Benefit Agreement to be Submitted For Vote

Local Union 1245's Pension and Benefit Committee representing the employees of Pacific Gas & Electric Company met for the first time on September 3, 1968 to prepare the bargaining proposals on a benefit plan under the opening clause of our 1964-1969 Contract. At that time, they began a review of all proposals received from the August meetings of all Units eligible to submit amendments on the program. Fifty-two Units submitted proposals which, in combination, covered all areas of possible improvements. These proposals were classified and together with the caucus reports of our May 25 and 26, 1968 Conference formed the basis of the Union's submission for changes in the present benefit program. The members of the Committee are: Larry Christopherson, Howard J. Darington, IV, Edwin M. Horn, Harry Welton and L. L. Mitchell.

Your Pension and Benefit Committee, in its development of bargaining goals, was guided by the objectives set forth in the resolution on Pension and Benefit Bargaining presented to the May Conference and given to the Committee at its first meeting of September 3, 1968. These objectives as contained in the resolution were as follows:

"That Local 1245's Pension Negotiating Committee shall place priority on those Pension and Savings Plan amendment proposals which provide improvements in:

1. Retirement income at normal retirement age.
2. Reduction of penalties at early retirement.
3. Protection against loss of employment and income due to disability.
4. Vesting and termination benefits.
5. Elimination of present inequities.
6. Contingent survivor's options."

A formal document was prepared and submitted to PG&E on September 9, 1968, containing our initial bargaining position. The first meeting between the Union and Company Committees was held on September 10, 1968, at which time the Union presented its basis for the proposals and answered questions put to the Union Committee by the Company. (The submission date and meetings had been advanced to earlier dates than the normal contract opening date of 60 days prior to January 1, 1969, by special letter agreement, due to the scope and complexities of the subject matter to be discussed.)

Your Pension and Benefit Committee has been in almost constant session since September 3, 1968, to the present date, in study, preparation, consultation with our attorneys and actuary, negotiation meetings and review of proposals and counter-proposals on the combined benefit package. In addition to its separate meetings, it has met eighteen times with PG&E in full committee and three times with subcommittees of the two parties. Committeemen have also reported to the Executive Board each month to outline the progress made and to discuss and review the Union's position regarding policy goals as previously set forth.

On January 8, 1969, your Committee received from the Company an outline of its final offer of settlement.

The Committee felt it had exhausted the possibility of further improvement in the Company offer under the principles contained in the package as it was proposed. To continue bargaining would have necessitated a change in the basis of the joint discussions to different approaches and principles than those in the package. It was the considered opinion of your Committee that the proposed settlement did in fact provide some movement in all of the objectives of our guidelines and contained major benefit improvements worthy of membership consideration.

For those on retirement and those retiring during the proposed term of the agreement, it provided a major improvement by increasing terminal pension benefits. For those in the future, we have been advised by our actuaries and economist, the concept of a highest five-year average salary basis for determining pension benefits will improve pensions over benefits provided on either a career average or a fixed dollar per year of service basis. Our own research, using data based on other than a "level earnings projection," leads us to the same conclusion. It places retirement income at time of retirement closer to the economic level of the day. The availability of a variable income annuity through a five-year participation in the "Equity Annuity Plan" is a protection against inflation if one chooses to use his option, and past performance of such type plans (combination of fixed and variable income) has proved their value where they have been in operation in other companies.

Another major improvement is provided through the Long Term Disability Plan and the disability waiver of premiums for full coverage of the face value of the Life Insurance Plan. The economic protection against total loss of income and employment is an individual and family benefit which, when considered as a long range gain, could well become the most important improvement of the total benefit program.

The reduction of employee contributions to a non-contributory retirement plan by 1973 coupled with the option to participate in a Diversified Common Stock Savings Fund Plan, provides the individual with the maximum choices for earlier retirement and increased income before and whenever retirement is elected.

With these points in mind, your Pension and Benefit Negotiating Committee asked for a special meeting with the Executive Board and Officers of Local 1245 to discuss the matter. This meeting was held on January 11, 1969. Your Committee explained its position relative to further bargaining, presented examples of the application of the proposed plan and explored the principles advanced by the offer.

It was the joint opinion of the Officers and your Committee that the proposal justified its being submitted to the membership for their judgment through a ratification vote.

The choice of acceptance or rejection will be made by a majority of those voting on the offer. We are not trying to tell anyone how he or she should vote but we do believe it is our responsibility to state our analysis and judgment on the merits of the proposed changes.

In consideration of all factors available to your Officers and the Pension and Benefit Committee, we believe the offer—when considered as a whole—provides for major benefits not now provided and a major improvement in present pension benefits.

The greater value for each employee dollar invested in the total program is an acceptable benefit package for the five-year term. The freedom to participate in plans subsidiary to the retirement program leaves the option of added coverage to the individual without impairment to the basic retirement program. Our recommendation is that the package is an acceptable one and should be ratified for the proposed five-year term.

OFFICERS:
Roland W. Fields
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Leland Thomas Jr.
James H. Fountain
Anthony J. Boker
Ronald T. Weakley
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Howard J. Darington IV
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L. L. Mitchell
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utility reporter

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TAX REFORM NEEDED

When it comes to taxes, most of the talk is about the federal income tax. But just as important are state and local taxes—even more so because they involve local services. And it should come as no surprise that almost every state and city in the nation faces a financial crisis.

Arnold Cantor, AFL-CIO Dept. of Research economist, writing in last month's issue of the American Federationist, says that the problem is not so much inadequate revenue from state and local sources, although that is also a consideration, but ineffective use.

Oddly, although income taxes are considered the fairest and best revenue producers at the local level, most states have only a token income tax. They and the cities rely largely on sales tax and property taxes.

Both, Cantor says, are considered unfair because they put the heaviest burden on low and middle-income groups. They also fail to produce revenue commensurate with economic growth, or at least there is a lag. Income taxes, Cantor claims, tend to grow at a faster rate than the economy and thus revenue is more in line with current needs.

The federal income tax has proved this, Cantor said, since four-fifths of its tax collections have come from this source since World War II. During this period, he claims, taxes have been reduced despite substantial increases in domestic and defense spending. At the same time, the national debt went up only 20 per cent, actually a sharp drop in comparison to the nation's overall wealth.

In any event, state and city revenues have not kept pace and hundreds of major new taxes have been imposed during the last eight years as a result.

