

Tentative Agreement January 31, 2009

After seven months of bargaining, and concessions by both parties, the Company and the Union agree to the following:

1. Wages

- a. **General Wage Increase** – Wages will be increased by 3.5%, retroactive to 10/1/08. On 10/1/09, base wages will be increased by 3.5% and, on 10/1/10, base wages will be increased by 3.5%, for a total increase of 10.5% over the contract term of two years and eight months.

Meter Reader wages will be increased in accordance with the negotiated general wage increase.

b. Premiums

- Premiums will be increased by the same percentage as each GWI, retroactive to October 1, 2008, for the duration of the contract (U-31 dated 7/9/08, accepted 9/9/08).
- Upon contract ratification, retroactive to October 1, 2008, the Company will increase on-call premiums by a one-time 3% over and above the 10/1/08 GWI percentage.
- Employees who are required to maintain a Class A or B driver’s license (excluding Transportation Logistics Representatives) will receive a premium of \$0.25 per hour in addition to their hourly rate. (Company counter regarding U-40) *See attached letter agreement*

2. Other Allowances

- a. The existing footwear allowance will be extended to 18 additional classifications, including the following (Company counter regarding U-51 dated 8/26/08, accepted 8/27/08):

| | | |
|--------------------------|------------------------------|---------------------------------|
| Facilities Helper | Fabrication Shop Mechanic #1 | Journey Sheet Metal Mechanic |
| Facilities Mechanic | Journey Welder | Lead Repair Shop Mechanic |
| Lead Facilities Mechanic | Lead Lab Tech | Repair Shop Mechanic #1 |
| Fleet Tech | Lead Machinist | System Protection Planner |
| Lead Fleet Tech | Lab Assistant | Energy Technician – Residential |
| Fleet Assistant | Lab Tech | |
| | Journey Machinist | |

- b. Upon contract ratification, the travel per diem will be increased from \$30 to \$39 per day, retroactive to October 1, 2008 (Company counter to U-83F dated 8/26/08, accepted 8/27/08; modified date to reflect timing of ratification.)

3. **Split Days Off** – Over the next four open selection periods, beginning with the second open selection period in 2009, Customer Service Field will reduce split days off by at least 50% compared to 2007 system levels.

4. **Medical, Dental and Vision Benefit Enhancements for Part-Time Employees**

- a. **Medical** - Effective the first day of the month following ratification, medical benefits (the low-cost HMO, for employee only) will be accelerated for part-time employees; employees will be eligible after one calendar year of service (rolling 12 months) as opposed to the current two years (Company counter regarding C-94 dated 8/26/08, accepted 8/27/08; modified effective date to reflect timing of ratification).
- b. **Dental** - Effective the first day of the month following ratification, the SafeGuard dental benefit will be extended to part-time employees (employee only); employees will be eligible after one calendar year of service (rolling 12 months) (Company counter regarding C-94 dated 8/26/08, accepted 8/27/08; modified effective date to reflect timing of ratification)
- c. **Vision** - Effective the first day of the month following ratification), the SafeGuard vision benefit will be extended to part-time employees (employee only); employees will be eligible after one calendar year of service (rolling 12 months) (Company counter regarding C-94 dated 8/26/08, accepted 8/27/08; modified effective date to reflect timing of ratification)

Note: Part-time employees who waive all three benefits (i.e., medical, dental and vision) will receive a stipend of \$100/month.

5. **Dental and Vision Benefit Enhancements for Full-Time Employees**

- a. **Dental** - Effective the first day of the month following ratification, the Delta Dental plan annual maximum benefit will be increased from \$1,000 to \$1,500, and the maximum orthodontic benefit will be increased from \$500 to \$1,000. In addition, employee monthly costs will be fixed at the following amounts for the term of the agreement (Company counter regarding U-98 dated 8/26/08, accepted 8/27/08; modified effective date to reflect timing of ratification):

| | |
|----------------|---------|
| Employee Only: | \$12.50 |
| Employee + 1: | \$25.00 |
| Employee + 2: | \$50.00 |

