



# LETTER AGREEMENT NO. R1-00-66-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

STEPHEN A. RAYBURN, DIRECTOR  
AND CHIEF NEGOTIATOR

PERRY ZIMMERMAN, BUSINESS MANAGER

August 2, 2001

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

Attention: Mr. Perry Zimmerman, Business Manager

Dear Mr. Zimmerman:

Subsection 6(f) was added to the Medical, Dental and Vision Benefit Agreement on January 1, 1994. It states, "Company will cap the amount it will contribute to the medical premiums, based on the formulas outlined in subsections 6(b), (c) and (d) above, in the year 2000. The cap will be based on the company's health care plan premiums in the year. (Added 1/1/94)." Accordingly, the Company will begin to cap the amount it contributes to medical premiums for retired employees effective January 1, 2001.

The Company's contribution to retirees' health care premiums, which will remain the same each year, are listed below. These are the health care premium equivalents for 2000, and will be used as the cap in accordance with Subsection 6(f) of the Medical, Dental and Vision Benefit Agreement.

Retirees under 65

Member <65	\$262.91
Member <65 with spouse/domestic partner <65	\$553.14
Member <65 with spouse/domestic partner >65	\$429.75
Member <65 with dependents	\$474.44
Member <65 with spouse/domestic partner <65 with dependents	\$765.03
Member <65 with spouse/domestic partner >65 with dependents	\$692.88

Retirees over 65

Member >65	\$ 87.07
Member >65 with spouse/domestic partner <65	\$174.14
Member >65 with spouse/domestic partner >65	\$174.14
Member >65 with dependents	\$174.14
Member >65 with spouse/domestic partner <65 with dependents	\$261.21
Member >65 with spouse/domestic partner >65 with dependents	\$261.21

These health care premium equivalents are based on the UnitedHealthcare plans. In 2001, the health care premium equivalents will be developed for the UnitedHealthcare plans and be applicable to both retirees under 65 and active employees. These premiums will be developed using the combined claims experience of retirees under age 65 and active employees. The UnitedHealthcare plan premium equivalents for retirees over age 65 will be developed separately using the experience applicable to the over age 65 retirees.

Retiree contributions for all medical plans, including the HMOs, will be based on the capped amount. Retirees over age 65 and retirees under age 65 with at least 25 years of service will not pay contributions until the premium cost of their selected medical plan exceeds the cap. Retirees under age 65 with less than 25 years of service will have the cap prorated. They will be required to pay contributions if the prorated amount exceeds the premium cost of the medical plan selected.

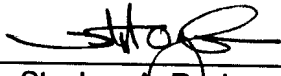
A detailed description of the formulas and the rating methodology used to determine these amounts are attached. The same general methodology will be used each year in the future to determine the premium equivalents unless otherwise negotiated between the parties.

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.

Very truly yours,

PACIFIC GAS & ELECTRIC COMPANY

By:



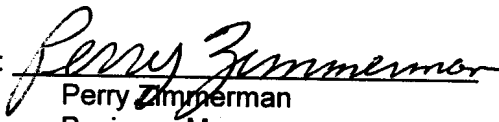
Stephen A. Rayburn  
Director and Chief Negotiator

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

Aug 8, 2001

By:



Perry Zimmerman  
Business Manager

## **Pacific Gas and Electric Company**

### **Rating Methodology**

In general, rating a health plan means projecting the future cost of a plan based on the actual cost of the plan in the past. The steps to do so are outlined below with references to the two attached sheets. This illustration to develop the costs for medical coverage is easily extended to other lines of coverage, e.g., mental health and prescription drug coverage.

The first step in a rating is to develop a per employee cost, as follows (please refer to Exhibit 1):

**Line 1. Paid claims:** Actual claims paid during the preceding time period. The time period must be chosen with regards to events that have happened during the proposed time period. Generally, the time period must be at least 12 months in duration and include the most recent claim experience. Factors that one must consider in choosing a time period to evaluate claims would include plan changes, catastrophic claims, and credibility of data. The paid claims are for active bargaining unit employees and retired bargaining unit employees.

**Line 2. Enrollment:** The sum of the monthly employee enrollment associated with the paid claims in Line 1. Depending on the coverage, there is a lag between the time that a claim is filed and the time that a claim is paid. For medical coverage, a lag of 2-3 months is common. (For drug coverage, however, the lag is closer to one week.) Therefore, claims paid in April, 1998, were generated by employees who were enrolled in the plan 2-3 months ago, or January of 1998. Likewise, claims paid in June of 1999 were, on average, generated by employees in March of 1999. The time lag is subject to change over time and must be closely monitored.