As might be expected, sales taxes and property taxes fall hardest on families of low and moderate means because most of their income must be spent in large categories. What the wealthy family might spend in these same areas—steak vs. hamburger, for example—is not great enough from a tax standpoint to mean much in the way of revenue.

In brief, a 5 per cent sales tax hits the man with $5,000 gross annual income much harder than the man with $25,000 income because basic living costs remain nearly constant insofar as food and shelter are concerned. Furthermore, the wealthy man has a choice: He can settle for beans if he wishes, the poor man has to eat them and like them.

Property taxes are rough, Cantor points out, since rent or mortgage payments take roughly 25 per cent of low or moderate income and not much can be done to change this. But there is a tremendous difference between 25 per cent of $5,000 and 25 per cent of $25,000 when one person cannot afford the former and another person can afford the latter.

Cantor suggests that state and local governments pay more attention to progressive income taxes based on ability to pay and limit their present reliance on sales and property taxes. Further, that the federal government help out with more return of revenue to state and local jurisdictions.

Please send any corrections of name, address or zip code to P.O. Box 584 Walnut Creek, Calif. 94597

(Name)

(Street Address)

(City)

(State and Zip Code)

# What It Says	# What It Means	# *Additional Comments*
THE COMPANY'S PROPOSAL APPEARS IN THIS KIND OF TYPE FACE	WHERE A WORD OF EXPLANATION SEEMS IN ORDER, IT APPEARS IN THIS COLOR FORMAT	*GENERAL COMMENTS ABOUT THE PROPOSAL OR THE PRESENT COVERAGE WILL APPEAR IN THIS MANNER*

Proposed Pension Contract

The ballots will be sent out to the members who work for PG&E on the 13th of February. The final day for returning the ballot is the 24th of February.

PACIFIC GAS AND ELECTRIC COMPANY

REVISIONS IN UNION PENSION CONTRACT

Effective January 1, 1969:

1. Change the title from Union Pension Contract to Benefit Agreement.
2. Extend the term from January 1, 1969 to January 1, 1974.

5 year term.

3. Change the negotiation and notice periods at the end of the term from sixty days to ninety days.

Extra month to negotiate.

4. Provide that Pacific Gas Transmission Company and Standard Pacific Gas Line, Inc. may become a party to the Benefit Agreement by letter agreement between Union and either or both of the above named Companies.
5. Add to the Benefit Agreement the texts of the following Plans:
   a) Group Life Insurance Plan
   b) Retirement Plan
   c) Long Term Disability Plan
   d) Savings Fund Plan

The actual language with all of the specifics of the plans will be available to the employees.

GROUP LIFE, RETIREMENT AND SAVINGS FUND REVISION

Effective March 1, 1969:

An employee who is off work due to disability incurred in his employment with the Company and is receiving temporary compensation under the provisions of the Workmen's Compensation Chapters of the State Labor Code may elect to have deductions made from his check in order to continue his contributions to various benefit plans, or other previously authorized payroll deductions during the period of disability.

New procedure, Company and PSEA presently bill the employee. Employee gains benefit of continuance in the Savings Fund Plan. Note: This is voluntary.

The employee on temporary industrial disability may elect to make any one of or all of his previously authorized payroll deductions. Company has further agreed to extend the same privilege to an employee on LTD.

GROUP LIFE REVISIONS

Effective January 1, 1969:

1. Eliminate the "bracket" insurance coverage now in effect and substitute therefor insurance of twice the employee's basic annual wage (rounded to the next $100.00), except that
   a) An employee will keep his present amount of insurance if it is greater than the amount proposed unless he otherwise notifies the Company
   b) An employee who has previously "frozen" his Group Life coverage may maintain his coverage at the level at which he elected to "freeze" it.

The Group Life Insurance rate is 5c per $100.
At the time the Group Life Insurance coverage changes from the "brackets" to two times his annual salary, the employee may elect to have his insurance coverage dropped to two times his annual salary if his present insurance is higher. After this "one shot deal," once his insurance is raised to an amount, that amount will not be dropped even though his annual salary drops.
The Group Life Insurance coverage will automatically increase to the higher amount effective the first day an employee is permanently assigned to a classification with a higher wage rate.

Continues existing right of those who did not change amounts when insurance doubled in prior negotiations.

2. There will be a sixty-day open period during which a regular employee who is not now a member of the Plan or who has "frozen" his level of coverage may join the Plan or elect full coverage without the requirement of a physical examination.

Provides capability for a number of persons presently unable to obtain life insurance due to chronic ailment such as heart condition, diabetes, etc.

3. Eliminate the installment payment of the first $19,000 of insurance for total and permanent disability and substitute a waiver of premium benefit. (See also Long Term Disability Plan.)
4. Increase the paid-up life insurance upon retirement from $1,000 to $2,000. The foregoing is also applicable to presently retired employees.

The sixty-day open period won't start until the employees are notified; probably somewhere in the middle of March. Each eligible employee either not in the Group Life Insurance Plan or with frozen insurance will be contacted by the Company and given the opportunity to join the Plan at two times his annual earnings.
The waiver-of-premium is part of the Group Life Insurance Plan and not part of the LTD Plan. An employee who has Group Life Insurance and is not a member of the Retirement Plan will receive the waiver of premium if disabled even though he has otherwise been terminated from the Company.
The $2,000 paid up life insurance at retirement applies to all employees who belong to the Group Life Plan, even though they do not belong to the Company Retirement Plan. If an employee who is not a member of the Retirement Plan terminates at age 65, he will receive the paid up insurance.
If an employee terminates prior to age 65, without retiring, he will **not** receive the paid up insurance.

RETIREMENT REVISIONS

Effective January 1, 1969:

1. **Monthly Retirement Income:**

Paragraph 3 of the Retirement Plan shall be amended to provide that:

a) "Earnings" as used in this Plan shall be the average of an employee's highest regular compensation received from the Company, including shift premium and temporary upgrades but excluding overtime, bonuses or other special fees or allowances, during any period of sixty consecutive months.

b) The employee's monthly Retirement Income shall be modified as follows:

For an employee who has thirty years of Credited Service on his Normal Retirement Date, the amount of his monthly Retirement Income shall be equal to 40% of his earnings. The 40% referred to above shall be increased ½% for each year of Credited Service over thirty and reduced 1% for each year of Credited Service less than thirty.

c) An employee who joins the Plan prior to January 1, 1973 may elect to receive a Company Pension in lieu of the Retirement Income described in paragraph b above as follows:

For an employee on his Normal Retirement Date, the monthly Retirement Income shall be equal to 1/24th of the employee's contributions to the Plan plus any retirement income accrued under the Past Service Plan, the Coast Counties Plan, the Vallejo Light and Power Plan, or the Stanpac Plan. "Contributions" shall include any of the following which are applicable:

(i) The 1937-1953 adjustment
(ii) The adjustment to an age 65 basis for women who joined the Plan prior to January 1, 1954, and
(iii) The military service adjustment.

