



LETTER AGREEMENT NO. 94-83-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
201 MISSION STREET, ROOM 1513A
MAIL CODE P15A
P.O. BOX 770000
SAN FRANCISCO, CALIFORNIA 94177
(415) 973-3425

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W
P.O. BOX 4790
WALNUT CREEK, CALIFORNIA 94596
(510) 933-6060

RONALD L. BAILEY, MANAGER OR
DAVID J. BERGMAN, DIRECTOR AND CHIEF NEGOTIATOR

JACK MCNALLY, BUSINESS MANAGER

September 8, 1994

Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P.O. Box 4790
Walnut Creek, CA 94598

Attention: Mr. Jack McNally, Business Manager

Gentlemen:

Company proposes to modify Part IV of the 1994 Benefit Agreement (Savings Fund Plan) as detailed in the attachments. Items proposed for deletion are indicated in bold type within brackets. Items proposed for addition are indicated by italicized underlining. Defined terms are indicated by bold underlining.

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 & ELECTRIC COMPANY

By: 
Director and Chief Negotiator

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

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

Sept 9, 1994

By: 
Business Manager

BENEFIT AGREEMENT

PART IV

SAVINGS FUND PLAN

This is the controlling and definitive statement of the Pacific Gas and Electric Company Savings Fund-Plan for Non-Management Employees 1/ in effect on and after [January] April 1, 199[4] 5 . The Plan, which covers Eligible Employees of the Company and other Employers, is a further revision of the one originally placed in effect by the Company as of April 1, 1959. It has since been amended from time to time. The Plan as amended may be further amended retroactively in order to meet applicable rules and regulations of the Internal Revenue Service, the United States Department of Labor and all other applicable rules and regulations.
(Amended [1/1/94] 4/1/95)

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ELIGIBILITY AND PARTICIPATION

4.02 PARTICIPATION

To become a participant, an Eligible Employee must [submit a completed Application to the Plan Administrator. Through the Application,] *provide Notice to the Plan Administrator of the Eligible Employee's election to participate and to be bound by the terms of the Plan. Through such Notice, the Eligible Employee shall:*

- (1) authorize[s] the Employer to reduce his Covered Compensation by a stated percentage and to contribute such amount to the Plan as a 401(k) Contribution; and/or
- (2) elect[s] to make Non-401(k) Contributions, if any, to the Plan; and
- (3) instruct[s] the Plan Administrator as to the manner in which employee contributions and matching Employer Contributions are to be invested.
(Amended [1/1/94] 4/1/95)

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4.03 EMPLOYEE CONTRIBUTIONS

(c) CHANGING CONTRIBUTIONS

[By submitting a completed Application to the Plan Administrator.] By giving Notice to the Plan Administrator, a participant may direct the Plan Administrator to cease or resume making contributions, or to change the rate of contributions. Any such change shall become effective within 30 days of receipt by the Plan Administrator of [an appropriate, correctly completed Application] such Notice. (Amended [1/1/91] 4/1/95)

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THE INVESTMENT FUNDS

4.06 SELECTION OF INVESTMENT FUNDS

- (a) **401(k) CONTRIBUTIONS, NON-401(k) CONTRIBUTIONS, AND EMPLOYER CONTRIBUTIONS.** A participant shall [direct] instruct the Plan Administrator to invest his 401(k) Contributions, Non-401(k) Contributions, and Employer Contributions in one or more Investment Funds. The minimum amount which can be invested in any single Investment Fund shall be [twenty] one percent of a participant's current [401(k) Contributions] contributions to the Plan. A participant may elect to invest more than the minimum amount in any Investment Fund, provided that any such increase must be in increments of [five] one percent, [of the participant's current 401(k) Contributions.] (Amended 4/1/95)
- [(b) **NON-401(k) CONTRIBUTIONS.** A participant who is making Non-401(k) Contributions to the Plan shall direct the Plan Administrator to invest his Non-401(k) Contributions in one or more Investment Funds. A participant's directions as to the investment of participant Non-401(k) Contributions shall be separate and distinct from investment directions given for 401(k) Contributions. The minimum amount of Non-401(k) Contributions which may be invested in any single Fund shall be twenty percent of a participant's current Non-401(k) Contributions to the Plan. A participant may elect to invest more than the minimum amount in any Investment Fund, provided that any such increase must be in increments of five percent of the participant's current Non-401(k) Contributions. (Amended 1/1/91)
- [(c) **EMPLOYER CONTRIBUTIONS.** A participant shall direct the Plan Administrator to invest the matching Employer Contributions allocated to his account into one or more Investment Funds. The minimum amount which can be invested in any single Investment Fund shall be twenty percent of the matching Employer Contributions currently allocated to the participant's account. A participant's directions as to the investment of matching Employer Contributions shall be separate and distinct from investment directions given for 401(k) Contributions and Non-401(k) Contributions. A participant may elect to invest more than the minimum amount in any Investment Fund, provided that any such increase must be in increments of five percent of the current matching Employer

