



**LETTER AGREEMENT  
NO. R3-98-59-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

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

JACK MCNALLY, BUSINESS MANAGER

September 16, 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:

Company proposes the following changes reflecting discussions between the parties:

- Simplify part-time medical, dental and vision benefit premium calculations for employees who become regular part-time or intermittent after January 1, 1991, by determining the prorated portion of the Basic Monthly Premium Equivalents as described in Attachments A and B.

Eliminate monthly changes in the premium payment caused by using the old rolling three-month formula.

The formula in effect today is difficult to administer, prone to error and problematic for employees. Company and Union's 94-53 Part-Time Employee Benefit Sub-Committee met on July 7, 1998, and July 16, 1998, to jointly address this issue and develop a new calculation method which is beneficial to all parties.

The Company payment on behalf of such employees will continue to be based on the ratio of straight-time hours worked to the full-time hourly equivalent. Attachments A and B are a description of the new calculation method developed by the parties and a clarification of current practices and policies.

The change in the benefit premium calculation will be automatic using a twelve-month time frame of straight-time hours worked. A six-month time frame is an option available to the employee. Using either the 12 or 6 month time frame will provide a fixed premium payment amount.


The parties also agree to reconvene to discuss the calculation method should the Company replace its Payroll or Benefit System in the future.

- Implement changes to Exhibit D, *Substance Abuse/Mental Health Plan*, of the Medical, Dental & Vision Agreement, as a result of the Mental Health Parity Act of 1996. In general, the law forbids "any aggregate lifetime limit on mental health benefits that is less than the applicable lifetime limit". To comply with law, Company proposes to implement the plan language changes outlined in Attachment C. In doing so, Company proposes to eliminate all references to lifetime maximums. In the case of annual caps, the Act does allow for placing a limit on the number of authorized sessions on a yearly basis. The Company proposes to convert the \$1,500 annual cap to a 30-visit annual maximum for out-of-network services. A benchmark figure of \$100/session in conjunction with the 50% reimbursement level was used in determining the maximum number of sessions covered. The intent of the proposed changes is solely to comply with law, and is not intended to negotiate changes in the level of benefits currently provided.

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.

Sept 22, 1998

By:   
\_\_\_\_\_  
Business Manager

## Part-Time HealthCare Premium Calculations

### Background

Currently, health care premiums are calculated based on the number of straight-time hours an employee works in the previous three months.

### HealthCare Premium Calculation Methodology For Premiums Effective January 1, 1999 and Beyond

Calculate the monthly benefit premium based on the total number of straight-time hours worked during the 12-month period from 10/1 to 9/30 to determine the monthly premium for the next plan year which starts 1/1.

The premium will be calculated by taking the actual straight-time hours worked in the above time period divided by the full-time equivalent for the same 12-month period to arrive at the percentage worked. Multiply the percentage by the basic monthly premium equivalent to arrive at the company contribution. Subtract the company contribution from the actual monthly premium to arrive at the employee's monthly premium contribution. This monthly premium will show on the Open Enrollment worksheet.

Employees will also have an option to elect a semi-annual premium by calling the Benefits Service Center in April of a given year to effect a premium change effective 7/1 of the same year. See Attachment B for details.

### Open Enrollment

- Rate calculated on the 12 month-period from 10/1 through 9/30 for the new plan year starting 1/1 (Employees will now know how much their benefit selections will cost each month as shown on enrollment worksheet)
- If part-time on Sept. 30, determine the straight-time hours worked for the prior 12-month period. This will give employees credit for all straight-time hours worked on an annualized basis.
- Look at part-time status on Sept. 30 - if a part-time employee is now a full-time employee, the part-time indicator will show "F" for full-time; hence the employee will receive full time benefits. There will be no proration for any part-time hours worked in the prior 12-month period.
- Basic monthly premium equivalent (BMPE) will be based on the self-funded plan so the company subsidy will continue to be taken into consideration if an employee chooses an HMO vs. a Company plan, such as United HealthCare.
- If the employee was on a Leave of Absence at any time during the 12-month period described above, the employee will be credited with the number of hours he or she would have worked based on the work schedule prior to going on leave, (i.e., the same ratio of part-time hours to full-time equivalent will be used to determine the percentage worked so the premium for the next plan year won't be inflated.)
- If an employee goes full-time during the last quarter of the year, the employee will receive full-time benefits for the new plan year. (In addition, they will receive full-time benefits for the remainder of the current year - see notes below on going from part-time to full-time.)

**Regular Status**

- Premium calculated on the straight-time hours worked during the 6 months prior to attaining regular status, divided by the full-time equivalent for the same 6-month period.

**Part-Time To Full-Time And Vice Versa**

- If an employee goes part-time mid-year, the premium is calculated on the part-time base scheduled work hours ratio (scheduled hours divided by full-time equivalent hours), prorated for the remainder of the plan year.
- If a part-time employee goes full-time at any point during the year, full-time benefits will begin from that point forward.

**Leave of Absence**

- **Personal Leave of Absence** -The employee will pay the prorated medical premium for the first 3 months, then the full medical premium thereafter if the employee elects to continue medical coverage until he/she returns from the leave, per the leave of absence agreement. (No change from current policy.)
- **Medical Leave of Absence** - The employee pays the prorated premium for medical coverage for up to 12 months. (No change from current policy.)
- Dental and Vision coverage may be continued for the duration of a medical or personal leave at the same prorated premium.
- Upon returning from leave of absence, the employee pays the same monthly calculated rate (prorated premium) as prior to the leave unless the employee has experienced a change in status event, moved out of medical plan service area or the annual premium rates have increased or decreased. In these cases, the premium contribution will be recalculated using the same hours worked ratio as before the employee went on leave.

