PACIFIC GAS AND ELECTRIC COMPANY

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245 MARKET STREET • SAN FRANCISCO, CALIFORNIA 94106 • (415) 781-4211 • TWX 910-372-6587

October 23, 1985

Local Union No. 1245 International Brotherhood of Electrical Workers, AFL-CIO P. O. Box 4790 Walnut Creek, California 94596

Attention: Mr. Jack McNally, Business Manager

Gentlemen:

The Company proposes, pursuant to Subsection 202.16(b) of the Physical Agreement, that the hours of work of the Gas Transmission and Distribution employees headquartered in Fremont be permanently changed to 7:00 a.m. to 3:30 p.m. They are currently working 7:30 a.m. to 4:00 p.m. This change would become effective once the agreement has been signed.

The permanent change in hours is proposed to reduce the congestion in the yard during departure and arrival times. The employees are in accord with this change in hours.

This proposal has been discussed with Mr. Bob Choate, Union Business Representative.

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

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

Business Manager