



**LETTER AGREEMENT  
NO. 98-88-PGE**

**IBEW**



PACIFIC GAS AND ELECTRIC COMPANY  
INDUSTRIAL RELATIONS DEPARTMENT  
2850 SHADELANDS DRIVE, SUITE 100  
WALNUT CREEK, CALIFORNIA 94598  
(510) 974-4282

INTERNATIONAL BROTHERHOOD OF  
ELECTRICAL WORKERS, AFL-CIO  
LOCAL UNION 1245, I.B.E.W.  
P.O. BOX 4790  
WALNUT CREEK, CALIFORNIA 94596  
(510) 933-6060

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MEL BRADLEY, MANAGER OR  
DAVID J. BERGMAN, CHIEF NEGOTIATOR

JACK MCNALLY, BUSINESS MANAGER

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November 18, 1998

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

Gentlemen:

The Company and Union jointly selected United HealthCare as the Managed Care vendor (Point Of Service - POS, Preferred Provider Organization - PPO, Out Of Area - OOA) for the PG&E plans effective January 1, 1999. During the Open Enrollment (OE) process, a plan (POS, PPO, OOA) was assigned to each employee/retiree based on his/her residence zip code and was displayed on his/her OE worksheet which was received prior to the start of the OE period. It is anticipated that over 90% of the population will be in the POS plan because of United HealthCare's extensive network.

The access criteria which determines whether an employee/retiree is in the POS plan stipulates that a choice of two Primary Care Physicians (PCPs), one OB/GYN and one General Surgeon must be available within 30 minutes driving time from one's residence. This criteria is more restrictive in remote areas than the criteria that is used by the Department Of Corporations, who governs state licensing of POS plans. As a result, there are areas where United HealthCare is licensed to offer POS plans but has been instructed not to offer these plans to PG&E employees/retirees because our access criteria has not been met.

In the past, it has been our practice to allow employees to appeal plan eligibility. Since plan design assignment is based on residence zip code, it is possible for employees/retirees to be assigned to the wrong plan design. In these cases, where the employee/retiree is able to demonstrate the error in designation, corrections are made immediately.


If a United HealthCare POS plan is available in the zip code where the employee/retiree resides and our access criteria has not been met, the Company proposes to allow the individual to voluntarily elect to participate in the POS Plan. This election can be made at any time and will become the individual's election for the remainder of the plan year. The employee will be asked to make their voluntarily election into the POS plan in writing, acknowledging that he/she had an opportunity to review both the PPO and POS plan provisions before requesting the change.

This letter agreement applies to the 1999 plan year only. Employees/retirees will be informed of this option via letter (Attachment A). If an employee/retiree elects to voluntarily join the POS Plan, he/she will be required to complete Attachment B and return it to United HealthCare for processing.

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:   
Chief Negotiator

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

Nov 20, 1998

By:   
Business Manager

November 1998

**PG&E Medical Plan Participant:**

You live in an area where PG&E offers the Preferred Provider Organization (PPO) Plan, which will be administered by United HealthCare beginning January 1, 1999. You have the option, however, of deciding to switch from the PPO Plan to the Point-of-Service (POS) Plan at any time. If you decide to switch, your election for you and your covered dependents will be in effect for the remainder of plan year 1999.

This choice is entirely yours, and you don't have to decide now. Here's some background:

Before PG&E switched to managed care medical plans in 1993, the Company and IBEW Local 1245 and the ESC agreed to access criteria that would determine whether the POS Plan was offered in each zip code. Our criteria for offering the POS Plan was more stringent than the California state organization that regulates HMOs and point-of-service plans. One of the reasons for our stringent criteria was to ensure that people were able to see network physicians close to their homes.

Some people who live in areas that PG&E codes as PPO areas, however, would like to be in the POS Plan. For this reason, if United HealthCare is licensed to offer the POS Plan in a given area, the Company and the Unions have agreed to allow members to choose the POS Plan, even if the area does not meet PG&E's POS access criteria.

Because the choice you make would remain in effect for the remainder of 1999, you should take some time to consider your options. Neither plan is better than the other, but there are differences. In the POS Plan, you need to coordinate all your care through a Primary Care Physician you select; in the PPO Plan, you can go directly to network specialists. Annual physicals are covered in the POS Plan, but they aren't in the PPO Plan. There are other differences that are outlined in your employee handbook.

United HealthCare has been actively negotiating contracts with doctors in order to expand their POS network for PG&E employees. Some areas that are considered PPO now for plan year 1999 may eventually meet PG&E's POS access criteria, which would then warrant the reclassification of these areas to the POS Plan. If this were the case, members would be able to voluntarily elect to join the POS Plan for 1999 and would then be assigned to the POS Plan for plan year 2000.

If you're sure you want to make the switch from the PPO Plan to the POS Plan, fill out the attached form and return it to United HealthCare in the envelope provided.

If you have questions about the different plans, contact United HealthCare at 1-877-UHC-4PGE (1-877-842-4743).

PG&E Benefits Department

## Voluntary POS Plan Election Form

- Yes, I am interested in changing my current PPO Plan enrollment to the POS Plan. I have reviewed the plan provisions and understand the differences between the PPO Plan and the POS Plan. I understand that I (and any dependents that I cover) will be in the POS Plan for the remainder of the plan year.

The effective date of this change will be the first of the month following receipt of this form by United HealthCare.

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Name Social Security Number

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Address

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City State Zip Code

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Phone number (with Area Code)

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Signature Date