PACIFIC GAS AND ELECTRIC COMPANY

245 MARKET STREET • SAN FRANCISCO, CALIFORNIA 94106 • (415) 781-4211 • TWX 910-372-6587

April 15, 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:

Letter Agreement No. 86-16-PGE extends Positive Discipline at its present locations until March 1, 1987. Company proposes to again extend Positive Discipline at its present locations for an additional year. In addition, the parties agree to meet and confer on the expansion of Positive Discipline into Humboldt Division and the rest of Steam Generation (excluding Diablo Canyon Power Plant) at their earliest convenience.

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

By Manager of Industrial Relations

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

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Business Manager

april 23, 1987