- b. **Vision** - Effective the first day of the month following ratification, coverage for the cost of frames under the VSP and SafeGuard vision plans will be increased as follows (Company counter regarding U-99 dated 8/26/08, accepted 8/27/08; modified effective date to reflect timing of ratification):

| | |
|---|--|
| VSP: After deductible, plan pays 100% for frames having wholesale cost up to \$100. Employee pays wholesale cost over \$100. | SafeGuard: Plan pays 100% up to \$100. Employee pays 75% of retail cost over \$100. |
|---|--|

- 6. **Medical Cost Sharing** – Effective the first day of the month following ratification, the current cost sharing structure for the low-cost HMO option will change from 90%/10% to 85%/15%, where the Company pays 85% of the total premium, and the employee pays 15% of the total premium. Cost sharing for all other HMOs will remain based on the low-cost HMO, whereby

the employee pays the difference in the premium between the low-cost HMO and the selected HMO. In addition, effective the first day of the month following ratification, the emergency room co-pay will be increased from \$25 to \$50. Office co-pays will remain unchanged (Company counter regarding C-94 dated 8/26/08, accepted 8/27/08; modified effective dates to reflect timing of ratification).

7. **Pension Plan**

~~a. Effective the first day of the month following ratification, the current, traditional Pension Plan for existing employees, will be enhanced as follows:~~

- ~~• The percentage of final average earnings will be increased by 0.25% per year for service years greater than 30 but less than or equal to 35;~~
- ~~• Vesting time will be accelerated from 5 years to 3 years; and~~
- ~~• The surviving spouse benefit will be increased, i.e., the pre-retirement death benefit for married participants will be modified to provide the full amount that the participant would have received had they commenced payment of the benefit on the day before they died.~~

~~**b. A Cash Balance Plan will be established for all new part-time and full-time hires (i.e., employees who are hired on or after the date of ratification). The Company will credit the employee's account at a rate of 7.5% of the employee's base pay each month, as well as pay interest on the account.**~~

~~a. Also, management and associate employees who move to represented positions will not be converted to the traditional pension formula; they will retain their cash balance account and remain in the Cash Balance Plan.~~

~~b. The contingent annuitant option allows you to name anyone as **a joint annuitant if you select any of the annuity options upon distribution** the beneficiary of your pension benefit. It works the same way as a joint and survivor annuity by providing a percentage of your benefit amount as a lifetime income to your **joint annuitant** beneficiary following your death after retirement. The main difference is that the annuitant you name can be someone other than **a** your spouse. When you retire, you choose the percentage of benefit your annuitant is eligible to receive (33 1/3%, 50%, 75% or 100%). During your lifetime, you will receive an actuarially reduced benefit **based upon your date of birth and the date of birth of your joint annuitant**. Upon your death, your annuitant will receive a percentage of the amount you were receiving, based on your retirement election. If you are married and choose the contingent annuitant option, your spouse must sign your election form waiving rights to the survivor benefits. Your spouse's signature must be notarized or witnessed by a plan representative. (Excerpt from page 17 of the Summary Plan Description)~~

8. **401K Savings Plan Enhancements**

a. Effective 5/1/09, the 401K deferral limit will be increased from 25% to 50%.

b. To facilitate employees saving for retirement, in addition to the current auto enrollment program, the Company may implement an auto increase feature whereby new employees could automatically have their pre-tax contribution percentage increased by 1% per year, to a maximum of 6%, so that these employees receive the maximum Company matching

contribution. Consistent with the current auto enrollment program, employees would be able to opt out of the auto escalation feature.