Section 6 of Part II of the Union Pension Contract shall be amended to provide that:

d) The Supplemental Pension Benefit shall be continued and improved as follows:

An employee who qualifies and who retires under the Plan after December 31, 1968 shall be entitled to receive a Supplemental Pension Benefit determined as set forth below for the rest of his life. For an employee who has thirty years of credited service on his Normal Retirement Date, the amount of the monthly Supplemental Pension Benefit shall be equal to 50% of his earnings, minus (1) the monthly Retirement Income, as described above, and minus (2) one-half of the Social Security Primary Insurance Amount to which the employee is or would otherwise be qualified at age 65. The 50% referred to above shall be increased by ½% for each year of credited service greater than thirty and reduced 1% for each year of credited service less than thirty.

2. **Early Retirement:**

Paragraph 5 of the Retirement Plan shall be amended to provide that:

An employee may retire on a reduced amount of retirement income on the first day of any month after his 55th birthday. For employees who retire early, the employee's monthly Retirement Income and Supplemental Pension Benefit, if applicable, shall be calculated as if the employee reached his Normal Retirement Date on the date he retired early. The Monthly Retirement Income and Supplemental Pension Benefit so calculated shall then be reduced by ¼ of one percent for each full month by which the employee's Optional Retirement Date precedes his Normal Retirement Date.

3. **Special Adjustments for Women Who Joined the Plan Prior to 1954:**

Paragraph 7 and other paragraphs of the Pension Plan shall be amended to provide that:

A woman who joined the Plan before 1954 will have her pension increased to an age 65 basis, as follows:

a) A woman who joined the Plan before January 1, 1954 and who is less than 60 years of age on January 1, 1969 will have her contributions as of December 31, 1968 adjusted upward by 45% and will have a normal retirement date of the first of the month following her 65th birthday.

b) A woman who joined the Plan before January 1, 1954 and who is 60 years of age or older on January 1, 1969 will have her contributions as of December 31, 1968 adjusted upward by 9% for each full year that she is less than 65 on January 1, 1969 and will have a normal retirement age of 65. In addition she will receive the added pension earned by continuing to work from her normal retirement date to December 31, 1968.

Presently is based on LAST 5 years. This improvement provides some protection in case of demotion.

In the definition of "earnings," "regular compensation" includes the traveling crew ($10.00) and relief ($3.00) payments and the straight time portion of all premium wages paid during an employee's regular work hours. (Examples are the 12-hour overlap in Agreement Section 202.20, the rest period overlap of regular work hours in Sections 208.11 and 308.14, or the first-four-day situation in Section 202.17.)
"Regular compensation" does **not** include straight time pay for travel pay under the training section of Title 201 or travel to a new headquarters under Title 301.
Vacation pay at the end of an employee's service will be applied to "earnings" for computing the Highest Average Earnings. If the employee elects to take pay for his final vacation at retirement or termination and does not take the vacation prior to his severance date, the time for the vacation will not apply to "Credited Service."

Now is last 60 months.

When computing the 60 months to determine an employee's "earnings," absence on a Leave of Absence will not be counted and will be bridged. For an absence without pay of less than 10 days, wages at the employee's regular rate of pay will be assumed.

SEE EXHIBIT 3 ON PAGE SIX

This pension formula based on highest 5 year earnings automatically compensates for cost-of-living increases negotiated during active service.

The ½% and 1% annual changes in the pension formula will be extrapolated to the nearest month, to two decimals. 16 or more days additional will be considered an additional month, 15 days or less will not be counted.

A grandfather clause, guarantees no less a pension than already earned.

Now 35 years.

Now 100% of Social Security primary insurance.

No increase over 35 years in present supplemental pension.

for Example of improvements in early retirement

Age at Retirement	Present (% of Normal Retirement)	Proposed (% of Normal Retirement)	Improved
63	93.88	94.00	.12
61	87.40	88.00	.60
59	80.26	82.00	1.74
57	73.24	76.00	2.76%
55	65.56	70.00	4.44%

Improvement over present table.

Equalize rights of men and women.

the utility reporter

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4. Spouse's Pension:

Paragraph v, Section 1 of Part II of the Union Pension Contract shall be amended to provide that:

The Widow's Pension is changed to a Surviving Spouse's Pension. The reduction factor to be applied to the Spouse's Pension if the spouse is more than 5 years younger than the employee shall be 1/10th of one percent for each full month in excess of 60 months that the spouse is younger than the employee.

Equal rights of men and women.

Improvement over present table.

years spouse is younger than employee	Reduction Factors Present	Proposed	Improved
0- 5	1.000	1.000	0
6	.972	.988	1.6%
10	.900	.940	4.0%
15	.816	.880	6.4%
20	.756	.820	6.4%

5. "Credited Service":

The first paragraph of Section 6 of Part II of the Union Pension Contract shall be amended to provide that:

Credited Service includes all continuous employment with the Company, any of its subsidiaries, or a predecessor Company so long as the employee elected to participate in the Plan when first eligible and did so continuously thereafter. Interruption of active employment with the Company during which the employee receives no earnings from the Company as a result of a layoff for a period not exceeding twelve months shall not consititute a break in Credited Service, although such period of interruption shall not be included as Credited Service. Authorized leave of absence and absence on account of industrial accident (during which the employee elects not to contribute to the Plan) shall not constitute a break in Credited Service and the period of such absence shall constitute Credited Service if the employee returns to employment with the Company immediately following expiration of the leave of absence or recovery from industrial accident. In the event an eligible employee elected not to participate in the Plan when first eligible, his Credited Service shall include the period of employment from the most recent date of participation.

Picks up credits to Employment Date for determining vesting pension amount, etc.

The only time not included in "Credited Service" is a layoff for a period not exceeding 12 months. All other authorized absences are included.

Bridges all past leaves. Takes care of World War II vets, Industrial Disability leaves, sickness, Union Service, etc.

Company will notify the employees of the date their "Credited Service" began in the report of contributions through 1969 that will be out in early 1970.

