

EXHIBIT O

CRITICAL CLASSIFICATION

For the term of this Agreement the following guidelines will apply to critical classifications:

1. When a headquarters and/or a classification experiences turnover of at least 10% and/or headquarters having a pattern of vacancies that go unfilled through the bidding process remain unfilled for three or more months, Company may, upon giving written notice to Union designate the classification and classifications above, as critical classifications. Such classification(s) may include only the highest classification in the line of progression or a combination of the top and senior classifications in the line of progression. If entry-level classifications are designated, all higher classifications in the line of progression will also be covered.

2. Company will initially seek volunteers in the classification and headquarters. Employees voluntarily transferring to the critical classifications shall be designated critical and be subject to the conditions outlined below. If sufficient employees are obtained in this manner to alleviate the critical situation, no further action will be taken. If, however, a sufficient number of employees are not obtained for critical status, Company may designate all vacancies in the classification at that headquarters as "critical classifications".

3. Employees on critical status shall be paid above their basic weekly rate at one of the following rates, depending on the cost of living index for that headquarters.

Band 1	+ 20%
Band 2	+ 15%
Band 3	+ 10 %

Band 1 locations: Headquarters identified with a cost of living exceeding 125%

Band 2 locations: Headquarters identified with a cost of living between 110% and 125%.

Band 3 locations: All others identified for the critical payments.

4. The Company will determine the band for headquarters without ERI Geographic Assessor information. The attachment is based on cost-of-living data compiled by Corporate Compensation using the ERI Geographic Assessor Analysis. Company will update the data in conjunction with the general negotiations cycle.

5. Employees on critical status will not have their bids for vacancies in or below their present classifications nor their application for transfer considered for any job outside of their existing headquarters or outside of their Line of Progression.

6. "Critical" status shall be for a period of three years with the exceptions set forth in Item 7 below. However, by mutual agreement, the "critical classification" designation may be lifted on either an individual or on a total basis.

7. Employees in training classifications who are on critical status will remain on critical status at that headquarters for two years after completion of the training program.

8. Company will give the Union and the involved employees 90 days' notice of the cancellation of the "critical classification" designation. However, upon cancellation by Company, employees on critical status shall continue to receive the appropriate weekly allowance for the remainder of their applicable term or until such time as they bid or transfer to another classification or headquarters.

9. The critical status premium will not apply to the calculation of pension, 401(k), Long-Term Disability or any other benefits.

Bands – Critical Classification Pilot

PGE Headquarters Offices	Cost of Living
Alameda	109.7%
Angels Camp	79.9%
Antioch	103.3%
Auburn	88.0%
Bakersfield	87.0%
Belmont	128.4%
Chico	86.6%
Concord	103.8%
Cottonwood	90.0%
Cupertino	126.1%
Daly City	112.0%
Dixon	95.5%
Emeryville	105.7%
Eureka	93.8%
Fairfield	95.4%
Fort Bragg	85.7%
Fremont	110.2%
Fresno	93.3%
Gilroy	103.2%
Half Moon Bay	122.4%
Hayward	105.9%
Hollister	93.3%
Lakeport	87.0%
Livermore	110.0%
Lodi	89.7%
Los Banos	82.4%
Manteca	88.6%
Mariposa	87.7%
Marysville	84.5%
Merced	83.9%
Modesto	88.1%
Monterey	107.3%

PGE Headquarters Offices	Cost of Living
Napa	104.3%
Newark	110.1%
Oakland	107.7%
Petaluma	102.3%
Pittsburg	99.2%
Red Bluff	83.7%
Redding	90.4%
Richmond	105.5%
Sacramento	93.3%
Salinas	93.2%
San Carlos	128.4%
San Francisco	144.3%
San Jose	111.3%
San Luis Obispo	98.3%
San Mateo	128.4%
San Rafael	110.0%
San Ramon	109.8%
Sanger	86.5%
Santa Cruz	114.6%
Santa Maria	94.3%
Santa Rosa	99.8%
Selma	81.8%
Stockton	94.0%
Tracy	93.0%
Turlock	85.5%
Ukiah	87.6%
Vacaville	100.4%
Vallejo	97.1%
Walnut Creek	109.8%
West Sacramento	92.1%
Woodland	93.3%