PACIFIC GAS AND ELECTRIC COMPANY

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

Attention: Mr. Jack McNally, Business Manager

Gentlemen:

Pursuant to Sections 205.19 and 206.12 of the Physical Agreement, Company proposes to place John R. Mercurio, a displaced Apprentice Welder at Pittsburg Power Plant, into a vacant Certified Welder position at Morro Bay Power Plant in lieu of displacing the junior Apprentice Welder in the Steam Generation Department.

Mr. Mercurio was displaced from his Apprentice Welder position by James P. Genco, a Certified Welder at Pittsburg Power Plant, who was displaced from his position by Phillip M. Ellingson, a Certified Welder at Oleum Power Plant.

Mr. Mercurio's position date as an Apprentice Welder is February 4, 1985, placing him at the 31 month step of his apprenticeship program. He has passed all academic and OJT requirements making him a qualified bidder to a Certified Welder position.

Under the provisions of Title 206, Mr. Mercurio was given an option to displace John L. Frazzel, an Apprentice Welder at West Geysers Power Plant and the junior Apprentice Welder in the Steam Generation Department.

In lieu of displacing Mr. Frazzel, Mr. Mercurio has requested consideration for the vacant authorized Certified Welder position at Morro Bay Power Plant (see attached letter). There are no valid Section 205.7 (a) or (b) bidders to this vacancy.

This proposal has been discussed with Union Business Representatives... Art Murray and Mike Haentjens.

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,

By Manager of Industrial Relations

LOCAL UNION 1245, INTERNATIONAL BROTHERWOOD OF ELECTRICAL WORKERS, AFL-CIOBy

Business Manager

ON 7 5 , 1987