



LETTER AGREEMENT NO. R1-06-39-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 A. RAYBURN,
DIRECTOR AND CHIEF NEGOTIATOR

TOM DALZELL,
BUSINESS MANAGER

August 1, 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:

Company proposes pursuant to Section 204.4 of the Agreement to establish Service Units. These Units are being established to improve the Company's ability to meet our customer needs. The Units will be readily available to serve customer routine requests by being on shift more hours and more coverage on Saturdays and Sundays, which will be regular work days for these Units. These Units will also enable the Company to better respond to emergencies.

Initially, the Company will establish six Electric T&D Units for a six-month trial period. At the end of the trial period, the parties will review the results of the trial and the Company and Union will determine whether to continue, expand or abandon the use of the Units.

Implementation of the units will be as follows:

Locations:

Units will be centrally managed.

Initially, there will be six Units established: San Francisco, Diablo, San Jose, Fresno, Vacaville, Stockton.

Staffing:

Each Unit will have one Crew Foreman and three Journeymen and the Journeyman will be Lineman or Cable Splicer but classified as Service employees.

Positions will be posted as new jobs at the headquarters and filled under the provisions of Title 205. The filling of these positions for the trial will be on a temporary basis in accordance with Subsections 205.3a and then 205.3c of the Agreement. During the trial period, the Company does not plan on forcing unassigned Linemen on to the Service Unit crews but may utilize Hiring Hall employees if there are not enough bidders.

Work Hours and Work Week:

Four 10-hour days (4/10), Friday through Monday.

Two-person units may have different starting times as determined locally as per the example:

- o One 6:00-4:30, One 7:30-6:00

These jobs will be considered Service Employees per Exhibit IV of the Agreement. Concept will be two two-person Units.

Foreman-Journeyman crew will likely be staffed with an Aerial Lift and will require a CDLA.

The other two Journeymen will likely be underground or overhead single-person units that can be combined into an overhead crew on an as-needed basis.

Work Assignments:

Unit members may be assigned to work with other crews or in conjunction or with the assistance of a Troubleman. It is not intended to regularly schedule the Troubleman as part of a two-person Unit.

Units will be mixed and matched as needed.

Unit members may be assigned any type of work that they are qualified to perform and work may include pre-arranged shutdowns, emergencies, etc.

The local W&R Coordinator will normally be scheduling work for the Units.

Wages:

Unit members will be paid 5% over the base division classification. This rate will be the same as the current GC rate.

Miscellaneous:

Communication system will be established to make Units mobile to respond to emergencies. This will be cell phones or other available technology.

The goal is to limit of one Service Unit person on vacation at a time per headquarters but every effort will be made to accommodate previously scheduled vacation.

The trial will run for six months during which time adjustments may be made by the Company.

Service Unit members may be utilized any time the local 212 list is exhausted.

General Construction Crews will continue to play an important part in call-out provisions.

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

August 11, 2006

By: /s/ Tom Dalzell
Tom Dalzell
Business Manager