



LETTER AGREEMENT NO. R2-96-39-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
375 NORTH WIGET LANE, SUITE 150
WALNUT CREEK, CALIFORNIA 94598
(510) 746-4282

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

August 28, 1996

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:

Company proposes to add an Accelerated Benefit Option (ABO) to the Group Life Insurance feature effective May 1, 1996, to help terminally ill employees with personal finances. An ABO is a cash payout to a living participant from his/her life insurance coverage.

The ABO option provides for a cash payout of up to 50 percent of a participant's life insurance coverage to qualified individuals. In order to qualify for an ABO, Metropolitan Life Insurance Company, PG&E's present insurance carrier, requires that a participant have (i) minimum life insurance coverage of at least \$10,000, (ii) be terminally ill and (iii) expected to die within six months from the time the participant was informed by his/her physician that he/she had six months or less to live. Employees on Workers' Compensation and Long-Term Disability are eligible to apply. Metropolitan Life reviews all ABO applications and makes the determination as to whether an applicant qualifies for the ABO.

Eligible participants can apply for 1% to 50% of their life insurance benefit in force with a minimum payout of \$5,000. There is an eight percent administrative fee charged by Metropolitan Life to the participant for the ABO payout on the amount to be accelerated. Claimants who are married and reside in a community property state are required to submit a signed waiver form from their spouse authorizing the ABO.

Accelerated benefits are payable only once. Once approved, Metropolitan Life will send the check directly to the participant. The ABO may be taxable. The remaining life insurance amount is frozen and is payable to the designated beneficiary at the time of the participant's death.

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 10, 1996

By: 

Business Manager