

Pacific Gas and Electric Company

375 North Walnut Lane, Suite 150
Walnut Creek, CA 94598
510/746-4282

June 19, 1996



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

This letter will confirm the Company's understanding of the settlement reached on June 19, 1996, between the Company's Negotiating Committee and the Union's Negotiating Committee in the 1997 Wage Reopener with respect to the IBEW Agreements between the Company and Local 1245, IBEW.

PG&E and IBEW Local 1245 jointly acknowledge the dramatic restructuring of the electric utility industry driven by regulatory, political and marketplace pressures. For PG&E and IBEW Local 1245 to succeed in a rapidly changing and uncertain environment, PG&E and IBEW are committed to the Partnership that was forged on April 5, 1995, in which we agreed to jointly address issues that would ensure the delivery of safe, reliable, responsive service to PG&E customers at a competitive price. We believe the Partnership is critical to delivering the Product Price, Customer Service and Financial Performance the *Blueprint For Business Success* calls for. With the Partnership as the cornerstone of these negotiations, the items agreed-to are as follows:

1. Wages

The Company will grant a general wage increase of three and one-quarter percent (3.25%), effective January 1, 1997, three and one-quarter percent (3.25%), effective January 1, 1998, and three and one-half percent (3.5%), effective January 1, 1999.

2. Term of the Agreements

PG&E has four agreements with the IBEW - Physical, Clerical, Benefit and Medical, Dental and Vision. The term of these Agreements shall be January 1, 1997 through December 31, 1999.

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3. Special Provision G, Pension and LTD Adjustments, Benefit Agreement

The parties agree to meet twice during the term of this Agreement to bargain, in good faith, potential pension plan and LTD adjustments as have been provided for in the past, in Special Provision G of the Benefit Agreement.

The Company and the Union recognize the critical ongoing need to continue to reduce costs and improve service. Thus, as part of this Agreement, the Company and the Union reaffirm their commitment to continue to use their Partnership to collaboratively address ways to reduce costs and to improve service to our customers...to effectively improve PG&E's ability to compete in the open market.

If any of the above is not in accordance with your understanding of our settlement, please let me know immediately.

Sincerely,



David J. Bergman
Chief Negotiator

From **Darrel Mitchell** • IBEW1245 • 510/933-6006, ext 314 • Fax: 510/933-0115 • June 29, 1996 (12:50pm)

**To: Anna Bayless
Mike Grill
Dan Lockwood
John Mendoza
Robert Olsen
John Petrovitz
Shirley Roberts
Russ Rylee**

Re: PG&E Wage/Contract Settlement

By this time Karen should have been in contact with you regarding unit meeting scheduling. If there is any problem with the schedule let Karen know as soon as possible. We were not able to have a committee representative at every meeting; at these meetings the staff will explain the offer. At the meeting you are attending you should discuss the presentation with the Business Representative prior to the meeting.

Some Talking Points

- The ballots will be mailed around July 15th and be counted during the first week of August.
- If anyone does not receive a ballot by July 23 they should call the office at 1 800 247 1245 to confirm the mailing address and request another ballot be mailed.
- The committee's goals of (1) no concessions; (2) expanded contract security; and (3) a reasonable wage increase were met.
- The 10% over three years is more than the 9.5% over the last three year contract.
- This settlement provides for a new three year term of 1-1-97 through 12-31-99 for the (1) Clerical Agreement; (2) Physical Agreement; (3) Medical, Dental, Vision Agreement; and (4) Benefit Agreement. Note: Pension bands are adjustment with the wage increase on the first of each year.
- As a result of the above, PG&E will continue to pay 100% of the medical premiums for full-time regular employees.
- This settlement was reached in such a quick fashion due to current cooperative environment between PG&E and Local 1245. The parties are continuing to address restructuring issues in the same manner.
- This settlement is in sharp contrast the negotiations taking place at Southern California Edison, San Diego Gas and Electric, and Southern California Gas Company.
- The committee recommends a YES vote on the package.

Thanks and good luck!!

cc: Staff assigned to PG&E