



**Pacific Gas and
Electric Company.**

LETTER AGREEMENT NO. R1-05-18-PGE

IBEW



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 2547
VACAVILLE, CALIFORNIA 95696
(707) 452-2700

STEPHEN A. RAYBURN,
DIRECTOR AND CHIEF NEGOTIATOR

PERRY ZIMMERMAN,
BUSINESS MANAGER

April 27, 2005

Mr. Perry Zimmerman, Business Manager
Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P. O. Box 2547
Vacaville, CA 95696

Dear Mr. Zimmerman:

The Company proposes to establish a Commuter Transit Program (CTP) allowing employees eligible under the IRS definition for Commute Transit Program to enroll and participate in the program.

Employees are only eligible if they use an IRS covered transit or parking as part of their work. The Company will contract with ADP (Automatic Data Processing, Inc.) to administer the program. CTP will allow employees to use pre-tax earnings to pay for commute or covered transit, up to the IRS limits. The ADP program will be similar to a health care reimbursement account. Employees sign up (or change their deductions) by a certain date and then can have their gross pay reduced by the cost of their covered transit and parking. The money is paid to ADP and ADP provides the employee with vouchers for transit tickets and/or directly pays covered parking, or reimburses the employee for parking.

The Company will notify the employees of the program. Employees will be eligible to sign up in May 2005 for the program. First pay deductions would happen in June with July of 2005 being the first time that employees will receive transit tickets or direct reimbursement for parking/reimburse parking service. For bi-weekly employees, the plan is to have deductions taken from the second check of the month. The employee will have to enroll or change their deduction by the 5th of the month prior to the deduction. For example:

- Employee signs up or changes deduction by June 5.
- ADP sends deduction file to the Company by about June 6.
- PG&E takes the deduction from the second June check for July transit.
- ADP sends transit ticket to employee prior to July 1.

Company retains the right to cancel the program by providing 30 days' written notice to the Union.

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

May 27, _____, 2005