9. Restructure the Current Sickness Allowance Benefit

- a. Beginning 1/1/09, restructure the current sickness allowance benefit as outlined below. The key changes are that employees will be able to carry over all unused current, extended and bonus sick time from 2009, receive new annual sick time allowances beginning in 2010, and be able to carry over an unlimited amount of unused sick time from year to year.
- Short-term Annual Accrued Sickness Allowance will be modified to provide five days of sickness allowance for employees with more than six months and less than a year of active service, and ten days for employees with one year or more of active service. Increasing the Short-term Annual Accrued Sickness Allowance for employees with one year of service but less than two years (to two weeks) affords more sick time than is currently available to these employees.
 - Active employees, regardless of sick time previously used, will receive a transition allotment of their Extended-term Paid Sickness Leave based on sick time that would otherwise be afforded in 2009. For example, employees with more than ten years of service will receive seven weeks in their starting Extended-term Paid Sickness Leave bucket plus their two weeks of Short-term Annual Accrued Sickness Allowance, for a total of nine weeks.
 - The 2009 transition allotment of Extended-term Sickness Allowance will include Bonus Sick if an employee is eligible.
 - At the end of each calendar year, employees will be able to carry over all unused Extended-term Paid Sickness Leave, including any unused 2009 transition-year allotments, and the amount that can be carried over each year will be unlimited. In addition, any unused Short-term Accrued Sickness Allowance will be transferred to the Extended-term Paid Sickness leave bucket. With the unlimited carry over feature, employees will be able to accumulate far more sickness leave than they have available today, at a faster rate.
 - Because long-service employees will not have as much time as short-term employees to accumulate a lot of unused sick leave, employees with 20 or more years of service, as of 1/1/09, will receive two weeks of Short-term Annual Accrued Sickness Allowance, plus one week of Extended-term Sickness Leave, for a total of three weeks, beginning 1/1/10 and annually thereafter.
 - To address Union concerns about rare instances in which an employee may exhaust his or her sick time in one year and then incur a catastrophic illness or injury in the following year, the Company will provide an **annual** catastrophic sickness allowance, as outlined in the attached proposal.
 - Employees will be able to use their Short-term Annual Accrued Sickness Allowance for their own medical and dental appointments, **without it counting as an occurrence.**
 - The same-calendar-year restriction for the State Disability Insurance (SDI) bucket will be removed, providing employees with greater flexibility in the use of their SDI bucket.

- Employees on long-term disability as of 1/1/09, and who return from disability after 1/1/09 and beyond, will receive the same one-time allotment of Extended-term Paid Sickness Leave. Upon returning to full-time work for 180 days, this allotment can be used for unrelated disabilities within the 180 days of returning to work and for any disability after 180 days. The one-time allotment will be based on the amount of **Extended-term Paid Sickness Leave** ~~sick time~~ the employee would have been afforded in 2009 had they been at work.
- **The Company will establish an employee recognition program for full time employees with good attendance. Employees who have perfect attendance for a full calendar year will receive a \$100 gift card. Employees who are absent three days or less during a calendar year will receive a \$50 gift card.**

10. Establish Health Reimbursement Accounts at Retirement to Enable Employees to: (a) Benefit from Unused Sick Time, (b) Leverage Pre-Tax Advantage and (c) Offset Retiree Medical Costs.

- a. The post-retirement medical benefit structure will continue.
- b. At the Company's expense, the Company will establish a Health Reimbursement Account (HRA), at the date of retirement, for all regular, full-time employees retiring on or after 12/1/09. The opening balance of the account will be determined based on the aggregate value of the following components:
 - The aggregate value of a percentage of the employee's total unused Sickness Allowance (including Extended-term Paid Sickness Leave, Short-term Annual Accrued Sickness Allowance and Bonus Sick time) at the date of retirement, based on the employee's straight-time wage rate at the date of retirement. The percentage of unused Sickness Allowance to be credited to the employee's HRA will be based on years of service as of January 1, 2009, as follows:
 - 40+ years (30%)
 - 30 – 39 years (25%)
 - 20 – 29 years (20%)
 - Less than 20 years (10%)
 - 100% of all unused vacation at the date of retirement, based on the employee's straight-time wage rate at the date of retirement. There will no longer be any cash payouts for unused vacation at the date of retirement. The value of unused vacation payouts at retirement is currently taxed, whereas there will be no tax withholding when converted to the HRA.
- c. Consistent with IRS regulations, the HRA may be used by retirees for reimbursement of health-related expenses, such as retiree share of premiums, health plan co-payments and other out-of-pocket, health-related expenses as permitted by IRS regulations and guidelines.
- d. The balance of the employee's HRA will earn interest at the 30-year Treasury Bond rate (paid by the Company), based on the November average of the preceding year, as the rate changes from year to year.