**Line 3. Monthly claims per employee:** Line 1 divided by Line 2.

**Line 4. Adjustment for margin:** Margin is additional premium in order to provide a cushion for unexpected losses. If this plan was fully-insured instead of self-insured, margin would be the profit margin that the insurer would establish. Margin is not applicable for this rating.

**Line 5. Adjustment for selection:** A selection adjustment would either increase or decrease the premium based on expected enrollment changes due to a plan change. Selection adjustments are generally used when a new plan is implemented with no experience of its own but is instead rated based on a comparable plan. Selection is not applicable for this rating.

**Line 6. Adjusted claims per employee:** Line 3 multiplied by (1+ Line 4) multiplied by (1 + Line 5)

**Line 7. Annual trend:** The rate at which medical costs are changing due to such factors as prices charged by medical care providers, changes in the frequency and pattern of utilizing various medical services, cost shifting and use of expensive medical technology. Trend rates are determined by assessing vendor's assumptions regarding trends, reviewing the actual trend of the plan over the past several years, and surveying other companies around the country regarding the trends they are witnessing with their plans.

**Line 8. Months of trend:** The rule is to project trend from the midpoint of the claim experience period to the midpoint of the projection period. The projection period in Exhibit 1 is the year 2000, for which the midpoint is July 1, 2000. The claim experience period is April, 1998 through June, 1999, a 15-month period. Therefore, the midpoint of the experience period would be 7.5 months after April 1, 1998, which is November 15, 1998. However, for simplification, we round

7.5 months to 8 months, which brings the midpoint date to December 1, 1998. From December 1, 1998 to July 1, 2000 is 19 months.

Line 9. Trend factor: The annual trend factor from Line 7 adjusted to reflect a trend period of greater than 12 months. This calculation is identical to a compound interest calculation. Since 19 months is approximately 1.5 years, we are basically applying the trend assumption from Line 7 for 1.5 years on a compound basis. Mathematically, the formula is  $1.08^{(19/12)}$ .

Line 10. Medical claims per employee: Line 6 multiplied by Line 9.

Line 11. Medical admin per employee: The monthly administrative fee assessed by the third party administrator. For medical coverage, the fee will vary by type of coverage, whether POS, PPO, or OOA.

Line 12. Total medical cost per employee: Line 10 plus Line 11.

In Exhibit 1, we have a separate rating for the POS, PPO, and OOA plans. However, the Utility charges one rate regardless of the plan in which the retiree or employee is enrolled. Therefore, the final column in the exhibit illustrates the weighted-average of the three individual rates. The rate is weighted by employee and retiree enrollment.

Once the per employee cost is developed, it is necessary to derive the premium-equivalent (P/E) rate upon which the retiree contribution is based. Depending on family status, a retiree is subject to one of six P/E rates: Retiree Only, Retiree plus Spouse under age 65, Retiree plus Spouse over age 65, Retiree plus Children, Retiree plus Family (spouse under age 65), and Retiree plus Family (spouse over age 65).

Since we are blending the experience of active bargaining unit employees and retired bargaining unit employees under age 65, we will show how to derive the four P/E rates that do not have a spouse over age 65.

Essentially, since we know the number of employees enrolled in the plan and the average cost per employee, we know the expected cost of the plan by multiplying the average cost per employee by the number of employees. We then have to allocate this total expected cost among the various tier rates.

To do this, we use two pieces of information. First, we have the theoretical relationship between the tiers (i.e., Retiree Only, Retiree plus Spouse, Retiree plus Children, Retiree plus Family). We assume the following: a retiree plus spouse rate is 2.1 times the cost of a retiree only rate, a retiree plus children rate is 1.8 times the cost of a retiree only rate, and a retiree plus family rate is 2.9 times the cost of a retiree only rate. These tier relationships are generally accepted in the industry and are used by the PBGH in setting HMO rates. The second piece of information is the actual enrollment in each of the four tiers.

With this information, we can determine the P/E rates using a mathematical relationship. Please refer to Exhibit 2 for the data used below.

First, we know the total cost of the plan is equal to the total employee enrollment multiplied by the average cost per employee:

$$10,047 \times \$460.46 = \$4,626,242$$

Note that we only include those retirees under age 65 with spouses under age 65, i.e.,  $10,113 - 65 - 1 = 10,047$ .

