



LETTER AGREEMENT NO. 00-30-PGE

IBEW



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, MANAGER
AND CHIEF NEGOTIATOR

JACK McNALLY, BUSINESS MANAGER

June 20, 2000

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

Attention: Mr. Jack McNally, Business Manager

Dear Mr. McNally:

The Company is proposing to provide an additional medical plan for retirees, their surviving spouses and their dependents which will be referred to as the Retiree Optional Plan. A copy of the plan including the benefit levels is attached. The medical portion of the plan will be administered by United HealthCare and the prescription drug portion of the plan will be administered by Merck Medco.

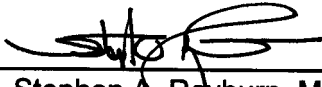
Contributions will be charged in accordance with the Medical, Dental and Vision Agreement. The Retiree Optional Plan will become effective January 1, 2001.

Either party upon giving 30 days written notice may cancel this agreement.

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, Manager and
Chief Negotiator

The Union is in accord with the foregoing and agrees thereto as of the date hereof.

LOCAL UNION NO. 1245, INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO

Aug 1, 2000

By: 
Jack McNally
Business Manager

The PG&E Retirees Optional Plan

This Plan will have two non-integrated subplans; a medical plan administered by United HealthCare and a prescription drug plan administered by Merck Medco.

Medical Benefits (administered by United HealthCare)

Type of Plan	Will be a nondirected PPO plan (similar to the OOA plan); can use any provider.
Deductible	\$500 annual deductible per person up to a family maximum of \$1,500.
Out-of-pocket Max	\$5,000 per person up to a family maximum of \$10,000.
Hospitalization and Inpatient Hospice Care	70% after deductible; preauthorization required for nonemergency care; \$250 penalty if not obtained.
Pre-admission Testing	70% after deductible
Skilled Nursing	70% after deductible following 3 days or more in hospital
Emergency Room Care	70% after deductible
Maternity Care	70% after deductible
Well-Baby Care	70% after deductible
Doctor's Visits: Office and in Hospital	70% after deductible
Routine Physical Exams	70% after deductible
Immunizations	70% after deductible
Eye Exams	Not Covered
Hearing Aids	70% after deductible; \$2,800 maximum benefit per year
X-Rays, Lab and Other Diagnostic tests	70% after deductible
Home Health Care and Home Hospice Care	70% after deductible; over 14 days requires prior authorization
Outpatient Physical Therapy	70% after deductible
Chiropractic and Acupuncture Therapy	70% after deductible; each type of therapy limited to 10 sessions per year
Inpatient and Outpatient Mental Health Care	70% after deductible
Inpatient and Outpatient Alcohol and Drug Care	70% after deductible

Exclusions will be the same as in the PG&E PPO/OOA plans administered by United HealthCare. Out-of-pocket expenses for prescription drug benefits will not integrate with this plan or vice-versa.

**The PG&E Retirees Optional Plan
(continued)**

Prescription Drug Benefits (administered by Merck Medco)

Type of Plan	Drug Card for Retail purchases and Mail Order program
Deductible	\$200 per person; no family maximum
Out-of-pocket Max	\$1,500 per person up to a family maximum of \$3,000.
Retail Drug Purchases	60% after deductible
Mail Order Purchases	70% after deductible
Fertility, Sexual Dysfunction and Birth Control drugs	50% after deductible

Exclusions will be the same as in the PG&E Prescription Drug Plan, effective 2001, which is also administered by Merck Medco.