



LETTER AGREEMENT NO. 97-113-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
2850 SHADELANDS DRIVE, SUITE 100
WALNUT CREEK, CALIFORNIA 94598
(510) 974-4282

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
P.O. BOX 4790
WALNUT CREEK, CALIFORNIA 94596
(510) 933-6060

MEL BRADLEY, MANAGER OR
DAVID J. BERGMAN, CHIEF NEGOTIATOR

JACK MCNALLY, BUSINESS MANAGER

September 12, 1997

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

Attention: Mr. Jack McNally, Business Manager

Gentlemen:

The issue of benefits afforded to rehired retirees upon reemployment with PG&E was the subject of Business Manager Grievance BM-97-1. Technically, rehired retirees are considered new hires from a contractual perspective and should not be afforded any benefits until attainment of regular status. The Company's practice has been to allow rehired retirees to retain their retiree medical benefits after re-employment until a request is made to convert to active employee benefits. The Company and Union met on July 29, 1997, to discuss the facts of the case and reviewed all benefit implications (Health including Medical, Dental & Vision, Pension, Savings Fund Plan, Life Insurance, Time Off and LTD) for retirees rehired into regular PG&E positions.

The Company and Union agreed to continue the current practice as outlined in Attachment I with the following proposed exceptions:

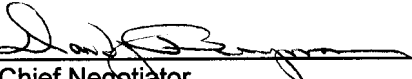
- Prospectively, upon attainment of regular status, suspend retiree health benefits and provide rehired retirees with active employee health benefits
- Convert existing rehired retirees who have attained regular status from retiree health benefits to active employee health benefits

The Memorandum of Disposition for Business Manager Grievance BM-97-1 is included as Attachment A.

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

Very truly yours,

PACIFIC GAS & ELECTRIC COMPANY

By: 
Chief Negotiator

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

Sept 26, 1997

By: 
Business Manager

Rehired Retirees

Current Practice	Proposal/Recommendation
<p>Health (Medical, Dental, Vision) Plans: Rehired retirees automatically continue with retiree health plan coverage unless they request active health plan benefits, in which case they are put on the "double dipper" table and receive active benefits.</p> <p>A rehired retiree who elected active health plan coverage (and gave up retiree coverage) would be able to have retiree coverage reinstated upon termination. For purposes of the under-65 medical plan premium proration (for those with less than 25 years of service), both periods of service would be added.</p>	<p>Upon attainment of regular status, suspend retiree health plan benefits and provide active employee health plan benefits.</p>
<p>Retirement: Rehired retirees receive their pay and their pension benefit. Upon second termination, accrued benefit will be added to pension benefit (unless the benefit is less than \$3,500, in which case they will be cashed out).</p>	<p>Continue current practice. Make programming changes so that rehired retirees can be identified.</p>
<p>Savings Fund Plan: Prior service is recognized for anyone with a break in service, including rehired retirees. Rehired retirees lose ability to take complete distribution upon rehire.</p>	<p>Continue current practice. Make programming changes so that rehired retirees can be identified</p>
<p>Life Insurance: Rehired retirees are allowed to keep post-retirement life insurance policy and enroll in active GLIP. If a rehired retiree dies while an active employee, beneficiaries would collect on two policies.</p>	<p>Maintain current policy. Allow any rehired retiree to have both an active policy and a post-retirement policy, but allow only one post-retirement life insurance policy.</p>
<p>Time Off: Service is not bridged for purposes of sick or vacation allotments. Allotment calculations are based on hire dates. Rehired retirees are treated as new hires. (Over age 55 employees who are in pension status because of a layoff are not affected because there is no break in service.)</p>	<p>Maintain current practice.</p>
<p>LTD: Eligibility is based on credited service. Periods of service after retirement will be added to pre-retirement service for purposes of eligibility.</p>	<p>Maintain current practice.</p>

PACIFIC GAS AND ELECTRIC COMPANY
MEMORANDUM OF DISPOSITION
Business Manager Grievance BM-97-1

Subject of the Grievance:

This case concerns certain benefits that have been afforded to rehired retirees upon re-employment with PG&E that are not specifically provided for in the Agreements.

Discussion:

Retirement is considered a break in service. Section 106.3 of the Physical Agreement and Section 17.3 of the Clerical Agreement state "An employee who is rehired after a break in Service shall be treated as a new employee for all purposes..." Company has provided rehired retirees with additional benefit options that are not part of the new hire benefit package. New hires are required to pass a six-month probationary period and attain regular status prior to being eligible for medical benefits. The Company has allowed rehired retirees to retain their retiree medical benefits after re-employment with PG&E without interruption. Currently, rehired retirees keep their retiree medical benefits until they request active employee benefits. Upon request, the Company suspends retiree medical benefits and provides active employee benefits which include dental and vision benefits.

Based on information as of July 1997, there are ten rehired retirees represented by the IBEW. Six employees are currently receiving retiree medical benefits. Four employees have suspended their retiree benefits and are receiving active employee benefits. After discussing all benefit implications (Health including Medical, Dental & Vision, Pension, Savings Fund Plan, Life Insurance, Time Off and LTD) for rehired retirees, the Company and Union agreed to continue the current practice as outlined in Attachment I with the following exceptions:

- Prospectively, upon attainment of regular status, suspend retiree health benefits and provide rehired retirees with active employee health benefits
- Convert existing rehired retirees who have attained regular status from retiree health benefits to active employee health benefits

Based on the foregoing, this case is closed.

Sabrina Danels 8-29-97
Sr. IR Negotiator Date

Daarel Mitchell 8/29
Sr. Asst. Business Manager Date

Al Smullin 9/10/97
Director, Benefits Date

Julie Rodriguez 8-29-97
Administrative Assistant Date