



# LETTER AGREEMENT NO. R1-06-42-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 22, 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:

Letter Agreement 06-18 allows employees who are directly impacted by Business Transformation to convert their severance payment into a transitional leave of absence, and Letter Agreement 05-66 allows employees directly impacted by Business Transformation to convert their severance payment into an educational leave of absence. These provisions are effective through December 31, 2008. Therefore, the Company proposes that the attached Severance Agreement and Release document which incorporates these options be used through December 31, 2008 for those employees whose job is impacted by Business Transformation.

If you are in accord with the foregoing and agree thereto, please so indicate in the space provided 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