PACIFIC GAS AND ELECTRIC COMPANY

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May 20, 1988

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:

Since 1985 the parties have implemented a number of trial schedules utilizing ten-hour and twelve-hour shifts. For the most part, both the Company and Union have been pleased with the application of these work schedules. However, there has been some debate concerning the cost effectiveness and the impact on productivity.

Accordingly, Union proposes that a joint committee be established to review all past and current schedules containing ten or twelve-hour work periods. The committee is to be comprised of six individuals, three appointed from each party.

The committee is to establish the criteria to be used to determine the increase or decrease in costs and productivity of each experiment. Further, if any gains are realized, the committee is to recommend appropriate methods that may be used to share in the increases, or to terminate or otherwise modify schedules to reduce additional premium time off or pay resulting from such schedules.

In the interim, the terms and conditions of the current generic letters (86-89, 86-37, and 86-119) are to be utilized for all existing and future ten and twelve-hour shifts.

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 Union.

Yours very truly,

PACIFIC GAS AND ELECTRIC COMPANY

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

Business Manager

________, 1988