

LETTER AGREEMENT NO. R1-02-34-PGE

PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
2850 SHADELANDS DRIVE, SUITE 100
WALNUT CREEK, CALIFORNIA 94598
(925) 974-4104

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
P.O. BOX 4790
WALNUT CREEK, CALIFORNIA 94596
925-933-6060

STEPHEN A. RAYBURN
DIRECTOR AND CHIEF NEGOTIATOR

PERRY ZIMMERMAN
BUSINESS MANAGER

September 24, 2002

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

Attention: Mr. Perry Zimmerman, Business Manager

Dear Mr. Zimmerman:

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) permits companies to add a new feature known as catch-up contributions to 401(k) plans such as the PG&E Savings Fund Plan. Beginning in 2002, this federal tax provision permits older employees to make additional pre-tax contributions. Employers, however, are not required to offer the catch-up provision.


PG&E recognizes the value of this benefit to employees and proposes to implement this feature to IBEW bargaining unit employees beginning January 1, 2003. The key provisions for eligible employees include the following:

- Employees must reach age 50 in the year they begin making catch-up contributions.
- Employees must contribute the maximum contribution of the Plan (15% of covered compensation) or the federal pre-tax limit (\$11,000 for 2002; \$12,000 for 2003, \$13,000 for 2004; \$14,000 for 2005 and \$15,000 for 2006) whichever is less. After 2006, the maximum pre-tax contribution limit is indexed in \$500 increments.
- The annual limit for the catch-up contribution for 2003 – 2006 is as follows: 2003 - \$2,000; 2004 - \$3,000; 2005 - \$4,000; 2006 - \$5,000. Thereafter, the maximum amount will be indexed in \$500 increments.
- Participants will be able to elect up to an additional 15% of their covered compensation until they reach the annual catch-up contribution limit.
- There is no Company match on catch-up contributions.


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: 
Stephen A. Rayburn
Director and Chief Negotiator

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

LOCAL UNION NO. 1245, INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO
By: 
Perry Zimmerman
Business Manager

Oct 1, 2002