

PACIFIC GAS AND ELECTRIC COMPANY

PGE + 215 MARKET STREET • SAN FRANCISCO, CALIFORNIA 94106 • (415) 972-7000 • TWX 910-372-6587

August 10, 1989

Local Union 1245
 International Brotherhood of
 Electrical Workers, AFL-CIO
 P. O. Box 4790
 Walnut Creek, CA 94596

Attention: Mr. J. K. McNally, Business Manager

Gentlemen:

Pursuant to Step Five of Title 102 of the Physical Agreement, Review Committee Case No. 1675 was referred to Ad Hoc Negotiations by letter dated December 6, 1988. The unresolved issue concerns the Company's right to discipline employees for misconduct and at the same time deduct wages from the employee to compensate for loss or damages resulting from the conduct. The case has been assigned Ad Hoc No. 89-1.

An Ad Hoc Committee, consisting of Darrell Mitchell of your staff and D. J. Bergman of this office met on March 15, 1989 to review the issues involved and agreed to the following:

- o The parties recognize that the Company has the right to pursue recovery from an employee for loss or damage as a result of alleged dishonesty, willful or gross negligent acts. Additionally, pursuant to the provisions of the Physical and Clerical Agreements, the Company may invoke the provisions of Positive Discipline and the employee may appeal such action through the negotiated grievance procedures.
- o In the event the Company elects to pursue recovery from an employee and it is later determined at a legal proceeding that the Company is not entitled to any recovery, the Company shall reimburse the employee for any straight time wage loss he/she may have incurred as a result of that proceeding.

The Ad Hoc Committee is in agreement that the issues contained in Review Committee Case No. 1675 are settled without adjustment, and the case is considered closed.

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.

Yours very truly,

PACIFIC GAS AND ELECTRIC COMPANY

By Richard B. Bragg
 Manager of Industrial Relations

The Union is in accord with the foregoing and it agrees thereto as of the date hereof.

LOCAL UNION NO. 1245, INTERNATIONAL
 BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO

By Jack McKinley
 Business Manager

Sept 26, 1989