

HR Manager
101.9

Date: August 24, 1990

File #:

To: VARIOUS

From: VICE PRESIDENT - HUMAN RESOURCES

Subject: Standard Practice 725-1
Military Leaves of Absence

***** F A X T R A N S M I T T A L *****

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OFFICERS
MANAGERS

PG&E employees who are members of the Armed Forces Reserve or National Guard may be impacted by the recent call-up of reservists to active duty. Our policies will protect these reservists from experiencing adverse financial impacts during this period of active duty.

Like many other companies, it is PG&E's policy to grant a military leave of absence to all employees in the Armed Forces Reserve or National Guard who are required to perform emergency active duty. However, to ensure that PG&E employees' exposure to financial uncertainty is reduced, the company will maintain an employee's current level of compensation during the leave of absence. Benefits will be maintained as summarized below. This summary will help answer general questions about the expected call-up of reservists to active duty.

The following information summarizes PG&E's policy on emergency active duty military leaves:

•Duration

- The duration of the military leave is "as needed" for emergency active duty.

•Compensation

- Regular employees receive a pay supplement which is equivalent to their base pay minus taxable wages received from the military. Military allowances such as housing, food and clothing, or other allowances are excluded from the calculation. This supplemental pay only applies to regular employees while on emergency active duty status.

•Benefits

- Medical, Dental and Vision plan coverage for the employee and dependents is suspended at the end of the month in which the leave begins.
Dependents who are not immediately covered under the military health plan have the option to apply for continued PG&E coverage as allowed under the Consolidated Omnibus Budget Reconciliation Act (COBRA). COBRA allows the employees' eligible dependents to continue their PG&E health plans for up to 18 months. Dependents have 60 days to apply for retroactive coverage. Employees are responsible for paying the full premiums plus a two percent administrative fee.
- Group Life Insurance coverage is suspended after three months.
- Time on leave is credited for Retirement and Savings Fund Plan membership and seniority for bargaining unit employees is maintained.

•Vacation

- Employees forfeit one-twelfth (1/12) of the vacation time accrued for each 22 workdays on leave of absence.

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•Return from Leave

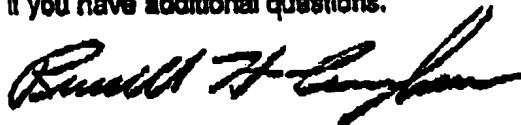
- Employees must notify PG&E of their intent to return to work within 90 calendar days after the date emergency active service is completed.

A certificate of satisfactory completion of emergency active duty service should be provided to the local HR department.

PG&E's supplemental pay ends upon completion of emergency active duty status.

- On return the employee is placed in his/her former or an equivalent classification and work location.
- Employees unable to return to work within this schedule should contact their local HR department before the 90 calendar day requirement ends.

The above policy applies specifically to emergency active duty status. Different policies may apply to enlistees, inductees, re-enlistments and other military leaves. Please refer to Standard Practices 725-1 for information on PG&E's policy on various military leaves or call Conrad Taylor on extension 222-1261 if you have additional questions.



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