



**LETTER AGREEMENT
NO. 98-49-PGE**

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
2850 SHADELANDS DRIVE, SUITE 100
WALNUT CREEK, CALIFORNIA 94598
(510) 974-4282

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

MEL BRADLEY, MANAGER OR
DAVID J. BERGMAN, CHIEF NEGOTIATOR

JACK MCNALLY, BUSINESS MANAGER

June 2, 1998

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:

In conjunction with the impending sale of the Company's fossil and geothermal generation facilities, voluntary severance (VSI) was offered to impacted IBEW physical employees located at the Moss Landing and Morro Bay Power Plants to minimize the impact of the anticipated displacement and demotion process that may occur later in the year. The VSI consideration period expired on February 27, 1998.

At that time, voluntary severance was offered to Mr. Gregory Cherry, Welder. Mr. Cherry elected not to participate in the VSI Program during the original consideration period. Since that time, Mr. Cherry has asked that an exception be made - to allow him to elect voluntary severance and to resign from the Company.

The Company proposes to allow Mr. Cherry to elect voluntary severance at this time since the circumstances under which the Voluntary Severance Incentive Program was offered still exists.

As with all employees who participate in the Voluntary Severance Incentive Program, Mr. Cherry will not be able to revoke his decision to participate in the VSI Program.

The resignation date for Mr. Cherry will be within a week of the signing of this letter agreement. The additional time worked will be counted as credited service in calculating his new VSI benefit.

This Letter Agreement is specific to the business situation described above and is non-precedential.

If you are in accord with the foregoing and agree thereto, please so indicate in the space provided and return one executed copy of this letter to the Company.

Very truly yours,

PACIFIC GAS & ELECTRIC COMPANY

By:



Chief Negotiator

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

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

June 9, 1998

By:



Business Manager