6. Vesting:

Paragraph 9 of the Retirement Plan shall be amended to provide that:

Pension rights will vest after ten years of Credited Service. If an employee with ten or more years of Credited Service terminates his service and withdraws his contributions, his monthly retirement income from the Plan shall be reduced by 33-1/3%.

Presently 15 years in plan.

SEE EXHIBIT 4 ON PAGE SEVEN

Employee leaving Company will retain a pension. He now loses any right to company portion if he withdraws his contributions.

Each employee will be notified when he vests in the Plan.
Each employee who terminates will be given written information that outlines his earned pension.

An employee may quit and then retire immediately thereafter, if otherwise eligible under the retirement plan, and withdraw his contributions and receive 2/3 of his pension. He will also lose the other benefits of an employee who retires from active employment normally receives; the paid hospital, employee's discount or the paid up life insurance.

7. Equity Annuity Option:

Paragraphs shall be added to the Retirement Plan to provide that:

a) An employee may, within 60 months prior to his normal retirement date or prior to his early retirement date, elect to have 10%, 20%, 30%, 40%, or 50% of his income converted to an Equity Annuity. The election of this option may not be revoked or changed after his retirement date.

b) An Equity Annuity provides income payments that are expressed as a fixed number of Annuity Units and vary in dollar amount according to the changing market value of an Annuity Unit. An Annuity Unit is the unit of measure which reflects the investment results of the underlying investment fund which is composed primarily of common stocks. The value of an Annuity Unit at any time is affected by the investment fund's investment income and market value changes and varies periodically.

c) On the first day of each month after the employee's election becomes effective until the conversion is completed, 1/60th of the amount of his Equity Annuity will be converted into Annuity Units. If the conversion is not completed prior to the date the employee retires, the income payable to such employee on a fixed basis will be reduced as of each date of conversion by the amount converted on that date. The Equity Annuity of the employee will be increased on such date by the number of Annuity Units arising from the conversion.

d) That portion of an employee's pension which is based on an Equity Annuity will be paid monthly commencing on the date Annuity Units are established for him or his retirement date, whichever is later, and will cease with the last payment due prior to the date of death of the employee. If the employee dies before all of his Equity Annuity has been converted and the Survivor's Option has become effective, conversion will continue throughout the joint annuitant's lifetime until the conversion is completed. A surviving spouse who qualifies for the Spouse's Pension may also elect the Equity Annuity Option.

The term "Equity Annuity" will be replaced with the term "Variable Annuity" which is more descriptive.

The election to convert a portion of his pension "prior to early retirement" may be exercised during the 30 days prior to his early retirement date.

Election of the Variable Annuity can be revoked at any time prior to retirement, but the amount already converted will remain. Once an employee revokes his election, he cannot re-elect it.

In all cases, conversion to a variable annuity will take place over a 5 year period.

8. Snrvivor's Option:

Paragraph 16 of the Retirement Plan shall be amended to provide that:

The Survivor's Option will be made available without physical examination up to 31 days prior to retirement instead of one year prior to retirement and will apply to both the Fixed and Equity Annuity portions of the Pension.

Presently one year.

9. **Employee Contributions:**

Paragraph 2 of the Retirement Plan shall be amended to provide that:

Employee contributions to the Plan will be reduced by 50% effective January 1, 1969 (that is, to a contribution rate of 1½% of the first $3,600 per year and 2½% on the balance), by 75% effective January 1, 1971 (to ¾ of 1% of the first $3,600 per year and 1¼% on the balance), and discontinued entirely on January 1, 1973.

The Company will refund, retroactively to January 1, 1969, the employee's contribution that exceeds the reduced contribution rate.

10. **Retired Employees:**

A paragraph shall be added to the Retirement Plan to provide that: Pensions for presently retired employees who retired from active service with the Company will be increased by 2% of each year an employee has been retired, starting with 1968 (2% for employees who retired in 1968, 4% for employees who retired in 1967, etc.). The minimum increase will be $10.00 per month.

The 2% per year will be applied to the total amount of Retirement Income received from the Company, its predecessors and its subsidiaries by the retired employee and will not be reduced by any factors. The 2% application will apply to Survivor's and Widow's.

11. **Suspended Contributions:**

A paragraph shall be added to the Retirement Plan to provide that: If an employee, other than an employee who is absent without pay or due to disability, suspends his contributions to the Retirement Plan prior to his retirement date, his retirement income will be determined in accordance with the provisions of paragraph 1 c above and applicable vesting provisions. Such employee will not accrue additional service under the Retirement Plan, his membership in the Savings Fund Plan will be suspended (i.e., he will not be permitted to make further contributions to such Plan), and his coverage under the Long Term Disability Plan will be cancelled.

An employee, once suspended, will not be able to rejoin in the future. This provision will become inactive for future participants joining after 1973.

Effective January 1, 1970:

12. **Normal Retirement Date:**

Paragraph 4 of the Retirement Plan shall be amended to provide that:
The normal retirement date for every employee, including an employee who joined the Plan prior to January 1, 1954 is the first of the month following his 65th birthday.

SAVINGS FUND PLAN REVISIONS

Effective As Soon As Practicable:

A Section shall be added to Part III of the Union Pension Contract and paragraphs added to the Savings Fund Plan to provide that:
The Savings Fund Plan will be amended to provide that an employee who is a member of such Plan may contribute up to an additional 4% of his straight time earnings to the Plan. Such additional contributions shall be invested by a trustee in a diversified Common Stock Fund (which cannot hold P.G. and E. stock) as a separate option under the Savings Fund Plan with no Company matching. After discussion with the Union, Company will establish or modify rules for changes in employee options and governing withdrawals as necessary to protect the tax advantages of both the present and amended Plans and will provide written investment objectives for the trustee.

Optional.

LONG TERM DISABILITY PLAN

Effective January 1, 1969:

1. The Long Term Disability Plan will provide income protection to an employee during periods of disability that continue beyond six months.
2. An employee who is a member of both the Group Life Insurance and Retirement Plans is eligible for coverage under the provisions of this Plan. Termination of membership in either or both of the above Plans terminates coverage under this Long Term Disability Plan.
3. This Plan is provided for each eligible employee at no cost to the employee.
4. The determination of disability will be made by Company. In general, an employee shall be considered disabled if he, by reason of injury or illness, is off work and
   a) he is unable to perform the duties of his classification.
   b) Company is unable to place him in a position commensurate with his reduced work capabilities.