**Change in Status Events**

- The same hours proration will be used in determining the premium for the change in coverage level.

**Temporary Upgrade**

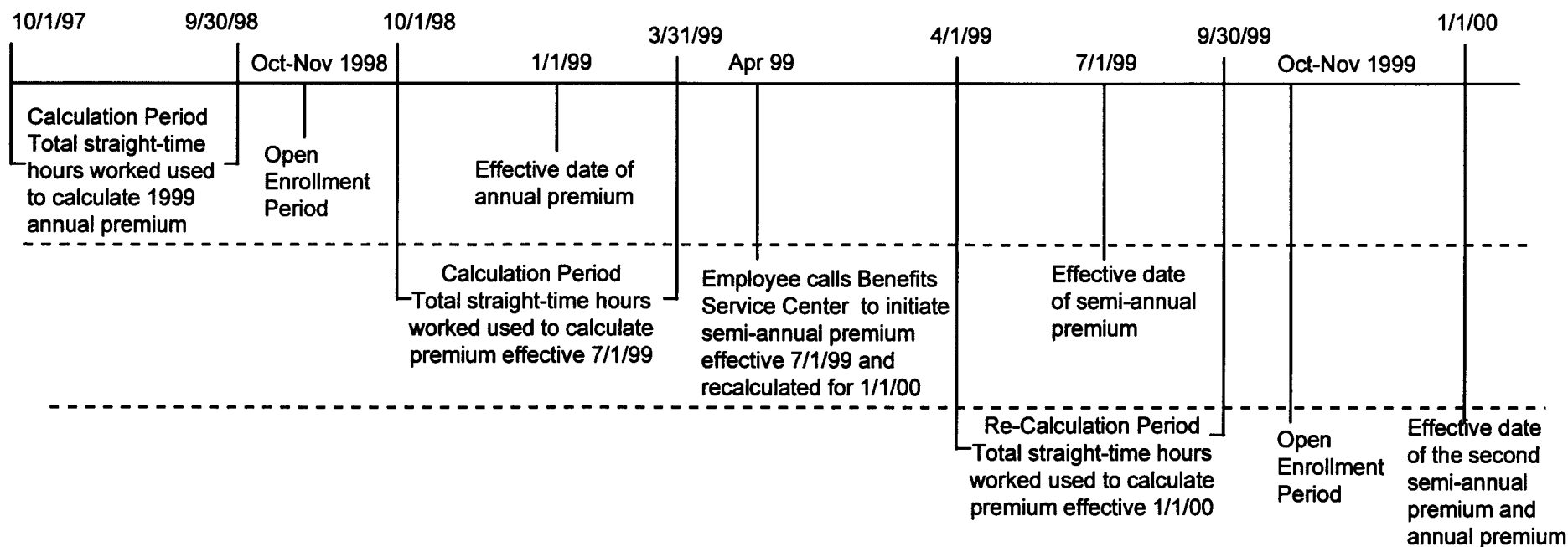
- When temporarily upgraded (on a payroll change tag) to a full-time position, the part-time indicator changes to "F" so employee receives full-time benefits.

**Schedule Changes**

- If a part-time employee changes to a different part-time schedule, e.g., from 25 hours per week to 18 hours per week, there will be no change in the premiums paid for the current plan year. The decrease in hours will be captured on September 30 using the 12-month period look-back and the decrease in straight-time hours will be used in calculating the coming year's premium. Likewise, if the employee's schedule is increased on a regular basis, the contribution will be calculated in the same manner and the increased hours will be reflected in what the employee pays for the next plan year.

# PART-TIME HEALTHCARE PREMIUM CALCULATION PERIOD ILLUSTRATION

- The 1999 annual healthcare premium for all part-time employees will be calculated based on the straight-time hours worked from 10/1/97-9/30/98.
- If an employee elects a semi-annual premium, he/she must call the Benefit Service Center in April of a given year to initiate this change effective 7/1 of the same year. The calculation period will be as follows (the illustration assumes a 7/1/99 change):
- If an employee elects a semi-annual premium effective 7/1 of a given year, his/her premium will automatically be recalculated in October of the same year. Continuing with the example above, 4/1/99-9/30/99 will be used as the second re-calculation period effective 1/1/00.
- The premium resulting from the 4/1/99 - 9/30/99 re-calculation will have an effective date of 1/1/00 and will remain in effect for the entire year 2000 unless a call is placed in April 2000 to again elect a semi-annual premium.



## MENTAL HEALTH BENEFITS

<u>Level of Coverage</u>	<u>In-Network</u>	<u>Out-of-Network</u>
Inpatient Hospitalization	100% Approved Treatment Plan	50% of Cost Inpatient/Residential <del>Lifetime Maximum Benefit of \$15,000</del>
Partial Hospitalization/ Residential Treatment	100% Approved Treatment Plan	50% of Cost Inpatient/Residential <del>Lifetime Maximum Benefit of \$15,000</del>
Outpatient Treatment	100% with \$10 Copayment Approved Treatment Plan	50% of Cost <u>30 visits per calendar year</u> <del>Annual Maximum Benefit \$1,500</del>
Maximum	<del>There is a \$350,000 lifetime maximum on all mental health benefits, with \$2,000 annual restoration against the lifetime maximum.</del>	