PACIFIC GAS AND ELECTRIC COMPANY

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

January 28, 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:

This letter cancels and supersedes our letter to you on the same subject dated January 27, 1988.

Titles 110 and 11 of the Physical and Clerical Agreements provide for a method to calculate the shift premiums for all IBEW represented employees. The negotiated formula does not, however, clearly define a method which can be used when a general wage increase is not effective for both Clerical and Physical units on January 1 of any given year, nor when the units are not granted equal increases.

Company therefore proposes to clarify the formula provided in the aforementioned Titles 110 and 11, as follows:

The general wage increase referred to in the respective subsections (b) of Sections 110.2 and 11.2, shall be applied to only that portion of the weighted average that is to be affected. This shall be accomplished by adding the general wage increase to the total weekly payroll of the month immediately prior for the group of employees in the Union to be affected by any general wage increase and then adding it to the total weekly payroll of the group of employees represented by the Union not affected by the general wage increase. The sum of those amounts should be divided by the total number of employees represented by the Union and divided by 40.

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

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

By Business Manager

F.e. 4 , 1988