will place employees in or near their residence area.

The Company further proposes to cancel Letter Agreement 91-155, signed October 18, 1991, which established a (1597) Crane Operator in the Driller Line of progression, and to supersede Letter Agreements R2-81-89 signed December 11, 1981 and Letter Agreement R4-91-154 signed November 3, 1992. Attached is the job definition for the 0844 Drilling Working Foreman "B", 0846 Drilling Working Foreman "C" and 0405 Driller. (Attachment B)

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

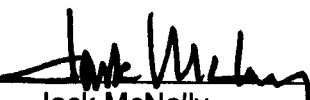
By: 

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

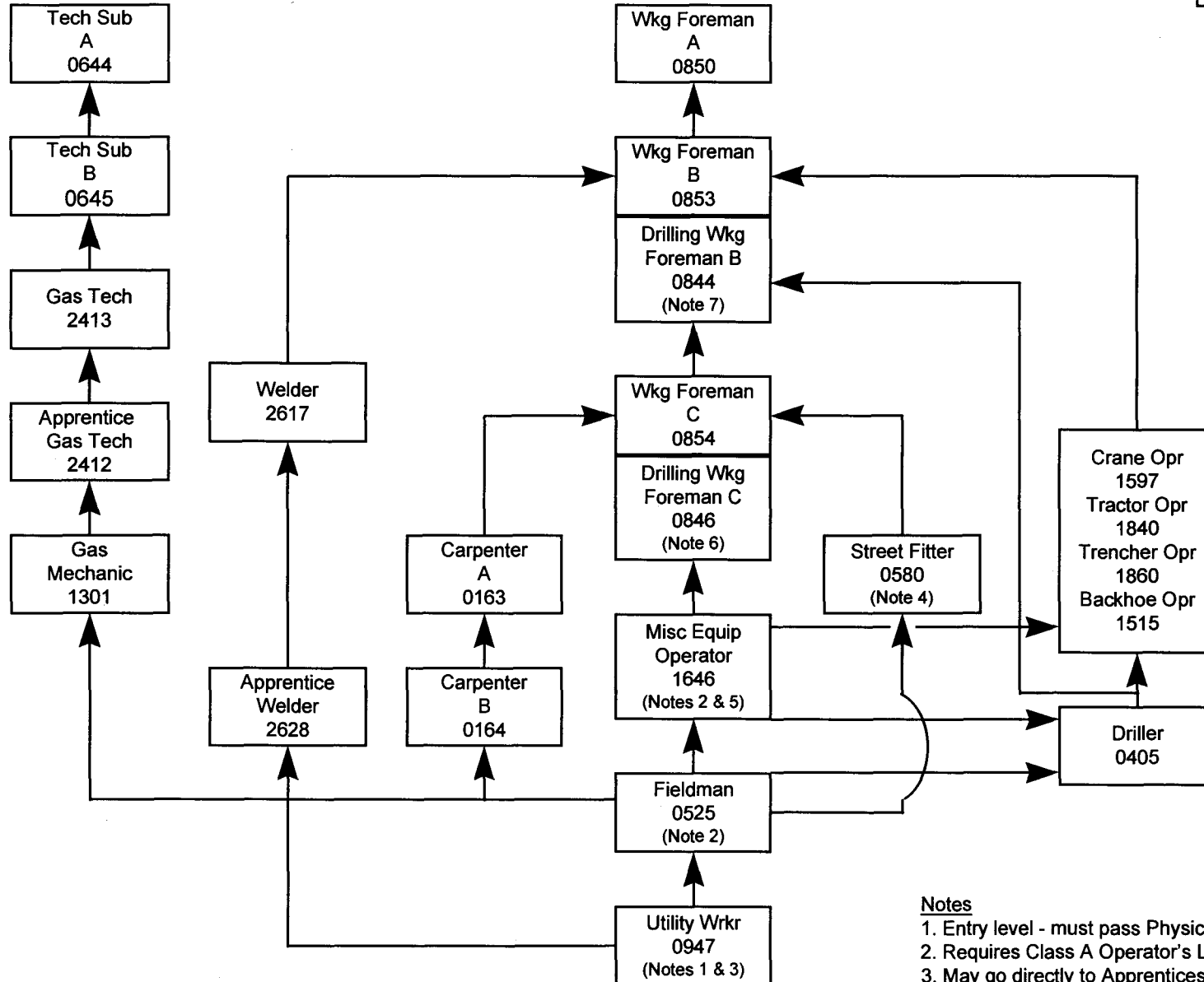
Jan 30, 2000

By: 

Jack McNally
Business Manager

GAS CONSTRUCTION

Attachment A
L/A R2-00-38-PGE



Notes

1. Entry level - must pass Physical Test Battery.
2. Requires Class A Operator's License.
3. May go directly to Apprenticeship provided employee completes entry requirements to Apprenticeship.
4. See L/A R5-92-96.
5. Next lower to 0405 Driller.
6. May be appointed to 0405 Driller 2-year wage step.
7. Must have held 0405 Driller to be considered qualified for 0844.

0844 DRILLING WORKING FOREMAN B

Supervises and works with a crew, consisting of one or more employees in the Driller classification, which performs all sizes of drilling operations and/or boring operations. These operations include, but are not limited to, standard penetration test, soil sampling, core drilling, and wet and dry pipe boring.

0405 DRILLER

Under the direction of a Drilling Working Foreman B, operates drilling and boring equipment to perform standard penetration tests, soil sampling, core drilling, and pipe boring. Welds casing pipe, as required.

The operation of small boring units are part of the list of equipment a (1646) Miscellaneous Equipment Operator uses. (1646) Miscellaneous Equipment Operator is next lower in the line of progression to the (0405) Driller.

0846 DRILLING WORKING FOREMAN C

Supervises and works with a crew, consisting of one to three employees (including her/himself) in the Miscellaneous Equipment Operator and Fieldman classifications, which performs boring up to 4" using small directional boring units. At a job site, the Drilling Working Foreman C shall be under the direction of the Working Foreman who has overall responsibility for the job, but shall exercise independent supervisory and work duties as related to the operation of the directional boring equipment and supervision of the boring crew.

The (0846) Drilling Working Foreman C classification shall be next lower in the line of progression to the (0853) Working Foreman B; shall be the equal of the (0854) Working Foreman C; and shall be next higher to the (1646) Miscellaneous Equipment Operator. The (0846) Drilling Working Foreman C shall not be considered next lower to the (0844) Drilling Working Foreman B, but a (0846) Drilling Working Foreman C who has a request on file shall be entitled to consideration pursuant to Section 305.5 for appointment to the (0405) Driller classification. When such appointment occurs, such employee shall be placed in the (0405) Driller classification at the 2-year wage step.

In the event of a demotion for lack of work situation, pursuant to Title 306, a (0844) Drilling Working Foreman B may displace either to the (0846) Drilling Working Foreman C or (0405) Driller classification. However, if such employee displaces a (0846) Drilling Working Foreman C, such employee shall retain the classification title and wage rate of (0844) Drilling Working Foreman B. Employees in the (0405) Driller classification may displace into the (1646) Miscellaneous Equipment Operator classification. However, so long as any employee classified as (1646) Miscellaneous Equipment Operator is operating small directional boring equipment, such displaced former (0405) Driller shall retain the classification title and wage rate of (0405) Driller.