

PACIFIC GAS AND ELECTRIC COMPANY




245 MARKET STREET • SAN FRANCISCO, CALIFORNIA 94106 • (415) 781-4211 • TWX 910-372-6587

November 8, 1985

Local Union No. 1245
 International Brotherhood of
 Electrical Workers, AFL-CIO
 P. O. Box 4790
 Walnut Creek, California 94596

Attention: Mr. Jack McNally, Business Manager

Gentlemen:

As agreed during our negotiations of August 29, 1985, the Company proposes, pursuant to Section 7.(2) of the Health, Dental and Vision Benefit Agreement, to offer two new Health Maintenance Organizations - Health Plan of America and Take Care - and to expand the service areas of the five existing HMO's. The new HMO's and existing HMO's and their respective service areas are as follows:

Health Maintenance Organization

Service Areas

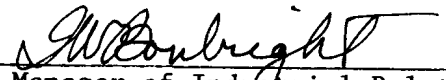
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|---|---|
| 1. Health Plan of America | Alameda, Butte, Contra Costa, El Dorado, Fresno, Glenn, Marin, Napa, Placer, Sacramento, San Francisco, San Mateo, Santa Clara, Solano, Tehama, Yolo and Madera Counties. |
| 2. Take Care | Alameda, Contra Costa, Marin, Merced, Placer, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Sonoma, Stanislaus and Yolo Counties. |
| 3. Bay Pacific | New Expansion Areas: Alameda, Contra Costa and Marin Counties. |
| 4. Foundation Health Plan | New Expansion Areas: Butte, Colusa, Glenn, Sutter and Yuba Counties. |
| 5. Health America
(formerly Rockridge) | New Expansion Areas: San Francisco, Santa Clara and San Mateo Counties. |
| 6. Health Net | New Expansion Areas: San Luis Obispo. |
| 7. Kaiser | New Expansion Areas: San Joaquin County except for the City of Tracy. |

At our meeting of August 29, 1985, Foundation expansion areas were not considered. However, after a careful evaluation, the Company believes that Foundation should be allowed to expand in the above-listed areas.

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 the 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

Nov 13, 1985

By 
Business Manager