



LETTER AGREEMENT NO. 06-38-PGE



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
2850 SHADELANDS DRIVE, SUITE 100
WALNUT CREEK, CALIFORNIA 94598
(925) 974-4104

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
P.O. BOX 2547
VACAVILLE, CALIFORNIA 95696
(707) 452-2700

STEPHEN RAYBURN
DIRECTOR AND CHIEF NEGOTIATOR

TOM DALZELL
BUSINESS MANAGER

August 16, 2006

Mr. Tom Dalzell, Business Manager
Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P.O. Box 2547
Vacaville, CA 95696

Dear Mr. Dalzell:

Under Subsection 301.3(c)(2), employees hired after December 31, 1999, have their residence based on their hiring location. These employees are also precluded from changing their residence under Subsection 301(d)(2). The application of this language in Hydro Construction has adversely impacted 19 employees.

The hiring locations of these 19 employees were determined without regard for their actual residences. The result has been that these employees receive no per diem when assigned away from their actual residence, but near their original hiring location. They do, however, receive per diem when they are assigned near their actual residence.

The Company proposes to re-designate these employees' original hiring location (and thereby their residence for per diem purposes) to the Point of Assembly closest to their actual residence. The attached spreadsheet shows the employees covered by this proposal, their actual residence, their original hiring location, the proposed re-designated hiring location, and the mileage difference.

This change, and any resulting change in per diem, will become effective one week after the letter agreement is signed. From that point forward, per diem will be based on the re-designated hiring location. This proposal is intended to address a situation which is unique to these 19 employees in the Hydro Department. This proposal is strictly limited to these employees and is made with the understanding that it sets no precedent to any other employees in any organization.

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.

Very truly yours,

PACIFIC GAS & ELECTRIC COMPANY

By: /s/ Stephen A. Rayburn
Stephen A. Rayburn
Director and Chief Negotiator

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

September 20, 2006

By: /s/ Tom Dalzell
Tom Dalzell
Business Manager