

Pacific Gas and Electric Company

215 Market Street
 San Francisco, CA 94106
 415/972-7000

June 16, 1989

Local Union No. 1245
 International Brotherhood of
 Electrical Workers, AFL-CIO
 P.O. Box 4790
 Walnut Creek, CA 94596



Attention: Mr. Jack McNally, Business Manager

Gentlemen:

Company proposes to amend the eligibility rules as provided for under Section 4(a), (b) and (c) - Eligibility and Membership, and as specifically provided in the Dental Plan, Vision Care Plan and Health Plans with regard to adopted children.

In 1987, a state law passed that specifically addressed when coverage for adopted children must be provided. Because our plans were considered self-funded plans and, therefore, pre-empted from state law by ERISA, we did not feel that our HMO's or Blue Cross plan would fall under that rule. After further review, we believe our plans should be amended and, therefore, propose to amend the eligibility for adopted children as follows:

To ensure that the adopted child will be added to an employee's medical plan, the employee must submit an enrollment form to the company within 30 days of the date of physical custody of the child. The employee is also responsible for submitting a copy of the filed petition and the final adoption papers to the company when they become available.

This change is proposed to be effective June 1, 1989.

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 AND ELECTRIC COMPANY

By *Richard B. Bradford*
 Manager of Industrial Relations

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

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

Oct 20, 1989

By *Jack McNally*
 Business Manager