This cost must be paid for by the 1,947 retirees with Retiree Only coverage, the 3,323 retirees with Retiree plus Spouse coverage, the 814 retirees with Retiree plus Children coverage, and 3,963 retirees with Retiree plus Family coverage. We also know the relationship among the four tiers. If we determine the Retiree Only rate, we then automatically have the other three rates due to the relationship of 2.1, 1.8, and 2.9 respectively. Therefore, in the formula below, we are going to solve for the Retiree Only rate, denoted by RO.

$$\$4,626,242 = (1,947)(RO) + (3,323)(2.1)(RO) + (814)(1.8)(RO) + (3,963)(2.9)(RO)$$

$$\$4,626,242 = (21,883.2)(RO)$$

$$RO = \$211.41$$

Once we have the Retiree Only rate, we have the other rates as well, as follows:

$$\text{Retiree plus Spouse} = 2.1 \times \$211.41 = \$443.96$$

$$\text{Retiree plus Children} = 1.8 \times \$211.41 = \$380.54$$

$$\text{Retiree plus Family} = 2.9 \times \$211.41 = \$613.09$$

For the two P/E rates in which the spouse is over age 65, we determine the age-65 spouse cost as the difference between the age-65 Retiree Only rate and the age-65 Retiree plus Spouse rate. These rates are not determined via this methodology. For our purposes, the net age-65 spouse rate is \$82.55. We then add this amount to the Retiree Only rate of \$211.41 to derive the Retiree plus Spouse (over age 65) rate of \$293.96. We also add this amount to the Retiree plus Children rate of \$380.54 to derive the Retiree plus Family (spouse over age 65) rate of \$463.09.

We are now complete in determining the P/E rates.

**PACIFIC GAS AND ELECTRIC COMPANY  
Development of 2000 Budget Rates**

**Projected United per Employee Cost**

<b>2000 Blended Rate -- Actives/LTD/COBRA/Early Retirees</b>				
<b>UnitedHealthCare</b>	<b>POS</b>	<b>PPO</b>	<b>OOA</b>	<b>POS/ PPO/OOA</b>
1. Paid claims, 4/1/98-6/30/99	\$43,183,351	\$12,335,498	\$4,013,859	\$59,532,708
2. Enrollment, 1/1/98-3/31/99	127,769	24,849	5,272	157,890
3. Monthly claims per employee	\$337.98	\$496.42	\$761.35	\$377.05
4. Adjustment for margin	0.0%	0.0%	0.0%	0.0%
5. Adjustment for selection	0.0%	0.0%	0.0%	0.0%
6. Adjusted claims per ee	\$337.98	\$496.42	\$761.35	\$377.05
7. Annual trend	8.0%	10.0%	12.0%	8.7%
8. Months of trend	19	19	19	19
9. Trend factor	1.1296	1.1629	1.1965	1.1410
10. 2000 medical claims per ee	\$381.78	\$577.28	\$910.96	\$430.22
11. 2000 medical admin per ee	31.75	24.90	18.68	\$30.24
12. 2000 total medical cost per ee	\$413.53	\$602.18	\$929.64	\$460.46

**PACIFIC GAS AND ELECTRIC COMPANY  
Development of 2000 Budget Rates**

**Proposed United Rates**

<b>*2000 Blended Rate</b>	<b>Coverage</b>	<b>Lives</b>	<b>2000</b>
POS/PPO/OOA	EE (Ret)	1,947	\$211.41
	EE (Ret) +SP (<65)	3,323	443.96
	EE (Ret) +SP (65+)	65	293.96
	EE (Ret) +CH	814	380.54
	EE (Ret) +FAM (<65)	3,963	613.09
	EE (Ret) +FAM (65+)	1	463.09
	Composite	10,113	\$460.46

\* This rate is illustrative for only the UnitedHealthcare portion of the medical plan rate. It does not include the mental health or outpatient prescription drug portion of the rates.

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Development of 2000 Budget Rates**

**Projected United per Employee Cost**

	2000 Blended Rate -- Actives/LTD/COBRA/Early Retirees				
	POS	PPO	OOA	Drugs	POS/ PPO/OOA
Paid claims, 4/1/98-6/30/99	\$43,183,351	\$12,335,498	\$4,013,859	\$0	\$59,532,708
Enrollment, 1/1/98-3/31/99	127,769	24,849	5,272	\$0	157,890
Monthly claims per employee	\$337.98	\$496.42	\$761.35	\$0.00	\$377.05
Adjustment for margin	0.0%	0.0%	0.0%	0.0%	0.0%
Adjustment for selection	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted claims per ee	\$337.98	\$496.42	\$761.35	\$0.00	\$377.05
Annual trend	8.0%	10.0%	12.0%	18.0%	8.7%
Months of trend	19	19	19	19	19
Trend factor	1.1296	1.1629	1.1965	1.2996	1.1410
2000 medical claims per ee	\$381.78	\$577.28	\$910.96	\$0.00	\$430.22
2000 medical admin per ee	31.75	24.90	18.68	0.00	\$30.24
2000 total medical cost per ee	\$413.53	\$602.18	\$929.64	\$0.00	\$460.46