- e. Employees will only be required to exhaust their current sick time and 50% of their extended sick time before moving to the LTD plan. Employees who want to exhaust more than 50% of their accumulated Extended-Term Sickness Allowance will need to notify the Company. The Company will notify the employee of this option when they approach the 50% threshold.

11. Changes to Long-Term Disability (LTD) Plan

- a. ~~The Long Term Disability Plan will be accessible to employees sooner than it is today, i.e., the waiting period will be shortened from 60 days to 28 days, beginning 1/1/10, paid for by the Company.~~
 - b. For employees who become eligible for the Long-Term Disability Plan on or after 1/1/10, the benefit will be increased from 60% to 65%, for the first year of disability benefits, for employees who have 25 or more years of service, and from 60% to 70%, for the first year of disability benefits, for employees who have 30 or more years of service. This modification does not apply to employees who are already on the disability payroll.
 - c. Effective ~~2/1/09~~ **the first of the month following ratification**, employees who have been offered a job more than 50 miles (versus 75 miles) from their last work location may elect termination wages equal to one week of pay for each year of service up to 25 weeks (versus 20 weeks) in lieu of accepting the job, as proposed in U-66.
 - d. The Union accepts C-89, excluding the portion of the proposal pertaining to social security overpayments, as well as the portion regarding job displacement vouchers (i.e., the proposed Disability Plan strikethrough language in Item C under Vocational Rehabilitation regarding terminating disability benefits one year from reimbursement of vocational rehabilitation tuition or other related expense under the provisions of the supplement job displacement voucher).
12. **Use of Contractors** – Two classifications will be added to the “fenced-in” list: System Protection Planner and System Protection Technician (Company counter regarding U-4)
13. **New Positions** – Two new positions will be created: Senior Cathodic Protection Specialist and Cathodic Protection Technician. Pipeline Technicians will have bid priority to the CP Technician position. The first two Senior CP Specialist positions will be filled from within Transmission (Union counter to C-59A, accepted 8/12/08)
14. **Position Opportunity System** (Company counter regarding U-40, U-58 and C-59B dated 9/2/08; modified date for real time bidding due to timing of ratification).
- a. A real-time bidding process will be implemented by October 31, 2009. Should system programming, development or testing cause unforeseen delay, the Company will keep the Union fully informed. The current pre-qualification process will remain as is.
 - b. The Company will post the name and seniority date of the employee who is the successful bidder within 5 days.

- c. Employee test results will be posted online so that employees may access their own results.
 - d. The Union and the Company will encourage employees to cancel test sessions within 5 business days if they are not able to attend.
 - e. Employees will be required to submit bids for promotional opportunities until a real-time bidding process is established. While employees are not restricted for promotional opportunities at the work location after accepting a job, bids will no longer remain active, and employees will be required to re-submit bids for promotion.
15. **Temporary Relief Assignments** - Provisions regarding temporary relief assignments will be modified to address Union concerns (Company counter regarding U-57 dated 8/27/08, accepted 8/27/08)
16. **ETRs**
- a. Beginning with the second open schedule selection process in 2009, for bases that have at least 24 ETRs, the most senior employee will be allowed to be excluded from off-hour shifts or night work assignments (Company counter to U-82D, accepted 8/27/08; modified effective date to reflect timing of ratification)
 - b. The Company will pilot 4-10 hour shifts among the ETR classification, with one pilot base per region, for one year. If the pilot is deemed by the Company to be successful, it may be expanded (Company counter to U-82B).
 - c. The Energy Technician Residential Apprentice (ETR-A) letter agreement on pages 203-204 of the agreement will be eliminated, and the Company will revert back to the pre-2005 progression, including Field Service Assistant, Field Technician and Energy Technician-Residential. Existing ETR-As will continue to progress to ETR, pursuant to a new letter agreement that will be added to the contract (Company counter to U-18 dated and accepted on 9/25/08).
17. **Overtime** – The Company will continue to work toward reducing mandatory overtime on a best efforts basis.
18. **Administrative Support Positions** – All jobs in Administrative Support job progressions will have progression bid rights to all other Administrative Support progressions (Company counter regarding U-76 dated 9/19/08, accepted 9/24/08)
19. **Transmission and Storage Specialists** – Employees in Specialist positions within Transmission and Storage will have progression bid rights when bidding to the same job title in either transmission and/or Storage (C-77, accepted 9/3/08)
20. **Roving Main Gangs** – A subcommittee will be formed (three union and three management employees) to explore adding more roving main gangs. (Company counter regarding U-83G dated 7/30/08)
21. **Local Hiring** - To address Union concerns about the local hiring provision contained in the tentative agreement, the parties agree to postpone discussions about external hiring until the Company and Union begin separate AMI discussions.