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Contributions allocated the participant's account. If the Plan Administrator has not received directions from a participant as to the investment of matching Employer Contributions allocated to the participant's account, the Plan Administrator shall invest Employer Contributions in Company Stock. (Amended 1/1/94)

[(d)](b) CHANGE OF INVESTMENT FUND ALLOCATIONS. [By submitting the appropriate Form] By giving Notice to the Plan Administrator, a participant may (1) change the percentage levels of future contributions which are to be allocated to any Investment Fund or Funds or, (2) change the Investment Funds in which his future contributions are to be invested. [A participant shall be permitted to make one such change in any Calendar Quarter.] Each election regarding investment of future contributions shall be effective with the next deposit of contributions. (Amended [1/1/94] 4/1/95)

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4.07 COMPANY STOCK FUND

This Fund is invested [entirely] primarily in Common Stock of the Company, with a small portion invested in cash or cash equivalents. The Fund also holds [all] Company Stock and the earnings thereon attributable to Employer Contributions and participant contributions made to the Basic Fund of the Plan as it existed prior to April 1, 1984. All cash dividends received by the Trustee on Company Stock are reinvested in [Company Stock and credited to the participant account in which the Company Stock is held. Company Stock received by the Trustee as a stock dividend or stock right or from a stock split or bought with cash obtained from the sale of a stock right, warrant or option is similarly credited to the account in which the underlying Company Stock is held] the Fund.
(Amended [1/1/94] 4/1/95)

- (a) **INVESTMENT GENERALLY.** Whenever the Trustee invests cash in Company Stock, the Employee Benefit Finance Committee shall direct the Trustee to purchase the Company Stock either (i) at a public sale on a recognized stock exchange, [(i)](ii) directly from the Company at [an averaged cost] a price equal to that day's closing price for Company Stock on the New York Stock Exchange, [(ii) at a public sale on a recognized stock exchange,] or (iii) from a private source at a price no higher than the price that would have been payable under [(ii)](i).
- [(b) **DIVIDENDS.** Cash dividends or other cash received by the Trustee on Company Stock shall be reinvested in additional Company Stock at the averaged cost.]
- [(c) **COMPUTATION OF AVERAGED COST.** The cost to the Trustee of all Company Stock purchased directly from the Company shall be the averaged cost. The averaged cost for all Company Stock held in the Company Stock Fund is the average of the mid-points of the daily high and low composite prices for the period for which the money was contributed. The averaged cost for Company Stock purchased with dividends will be averaged over the five trading days immediately preceding receipt of the dividends by the Trustee. The cost to the Trustee of all Company Stock purchased at a public sale on a recognized stock exchange shall be the average of the purchase prices paid for all stock required for a given periodic contribution. Thus, if the Trustee is required to purchase stock for a contribution to the Plan over several

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days, the purchase price for all of the shares shall be the average of the prices paid during the days required to make the total purchase.
(Amended 1/1/89)]

[(d)](b) VOTING OF COMPANY STOCK. Each and every time shareholders who are not participants in the Plan are entitled to vote Company Stock, participants shall have an absolute right to vote Company Stock. Whenever participants are given the opportunity to vote Company Stock, the Trustee shall inform each participant of all relevant material received by the Trustee with a written request for confidential voting instructions. The Trustee is required to vote the Company Stock credited to a participant's account as the participant directs. If the participant does not give such instructions within the required time, the Trustee may not vote any Company Stock [in] credited to a participant's account. (Amended [1/1/88] 4/1/95)