PACIFIC GAS & ELECTRIC COMPANY  
 Development of 2000 Budget Rates

Proposed United Rates

2000 Blended Rate	Coverage	Lives	2000
POS/PPO/OOA	EE (Ret)	1,947	\$211.41
	EE (Ret) + SP (<65)	3,323	443.96
	EE (Ret) + SP (65+)	65	293.96
	EE (Ret) + CH	814	380.54
	EE (Ret) + FAM (<65)	3,963	613.09
	EE (Ret) + FAM (65+)	1	463.09
	Composite	10,113	\$460.46

**PACIFIC GAS ELECTRIC COMPANY  
Development of 2000 Budget Rates  
Projected per Employee Cost**

*avg. Monthly enrollment ↑*

Paid Rx -- Blended 2000 Active and Early Retiree	
Paid claims, 6/1/98-5/31/99	\$7,486,154
Enrollment, 5/1/98-4/30/99	125,600
Monthly claims per employee	\$59.60
Adjustment for VRI	0.0%
Adjustment for severance	0.0%
Adjustment for plan changes	0.0%
Adjusted claims per ee	\$59.60
Annual trend	20.0%
Months of trend	19
Trend factor	1.3347
2000 claims per employee	\$79.55
2000 admin per employee	\$0.60
2000 total cost per employee	\$80.15

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**PACIFIC GAS ELECTRIC COMPANY  
Development of 2000 Budget Rates  
Projected per Employee Cost**

National Rx -- Blended 2000 Act. and Early Retiree Rate	
Paid claims, 6/1/98-5/31/99	\$2,282,376
Enrollment, 5/1/98-4/30/99	207,981
Monthly claims per employee	\$10.97
Adjustment for VRI	0.0%
Adjustment for severance	0.0%
Adjustment for plan changes	0.0%
Adjusted claims per ee	\$10.97
Annual trend	16.0%
Months of trend	19
Trend factor	1.2649
2000 claims per employee	\$13.88
2000 admin per employee	\$0.00
2000 total cost per employee	\$13.88

*Aug*  
*17 301*    *Increases 16.0%*

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**PACIFIC GAS & ELECTRIC COMPANY**  
**Development of Blended 2000**  
**Budget Rates**

**Proposed Mail Order and Retail Drug Rates for Actives and Early Retirees**

Blended 2000 Rates	Coverage	Lives	2000
National Rx	EE	3,431	\$6.39
BU Actives & Retirees <65	EE + SP	5,331	13.42
	EE + CH	1,446	11.50
	EE + FAM	6,777	18.53
	Composite	16,985	\$13.88

*Included PPO*

Blended 2000 Rates	Coverage	Lives	2000
Paid Rx - Pru Plus/PPO/OOA	EE	1,947	\$36.80
BU Actives & Retirees <65	EE + SP	3,323	77.28
	EE + CH	814	66.24
	EE + FAM	3,963	106.72
	Composite	10,047	\$80.15

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PACIFIC GAS AND ELECTRIC COMPANY

Rate Summary  
1 of 2

Comparison of Blended Rates (2000-2001)

		2000					
	Coverage	Lives	United	MH/SA	PAID Rx	MMRx	Total
Blended Act/Early Ret	Ret	1,947	\$211.41	\$8.31	\$36.80	\$6.39	\$262.91
	+ sp < 65	3,323	443.98	18.48	77.28	13.42	553.14
	+ sp 65+	65	293.98	18.48	87.78	29.55	429.76
	+ ch	814	380.54	16.16	66.24	11.50	474.44
	+ fam < 65	3,863	613.09	26.69	106.72	18.53	765.03
	+ fam 65+	1	463.09	26.69	162.59	40.51	692.88
	Composite	10,113	\$460.46	\$19.59	\$80.15	\$13.88	\$574.08
Medicare Retiree	Ret	1,530	\$84.09	\$8.31	\$51.82	\$24.40	\$168.72
	+ sp < 65	343	336.81	18.48	207.34	47.56	609.19
	+ sp 65+	2,084	166.64	18.48	102.88	47.56	335.56
	+ ch	7	228.24	16.16	140.91	35.34	420.65
	+ fam < 65	4	458.79	26.69	283.27	58.52	827.27
	+ fam 65+	7	287.80	26.69	177.71	58.52	550.72
	Composite	3,985	\$150.12	\$19.59	\$104.52	\$38.04	\$312.27
Medicare Supplement	Ret	70	\$47.94		\$89.13		\$87.07
	+ sp < 65	0	283.17		231.18		514.35
	+ sp 65+	35	93.42		76.27		169.69
	+ ch	0	183.00		149.40		332.40
	+ fam < 65	0	411.72		336.13		747.85
	+ fam 65+	0	221.98		181.21		403.17
	Composite	105	\$61.40		\$50.12		\$111.52
Surviving Spouse U65 POS/PPO/OOA	SS	83	\$232.55	\$10.17	\$40.48	\$7.03	\$290.23
	+ ch	7	401.68	18.02	69.92	12.14	501.76
	Composite	90	\$242.50	\$10.63	\$42.21	\$7.33	\$302.67
Surviving Spouse 65 +	SS	1,097	\$93.67	\$10.17	\$50.85	\$23.16	177.95
	+ ch	2	209.30	18.02	\$139.95	34.10	401.38
	Composite	1,099	\$93.88	\$10.18	\$51.12	\$23.18	\$178.36
Medicare Supplement	SS	96	\$45.48		\$37.15		\$82.63
	+ ch	0	180.54		147.41		327.95
	Composite	96	\$45.48		\$37.15		\$82.63