   A disabled employee will not be entitled to receive benefits under this Plan if his injury or illness arises out of and in the course of:
   (i) employment with an employer other than the Company,
   (ii) any criminal activity committed by the employee for which he is discharged, or
   (iii) attempted suicide.
5. Benefit payments under this Plan will be the amount necessary to provide income equal to 50% of the basic monthly rate of the employee's regular classification in effect on the last day the employee works prior to becoming disabled.
   In computing the employee's 50% Benefit, the following items will be included:
   a) One-half of his Social Security Disability Insurance Benefit if he qualifies for such Benefit.
   b) Benefits payable under the Voluntary Wage Benefit Plan.
   c) Workmen's Compensation Benefits and Supplemental Benefits for Industrial Injury to which he is entitled.
   d) Any other Disability Benefits payable by the Company, the PSEA, or under federal or state laws providing disability benefits.
   e) Benefit payment from this Plan, sufficient to bring his income up to the 50% stated above.

An employee on LTD is neither on a Leave of Absence or severed. He retains the benefits of an active employee (discount, bidding, hospital, etc.).
Military or National Service Life Insurance disability payments will not be considered as an offset against the LTD payment.
Disability payments under Federal or State law will be an offset ONLY if the Company is required by law to contribute to such disability program.
The only SS offset of the LTD payment is the employee's primary Disability Benefit and not any of the dependent's benefits.
A permanent award for an industrial injury will not offset any payments under the LTD Plan.
Payments under the LTD Plan will not be considered a credit against any permanent award for an industrial injury.

6. Initially, benefits under the provisions of this Plan are payable to an eligible employee who:
   a) is disabled, and
   b) has been off work for six months as a result of such disability.
7. Disability benefits will be available until the earliest of the following:
   a) The date the employee's disability ends.
   b) The date of the employee's death.
   c) The employee's normal retirement date or an earlier retirement date selected by the employee under the provisions of the Retirement Plan.
   d) If the employee has 1 year of Company service but less than 5 years of Credited Service*, 5 years after the date of his disability.
   e) If the employee has 5 years of Credited Service but less than 15 years of Credited Service, a period equal to his Credited Service from the date his disability began.
   f) If the employee has 15 or more years of Credited Service, the date of his normal retirement under the provisions of the Retirement Plan.
   g) The date that it is determined that an employee has capabilities to perform the duties of another classification which the Company has made available to him, but this date shall be considered only after 24 months have elapsed from the date his disability began.
   h) The date it is determined that the disabled employee was employed by another employer and such employment provided remuneration of substantial amount in relation to the Benefit payment under this Plan.

*Credited Service as defined in the Retirement Plan.

8. The time that an employee is disabled, is off work, and is eligible to receive benefits under this Plan shall accrue as Credited Service under the provisions of the Retirement Plan.
9. If the Company determines that an employee is disabled and he is eligible to receive Long Term Disability Benefits, he makes no further contributions to the Group Life Insurance Plan. The full amount of his Group Life Insurance remains in force as long as he remains disabled, but not beyond age 65, at no cost to him.

An employee injured while on a Leave of Absence will be qualified for LTD benefits if he is a member of both the Company Retirement Plan and the Group Life Insurance Plan.

Once an employee attains 15 years of Credited Service, if he becomes disabled, he either has a job or he collects on LTD until his Normal Retirement Date as long as he is disabled (assuming he is alive).

An employee who will not accept a job in a distant location from his home when disabled will not be disqualified from receiving LTD payment.

The "anti-moonlighting" clause does not apply to an employee engaged in Union business or to an employee serving in an elected or appointed position in Public Office.

EXHIBIT 1

SUMMARY

The proposed changes in providing a Union Benefit Agreement outlined in this issue of the UTILITY REPORTER, when reviewed in terms of the objectives given to the Pension Negotiating Committee, show that some movement was made in every item listed. (See page 1.)

Three of the causes of loss of income - Retirement, Disability and Death - have had major improvements. Plans will be available on a voluntary basis. The amendments for a new Union Benefit Agreement are being submitted to a vote of the membership.

1. RETIREMENT AT NORMAL RETIREMENT AGE
   a. A new formula for determining pensions.
   b. Improved basis for "Credited Service".
2. REDUCTION OF PENALTIES FOR EARLY RETIREMENT
   a. New improved table.
   b. Higher earnings base due to items in 1. above.
3. PROTECTION AGAINST LOSS OF EMPLOYMENT AND INCOME DUE TO DISABILITY
   a. New Long Term Disability Plan provided.
   b. Waiver of insurance premium and full insurance coverage while disabled.
4. VESTING AND TERMINATION BENEFITS
   a. Reduce vesting period to ten years' credited service.
   b. Provide return of contributions and still maintain two-thirds of pension if vested.
5. ELIMINATION OF PRESENT INEQUITIES
   a. Bridge loss of credits for absence of veterans in World War II.
   b. Credit loss of time for industrial disabilities, leaves of absence for illness, or other reasons.
   c. Provide pension for surviving spouse.
   d. Credit time loss on account of Union business.
   e. Improve credit base for veterans entering service since 1950.
   f. Adjust credits for woman pre-1954 and provide right to participate to age 65.
6. CONTINGENT SURVIVOR'S OPTIONS
   a. Improved table.
   b. Option can be made up to 31 days before retirement.

In addition, the Plan will provide: (1) a reduction of costs during the term for the participating employee; (2) an eventual non-contributory retirement plan for all employees; (3) an optional choice of a fixed pension or a combination of fixed and variable pension to aid in offsetting rising costs; and (4) a Diversified Stock Fund with tax advantages from the earnings of voluntary investments in the Fund.

EXHIBIT 2

RATE OF RETIREMENT INCOME EARNED EACH YEAR UNDER THE PG&E PENSION PLAN

PRESENT FORMULA

FOR SERVICE PRIOR TO 1937

1% of the December 1936 wage rate for each year of service prior to 1937.

FOR SERVICE 1937 - 1953

1% of 1st $3000 per year earnings
2% of earnings over $3000 per year

+ the 1937 to 1953 adjustment

3/8% of all earnings during 1937 to 1953.

FOR SERVICE 1954 TO PRESENT

1-1/2% of 1st $3600 per year earnings
2-1/2% of earnings over $3600 per year

FOR MILITARY SERVICE DURING WWII

No pension earned

FOR MILITARY SERVICE AFTER 1950

Pension earned based on wage rate when entered service and applying the percentage applicable after 1954.

PROPOSED FORMULA

FOR ALL SERVICE INCLUDING PREDECESSOR COMPANIES IF JOINED PG&E PENSION PLAN AT FIRST OPPORTUNITY.