22. **PAQ** (Company counter regarding C-86 and U-114)

The Union and the Company agree to conduct the following job evaluations under the proposed, revised job evaluation process for the following classifications:

- District Operations Clerk-4
- Gas Measurement Analyst-5

The parties will develop a mutually acceptable kickoff process before beginning the PAQs.

Note: See attached letter agreement

23. **Union Dues** – Effective 4/1/09, part-time employees will begin paying dues after 520 hours of cumulative employment (Company counter to U-83A dated 7/31/08, accepted 9/18/08; modified implementation date due to timing of ratification)

24. **Union Business**

- a. Union leaves of absence will be expanded to include conferences (Company counter to U-6 dated 8/12/08, accepted 8/12/08)
- b. Requests for Union leaves of absence may be submitted electronically, at any time, provided they are properly completed and Labor Relations has 48 hours (two business days) to process (Company counter to U-6, accepted 8/12/08)
- c. The ten-day cap on Union leaves of absence for administrative work will be eliminated during contract negotiations, when mutually agreed to (Company counter to U-6, accepted 8/12/08)
- d. The Union will provide the Company with 48 hours notice for requested absences for union business, as well as minimize the number of employees on leave from the same work group/department so as not to unduly burden the operations of a location (C-7 dated 6/24/08, accepted 8/12/08)
- e. The Union will provide 48-hours notice prior to the beginning of a requested absence for Union activity at a Company property (C-9 dated 6/24, accepted 8/12/08)
- f. The Union will review and update their existing Dues Authorization forms to ensure legal compliance by 4/1/09 (C-8 dated 9/9/08, accepted 9/9/08; modified completion date due to timing of ratification)

25. **Emergency Postponement of Lunch Periods** – Replace existing, outdated language indicating the Company will comply with applicable federal and state laws (C-30 dated 6/16/08, accepted 8/27/08).

26. **Vacation (Company counter regarding U-35/C-36 dated 9/23/08)**

- a. Revise language to change “convenience of the company” to “operating necessity as determined by the Company”
- b. Clarify that sold vacation less than 40 hours is paid in one lump sum
- c. Clarify that employees who sell 40 hours of vacation will have the option of receiving the payment in a lump sum or over 24 pay periods.

- d. The Company will increase holiday vacation slots in the CCC (for Christmas and New Years), for the term of this agreement, for classifications that have more than 25 incumbents, as noted in the table below. The regular and bi-lingual slots will be kept separate, with one additional slot afforded to each. These additional vacation slots will be communicated to employees through the local shop committees.

| Classification | Site | Current Vacation Slots 2008 Monday – Friday | | Revised Vacation Slots 2009 – 2010 Monday - Friday | |
|----------------------|---------------|--|----------|---|----------|
| | | Christmas | New Year | Christmas | New Year |
| CSR 4 | San Dimas >25 | 18 | 20 | 20 | 22 |
| CSR Lead | San Dimas >25 | 4 | 4 | 5 | 5 |
| CSR 4 | Redlands >25 | 10 | 8 | 12 | 10 |
| CSR Lead | Redlands <25 | 3 | 2 | 3 | 2 |
| Multilingual CSRs | San Dimas <25 | 1 | 1 | 1 | 1 |
| OBD/Correspondence | San Dimas <25 | 1 | 1 | 1 | 1 |
| Clerical | San Dimas <25 | 1 | 1 | 1 | 1 |
| Clerical | Redlands <25 | 1 | 1 | 1 | 1 |