(c) Cost of Units. The cost of a 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 contributions in the Company Stock Fund.
(Added 4/1/95)

(d) Value of Units. The value of a Unit is the value of the Company Stock held in the Fund at the closing price on the New York Stock Exchange plus the cash held in the Fund, as determined by the Trustee each Business Day, less any fees or other expenses which are charged to the Fund which shall reduce the earnings of that fund, divided by the number of Units. Each payment into the Company Stock Fund of contributions shall increase, and each payment out of the Company Stock Fund shall decrease, the number of Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of payment. (Added 4/1/95)

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4.08 UNITED STATES BOND FUND

This Fund was maintained for the purpose of investing employee contributions in United States Bonds. This Fund also holds all Bonds attributable to participant contributions made to the Basic Fund of the Plan as it existed prior to April 1, 1984. Income from Bonds is reflected in the greater redemption values of the Bonds. Bonds held in this Fund cannot be transferred to another Investment Fund under the transfer provisions of Section 4.14. (Amended 1/1/94)

Effective July 1, 1991, the U.S. Bond Fund [will] no longer accept employee contributions. Bonds purchased to date with employee contributions will continue to be held in the Plan until a distribution is requested by the employee in accordance with current Plan provisions. (Amended [1/1/91] 4/1/95)

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4.09 DIVERSIFIED EQUITY FUND (DEF)

- (b) **VALUE OF DEF UNITS.** ^{2/} The value of a DEF Unit is the value of the Fund assets, as determined [from time-to-time] *each Business Day* by the [DEF Investment Manager] *Trustee* [(but no less frequently than once a week)], less any liabilities (other than the interests of participants in the Fund), divided by the number of DEF Units. Each payment into the Fund of contributions shall increase, and each payment out of the Fund shall decrease the number of Fund 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. (Amended [1/1/94] 4/1/95)

^{2/} The initial value of a DEF Unit was \$5.00 in October, 1969. Subsequent valuation were determined in the same manner as DEF Units are presently valued.

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4.10 UTILITY STOCK FUND (USF)

- (b) **VALUE OF USF Units.** The value of a USF Unit is the value of the assets, as determined [from time to time] each Business Day by the Trustee [(but no less frequently than once a week)], less any liabilities (other than interests of participants in the USF), divided by the number of USF Units. Each payment into the USF of contributions shall increase, and each payment out of the USF shall decrease the number of USF Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of payment. (Amended [1/1/94] 4/1/95)

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4.11 GUARANTEED INCOME FUND (GIF)

[This Fund is maintained to invest in contracts which offer a rate of interest guaranteed by the issuer for a specified period of time. (Amended 1/1/94)]

[For employee contributions made to the GIF before April 1, 1990, the conditions applicable to this Fund varied in accordance with the terms of the contract in effect at the time a participant invested his contributions in the GIF. For example, withdrawal provisions, the applicable rate of interest, the period in which contributions may be made, and the length of the contract are all terms which were subject to negotiation and market conditions. (Amended 1/1/91)]

[Contributions made to the GIF on or after April 1, 1990, are invested in a portfolio of contracts in which each contract offers a guaranteed rate of interest for a specified period of time. The GIF Investment Manager directs the day-to-day investment of the Fund. The blended interest earned on all contracts held in the portfolio is posted weekly to the participant's account. (Amended 1/1/94)]

This Fund is designed to provide participants with a stable and consistent rate of return. The Fund is made up of investment contracts with a diversified group of insurance companies, banks, and other financial institutions which provide for credited interest rates and terms that are negotiated at the time of purchase.

Contributions made to the GIF are invested in a portfolio of investment contracts. The GIF Investment Manager directs the day-to-day investment of the Fund. The blended interest earned on all contracts held in the portfolio is posted daily to the participant's account.

