



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 2547 VACAVILLE, CALIFORNIA 95696 (707) 452-2700 PERRY ZIMMERMAN, BUSINESS MANAGER

STEPHEN A. RAYBURN, DIRECTOR AND CHIEF NEGOTIATOR

March 28, 2006

LETTER AGREEMENT

NO. 06-14-PGE

Mr. Perry Zimmerman, Business Manager Local Union No. 1245 International Brotherhood of Electrical Workers, AFL-CIO P.O. Box 2547 Vacaville, CA 95696

Dear Mr. Zimmerman:

As you know, the Hunters Point Power Plant is scheduled to be shut down some time in the second quarter of 2006. Letter Agreement 06-08 outlines the displacement process for HPPP employees. The Company is making every effort to place as many employees as possible into jobs prior to implementing Title 206 and to avoid the potential bumping of other employees. In accordance with Section 205.19 of the Physical Agreement, Company proposes to place a HPPP employee into a Gas Service Representative vacancy. The employee would have the option to return to his previous line of progression into Gas Service via Section 206.5 within his Demotion Area. However, there are currently no vacancies within his Demotion Area, so exercising this option would result in bumping. According to the Title 206 process, this employee would not have rights to GSR vacancies outside of his Demotion Area.

Company proposes to place Daniel Pena into a Gas Service Rep vacancy in the San Carlos headquarters. Mr. Pena meets the Section 3.5 residency requirement for this headquarters.

This proposal has been discussed with Assistant Business Manager Ken Ball.

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

thancos WID By: Stephen A. Ravburn

Director and Chief Negotiator

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

4-4 2006

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

By: miliman PerryZimmerman

Business Manager