



LETTER AGREEMENT NO. 99-32-PGE



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
2850 SHADELANDS DRIVE, SUITE 100
WALNUT CREEK, CALIFORNIA 94598
(925) 974-4104

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
P.O. BOX 4790
WALNUT CREEK, CALIFORNIA 94596
925-933-6060

RICK R. DOERING, MANAGER
AND CHIEF NEGOTIATOR

JACK McNally, BUSINESS MANAGER

May 4, 1999

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

Dear Mr. McNally:

Effective January 1, 1999, United HealthCare became PG&E's vendor for the self-funded medical plans (POS-Point Of Service, PPO-Preferred Provider Organization, and OOA-Out Of Area). As part of our current agreement, United HealthCare will make available to non-Medicare eligible PG&E members in the Out-Of-Area (OOA) Plan, discounts currently given to members in the PPO Plan if eligible OOA members choose to receive their care from participating PPO providers. This option provides an additional benefit to OOA members that was not previously available.

There are two distinct advantages for OOA members if this benefit is "overlaid" onto our current plan. First, if services are received from participating providers, the cost of services will be based on the PPO discounted rate rather than the provider's normal billing rate as it is today. Additionally, the member will not be responsible for any amounts above reasonable and customary charges. Second, when care is received from a participating provider, the provider will file the claims. The member will still be responsible for filing claims for services received by non-participating providers.

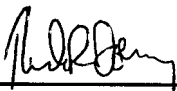
This benefit is an additional option. OOA members will be provided this option on a voluntary basis. All other plan provisions remain the same.

Company proposes to adopt this benefit, also known as a "non-differential" PPO plan, as offered by United HealthCare, effective the first of the month following the signing of this letter agreement. Company will solicit United HealthCare's continuance of this benefit on an annual basis and will notify the Union if this benefit is no longer applicable.

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,

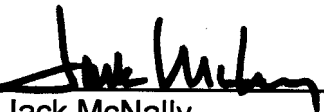
PACIFIC GAS & ELECTRIC COMPANY

By: 
Rick R. Doering, Manager 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

, 1999

By: 
Jack McNally
Business Manager