- e. In addition to the CCC, one additional holiday vacation slot (for Thanksgiving, Christmas and New Years) will be added at each base for Distribution Field for the term of this agreement. This change will be communicated through the local shop committee.
27. **Use of Personal Vehicles for Company Business** - Add language clarifying that the Company will use the IRS standard mileage rate to reimburse employees for Company business miles Company counter regarding U-48, accepted 9/24/08).
28. **Coveralls** - Coveralls will be provided to three additional classifications: Lab Assistant, Lab Technician and Lead Lab Technician (U-49, accepted 8/27/08).
29. **Military Service**
- The Veteran’s Seniority Credit will be extended to employees who served in active duty in the U.S. Armed Forces or National Guard in the Afghanistan/Iraq conflicts which resulted from the events of September 11, 2001 (U-17, accepted 8/12/08)
 - A new letter agreement will be added to the contract outlining military leave of absence benefits afforded to full-time employees called to serve in the Afghanistan/Iraq conflicts (U-17, accepted 8/12/08)
 - Military leave of absence provisions afforded to part-time employees will be added to the part-time employee letter agreement on page 195 of the agreement (Company counter to U-17, accepted 8/12/08)
30. **Alternative Dispute Resolution** – A new letter agreement will be added to the contract outlining changes to the ADR process, e.g., in cases where ADR is being used for discipline, and the Company contemplates discipline greater than two days off, the Local union

president or their designee must approve the ADR resolution (Union counter regarding U-71 dated 8/26/08, accepted 8/27/08).

31. **Arbitration** – The arbitrator panel will be expanded, and if a selected arbitrator is not available within six months, the parties may mutually agree to use the very next arbitrator on the list if available within six months (Company counter regarding U-72 dated 8/12/09, accepted 8/28/08).
32. **Training** – The Western States Utility Workers Industry Apprenticeship and Training Trust Fund or the ICWUC Center for Worker Health and Safety Education may provide training to employees without regard to Union affiliation. To the extent such training is proposed to be conducted on Company time/premises, such opportunities require advance discussion with the Company and Company consent (Company counter to U-64, accepted 8/27/08)
33. **Collaboration Opportunities** - A new letter agreement will be added to Appendix C regarding Union and Company collaboration opportunities, including safety and training (see attached letter agreement regarding U-62 and U-63).
34. **New Technology** – A new letter agreement will be added to Appendix C regarding new technology (see attached letter agreement regarding U-20).
35. **The Union agrees to the following amended and restated Plan documents:**
 - a. Pension Plan (Appendix D) as set forth in C-107
 - b. Retirement Savings Plan (Appendix E), as set forth in C-108
 - c. Medical, Dental and Vision Plan (Appendix F), as set forth in C-109 (accepted 8/27/08);
 - d. Disability Plan (Appendix G), as set forth in C-107
 - e. Life Insurance Plan (Appendix H) as set forth in C-107

Note: The Plan documents will be updated to reflect modifications resulting from these negotiations, along with the letters of intent on administrative changes.

36. **The parties agree to remove the following letter agreements from the contract:**
 - a. The Energy Technician Distribution letter agreement on page 194, as it is no longer applicable (U-83E, accepted 7/29/08)
 - b. The letter agreement on page 199 regarding direct deposit of reimbursable expenses, as this has already been implemented (accepted 9/25/08)
 - c. The letter agreement on page 205 regarding Field Technicians, as it is no longer applicable (accepted 9/25/08)
 - d. The letter agreement on page 206, as implementation of an on-line bidding system has been completed (accepted 9/25/08)
37. **Other Housekeeping Items**
 - a. The current index in the agreement will be replaced with a more user-friendly version, making it easier to look up and find topics in the agreement (C-110, accepted 8/12/08)
 - b. Appendix A will be updated to reflect current job titles and placement (C-113, accepted 9/24/08)
 - c. Appendix B will be updated to reflect current job titles and levels (Revised C-111, accepted 9/24/08)

38. **Term of Agreement** - The term of the agreement will be from February 1, 2009 to and including September 30, 2011 (U-12, accepted 9/3/08; modified date due to contract extension)