OR

FOR ALL SERVICE FROM THE TIME JOINED THE PG&E PLAN

For 1 to 30 years

10% plus 1% of highest average earnings for each year of service

plus

For service in excess of 30 years

1/2% of highest average earnings for each year of service.

EXHIBIT 3

COMPARISON OF RETIREMENT INCOME RESULTING FROM APPLICATION OF PRESENT AND PROPOSED PENSION FORMULAS

These examples are based on actual case histories assuming each individual involved had retired on 1-1-69. Reduction for early retirement is included.

CLASSIFICATION	YEARS CRED. SERV.	HIGHEST AVERAGE EARNINGS	CONTRIBUTIONS	RETIREMENT INCOME* PRESENT	PROPOSED
TROUBLEMAN	45.42	$744.85	$6594	$287.70	$323.38
FOREMAN'S CLERK	43.67	667.24	5164	228.12	312.74
T&D DRIVER	15.08	630.76	3650	145.54	151.47
ELECTRICIAN	20.50	727.47	4617	185.38	218.60
FIELDMAN	20.42	592.45	3507	145.29	172.56
GARAGE SUB-FOREMAN	23.42	734.71	4898	203.11	263.94
LINEMAN	39.83	727.47	5585	250.52	315.34
BUILDING MAINTENANCE-MAN	33.17	701.04	4880	204.43	277.71
ROUTINE METERMAN	26.75	634.05	4645	202.16	231.85
WATER SYSTEMS REPAIRMAN	34.67	634.05	4675	193.61	248.32
METER REPAIRMAN	14.33	634.05	3667	141.06	142.69
TRANSFORMER REPAIRMAN	24.17	592.45	4068	161.49	192.82
DITCH TENDER	31.67	544.13	4142	166.61	203.89
METER TESTER	38.75	650.91	4815	210.77	275.15

NOTE: *Retirement income from Company Pension in all cases was high enough that the minimum pension guaranteed under the Supplemental Pension provision was exceeded. The Retirement Income figures do not include Social Security.*

EXHIBIT 4

An employee at age 65 retired on 12/1/67 under the present plan and is receiving a fixed pension of $320.52 each month for the duration of his life. This will never vary.

If the variable annuity had been available to the employee and he had elected the 50% Variable Annuity Option at age 60 and after calculating the conversion of the option over the five years before retirement based on the actual December 1962 to February 1969 experience of the Prudential Life Insurance Variable Annuity Investment Fund, the table below shows the variable income which would have been paid for December 1967 and thereafter to February 1969. Only every third month figure is shown. Actual income payment would have been adjusted and paid each month.

DATE	FIXED PENSION	VARIABLE PENSION	TOTAL PENSION
Dec 1967	$160.26	$189.34	$349.60
Mar 1968	160.26	184.56	344.82
Jun 1968	160.26	194.83	355.09
Sep 1968	160.26	191.01	351.27
Dec 1968	160.26	202.83	363.04
Feb 1969	160.26	213.93	374.19

Care for California's Mentally Ill Declining

A grim picture of the decline in care for California's mentally ill since Governor Ronald Reagan decreed "economy" cuts at state hospitals emerged at a State Senate hearing.

Testimony struck the recurring note that understaffed state hospitals were being reduced more and more to simple custodial care—and not a very good brand at that.

UNION COMPLAINT

Witnesses' complaints echoed that of at least one union which months ago warned that understaffing threatened safety of state hospital employes.

Union of State Employees 411 charged then that staff members and patients faced danger from the reduced "staff's inability to control the large populations on each ward" at Agnews State Hospital.

Local 411 declared that women employes often were left alone at night to handle wards with violent and unpredictable male patients.

Practically all witnesses at last week's hearing—with glaring exceptions of Reagan's Human Relations Agency secretary and the state director of mental hygiene—told of a new low in state hospital care.

HIGHLIGHTS OF TESTIMONY

They gave such testimony as:

• Staff shortages at Napa State Hospital are so bad that single nurses or technicians attend single-handedly at night to huge wards of sometimes violent patients.

• Reagan's "economy" staff cuts affected very few top Department of Mental Hygiene jobs while "97 per cent of the abolished positions came from the technician level."

• Sonoma State Hospital is jammed with 3,400 patients although it was built for 2,400.

• Only half of the 1,000 retarded children at Sonoma, who need schooling, are getting it—in half-day sessions.

• Sonoma's laundry and food services are completely inadequate and dental care is so inadequate that it is restricted to emergency extractions.

• Because of lack of manpower to care for them, retarded children who could be up are confined in bed by heavy webbing. They are bathed and their teeth brushed sometimes twice a week, mostly once.

REAGAN SLASH

• Reagan slashed $17,700,000 from the Mental Hygiene Department's budget in mid-1967, mainly by elimination of 3,700 jobs by attrition or layoffs.

Dr. Robert Spratt, Napa superintendent, told the committee of the deterioration of care at Napa and said staff members there have little hope for improvement.

He disclosed that some 290 of 351 positions abolished at Napa since March, 1967, were nursing service posts—people who care for patients.

He has learned that another nursing job will be wiped out in the 1969-70 fiscal year, he said.

Witnesses included hospital staff and administrative officials, parents of young patients and representatives of professional organizations.

