



**Pacific Gas and  
Electric Company**

# LETTER AGREEMENT NO. 05-56-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 2547  
VACAVILLE, CALIFORNIA 95696  
(707) 452-2700

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STEPHEN A. RAYBURN,  
DIRECTOR AND CHIEF NEGOTIATOR

PERRY ZIMMERMAN,  
BUSINESS MANAGER

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October 20, 2005

Mr. Perry Zimmerman, Business Manager  
Local Union No. 1245  
International Brotherhood of  
Electrical Workers, AFL-CIO  
P.O. Box 2547  
Vacaville, CA 95696

Dear Mr. Zimmerman:

The Company and IBEW Local 1245 have continued to take a proactive approach in addressing health care delivery issues. In addressing these issues, the parties are concerned with balancing two very important factors, controlling health care costs and providing quality health care for employees, retirees and their dependents.

During 2002 – 2003 general negotiations, the parties agreed to a joint study to evaluate UnitedHealthcare's performance as PG&E's third-party administrator of the self-funded medical plan and to perform a comparative analysis of available vendors in the marketplace today. In doing so, the parties underwent a comprehensive 12-month Request for Proposal (RFP) process involving seven major healthcare vendors (including UnitedHealthcare). The joint study has been completed.

After thorough review and analysis of the information provided through the RFP process and on-site visits by the parties to the customer services and claims facilities of the healthcare vendors under consideration, the Company proposes the selection of Blue Cross of California (Wellpoint) as the third-party administrator of the self-funded medical plan (Comprehensive Access Plan [CAP], Network Access Plan [NAP], Medicare Supplemental Plan [MSP], Retiree Optional Plan [ROP]) replacing UnitedHealthcare effective January 1, 2006. Blue Cross of California (Wellpoint) will administer all current terms and conditions of the medical plans. Specifically:

- Selection of Blue Cross of California (Wellpoint) as the third-party administrator of the self-funded medical plan does not run concurrent with the term of the Medical, Dental and Vision Benefit Agreement. Any change in vendor will require agreement of both parties.
- Blue Cross of California (Wellpoint) will administer the terms and conditions of the self-funded medical benefit plans as agreed to by PG&E and the IBEW in the 2003 General Negotiations Settlement as well as other applicable agreements that are still in effect. The foregoing shall not reduce the scope of any current agreement and will supersede provisions that are directly addressed in this Agreement.
- The access criteria currently defined by UnitedHealthcare will remain in effect with the selection of Blue Cross of California (Wellpoint).
- A contact individual with both PG&E and Blue Cross (Wellpoint) will be provided to IBEW Local 1245. A vendor representative will be responsive to the Union regarding member concerns and issues raised by the Union.
- Blue Cross has agreed to joint, quarterly meetings with the IBEW Local 1245 and PG&E.

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:   
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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

Nov 15, \_\_\_\_\_, 2005

By:   
\_\_\_\_\_  
Perry Zimmerman  
Business Manager