



# LETTER AGREEMENT NO. R2-01-03-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

January 25, 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:

Pursuant to Section 111.11 of the Physical Agreement, Section 8.11 of the Clerical Agreement, and Letter Agreement 93-94, an employee may defer up to their annual vacation entitlement to the following year. Any vacation in excess of what is allowed to be deferred is purchased by the Company at the employee's rate of pay for the year in which it was accrued.

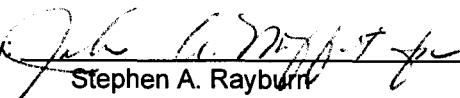
Due to the Company's serious cash shortage related to electric industry restructuring, the Company proposes that the payment for vacation in excess of the annual entitlement be temporarily delayed. If the Company makes this payment in February 2001, it will be at the 2000 wage rate. If the payment is made in March 2001, it will be made at the 2001 wage rate. In no case shall the payment for excess vacation be delayed beyond April 1, 2001 unless the parties agree to it in writing.

The Company estimates that this agreement will allow it to keep approximately \$2 million in its cash reserves during this critical period. Approximately 105 clerical bargaining unit employees and 785 physical bargaining unit employees would be impacted.

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 25 2001

By:   
Jack McNally  
Business Manager