



**LETTER AGREEMENT
NO. R1-97-64-PGE**

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
375 NORTH WIGET LANE, SUITE 150
WALNUT CREEK, CALIFORNIA 94598
(510) 746-4282

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

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

JACK MCNALLY, BUSINESS MANAGER

August 13, 1997

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:

Company proposes to expand the definition of eligible dependents in the Medical, Dental and Vision Agreement to include domestic partners of PG&E employees and retirees. In Exhibits A through Q of the Agreement, instances of the term "spouse" shall include domestic partners; instances of the term "dependent" shall include eligible children of domestic partners. Additionally, Company proposes a revision to Section 3.10(a) of the Benefit Agreement, *JOINT PENSION WITH NON-SPOUSE*, to be consistent with Section 3.10(b) *JOINT PENSION WITH SPOUSE*.

PG&E has been exploring the possibility of offering these benefits for some time. Concurrent with our analysis, a new ordinance was passed in the City and County of San Francisco that requires all companies entering into contracts with the City to offer the same employment benefits to employees' same-sex and opposite-sex domestic partners as they currently offer to employees' spouses or attempt to negotiate same with a labor union where applicable. The Company and Union agree that domestic partner benefits covered in this letter agreement will also include retirees. The Company and Union further agree that such domestic partner benefits are subject to the requirements, and limitations imposed by the health plan carriers.

The proposed changes are as follows:

Recognition of Registered Domestic Partnerships Only

To be eligible for domestic partner benefits, an employee must have a relationship that is either externally or internally registered.

External Registration of Domestic Partnership

Employees/retirees may register their domestic partnership externally with any government entity (e.g., City and County of San Francisco) that authorizes such registration.

Internal Registration of Domestic Partnership

Employees/retirees may register their domestic partnership internally with PG&E by completing an AFFIDAVIT OF DOMESTIC PARTNERSHIP (Attachment A) and submitting the completed affidavit to PG&E's benefits department.

Proof of Domestic Partnership

Upon request, employees/retirees must provide proof that a domestic partnership meets the criteria that govern the registration of their domestic partnership during the entire period that they receive domestic partner benefits.

Termination of Domestic Partnership

For employees/retirees who registered their domestic partnerships externally with a governmental entity, they must terminate their partnerships in accordance with the provisions of the government entity with which they initially registered their domestic partnership. The employee/retiree must then notify PG&E's benefit department of the termination of an externally-registered domestic partnership no later than 31 days after its termination.

For employees/retirees who registered their domestic partnerships internally with PG&E, they must terminate their partnerships by completing a STATEMENT TERMINATING DOMESTIC PARTNERSHIP (Attachment B). The completed statement must be received by PG&E's benefit department no later than 31 days after the employee/retiree's domestic partnership no longer meets the criteria set forth in Attachment A.

A domestic partner's entitlement to coverage under the medical, dental, and vision plans will end on the first of the month immediately after the domestic partnership with a retiree/employee no longer meets the criteria, either external or internal, governing the initial registration of the relationship. A retiree's/employee's failure to provide timely notification of the termination of a domestic partnership does not extend a domestic partner's entitlement to coverage. Such failure to provide timely notification will subject a PG&E employee to the disciplinary process related to ineligible dependents and liability for the costs incurred due to the ineligible dependent's coverage, and will also jeopardize the former domestic partner's entitlement to obtain continuation coverage.

Eligible Dependents

- In Section 4(a)(i)(a) of the Medical, Dental and Vision Agreement, the term "spouse" will be expanded to mean both the spouse of the Subscriber under a legally valid existing marriage as would be recognized by the laws of the State of California or the domestic partner of the Subscriber who meets the definition and criteria described in this letter agreement.
- In Section 4(a)(i)(b) of the Medical, Dental and Vision Agreement, the term "child" will be expanded to mean the Subscriber's or domestic partner's natural child, stepchild, foster child, legally adopted child, and child for whom the Subscriber or domestic partner has been appointed legal guardianship. The children of domestic partners will be subject to all conditions stipulated in this section (e.g., age).

- Ineligible family members will continue to include any spouse who would not be recognized by the laws of the State of California (including, but not limited to “common law” spouses, spouses of the same sex, and any other spouse in which the marriage is not recognized by the State of California) unless this relationship meets the criteria of a registered domestic partnership under this letter agreement.

Dependents may be dropped from coverage at any time. However, dependents may not be added unless a qualified family status change occurs. In the absence of a family status change, if a domestic partner or the domestic partner's child is dropped as an eligible dependent during the year, s/he may not be added until the next Open Enrollment period.

