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Pacific Gas and Electric Company

375 North Wight Lane, Suite 150  
Walnut Creek, CA 94598  
510/746-4282

March 17, 1994

cc: PG&E STAFF



Mr. Jack McNally, Business Manager  
Local Union No. 1245  
International Brotherhood of  
Electrical Workers, AFL-CIO  
P.O. Box 4790  
Walnut Creek, CA 94598

Dear Mr. McNally:

This confirms discussions held on February 9, 1994, between Darrel Mitchell and Jeff Sisson, regarding clarification of methods used for proration of benefits for regular part-time/intermittent employees under Section 5 of the Medical, Dental and Vision Agreement (MDV).

- A rolling three calendar month period is used to calculate the prorated portion of the Basic Monthly Premium Equivalents (BMPE). The Company payment on behalf of such employee is based on the ratio of actual straight-time hours worked to the full-time hourly equivalent. This includes straight time hours paid as worked - e.g., vacation, sick leave, etc. Following is an example of how the formula works:

**Example 1**

A bargaining unit employee works a full-time schedule (40 hours/week) for all of 1993. As long as the full-time schedule is maintained, there are no employee premium contributions required. However, the employee changes to a part-time schedule of 30 hours per week (six hours per day, Monday - Friday) beginning 1/1/94. For the period 11/1/93 - 2/1/94 the employee medical contribution can be calculated as follows:

$$40 \text{ hrs/week} \times 4.3333 \text{ weeks/month} = 173.33 \text{ hours}$$

$$173.33 \text{ hrs/month} \times 3 \text{ months} = 519.99$$

*Full-time Equivalent Hours*

The employee worked full-time for two months (November and December 1993) and the part-time schedule for one month (January 1994) in this period. Total hours equal 486 for the three month period. The Basic Monthly Premium Equivalent is \$404.33. (1994 medical rate for employee with coverage for self and spouse.)

$$486/519.99 \times \$404.33 = \$376.03$$

*Calculation for Company Contribution*

$$\$400.00 - \$376.03 = \$23.97$$

(Premium of plan selected)

*Calculation for Employee Contribution*

The next month (March 1994) the employee has worked full-time for one month (December 1993) and part-time for two months (January and February 1994). The employee's total hours worked equals 430.

$$430/519.99 \times \$404.33 = \$335.59$$

*Calculation for Company Contribution*

$$\$400.00 - \$335.59 = \$64.41$$

*Calculation for Employee Contribution*

The following month the employee will have worked the part-time schedule for a 3 month period (January, February, March 1994). Total hours worked will now equal 384 hours.

$$384/519.99 \times \$404.33 = \$299.20$$

*Calculation for Company Contribution*

$$\$400.00 - \$299.20 = \$100.80$$

*Calculation for Employee Contribution*

The same methodology is applied to calculate dental and vision contributions.

- Employees authorize any appropriate prorated BMPE payroll deductions through the enrollment process when first eligible, when there is a family status change, or through the open enrollment process.
- Part-time/intermittent employees who become regular full-time employees will cease to have prorated BMPE deductions taken as of the month the employee assumes the regular full-time position.
- Effective immediately, the BMPE proration rate for part-time/intermittent employees on authorized leave of absence will be frozen at the current deduction amount for the duration of the leave of absence (three months for personal leave, twelve months for medical leave of absence). For example, a regular part-time employee working 20 hours a week going on leave of absence will continue to have 50 percent company contributions made on their behalf for the established period of benefit continuation. Upon return from leave of absence, the BMPE proration rate will resume from the point at which the employee went on leave, and the rolling three month calculation will exclude the period of time which the employee was on authorized leave of absence.

If you have any questions, or if this does not reflect your understanding of our clarification discussion, please contact Jeff Sisson at 746-4284.

Sincerely,

*DAVID BERGMAN (JDS)*

David J. Bergman  
Director and Chief Negotiator

JDS:mh

cc: Annabel Low