(a) COST OF GIF UNITS. The cost of a GIF 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 contributions in the GIF. (Added 4/1/95)

(b) VALUE OF GIF UNITS. The value of a GIF Unit is the value of the GIF assets, as determined each Business Day by the Trustee, less any liabilities (other than the interests of participants in the GIF), divided by the number of GIF Units. Each payment into the GIF of contributions shall increase, and

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payments out of the GIF shall decrease, the number of GIF Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of payment. (Added 4/1/95)

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4.12 BOND INDEX FUND (BIF) (Effective 7/1/91)

- (b) **VALUE OF BIF UNITS.** The value of a BIF Unit is the value of the BIF assets, as determined [from time-to-time] *each Business Day* 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 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 payment. (Amended [1/1/94] ~~4/1/95~~)

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4.13 STOCK AND BOND FUND (SBF) (Effective 7/1/91)

- (b) **VALUE OF UNITS.** The value of a SBF Unit is the value of the assets, as determined [from time-to-time] each Business Day by the Trustee [(but no less frequently than once a week)], less any liabilities (other than the interests of participants in the SBF), divided by the number of SBF Units. Each payment into the SBF of contributions shall increase, and each payment out of the SBF shall decrease the number of SBF Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of payment. (Amended [1/1/94] 4/1/95)

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4.14 TRANSFER OF INVESTMENT FUND BALANCES

(a) [A] By giving Notice to the Plan Administrator, a participant may elect to transfer [Investment Fund Units] any portion of the contributions held in his account, plus the earnings thereon, from any Investment Fund to another Investment Fund or Funds. [A participant shall be permitted to make one such change in any Calendar Quarter effective July 1, 1992. Investment Fund Units attributable to Employer Contributions, plus earnings thereon, may also be transferred.] A transfer shall be effective and shall be valued on the day it is made, if such day is a Business Day, and the participant provides Notice of such transfer prior to the closing time of the New York Stock Exchange. All other transfers shall be effective and valued as of the next Business Day. (Amended [1/1/94] 4/1/95)

[(a) ELIGIBLE TRANSFERS BETWEEN FUNDS. By submitting the appropriate transfer form to the Plan Administrator, a participant may transfer all or a portion of the Units held in any Investment Fund to another Fund or Funds, except as follows:]

[(1) Units held in the U.S. Bond Fund are not eligible for transfer to any other Fund. Effective July 1, 1991, transfers cannot be made from another fund to the U.S. Bond Fund.]

[(2) GIF Units attributable to employee contributions or transfers into the GIF before April 1, 1990 are not eligible for transfer to other Funds until the expiration of the applicable contract.]

[(3) GIF Units attributable to employee contributions or transfers into the GIF on or after April 1, 1990 are transferable to any other Fund except the Money Market Investment Fund.]

[A transfer from one Fund to another Fund shall be in a minimum amount of twenty percent of the number of Units held in the Fund from which the transfer is made. A participant may elect to transfer more than twenty percent of the Units held in any Fund to another Fund, provided, however, that any such greater amount must be in increments of five percent of the number of Units held in the Fund from which the transfer is made. Transfers shall be made as soon as practicable, but in no event later than 30 days, after receipt by the Trustee of a completed transfer form. (Amended 1/1/94)]

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Upon receipt of [the] *a* transfer [form] *Notice*, the Trustee shall value the Units to be transferred from the Fund and convert the Units to cash. The Fund account of the participant shall be debited with the number of Units transferred from that Fund and the Trustee shall purchase with the cash proceeds realized from the converted Units, Units in the appropriate Fund or Funds, as designated by the participant. The cost of the Units purchased shall be the value of the Fund Units as determined on the date of transfer, and the number of Units purchased shall be credited to the appropriate Investment Fund account of the participant. *(Amended 4/1/95)*

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PLAN WITHDRAWALS

4.17 WITHDRAWAL DURING SERVICE

(a) 401(k) CONTRIBUTIONS.

- (3) A participant who withdraws Units under Subsection 17(a) will automatically be suspended from the Plan and will not be permitted to resume making contributions to the Plan for six months following the date upon which the withdrawal form is processed by the Plan Administrator. After suspension ends, contributions may be resumed [by submitting a new Application] *by giving Notice to the Plan Administrator. (Amended 4/1/95)*

A participant shall submit the appropriate Form to the Savings Fund Plan directing the Plan Administrator as to the amount of the withdrawal. [and the manner in which the withdrawal is to be allocated among the Investment Funds.] Distribution will be made as soon as practicable after receipt of the withdrawal Form. Upon each withdrawal, the units credited to the appropriate Fund or Funds will be reduced by the number of Units withdrawn. Withdrawals from the Bond Fund can only be made in United States Bonds. Withdrawals from the Company Stock Fund may be made in cash or whole shares of stock at the election of the participant. Withdrawals of DEF, USF, BIF, SBE, or GIF Units will be made in cash at the then current value of the Units; or, at the election of the participant, the Units will be transferred to the Company Stock Fund pursuant to Section 14 and distribution will be made in whole shares of Company Stock. *(Amended 4/1/95)*