Survivor Benefits

In the event of an employee/retiree's death, an enrolled surviving domestic partner and children may continue their coverage in the medical plan by paying the required premium. Coverage will continue until:

- the dependents become enrolled under another group health care, hospital, surgical or medical plan
- the surviving domestic partner marries or enters into another domestic partner relationship
- the dependents do not make the required monthly premium contributions, or
- the child no longer qualifies as an eligible dependent

COBRA Benefits

Section 12.A. *COBRA Continuation*, will be expanded to include COBRA-like coverage for domestic partners and their eligible dependents to the extent available. Domestic partners and their eligible dependents will be afforded the same continuation rights by complying with COBRA continuation obligations as COBRA qualified beneficiaries. Additionally, if the “qualifying event” for COBRA-like continued coverage is the termination of a domestic partnership, the effective date of the “qualifying event” is when the domestic partnership no longer meets the criteria, either externally or internally, governing the initial registration of the relationship. Failure to notify the Company of the termination of a domestic partnership in a timely manner does not change the date of the “qualifying event” and will result in the denial of continuation coverage.

Imputed Income

The Company will follow all IRS and other legal guidelines in determining the taxability of benefits for domestic partners and their eligible dependents. If the value of the benefits is considered taxable, the Company will add the appropriate amount of imputed income to the employee/retiree's reported taxable earnings.

Retirement Plan

Currently, non-spouse joint pensions are determined in accordance with actuarial tables which are set forth in Special Provision C (Joint Pension with Non-Spouse). Marital pensions and joint pensions with spouse are determined in accordance with an actuarial formula which is set forth in Special Provision D (Marital Pension and Joint Pensions with spouses and Special Joint

Pensions with Spouses). The Company proposes the elimination of Special Provision C. Pensions for both (a) joint pension with non-spouse and (b) joint pension with spouse will be determined in accordance with the actuarial formula set forth in Special Provision D.

Special Joint Pensions as provided in Special Provision D will also be extended to employees who elect a joint pension for a non-spouse. The Company and Union agree that domestic partners will not be accorded the rights given to spouses in Section 3.11 (Spouse's Pension) because to do so could jeopardize the tax status of the plan. Additionally, the written consent of the Domestic Partner is not required whenever an option is elected which would provide benefits to a surviving Domestic Partner less than those provided by a Marital Pension.

Leave of Absence

The Company and Union agree that the Company leave of absence policies including, but not limited to, leaves consistent with state or federal law, for example, the Family and Medical Leave Act of 1993 (FMLA) and the California Family Rights Act (CFRA) shall apply to registered domestic partners and/or their eligible children in the same manner as applicable to spouses and/or their eligible children.

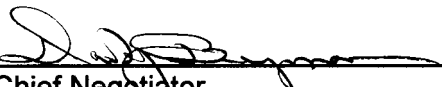
Effective Date

The medical, dental, and vision plan changes will be implemented as part of the Open Enrollment process this year with an effective date of January 1, 1998. All other provisions for this letter agreement will become effective October 1, 1997.

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.

Aug 29, 1997 By:  _____
Business Manager

PACIFIC GAS AND ELECTRIC COMPANY DECLARATION OF DOMESTIC PARTNERSHIP

I, the undersigned, declare that

_____ (name of domestic partner),

_____ (SS# of domestic partner)

is my domestic partner and:

- We are both over 18 years of age;
- Neither of us is married, nor are we related in a way which would bar marriage in the State of California;
- We reside together and share a mutual obligation of support for the common necessities of life;
- We share one another's lives in an intimate and committed relationship;
- Neither of us has had a different domestic partner in the last six months (not applicable if a former partner has died);
- We are the sole domestic partner of each other and have no other domestic partner.

In declaring this domestic partnership, I agree that:

- ◆ I will notify PG&E of the termination of my domestic partnership, including the death of my domestic partner, no later than 31 days after the event;
- ◆ My registering my domestic partnership with PG&E does not entitle me or my domestic partner to benefits and rights beyond those set forth in the PG&E's benefit plans, programs or policies.
- ◆ I have been advised to consult with financial and/or legal advisors to learn the extent of any obligations arising out of my domestic partnership.
- ◆ I will be fully responsible and will hold PG&E harmless for any legal or tax obligations to me, to my domestic partner, and to third parties arising from my domestic partnership
- ◆ Covering an ineligible domestic partner or other ineligible dependent will require me to make restitution to PG&E for any loss resulting from the ineligible coverage and will also subject me to disciplinary action, up to and including discharge.
- ◆ The statements herein are true and correct.

Executed on _____, at _____ (City/State)

Signature - Employee/Retiree

Print Name

Employee/Retiree Social Security Number

Address

City, State, Zip Code

(Area Code) Telephone Number

PACIFIC GAS AND ELECTRIC COMPANY
DECLARATION TERMINATING DOMESTIC PARTNERSHIP

I the undersigned and do declare that:

_____ and I are no longer domestic partners as of
Domestic Partner's Name

_____. I have mailed my former domestic partner a copy of this
Date

notice at _____
Address

_____ on _____
Date

I understand that I may not declare another domestic partnership for six months.

I declare that the statements herein are true and correct.

Executed on _____, at _____, California.

Signature - Employee

Print Name

Address

City, State, Zip Code

(Area Code) Telephone Number

Employee Social Security Number