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PACIFIC GAS & ELECTRIC COMPANY  
Development of 2001 Budget Rates

Projected United per Employee Cost

	Blended Rate -- Active/LTD/COBRA/Early Retiree						
	POS	PPO	OOA	Drugs	POS/ PPO/OOA	Basic	Med Supp
Paid claims, 1/1/99-4/30/00	\$58,454,206	\$3,661,732	\$3,597,009	\$0	\$65,712,947	\$0	\$0
Enrollment, 11/1/98-2/31/00	148,486	9,172	4,318	0	161,976	0	0
Monthly claims per employee	\$393.67	\$399.23	\$833.03	\$0.00	\$405.70	\$0.00	\$0.00
Adjustment for margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Adjustment for selection	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted claims per ee	\$393.67	\$399.23	\$833.03	\$0.00	\$405.70	\$0.00	\$0.00
Annual trend	8.0%	12.0%	16.0%	18.0%	8.7%	12.0%	12.0%
Months of trend	22	22	22	19	22	16	19
Trend factor	1.1515	1.2309	1.3127	1.2996	1.1647	1.1631	1.1965
2001 medical claims per ee	\$453.31	\$491.41	\$1,093.52	\$0.00	\$472.53	\$0.00	\$0.00
2001 medical admin per ee	31.75	24.90	18.68	0.00	\$31.02	0.00	0.00
2001 total medical cost per ee	\$485.06	\$516.31	\$1,112.20	\$0.00	\$503.55	\$0.00	\$0.00

*Proj. Enroll = 10123  
to med. experience*

**PACIFIC GAS & ELECTRIC COMPANY**  
**Development of 2001 Budget Rates**

**Proposed United Rates**

Blended Rate	Coverage	Lives	2001
POS/PPO/OOA	EE (Ret)	1,767	\$230.22
	EE (Ret) + SP (<65)	3,095	483.46
	EE (Ret) + SP (65+)	65	331.48
	EE (Ret) + CH	736	414.40
	EE (Ret) + FAM (<65)	3,722	667.64
	EE (Ret) + FAM (65+)	2	515.66
	Composite	9,387	\$503.55

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P. 14/17

**PACIFIC GAS ELECTRIC COMPANY**  
**Development of 2001 Budget Rates**  
**Projected per Employee Cost**

Paid Rx -- Blended 2001 Active and Early Retiree	
Paid claims, 4/1/99-3/31/00	\$8,418,414
Enrollment, 3/1/99-2/28/00	120,444
Monthly claims per employee	\$69.89
Adjustment for VRI	0.0%
Adjustment for severance	0.0%
Adjustment for plan changes	0.0%
Adjusted claims per ee	\$69.89
Annual trend	22.0%
Months of trend	21
Trend factor	1.4162
2001 claims per employee	\$98.98
2001 admin per employee	\$0.60
2001 total cost per employee	\$99.58

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F. 10/11



**PACIFIC GAS ELECTRIC COMPANY**  
**Development of 2001 Budget Rates**  
**Projected per Employee Cost**

<b>MMRx -- Blended 2001 Active and Early Retiree</b>	
Paid claims, 4/1/99-3/31/00	\$2,518,472
Enrollment, 3/1/99-2/28/00	202,320
Monthly claims per employee	12.45
Adjustment for VRI	0.0%
Adjustment for severance	0.0%
Adjustment for plan changes	0.0%
Adjusted claims per ee	\$12.45
Annual trend	22.0%
Months of trend	21
Trend factor	1.4162
2001 claims per employee	\$17.63
2001 admin per employee	\$0.00
2001 total cost per employee	\$17.63

