215 Market Street San Francisco, CA 94106 415/972-7000

September 7, 1989

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:

Company proposes to amend the Positive Discipline Guidelines (Letter Agreement No. 87-189-PGE) by removing "Failure to Adhere to Safe Work Practices and Accident Prevention Rules" from the Conduct category and placing it in the Work Performance category of Section IV B. This change is consistent with PG&E's approach that safety is an integral part of work performance and procedures.

Upon the signing of this agreement, employees who have active discipline in the Conduct category resulting from safety violations will have that discipline and any subsequent discipline adjusted accordingly. The employee's disciplinary status upon adjustment will mirror that which it would have been had the safety related discipline originally been placed in the Work Performance category, except that in no event will the adjustment result in the employee being placed at the Decision Making Leave step.

Any adjustments will be executed following concurrence of the Union Business Representative. If concurrence cannot be reached locally, disputed adjustments will be referred for resolution to a committee consisting of one member designated by Company's Manager of Industrial Relations and one member designated by Union's Business Manager. Company will explain to each affected employee in the presence of a Shop Steward, if the employee desires a Shop Steward, the change in his/her Positive Discipline status.

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 Company.

Very truly yours,

PACIFIC GAS AND ELECTRIC COMPANY

By Manager of Industrial Relations

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