



**Pacific Gas and
Electric Company.**

Stephen A. Rayburn
Director and Chief Negotiator
Labor Relations and
Human Resources

375 N. Wiget Lane
Suite 130
Walnut Creek, CA 94598
(925)974-4401

March 24, 2014

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:

This letter will confirm the Company's understanding of the proposed contract extension to the IBEW Physical Agreement, IBEW Clerical Agreement, and IBEW Benefits Agreement agreed to on March 24, 2014. The term of the existing agreements will be extended one year with a new expiration date of December 31, 2015.

While the parties have agreed to a contract extension, the Company and Union are committed to discussing a number of important and detailed working conditions issues in interim negotiations. A one-year contract extension will allow the parties to conclude these discussions. Any agreements reached in interim negotiations may be subject to a ratification vote as determined by the Union.

In conjunction with this extension, the parties have agreed to the following:

Wages

A general wage increase (GWI) of two and three-quarters percent (2.75%) will be granted effective January 1, 2015.

Affordable Care Act

The parties will immediately engage in discussions regarding changes to our Medical Plan required by compliance requirements of the Affordable Care Act (ACA). At this time, it appears that the changes may only impact Hiring Hall employees.

The Company understands that this contract extension is tentative and must be ratified by the union membership. Similarly, any changes to the Medical Plan negotiated as a result of complying with the ACA may also be subject to a future ratification vote as determined by the Union.

If any of the above is not in accordance with your understanding, please let me know immediately.

Sincerely,

Stephen A. Rayburn
Director and Chief Negotiator