



# LETTER AGREEMENT NO. 02-58-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

November 12, 2002

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:

Prior to July 1991, Savings Fund Plan (Plan) participants were afforded the option of purchasing U.S. Savings Bonds. The Company will no longer maintain these bonds in the Plan. Today, all bonds purchased by participants in the Plan have reached maturity and in some cases are no longer receiving interest due to the age of the bond. It is in the best interest of Plan participants to redeem these bonds since all participants who own bonds are not able to view their market value on quarterly statements or invest the value of these bonds in other funds offered under the Savings Fund Plan.

From past experience, Citistreet expects the redemption process to take approximately four months. The four months include the time Citistreet needs to process and reconcile the individual bonds and the time the Federal Reserve Bank normally takes to redeem the bonds and wire funds to Citistreet. Once these monies are in the Stable Value Fund, Plan participants will be able to transfer them to any of the eight other investment options offered under the Plan.

A letter will be sent to all Plan participants holding U.S. Savings Bonds in December 2002 to explain the bond redemption process.

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.

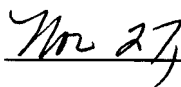
Very truly yours,

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

 \_\_\_\_\_, 2002

By:   
\_\_\_\_\_  
Perry Zimmerman  
Business Manager



***Pacific Gas and  
Electric Company***

Benefits

245 Market Street  
San Francisco, CA 94105

*Mailing Address:*  
Mail Code N2P  
P.O. Box 70000  
San Francisco, CA 94177

415.973.7000

December 1, 2002

Dear PG&E Savings Fund Plan (SFP) Participant:

This letter informs you of an issue regarding the matured U.S. Savings Bonds held in your PG&E Savings Fund Plan (the Plan) account at CitiStreet (formerly State Street Bank) that requires your immediate attention.

Prior to July 1991, the PG&E Savings Fund Plan offered participants the option of investing in U.S. Savings Bonds but the option to purchase new bonds was discontinued in 1991 due to low utilization.

Beginning 2003, U.S. Savings Bonds will no longer be maintained in the Savings Fund Plan. All U.S. Savings Bonds in the Plan have matured and in some cases are no longer receiving any interest due to the age of the bond. Citistreet will work with the Federal Reserve Bank to redeem your bonds and credit the face value including any accrued interest into the Stable Value Fund in your SFP account. As soon as your account reflects the monies in the Stable Value Fund, you will be able to transfer them to any of the eight other investment options offered under the Plan.

Citistreet expects this redemption process to take approximately four months. The four months include Citistreet's time to process and reconcile the individual bonds and the time the Federal Reserve Bank typically takes to redeem and wire funds to Citistreet.

Should you have any questions, please contact Nancy Sanchez (415) 973-2495.

Benefits Department

Enclosures