PACIFIC GAS AND ELECTRIC COMPANY

PG ■ 245 MARKET STREET · SAN FRANCISCO, CALIFORNIA 94106 · (415) 781-4211 · TWX 910-372-6587 June 1, 1987

Local Union No. 1245 International Brotherhood of Electrical Workers, AFL-CIO P. O. Box 4790 Walnut Creek, California 94596

Attention: Mr. Jack McNally, Business Manager

Gentlemen:

The following proposal will not become operative until the closure of Oleum Power Plant.

As you know, the Company is in the process of retiring Avon, Martinez, and Oleum Power Plants. In the past, Avon, Martinez, Oleum, and Oakland Power Plants were considered as one plant for the purposes of the Job Bidding Procedure as outlined in Paragraph II(3), Notes on Operating Job Definitions and Lines of Progression, Exhibit VI-B. Relief for absent Power Plant Operators at Oakland has been provided by Relief Operators at Oleum Power Plant.

With the closure of AMandO, the Steam Generation Department is transferring responsibility for Oakland Power Plant from the Manager of AMandO to the Manager of Hunters Point/Potrero Power Plants.

Company, therefore, proposes to modify the Notes on Operating Job Definitions and Lines of Progression by deleting Oakland Power Plant from Paragraph 11(3).

Company proposes that Oakland Power Plant be considered as a separate plant for the purposes of the Job Bidding Procedure. Company also proposes that Oakland Power Plant be considered to be within the same division as Hunters Point and Potrero Power Plants for the purposes of Title 205. Relief for absent Oakland Power Plant Operators would be provided by Relief Operators at Potrero Power Plant.

This proposal has been discussed with Union Business Representatives Ed Caruso and Sam Tamimi.

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

Yours very truly,

PACIFIC GAS AND ELECTRIC COMPANY

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

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

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