



Pacific Gas and Electric Company

LETTER AGREEMENT NO. 09-38-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
LABOR RELATIONS AND HUMAN RESOURCES DEPARTMENT
MAIL CODE N22
P. O. BOX 770000
SAN FRANCISCO, CA 94177
(415) 973-4310

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 20, 2009

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:

On October 3, 2008, the Emergency Economic Stabilization Act of 2008, HR 1424, was signed into law. The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act are embedded within HR 1424. This Act requires that mental health and chemical dependency conditions receive equal or better financial coverage than traditional medical conditions beginning January 1, 2010.

To achieve compliance with HR 1424, all the mental health and chemical dependency benefits provided under all PG&E-sponsored medical plans, except the Retiree Optional Plan and the Medicare Supplemental Plan, must be revised. Both the Retiree Optional Plan and the Medicare Supplemental Plan are not subject to HR 1424.

Pursuant to Section 9 – Conflict of Law of the Medical, Dental and Vision Benefit Agreement, the Company proposes changes to each of the impacted medical plans. Please note that the proposed benefits for the HMOs include both “vendor initiated changes” for the insured portions as well as Company-initiated proposed changes for the self-insured portions of the benefits.

The attachment provides the proposed changes to the current mental health and chemical dependency benefits to achieve compliance with HR 1424.

Final regulations will be announced for HR 1424 this fall, after Open Enrollment communications have been completed. The Company believes that these proposed changes will remain compliant.

If you are in accord with the foregoing and agree thereto, please so indicate in the space provided and return one executed copy of the letter to the Company.

Very truly yours,

PACIFIC GAS & ELECTRIC COMPANY

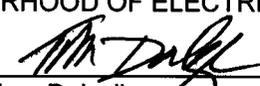
By: _____


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

By: _____


Tom Dalzell
Business Manager

9/11/09

, 2009

**Network Access Plan (NAP) and Comprehensive Access Plan (CAP) –
Proposed 2010 Mental Health and Alcohol and Drug Care Benefits**

Overview:

Value Options will continue to administer mental health and alcohol and drug care benefits as a separate program from the medical and drug benefit programs that are managed by Anthem Blue Cross and Medco for NAP and CAP. The proposed deductibles and out-of-pocket maximums are specific to the mental health and alcohol and drug care program. Members enrolled in the Comprehensive Access Plan (CAP) can use any licensed provider; their eligible expenses will be covered at the Network level of benefits.

	Network	Non-Network
General	<ul style="list-style-type: none"> - \$100/\$300 annual Individual/Family Deductible; - \$750/\$1,500 Idv/Family Out-of-pocket Max; - No Lifetime limits; - No Pre-existing Exclusions 	<ul style="list-style-type: none"> - Separate \$200/\$600 annual Individual/Family Deductible; - \$1,000/\$2,000 Idv/Family Out-of-pocket Max; - No Lifetime limits; - No Pre-existing Exclusions
In-patient Stay and Alternative Levels of Care including Residential Stay, Partial Hospitalization and Intensive or Structured Out-patient	<ul style="list-style-type: none"> - 100%; - \$300 Preauthorization Penalty - No limits on number of stays 	<ul style="list-style-type: none"> - 70% of usual and customary - \$300 Preauthorization Penalty - No limits on number of stays
Office Visit	<ul style="list-style-type: none"> - No charge for initial visit to psychiatrist for medical evaluation; - 100% after \$10 co-payment; - 100% after \$5 co-payment per group visit; 	<ul style="list-style-type: none"> - 70% of usual and customary - No limits on Number of Visits

Notes: All care will continue to be subject to medical necessity. Value Options will continue its practice of authorizing in-patient and alternative levels of care as medically necessary within 48 hours of treatment commencing. Care that is not authorized within 48 hours but that is medically necessary would be subject to \$300 pre-authorization penalty. Office visits will continue to be reviewed after 10 visits for medical necessity.