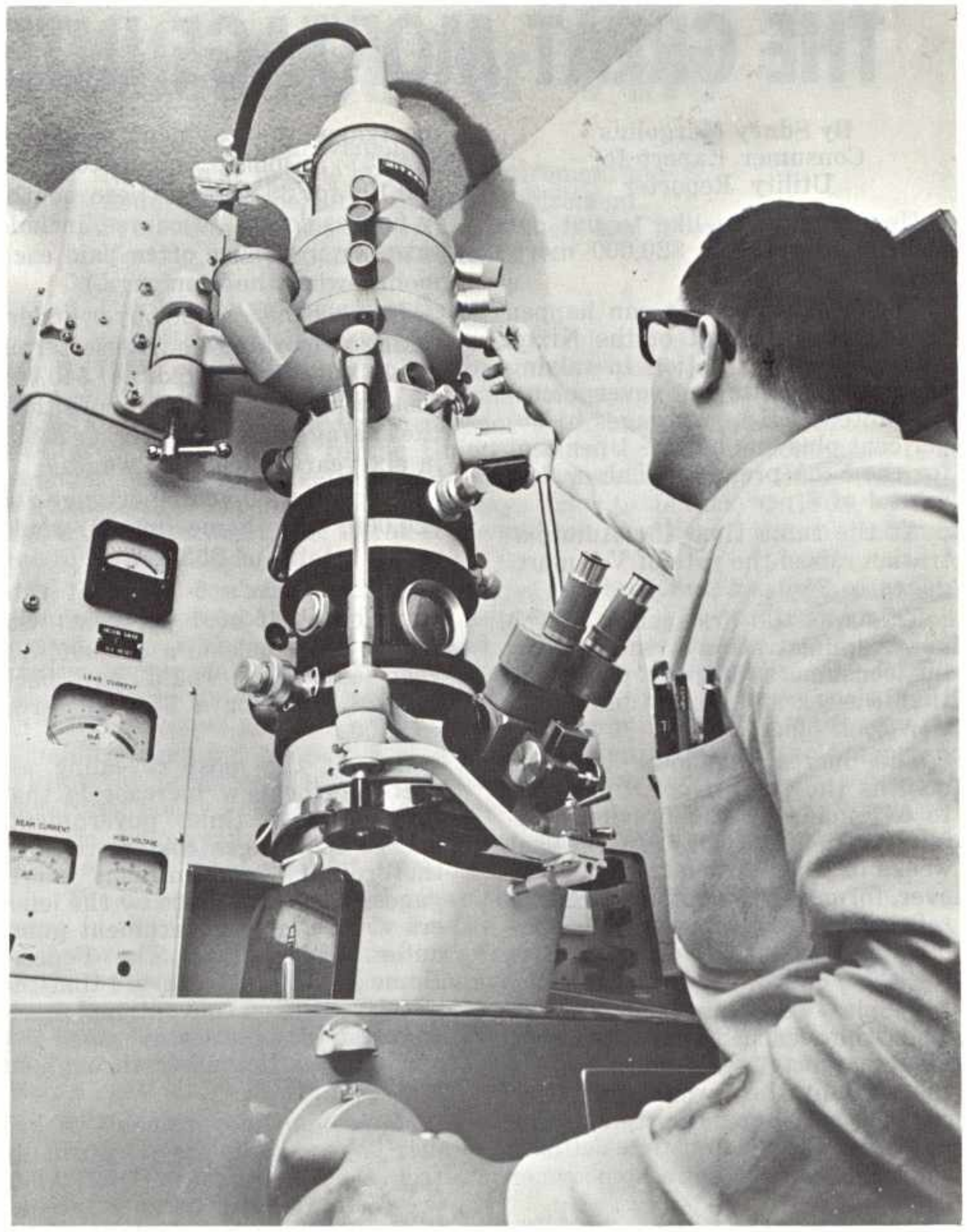
ADMITS SHORTAGE

Despite their indictment of Reagan "economy" care, Dr. James Lowry, director mental hygiene, maintained only Atascadero State Hospital is overcrowded and that reduction of patient load at state hospitals has produced a "reasonable" space standard.

But Subcommittee Chairman Alan Short, Stockton Democrat, drew from him the admission that a personnel shortage had resulted from the Reagan budget cuts.

Spencer Williams, Reagan's appointee as secretary of the Human Relations Agency, of which Mental Hygiene is a part, said he was confident the subcommittee would agree with him that "we have developed a mental health program well ahead of most major states."

(This article is from a Nov. 1 issue of The East Bay Labor Journal.)



GIANT "EYE" of this powerful new electron microscope at the City of Hope probes deep into the fantastic world of the living cell. Example of the "New Horizons" expansion program at the free, nonsectarian Pilot Medical Center, the instrument spurs major research by magnification up to two million times life size. It acquisition was made possible by contributions of organized labor. Local 1245 has contributed to this fund.

Common Questions About Social Security

The Social Security Administration Office has furnished us with a list of questions and answers about Social Security. The questions in this article are those which are asked most frequently. If you should have any questions about the Social Security benefits please contact your local Social Security Office.

QUESTION: I understand a person now pays social security tax on $7800 a year if he earns that much. It used to be much lower according to my memory. How come this was raised?

ANSWER: When the Social Security Law first went into effect in 1937, the tax limit for Social Security was $3000 per year. This figure at that time included 95 percent of the working population. Since wages have increased greatly since then, the tax limit was increased to $7800 which now covers at least 84 percent of those working under Social Security. The larger contributions also enable the Social Security Administration to pay higher benefits and improve the program in other ways.

QUESTION: Why is one who is receiving Social Security not permitted to earn over $1680 and still receive the total amount of Social Security in any one year?

ANSWER: With the idea that Social Security payments are retirement benefits, Congress has stated that one who does not earn more than $1680 per year is retired. If an individual who is receiving Social Security earns more than this, his Social Security would be reduced according to his total amount of earnings for the year. If this figure of $1680 was not in the law and benefits were paid to everyone at age 65 regardless of their earnings, the cost would be about $2 billion a year. This amount would go to people who are fully employed and would not seem to be the best way to spend $2 billion. Beginning with the month in which a person reaches age 72, there are no earnings restrictions.

THE GREAT MORTAGE INTEREST HOLDUP

By Sdney Margolius
Consumer Expert for
Utility Reporter

How would you like to put out \$60,000 to repay a \$20,000 mortgage?

That's exactly what can happen to you as the result of the Nixon Administration's action in raising the interest rate on government-guaranteed FHA mortgages to 7½ per cent plus one half of 1 per cent for the FHA premium. This makes a total of 8 per cent.

At the same time the Administration raised the rate of VA mortgages to 7½ per cent.

This was the first action of the new Administration directly affecting consumers. It took place less than a week after the Administration took office.

The increase follows by nine months the jump from 6 per cent to 6¾ made by the previous Administration last May. In the last weeks of his Administration, however, former President Johnson had refused the request of VA Administrator William Driver to increase the rate again.

People were shocked enough when they learned that 6 per cent rates on mortgages usually doubled the amount they would pay back on a 30 or 35-year mortgage. The new rates for the first time actually can triple the amount a homeowner pays.

For example, on a 35-year mortgage the payment for interest and principal at 7½ per cent comes to \$6.75 a month for each \$1000 of mortgage, plus 42 cents for the FHA premium insuring the lender against loss (not charged on VA mortgages). On a \$20,000 FHA mortgage, the payment would be \$143.31 a month, or a total of \$60,190 for 35 years. (These monthly figures do not, of course, include taxes or insurance often paid each month with the mortgage.)

