



LETTER AGREEMENT No.

91-32-PGE



Pacific Gas and Electric Company
Industrial Relations Department
215 Market Street
San Francisco, California 94106
[415] 973-1125

International Brotherhood of
Electrical Workers, AFL-CIO
Local Union 1245, IBEW
P.O. Box 4790
Walnut Creek, California 94596
[415] 933-6060

Richard Bradford, Manager

Jack McNally, Business Manager

February 26, 1991

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:

During 1990 General Negotiations, the parties agreed to the establishment of an International Equity Fund (IEF) as an investment option under the Savings Fund Plan provision, Section 4.13. In subsequent discussion and correspondence, Company offered two other alternatives in lieu of the International Equity Fund. This agreement is to confirm the Union's selection of the Balanced Fund (BF) and cancellation of the proposed IEF. The Balanced Fund is to be effective July 1, 1991.

In addition, Company proposes to rename the Marketable Bond Fund (MBF), Section 4.12. This investment option will be the Bond Index Fund (BIF) and also effective July 1, 1991.

Descriptions of the two plans are attached.

If you are in accord with the foregoing and attachment 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 AND ELECTRIC COMPANY

By 
Manager of Industrial Relations

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

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

March 12, 1991
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By 
Business Manager

**Pacific Gas and Electric Company
Savings Fund Plan**

DESCRIPTIONS OF NEW INVESTMENT OPTIONS

4.12 Bond Index Fund (BIF) (Effective 7/1/91)

The BIF is maintained for the purpose of investing employee contributions in a diversified portfolio consisting principally of marketable fixed-income securities. However, at no time shall the BIF be invested directly in securities issued or guaranteed by the Company or any of its subsidiaries. The BIF Investment Manager will direct the day-to-day investment of the BIF.

Employee contributions to the BIF are paid over to the Trustee and invested in accordance with instructions received from the BIF Investment Manager. A participant's account is credited with the number of BIF Units purchased with his contributions.

- (a) Cost of BIF Units. The cost of a BIF Unit shall be the current value of a Unit as determined by the Trustee as of the valuation date immediately preceding the date that the Trustee invests a participant's contributions in the BIF.
- (b) Value of BIF Units. The value of a BIF Unit is the value of the BIF assets, as determined from time-to-time by the Trustee (but no less frequently than once a week), less any liabilities (other than the interests of participants in the BIF), divided by the number of BIF Units. Each payment into the BIF of employee contributions shall increase, and each payment out of the BIF shall decrease the number of BIF Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of the payment.

4.13 Balanced Fund (BF) (Effective 7/1/91)

The BF is maintained for the purpose of investing employee contributions in a diversified portfolio consisting principally of U.S. equities and U.S. fixed income investments. At no time shall the BF be directly invested in securities issued or guaranteed by the Company or any of its subsidiaries. The BF Investment Manager will direct the day-to-day investment of the BF.

Employee contributions to the BF are paid over to the Trustee and invested in accordance with instructions received from the BF Investment Manager. A participant's account is credited with the number of BF Units purchased with his contributions.

- (a) **Cost of Units.** The cost of a BF Unit shall be the current value of a Unit as determined by the Trustee as of the valuation date immediately preceding the date that the Trustee invests a participant's contributions in the BF.
- (b) **Value of Units.** The value of a BF Unit is the value of the assets, as determined from time-to-time by the Trustee (but no less frequently than once a week), less any liabilities (other than the interests of participants in the BF), divided by the number of BF Units. Each payment into the BF of employee contributions shall increase, and each payment out of the BF shall decrease the number of BF Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of payment.