Proposed 2010 Mental Health and Alcohol and Drug Care Benefits for HMO Members

Overview:

The HMOs and SmartValue will continue to provide all mental health benefits. Kaiser and SmartValue will continue to provide out-patient drug and alcohol care while Value Options will continue to administer out-patient drug and alcohol care benefits for Health Net and Blue Shield. Value Options will continue to administer in-patient alcohol and drug care benefits for the HMOs, while SmartValue will continue to provide in-patient alcohol and drug care benefits. Health Net Seniority Plus members will also continue to be able to receive both in-patient and out-patient drug and alcohol care benefits from Health Net.

HMO insured benefits are noted in standard text. Value Options administered benefits are noted in italics.

General	Blue Shield HMO and Blue Shield Medicare COB HMO	Health Net HMO and Health Net Medicare COB HMO	Health Net Seniority Plus (Medicare Advantage HMO)	Kaiser Permanente HMO North and South	Kaiser Permanente Senior Advantage North and South (Medicare HMO)	SmartValue Medicare Advantage Private Fee-for-Service (PFFS) Plan
Out-patient Mental Health	<ul style="list-style-type: none"> • \$10/visit • No visit limit 	<ul style="list-style-type: none"> • \$10/visit • No visit limit 	<ul style="list-style-type: none"> • \$10/visit • No visit limit 	<ul style="list-style-type: none"> • \$10/visit (individual) • \$5/visit (group) • No visit limit 	<ul style="list-style-type: none"> • \$10/visit (individual) • \$5/visit (group) • No visit limit 	<ul style="list-style-type: none"> • \$10/visit • No visit limit
In-patient Mental Health	<ul style="list-style-type: none"> • No charge; no day limit 	<ul style="list-style-type: none"> • No charge; no day limit 	<ul style="list-style-type: none"> • No charge; no day limit 	<ul style="list-style-type: none"> • No charge; no day limit 	<ul style="list-style-type: none"> • No charge; no day limit 	<ul style="list-style-type: none"> • No charge; no day limit
Out-patient Alcohol and Drug Care	<p><i>Not covered by HMO; requires referral by ValueOptions</i></p> <ul style="list-style-type: none"> • \$10/visit (individual) • \$5/visit (group) 	<p><i>Not covered by HMO; requires referral by ValueOptions</i></p> <ul style="list-style-type: none"> • \$10/visit (individual) • \$5/visit (group) 	<ul style="list-style-type: none"> • \$10/visit; <p><i>Also covered with referral by Value Options;</i></p> <ul style="list-style-type: none"> • \$10/visit (individual) • \$5/visit (group) 	<ul style="list-style-type: none"> • \$10/visit (individual) • \$5/visit (group) 	<ul style="list-style-type: none"> • \$10/visit (individual) • \$5/visit (group) 	<ul style="list-style-type: none"> • \$10/visit • No visit limit
In-patient Alcohol and Drug Care	<ul style="list-style-type: none"> • No charge for detoxification covered in acute hospital; <p><i>Treatment not covered by Health Net; requires referral by ValueOptions</i></p> <ul style="list-style-type: none"> • 100 % • \$300 penalty for failure to pre-authorize • No limit on number of stays 	<ul style="list-style-type: none"> • No charge for detoxification covered in acute hospital; <p><i>Treatment not covered by Blue Shield; requires referral by ValueOptions</i></p> <ul style="list-style-type: none"> • 100 % • \$300 penalty for failure to pre-authorize • No limit on number of stays 	<ul style="list-style-type: none"> • No charge including both detoxification and treatment; <p><i>Also covered with referral by Value Options</i></p> <ul style="list-style-type: none"> • 100 % • \$300 penalty for failure to pre-authorize • No limit on number of stays 	<ul style="list-style-type: none"> • No charge for detoxification; • <i>No charge for other inpatient and residential services when preauthorized by ValueOptions</i> • \$300 penalty for failure to pre-authorize • No limit on number of stays 	<ul style="list-style-type: none"> • No charge for detoxification; • <i>No charge for other inpatient and residential services when preauthorized by ValueOptions</i> • \$300 penalty for failure to pre-authorize • No limit on number of stays 	<ul style="list-style-type: none"> • No charge