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**PACIFIC GAS & ELECTRIC COMPANY**  
**Development of Blended 2001 Budget Rates**

Ancillary Rates  
 Page 1 of 1

**Proposed Mail Order and Retail Drug Rates for Actives and Early Retirees**

Blended Rates	Coverage	Lives	2000	2001	Change
MMRx BU Active & Ret <65	EE	1,767	\$6.39	\$8.06	
	EE + SP	3,095	13.42	16.93	
	EE + CH	736	11.50	14.51	
	EE + FAM	3,722	18.53	23.37	
	Composite	9,320	\$13.88	\$17.63	27.0%

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Blended Rates	Coverage	Lives	2000	2001	Change
Paid Rx - United POS/PPO/OOA BU Active & Ret <65	EE	1,767	\$36.80	\$45.53	
	EE + SP	3,095	77.28	95.61	
	EE + CH	736	66.24	81.95	
	EE + FAM	3,722	106.72	132.04	
	Composite	9,320	\$80.15	\$99.58	24.2%

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PACIFIC GAS AND ELECTRIC COMPANY

Rate Summary  
2 of 2

Comparison of Blended Rates (2000-2001)

		2001						
	Coverage	Lives	Unkted	MH/SA	PAID Rx	MMRx	Total	Change
Blended Act/Early Ret	Ret	1,767	\$230.22	\$8.40	\$45.53	\$8.06	\$292.21	
	+ sp <65	3,095	483.46	18.87	85.61	16.83	614.67	
	+ sp 65+	65	391.48	18.67	112.09	38.03	600.27	
	+ ch	736	414.40	18.32	81.95	14.51	527.18	
	+ fam <65	3,722	667.64	26.95	132.04	23.37	850.00	
	+ fam 65+	2	515.66	26.95	209.82	52.22	804.65	
	Composite	9,387	\$503.55	\$19.74	\$99.58	\$17.63	\$640.50	11.6%
Medicare Retiree	Ret	1,563	\$103.14	\$8.40	\$67.80	\$31.57	\$210.91	
	+ sp <65	307	411.89	18.67	117.88	40.44	588.88	
	+ sp 65+	2,034	204.40	18.87	134.36	61.54	418.97	
	+ ch	5	279.95	18.32	184.03	45.73	528.03	
	+ fam <65	5	562.74	26.95	154.31	46.88	790.88	
	+ fam 65+	8	353.01	26.95	232.09	75.73	687.78	
	Composite	3,922	\$181.14	\$19.74	\$134.40	\$48.41	\$383.69	22.9%
Medicare Supplement	Ret	69	\$48.15		\$51.10		\$99.25	
	+ sp <65	0	301.39		101.18		402.57	
	+ sp 65+	29	93.83		99.61		193.44	
	+ ch	0	224.98		87.52		312.48	
	+ fam <65	0	485.57		137.81		623.18	
	+ fam 65+	0	278.01		138.03		414.04	
	Composite	98	\$61.67		\$65.46		\$127.13	14.0%
Surviving Spouse U65 POS/PPO/OOA	SS	80	\$253.24	\$10.27	\$50.08	\$8.87	\$322.46	
	+ ch	5	437.42	18.19	86.50	15.32	657.43	
	Composite	85	\$264.07	\$10.74	\$52.22	\$9.25	\$336.28	11.1%
Surviving Spouse 65+	SS	1,123	\$101.26	\$10.27	\$66.58	\$29.97	\$208.08	
	+ ch	2	249.87	18.19	164.29	44.13	478.48	
	Composite	1,125	\$101.52	\$10.28	\$66.73	\$30.00	\$208.53	16.8%
Medicare Supplement	SS	83	\$46.88		\$48.51		\$94.19	
	+ ch	0	222.49		84.93		307.42	
	Composite	83	\$46.88		\$48.51		\$94.19	14.0%

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**Pacific Gas and Electric Company  
Bargaining Unit Premium Equivalent Rates for 2000 and 2001**

		(a)	(b)	(c)			
		2000 Premium Equivalent	2000 Blended P/E	% Change (b)/(a)	2001 Blended P/E	% Change (c)/(a)	% Change (c)/(b)
<b>Active Employees</b>	<b>Coverage</b>						
POS/PPO/OOA	EE	240.50	262.91	9.3%	292.21	21.5%	11.1%
	EE+SP	511.33	553.14	8.2%	614.67	20.2%	11.1%
	EE+CH	423.98	474.44	11.9%	527.18	24.3%	11.1%
	EE+FAM	697.54	765.03	9.7%	850.00	21.9%	11.1%