39. **The Company and the Union have withdrawn the following proposals:**

- The portion of C-8 regarding electronic dues authorization (withdrawn 9/9/08)
- C-13 (withdrawn 7/29/08)
- C-15 (withdrawn 8/12/08)
- C-19 (withdrawn 9/25/08)
- C-22 (withdrawn 7/29/08)
- C-24 (withdrawn 8/12/08)
- C-27 (withdrawn 9/9/08)
- C-29 (withdrawn 8/27/08)
- C-34 (withdrawn 7/10/08)
- C-79 (withdrawn 9/9/08)
- C-80 (withdrawn 9/24/08)
- C-85 (withdrawn 9/9/08)
- The portion of C-94 pertaining to increasing medical office co-pays (withdrawn 8/27/08)
- The portions of C-112 pertaining to new hire notification and POS (withdrawn 9/25/08)
- C-115 (withdrawn 7/16/08)
- C-116 (withdrawn 7/15/08)
- C-117 (withdrawn 7/10/08)
- C-118 (withdrawn 7/29/08)
- C-119 (withdrawn 7/10/08)
- U-1 (withdrawn 9/3/08)
- U-2 (withdrawn 8/12/08)
- U-10 (withdrawn 8/12/08)
- U-11 (withdrawn 8/12/08)
- U-16 (withdrawn 9/9/08)
- U-18 (withdraw 9/25/08)
- U-25 (withdrawn 8/12/08)
- U-26 (withdrawn 8/7/08)
- U-28 (withdrawn 9/9/08)
- U-32 (withdrawn 8/12/08)
- U-33 (withdrawn 8/7/08)
- U-38 (withdrawn 9/9/08)
- U-44 (withdrawn 9/9/08)
- U-50 (withdrawn 8/27/08)
- U-52 (withdrawn 8/7/08)
- U-53 (withdrawn 8/7/08)
- U-55 (withdrawn 9/25/08)
- U-56 (withdrawn 7/8/08)
- U-60 (withdrawn 8/13/08)
- U-67 withdrawn 7/8/08)
- U-68 (withdrawn 9/9/08)
- U-69 (withdrawn 9/25/08)
- U-74 (withdrawn 8/13/08)

- U-75 (withdrawn 9/24/08)
- The portion of U-76 regarding the Journey Facilities Mechanic (withdrawn 9/24/08)
- U-81 (withdrawn 9/24/08)
- U-82A (withdrawn 8/13/08)
- U-82C (withdrawn 7/16/08)
- U-82E (withdrawn 9/25/08)
- U-83B (withdrawn 7/16/08)
- U-83D (withdrawn 9/24/08)
- U-97 (withdrawn 8/6/08)
- U-101 (withdrawn 7/16/08)
- U-102 (withdrawn 7/16/08)
- U-103 (withdrawn 7/16/08)
- U-105 (withdrawn 7/16/08)

40. The Company and the Union agree to withdraw the following additional proposals:

- The portion of C-36 clarifying that management may schedule vacation for employees who fail to do so in order to remain under carryover limits
- C-78
- The portion of C-89 pertaining to social security overpayments, as well as one portion of the vocational rehabilitation proposal related to vouchers
- The portion of C-95 regarding the Company contribution toward premiums being fixed at \$600/\$300
- U-3
- U-5
- U-14
- U-23
- U-42
- U-43
- U-45
- U-46
- U-47
- U-54
- U-61
- U-70
- U-73
- U-83C
- U-91
- U-92
- U-100
- U-104
- U-106

LETTER AGREEMENT

Re: New Technology

In the spirit of cooperation and collaboration, the Company will inform the Union about new technology changes and other workplace changes that may affect the working conditions of bargaining unit employees, at a minimum those changes that are mandatory subjects of bargaining.

As it is doing with OpEx 20/20 and AMI, the Company will share information prior to implementation, as well as keep the Union abreast of new or revised plans as information becomes available. Such information may include, but not be limited to the following items, to the extent the information is available:

- A full description of the change, including its purpose, function and how it will fit into existing operations;
- Information regarding costs and benefits, to the extent such information is public;
- Implementation timetable;
- Number and types of jobs anticipated to be changed, added or eliminated by the change; and
- Expected changes in job content, skill requirements and training plans.

