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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, DIRECTORAND CHIEF NEGOTIATOR

June 10, 2003

LETTER AGREEMENT

NO. R1-02-53-PGE

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:

In order to continue to accommodate the transition phase of CorDaptix®, the Company proposes, pursuant to Subsection 10.7(b) of the Clerical Agreement, to maintain the temporary shift at the Stockton Credit and Records Center agreed to in Letter Agreement R1-01-45.

As previously indicated, operationally, all available office space at the Stockton Credit and Records Center has been maximized, and there is no adjacent space available for expansion. Additionally, maximizing the current facility's equipment/building is a more prudent use of the Company's finances.

The work hours for the temporary shift will continue to be 4:00 p.m. - 12:30 a.m., Monday-Friday. That shift was staffed with Utility Clerks hired to perform records-related functions and volunteers from existing Records Utility Clerks. The Company did not force employees onto this shift. However, in the event needed staffing levels are not maintained through new hires or volunteers, Company will make assignments as necessary to the most junior Utility Clerks located at the center. Signing of this Letter Agreement will allow for staffing this temporary shift through December 31, 2007.

This proposal has been discussed with Bob Choate, Assistant Business Manager.

This agreement may be canceled by either party upon 60 days written notice to the other of such cancellation.

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

Very truly yours,

PACIFIC GAS & ELECTRIC COMPANY Bv: Stephen A. Ravburn Director and Chief Negotiator

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

2003

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

Business Manager



