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PACIFIC GAS AND ELECTRIC COMPANY

PG ME 245 MARKET STREET . SAN FRANCISCO, CALIFORNIA 94106 . (415) 781-4211

June 26, 1967

Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
1918 Grove Street
Oakland, California 94612

Attention: Mr. Ronald T. Weakley, Business Manager

Gentlemen:

Following the conclusion of negotiations, Union accepted Company's proposal to increase Company's contributions toward medical and hospital benefit premiums purchased by regular employees, for themselves and their dependents, in a PSEBA plan. These proposals were contained in Company's letters of November 3, 1966 concerning the physical bargaining unit, and January 27, 1967 concerning the clerical bargaining unit. The purpose of this Letter of Agreement is to formalize these previous understandings.

It is understood that acceptance of these revisions to Company's contributions to said plans, in the manner hereafter prescribed, constitutes the Company's entire obligation during the term of the Physical and Clerical Agreements.

Effective January 1, 1967, Company will increase its contributions toward said medical and hospital plan premiums for regular employees and their dependents as follows:

Regular employee only
Regular employee and one dependent
Regular employee and two or more
dependents

from \$ 5.50 to \$ 6.50 per month
from \$ 8.00 to \$ 9.25 per month
from \$11.75 to \$13.75 per month

Company will thereafter make additional contributions, if required, up to the percentages listed below toward said hospital and medical plan premiums for regular employees and their dependents on the dates indicated:

Effective January 1, 1968 - 60% Effective January 1, 1969 - 66-2/3% Effective January 1, 1970 - 75%

The percentages listed above will be applicable to the premium paid by each employee for himself and for any dependents he may have who are covered by a

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PSEBA plan and are applicable to each of the three plans now in effect. During the term of the Physical and Clerical Agreements the benefits offered under each plan will be continued at the present level.

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

Yours very truly,

PACIFIC GAS AND ELECTRIC COMPANY

By Manager of Industrial Relations

The Union is in accord with the foregoing and it agrees thereto as of the date hereof.

LOCAL UNION NO. 1245, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO

June 28 , 1967

By Business Manager