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PLAN WITHDRAWALS

4.18 TERMINATION OF PARTICIPATION

Participation in the Plan ends as of the date that a participant ceases to be an Eligible Employee. Although a former participant may elect to have an account balance held in the Plan under Section 4.19 after participation ends, a former participant may not contribute to the Plan, except that contributions to the Plan will be accepted with respect to retroactive wage payments. [Upon submission of the appropriate Form(s) to the Plan Administrator, a] ~~a~~ former Participant who has an account balance in the Plan may make withdrawals from the account balance, and transfer from one or more Funds to another Fund or Funds pursuant to the terms of the Plan. (Amended [1/1/91] 4/1/95)

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4.19 DISTRIBUTION OF PLAN BENEFITS

Upon termination of participation, a distribution shall be made of the balances allocated to a participant's accounts if the value of the participant's account is \$3,500 or less. Such distribution shall be made no later than the 60th day following the close of the Plan Year in which participation terminates, unless the participant elects to receive distribution at an earlier date. If the value of a participant's account exceeds \$3,500, distribution will be made upon receipt by the Plan Administrator of the [prior] written distribution request of the participant. Distribution will therefore be made within 60 days of the receipt of such distribution request. Any provision of the Plan notwithstanding, if participation continues beyond the end of the Year in which the participant attains age 70-1/2, distribution of the participant's entire interest in the Plan shall be made no later than April 1 of the Year following the Year in which the participant attains age 70-1/2. *(Amended 4/1/95)*

All distributions due under the Plan shall be payable only out of the Plan's assets as directed by the Administrator. Unless a cash distribution is requested the Trustee will distribute a certificate for the whole shares of Company Stock, the United States Bonds, and the Trustee's check for the then current value of all other Units credited to the participant's account, plus any uninvested cash. Alternatively, at the direction of the participant, Fund Units other than U.S. Savings Bonds may be transferred to the Company Stock fund pursuant to Section 14 and distribution will be made in whole shares of Company Stock.

If a participant elects a cash distribution, upon receipt of the appropriate Form requesting such distribution, the Trustee will [sell the Company Stock on the open market and] distribute [the cash proceeds less brokerage commissions, together with] the then current value of the Investment Fund Units and uninvested cash. Until the Trustee [sells Company Stock or] converts Investment Fund Units to cash, all Units shall continue to share in investment gains and losses. Distributions from the Bond Fund can only be made in United States Bonds. *(Amended 4/1/95)*

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4.28 DEFINITIONS

[Application:]

[A form prepared by the Administrator which must be completed by an Eligible Employee to become a participant, or by a participant to suspend participation or change future contributions.]

Beneficiary:

The person or persons entitled to receive any distribution due under the Plan in the event of a participant's death. For a married participant, the participant's spouse shall automatically be the Beneficiary unless the participant, with the written consent of his spouse, elects to designate another person or persons to be Beneficiary. The consent of the spouse shall be in writing, shall acknowledge the effect of the consent, and shall be witnessed by a notary public or Plan representative. A participant designates a Beneficiary on a Designation of Beneficiary Form available from [his Division or General Office Personnel Department] *the Plan Administrator. (Amended 4/1/95)*

Business Day:

Any day that the New York Stock Exchange is open for business. (Added 4/1/95)

Non-Management Employee:

An Employee of an Employer who is in a bargaining unit represented by Local Union 1245, International Brotherhood of Electrical Workers, or Engineers and Scientists of California, *International Union of Security Officers*, or a weekly-paid, non-bargaining unit employee. *(Amended 4/1/95)*

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Notice:

Any method of communication, whether electronic, telephonic, written or other, provided that the Plan Administrator has communicated in writing to participants any such method and its format appropriate and acceptable. (Added 4/1/95)

Unit:

A measurement of participant's interest in the Investment Funds. For purposes of [the Company Stock Fund and] the Bond Fund, a unit shall be [a share of common stock and] a United States Bond [, respectively].
(Amended 4/1/95)

