



**Pacific Gas and
Electric Company**

LETTER AGREEMENT NO. 13-60-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
LABOR RELATIONS AND HUMAN RESOURCES DEPARTMENT
MAIL CODE N2Z
P.O. BOX 770000
SAN FRANCISCO, CALIFORNIA 94177
(415) 973-4310
STEPHEN RAYBURN
DIRECTOR AND CHIEF NEGOTIATOR

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
P.O. BOX 2547
VACAVILLE, CALIFORNIA 95696
(707) 452-2700
TOM DALZELL
BUSINESS MANAGER

July 23, 2013

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

Dear Mr. Dalzell:

As a result of the Benefits agreement reached in 2012 and the transition to the new plan design effective January 1, 2014, Company proposes the following changes:

Health Savings Accounts (HSA)

Effective January 1, 2014, the HSA Plan provided under L/A 10-31-PGE is no longer available for bargaining unit employees pursuant to the 2012 Benefits Agreement.

Company proposes to stop new enrollments in the HSA plan effective August 1, 2013 in order to avoid employees' liability for taxes and penalties on HSA contributions. Because the company makes a contribution to the HSA plan, entrants later in a calendar year who will not have the option of re-enrolling in an HSA plan the next calendar year run the risk of paying taxes and penalty taxes on the company contributions and their own contributions. This would not affect participants who enroll in the HSA plan prior to Aug. 1, 2013 – they would continue in the plan until the end of 2013 when the plan will be discontinued as per the 2012 Benefits Agreement.

Company also proposes to eliminate the HSA option under the retiree medical plans effective January 1, 2014, and stop any new enrollments into the retiree HSA plan effective August 1, 2013. Any balances left in the HSA account will remain available to the retiree to offset their out-of-pocket health care costs.

The company proposes to pay the 2014 and 2015 account management fees on the HSA funds for any active union member or retiree who was enrolled in the HSA plan on December 31, 2013. The funds will be converted into individual accounts at UMB Bank. If the member moved their HSA account to another administrator prior to Jan. 1, 2016, the member will be responsible for the fees.

Employees on Long Term Disability (LTD)

Effective January 1, 2014, active bargaining unit employees will begin participating in the new Health Account Plan that was agreed upon in the 2012 Benefits negotiations. Company proposes that employees currently on LTD and those transitioning onto LTD will retain the 2013 bargaining unit medical platform of the NAP/CAP Plans or Kaiser EPO (Kaiser Senior Advantage for Medicare LTD).

If you agree, 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
Director and Chief Negotiator

The Union is in agreement.

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

_____, August 5, 2013

By: 

Tom Dalzell
Business Manager