

## LETTER OF UNDERSTANDING

### Retention

WHEREAS, the parties realize that unusual circumstances exist in the area of retaining trained and qualified Journeyman in various Electrical Classifications and other associated skilled occupations, and

WHEREAS, unusual measures are necessary in order to ensure the continued safe, reliable and efficient operation of the SDG&E's electrical system, the parties agree to the following provisions:

- A mid-term Market Wage Adjustment of 3%, to the Base Rate, shall be made to the following classifications effective by the first full pay period of 2006.

Apprentice Distribution System Operator	Relay Specialist
Apprentice Electrician	Relay Technician A
Apprentice Lineman	Relay Technician B
Apprentice Meter Tester	Relay Technician C
Communication Technician	Substation Electrician
Distribution System Operator	Transmission System Operator
Electric Meter Tester	Troubleshooter
Electric Instrument Technician	Working Foreman – Electric Distribution
Electronic Control Tech – Power Delivery	Working Foreman – Electric Maintenance/Shop
Fault Finding Crew Member	Working Foreman – Electric Transmission
Fault Finding Specialist	Working Foreman – Meter Test Electrician
Lineman	Working Foreman – Electric Meter Shop
Lineman (Transmission)	Working Foreman – Substation
Meter Test Electrician	Working Foreman – System Operators
Operator Washer	Radio Inspector

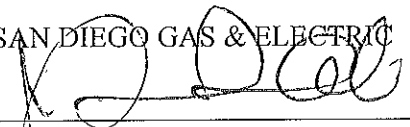
- In addition to the previously negotiated General Wage increase scheduled for 9/1/07, an additional mid-term Market Wage Adjustment of 2% shall be made to the same classifications as above, on 9/1/07.
- To continue providing opportunities to enter electrical apprenticeship programs that lead to Journeyman positions, and to ensure the availability of highly skilled, well trained employees, the Company will continue, as it deems necessary, to provide apprenticeship program opportunities.
- To that end, upon being selected for an apprenticeship program, each employee will be made aware that the employee's share of the cost of the apprenticeship program will be offset by a \$15,000 scholarship loan, provided by the company. In return for being provided the opportunity to complete the apprenticeship program, subject to paragraph 3, below, the employee agrees to repay the scholarship loan in the event that he or she fails to complete the

program and leaves the company within two years of failing to complete the program, or leaves the company for any reason within 2 years after attaining the Journeyman status.

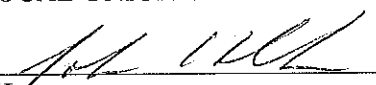
- However, after an employee successfully completes an apprenticeship program, and leaves the employment of the company after completing at least 1 year of employment at the journeyman level, the employee will be required to repay ½ of the scholarship loan. If the employee completes at least 2 years of employment at the journeyman level, after having completed the apprenticeship program, the employee will not be required to repay any portion the scholarship loan.

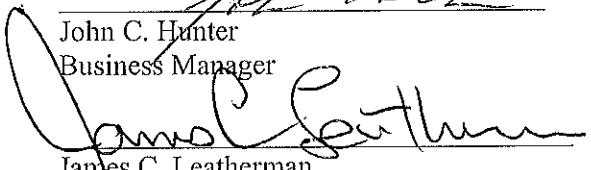
AGREED TO this 1st day of November, 2005.

SAN DIEGO GAS & ELECTRIC

  
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James A. Marshall  
Manager – Labor Relations

IBEW LOCAL UNION 465

  
\_\_\_\_\_  
John C. Hunter  
Business Manager

  
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James C. Leatherman  
President