PACIFIC GAS AND ELECTRIC COMPANY

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September 3, 1987

Local Union No. 1245

International Brotherhood of Electrical Workers, AFL-CIO P.O. Box 4790 Walnut Creek, CA 94596

Gentlemen:

Attention: Mr. Jack McNally, Business Manager

Pursuant to Section 202.16 of the Physical Agreement, Company proposes to establish a 4-day, 10-hour schedule for certain Hydro Generation employees located at Auberry in Southern Area Hydro for a test period beginning on Monday following approval of the Agreement and ending February 12, 1988. This specific agreement will be in accordance with the Generic Four-Day, Ten-Hour Agreement (86-155-PGE) except as listed below:

AFFECTED EMPLOYEES

Subject to Union ratification, all Hydro Generation employees in this area except for employees in the Roving Operator, Station Attendant and Water Facility Maintenanceman classifications will be placed on the 4-day, 10-hour schedule.

2. SHIFT SCHEDULE

Employees will work an A or B schedule as shown below. Employees will normally work the A schedule (Monday-Thursday) except when they are required to work with another department which observes Friday as a regular workday or department requirements dictate B Schedule.

A and B Schedules

Monday - Thursday workweek for Schedule A Tuesday - Friday workweek for Schedule B 4 days on/3 days off 8 workdays in a 14 day cycle

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3. HOURS

Work hours will be from 0700 to 1730. Employees will receive a 1/2 hour unpaid lunch from 1200 - 1230. Employees will receive 2-10 minute breaks, one before lunch and one after lunch.

4. PAYCHECKS

Normally, employee paychecks are available on Thursday, of each pay period, and every effort will be made to disseminate the checks by the end of the working day. However, in rare instances when checks are not available by Thursday of the pay period, checks will be distributed on the following Monday. Overtime will not be paid for that Friday, Saturday or Sunday.

5. AREAS OF EVALUATION

The test period will provide an assessment of the 10-hour workday. During the test period, questions on safety, fatigue, productivity, emergency overtime availability, overtime costs, interfacing with other departments, and morale will be evaluated.

6. CANCELLATION

Either the Company or Union reserves the right to return to the five day, eight hour schedule by giving 15 days notice should, in the opinion of either Company or Union, the 4-day, 10-hour workweek schedule adversely affect the operation of the Company or the employees.

7. SOUTHERN AREA HYDRO GENERATION

Due to special situations peculiar to the Hydro Generation Department this letter of agreement will not be placed into effect unless the affected employees at all headquarters in Southern Area Hydro vote in favor of the 10-hour proposal.

This proposal has been discussed with Union Business Representative Frank Hutchins.

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 it agrees thereto as of the date hereof.

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

By Business Manager