		(a)	(b)	(c)			
		2000 Premium Equivalent	2000 Blended P/E	% Change (b)/(a)	2001 Blended P/E	% Change (c)/(a)	% Change (c)/(b)
<b>Retirees Under Age 65</b>	<b>Coverage</b>						
POS/PPO/OOA	Ret	466.55	262.91	-43.6%	292.21	-37.4%	11.1%
	+ sp <65	931.44	553.14	-40.6%	614.67	-34.0%	11.1%
	+ sp 65+	640.83	429.75	-32.9%	500.27	-21.9%	16.4%
	+ ch	735.83	474.44	-35.5%	527.18	-28.4%	11.1%
	+ fam <65	1,188.37	765.03	-35.6%	850.00	-28.5%	11.1%
	+ fam 65+	887.69	692.88	-21.9%	804.65	-9.4%	16.1%

Contributions <65

2001

**Pacific Gas and Electric Company  
Employee Contributions for Retirees under 65 w/ 25 (or more) Years of Service**

	M <65	M <65 S/DP <65	M <65 S/DP >65	M <65 w/dep	M <65 S/DP <65 w/dep	M <65 S/DP >65 w/dep
<b>HMO:</b>						
Secure Horizons / PacifiCare	179.48	376.63	272.90	323.63	520.73	417.05
Aetna Golden Medicare / Aetna	190.28	399.30	n.a.	343.06	552.05	n.a.
Lifeguard Med Supp / Lifeguard	189.36	397.37	370.14	341.40	549.38	538.65
HPR Med Supp / HP Redwoods	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
HPR Medprime / HP Redwoods	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Healthnet Med Supp / Healthnet	187.48	393.43	352.90	338.02	543.94	503.44
Healthnet Seniority Plus / Healthnet	187.48	393.43	293.55	338.02	543.94	444.09
Kaiser North Senior Advantage / Kaiser North	168.00	352.80	233.78	302.40	487.20	368.18
Kaiser South Senior Advantage / Kaiser South	168.00	352.80	233.78	302.40	487.20	368.18
<b>United Healthcare</b>						
POS (Union & Non-union)	292.21	614.67	500.27	527.18	850.00	804.65
Retiree Optional Plan	160.55	337.16	295.33	288.99	465.60	423.78
<b>Company Subsidy (2000 Frozen Blended Rate)</b>	<b>262.91</b>	<b>553.14</b>	<b>429.75</b>	<b>474.44</b>	<b>765.03</b>	<b>692.88</b>
<b>Retiree Contributions</b>						
Secure Horizons / PacifiCare	0.00	0.00	0.00	0.00	0.00	0.00
Aetna Golden Medicare / Aetna	0.00	0.00	n.a.	0.00	0.00	n.a.
Lifeguard Med Supp / Lifeguard	0.00	0.00	0.00	0.00	0.00	0.00
HPR Med Supp / HP Redwoods	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
HPR Medprime / HP Redwoods	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Healthnet Med Supp / Healthnet	0.00	0.00	0.00	0.00	0.00	0.00
Healthnet Seniority Plus / Healthnet	0.00	0.00	0.00	0.00	0.00	0.00
Kaiser North Senior Advantage / Kaiser North	0.00	0.00	0.00	0.00	0.00	0.00
Kaiser South Senior Advantage / Kaiser South	0.00	0.00	0.00	0.00	0.00	0.00
<b>United Healthcare</b>						
POS (Union & Non-union)	29.30	61.53	70.52	52.74	84.97	111.77
Retiree Optional Plan	0.00	0.00	0.00	0.00	0.00	0.00