That means a home buyer undertaking a mortgage on these terms would pay an incredible \$40,000 just in interest. This is more than the average industrial worker earns in six years at current wages.

Even on a 30-year mortgage for \$20,000, the home buyer would repay a total of \$53,387.

At last year's 6 per cent rate (plus one half of 1 per cent) the family that took on a \$20,000, 30-year mortgage would pay back \$46,184, and for a 35-year term, \$51,450.

One of the most revealing aspects of the new increase is that for the first time, government-backed mortgages cost more than the ordinary "conventional" mortgages. These are made by the lenders without any government guarantee against loss. The Federal Home Loan Bank reported that the effective rate on conventional mortgages on new houses averaged 7¼ per cent in December throughout the country.

Rates on government-backed mortgages have risen gradually from the 5¼ per cent of 1965 when the Vietnam war became intensified. Usually increases were about one fourth of 1 per cent at a time. But the two increases of three fourths of 1 per cent each in less than nine months are double the total increase of the previous three years.

The reason given for the latest increase was the need to encourage lenders to make mortgages since they can earn as much or more on commercial loans (to businessmen). But this reason was advanced every time rates were raised during the past three and a half years —and it obviously never worked. Each time lenders soon were charging additional "points" or discount for giving mortgages. (A "point" is an extra fee of 1 per cent of the amount of the mortgage loan.)

For example, in 1966 when mortgage rates were raised, readers wrote us that lenders still charged an additional 8 to 10 points (the equivalent of 8 to 10 per cent of the loan or \$1600 to \$2000 in the case of a \$20,000 mortgage). Thus, the mortgage-seeker who wants \$20,000 has to sign a mortgage for \$21,600 to \$22,000.

The leaping mortgage rates have been a main reason why home ownership has become the second fastest rising item in the cost of living (next to medical costs). Homeowner costs have jumped 31 per cent in the past decade compared to an overall rise in living costs of 23 per cent.

What can you do about this, outside of just buying a tent? Obviously you have to shop interest rates more widely among different lenders, try to put down more, try to pay off sooner, and make sure you get a right to prepay without a severe penalty written into your contract (in case rates come down later).

Note that conventional mortgages are a little cheaper now than FHA or VA. You do have to make a larger down payment for a "conventional," and won't get as long to pay off. The more you can put down, the better your chances of getting a lower rate.

buyers' bailiwick

Avoid very long terms. A 35-year mortgage instead of 30 will reduce your payments only about \$5 a month. But you'll pay \$7000 more in total interest.

Also avoid including in the mortgage appliances, carpeting, other equipment the builder might offer. If you pay for such items over the length of the mortgage, you'll wind up paying three times as much.

A house with a lower-rate mortgage which you can take over now takes on additional value if the seller will let you take over the old mortgage.

On the other hand, if you are selling, you should know that you are still liable if the buyer takes over your mortgage. So be sure he signs a bond which makes him fully liable to the lender, and check his credit to make sure he is a good risk.

One thing Congress could do to help some young families and restrain rates in general, would be to give the VA more authority to make direct loans to vets at a lower rate than the present impossible 7½ per cent.

SAFE LIFTING PROCEDURES IMPORANT AT HOME AND ON THE JOB

It sounds almost silly for me to ask you if you know how to lift safely. You've been lifting things all your lives. But when you stop to think, it's really a fair question. After all, the statistics show that each year many men and women suffer much pain, lose time from work, and often are permanently disabled because of lifting injuries.

Why is this? Do people tend to over-estimate their brawn and attempt to lift too much? Don't they size up the lifting jobs? Don't they know how to go about lifting in a safe way? And, maybe sometimes, does someone just want to show off?

Let's take a look at the techniques of lifting. Simple as the job sounds, there is a right way and there is a wrong way to do it.

First of all, be sure you know how much you can lift and handle; don't just guess. And, remember, lifting an object isn't the whole story. You must also carry it or lift it still higher for instance, up to a shelf or bench), and finally let go of it. About as many injuries occur when an object is being carried or set down as occur with the lifting operation itself. If you think a load will be too heavy or cumbersome to handle by yourself, get help; don't try to do the job alone.

As with any job, it's a good idea to plan the operation before you begin. Figure out where to take hold of the object, where it will be best for you to stand, how you can best move with it, and how you're going to let go of it.

When you're ready to lift and carry, here is the step-by-step procedure:

1. Face the object with your feet apart about the length of a shoe, and be sure you have solid footing. The stance should be comfortable and your position such that you can lift the object as nearly straight up as possible.
2. Bend your knees and squat down; keep your back erect.
3. Take a firm grip on the object. Be sure your hands or gloves and the surface of the object are not slippery.
4. Straighten your legs gradually —not with a jerk—from the squatting to an erect position.
5. To carry the object, keep it close to your body, as near your own center of balance as possible.
6. If you have to turn, do so with your whole frame, not just with your trunk. Avoid twisting your body because this motion places the load outside your center of balance and puts a terrific strain on non-lifting muscles.
7. To set the load down, simply reverse the lifting operation: with your back erect, bend your legs at the knees to a squat, and withdraw your hands from the object.

When two or more men are lifting together, one man, and only one, should give the directions for the team. Efforts should be completely coordinated. The load should be well balanced and, so far as possible, distributed evenly. For a team, the lifting procedure is the same as it is for just one man: squatting position, firm grip, erect body, lifting with the legs, and reversing the technique to set the load down.

Maybe you're wondering why it's important to lift with the legs and to keep good body balance. Well, when a person bends at the waist to lift, with his legs straight, the strain falls on the weak muscles of the back, the sides, and the abdomen. These muscles aren't made for lifting; they can't stand that much strain.

That's also the reason why you should avoid twisting your body while you're carrying a load. These same weaker muscles take the brunt of twists. Then, the strain being too much for them to bear and the body being unbalanced, the load goes out of control and an accident is in the making.

Maybe back injuries will be the result, and they are among the most painful of all injuries. Moreover, they are decidedly difficult to repair. Once weaker back and side muscles have been strained, they may never regain their original usefulness.

Where we have to handle heavy loads regularly, we'll be provided with various tools, such as lifting hooks, crowbars, rollers, jacks, hand trucks, dollies, wheelbarrows, and so on. Many of these tools do not eliminate the need for lifting; they simply reduce the amount of lifting and carrying. So, even though we use these tools, we must still observe safe lifting procedures.

One last word: knowing how to lift correctly won't do us any good and won't prevent any injuries unless we put that knowledge to work every time we have a lifting job to do.