Contributions >65

**Pacific Gas and Electric Company  
Employee Contributions for Retirees over 65**

	M >65	M >65 S/DP <65	M >65 S/DP >65	M >65 w/dep	M >65 S/DP <65 w/dep	M >65 S/DP >65 w/dep
<b>HMO:</b>						
Secure Horizons / PacifiCare	93.42	290.57	186.84	237.57	434.67	330.99
Aetna Golden Medicare / Aetna	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lifeguard Med Supp / Lifeguard	177.45	370.01	354.89	370.38	538.49	523.38
HPR Med Supp / HP Redwoods	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
HPR Medprime / HP Redwoods	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Healthnet Med Supp / Healthnet	165.42	371.37	330.84	315.96	521.88	481.38
Healthnet Seniority Plus / Healthnet	106.07	312.02	212.14	256.61	462.53	362.68
Kaiser North Senior Advantage / Kaiser North	65.78	250.58	131.56	200.18	384.98	265.96
Kaiser South Senior Advantage / Kaiser South	65.78	250.58	131.56	200.18	384.98	265.96
<b>United Healthcare</b>						
POS (Union & Non-union)	210.91	588.88	418.97	526.03	790.88	687.78
Retiree Optional Plan	122.53	299.14	257.31	220.55	397.17	355.34
MSP	99.25	402.57	193.44	312.48	623.18	414.04
Medicare Part B premium refund is \$15.						
<b>Company Subsidy (2000 Frozen Rate)</b>	<b>87.07</b>	<b>174.14</b>	<b>174.14</b>	<b>174.14</b>	<b>261.21</b>	<b>261.21</b>
<b>Retiree Contributions</b>						
Secure Horizons / PacifiCare	6.35	116.43	12.70	63.43	173.46	69.78
Aetna Golden Medicare / Aetna	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lifeguard Med Supp / Lifeguard	90.38	195.87	180.75	196.24	277.28	262.17
HPR Med Supp / HP Redwoods	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
HPR Medprime / HP Redwoods	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Healthnet Med Supp / Healthnet	78.35	197.23	156.70	141.82	260.67	220.17
Healthnet Seniority Plus / Healthnet	19.00	137.88	38.00	82.47	201.32	101.47
Kaiser North Senior Advantage / Kaiser North	0.00	76.44	0.00	26.04	123.77	4.75
Kaiser South Senior Advantage / Kaiser South	0.00	76.44	0.00	26.04	123.77	4.75
<b>United Healthcare</b>						
POS (Union & Non-union)	123.84	414.74	244.83	351.89	529.67	426.57
Retiree Optional Plan	35.46	125.00	83.17	46.41	135.96	94.13
MSP	12.18	228.43	19.30	138.34	361.97	152.83

2000 Rates -- Unblended

			2000				
	Coverage	Lives	United	MH/SA	PAID Rx	National Rx	Total
POS/PPO/OOA	EE	1,555	\$192.12	\$8.31	\$34.80	\$5.27	\$240.50
	EE+SP	2,314	408.54	18.48	74.00	10.31	511.33
	EE+CH	793	338.79	16.16	61.35	7.68	423.98
	EE+FAM	3,877	557.22	26.69	100.94	12.69	697.54
	Composite	8,539	\$430.16	\$20.14	\$77.92	\$10.23	\$538.44
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	Coverage	Lives	United	MH/SA	PAID Rx	National Rx	Total
Retiree U65	Ret	392	\$363.01	\$8.31	\$70.83	\$24.40	\$466.55
	+ sp <65	1,009	724.08	18.48	\$141.32	47.56	931.44
	+ sp 65 +	65	480.94	18.48	\$93.85	47.56	640.83
	+ ch	21	572.57	16.16	\$111.76	35.34	735.83
	+ fam <65	86	923.01	26.69	\$180.15	58.52	1,188.37
	+ fam 65 +	1	671.44	26.69	\$131.04	58.52	887.69
	Composite	1,574	\$648.51	\$16.85	\$126.57	\$43.17	\$835.10
Retiree 65 +	Ret	1,530	\$84.09	\$8.31	\$51.92	\$24.40	\$168.72
	+ sp <65	343	335.81	18.48	\$207.34	47.56	609.19
	+ sp 65 +	2,094	166.64	18.48	\$102.88	47.56	335.56
	+ ch	7	228.24	16.16	\$140.91	35.34	420.65
	+ fam <65	4	458.79	26.69	\$283.27	58.52	827.27
	+ fam 65 +	7	287.80	26.69	\$177.71	58.52	550.72
	Composite	3,985	\$150.12	\$14.59	\$92.68	\$38.68	\$296.07
Medicare Supplement	Ret	70	\$47.94		\$39.13		\$87.07
	+ sp <65	0	283.17		\$231.18		514.35
	+ sp 65 +	35	93.42		\$76.27		169.69
	+ ch	0	183.00		\$149.40		332.40
	+ fam <65	0	411.72		\$336.13		747.85
	+ fam 65 +	0	221.96		\$181.21		403.17
	Composite	105	\$63.10		\$51.51		\$114.61
Surviving Spouse U65 POS/PPO/OOA	SS	83	\$361.07	\$10.17	\$70.49	\$23.16	\$464.89
	+ ch	7	570.63	18.02	111.41	34.10	734.16
	Composite	90	\$377.37	\$10.78	\$73.67	\$24.01	\$485.83
Surviving Spouse 65 +	SS	1,097	\$93.67	\$10.17	\$71.52	\$23.16	\$198.52
	+ ch	2	209.30	18.02	\$159.82	34.10	421.24
	Composite	1,099	\$93.88	\$10.18	\$71.69	\$23.18	\$198.93
Medicare Supplement	SS	96	\$45.48		\$37.15		\$82.63
	+ ch	0	180.54		\$147.41		327.95
	Composite	96	\$45.48		\$37.15		\$82.63