Depending on the nature of the information shared, the Union may be asked to sign a confidentiality agreement in order to protect the confidentiality of Company information.

To facilitate discussion and the sharing of information, the Company and Union will meet at mutually acceptable times. Project experts may be invited to participate in the discussions in order to provide firsthand information.

This letter agreement will remain in effect through the term of this agreement.

This letter agreement may be extended or modified by mutual consent during the next collective bargaining agreement negotiations.

Nothing in this letter agreement shall be interpreted to replace or diminish the Union's statutory right to bargain over any changes that may affect wages, hours and working conditions of bargaining unit employees.

Similarly, nothing in this letter agreement is intended to affect the Managements Rights provisions contained in the Collective Bargaining Agreement.

Sue Bosworth
For the Company
Date:

Louis Correa
For the Union
Date:

**Company Counter Regarding U-62 and U-63
January 31, 2009**

Letter Agreement

Re: Collaboration Opportunities

The Union and the Company both want to have a safe, skilled and productive workforce. The Union and the Company agree to work collaboratively together to achieve these goals.

The parties agree that training plays an important role in achieving the above three goals. The Company welcomes the Union's input on training needs, training programs and other means of ensuring employees receive the necessary formal and on-the-job training for their respective classifications. The Company also welcomes the Union's input on the best course of action regarding re-training existing employees who may be affected by the implementation of new technology.

The Company and the Union will meet at mutually acceptable times (at least quarterly) to work collaboratively on the above items.

This letter agreement will remain in effect through the term of this agreement.

This letter agreement may be extended or modified by mutual consent during the next collective bargaining agreement negotiations.

Nothing in this letter agreement shall be interpreted to replace or diminish the Union's statutory right to bargain over any changes that may affect wages, hours and working conditions of bargaining unit employees.

Similarly, nothing in this letter agreement is intended to affect the Managements Rights provisions contained in the Collective Bargaining Agreement.

Sue Bosworth
For the Company
Date:

Louis Correa
For the Union
Date:

Replace the current PAQ letter agreement on page 196 of Appendix C with the following:

Job Evaluation Process
Side Letter Agreement

The Company and Union agree to the following:

1. No existing job can be lowered unless it falls at least 5 points below the bottom of its grade.
2. All PAQ results will be in whole numbers with .5 of a point rounded up.
3. Job Evaluation for purposes of evaluating levels, to be done only when
 - a. General Bargaining in progress.
 - b. Brand new classifications.
 - c. Mid-Term by mutual agreement when major changes take place in an existing classification.
4. All job evaluations to be completed within 12 months. All jobs, if any, that increase in level will be paid back to the time the PAQ process begins, for those sets of jobs being evaluated.
5. To ensure objectivity and accuracy, PAQ job evaluations will be conducted exclusively by an external third party consultant. The Company and the Union will not be involved in the process, nor will either side interfere with the process in order to influence the outcome.
6. The third party consultant will randomly select the job incumbents who will participate in the job evaluation process.
7. The Union and the Company will have an opportunity to review the consultant's preliminary results, before the results are finalized. At that time, either party may request additional analysis, at the requesting party's expense.
8. The Union and the Company agree to conduct the following job evaluations under the new job evaluation process for the following classifications:

District Operations Clerk-4
Gas Measurement Analyst-5

S.J. Bosworth
For the Company
Date:

Louis Correa
For the Union
Date:

Letter Agreement

Re: Class A/B Licenses

On a non-precedent setting basis, effective the first day of the month following ratification, the Company agrees to provide a premium of \$0.25 per hour for time worked to employees who are required to maintain a Class A or B driver's license (excluding Transportation Logistics Representatives).

Sue Bosworth
For the Company
Date:

Louis Correa
For the Union
Date:

Proposal to Address Union Concerns Regarding Catastrophic Illnesses/Injuries That Occur Two Years in a Row

Throughout the first round of negotiations, the Union expressed concerns about potential catastrophic illnesses/injuries that, in rare cases, may occur two years in a row, back-to-back, where an employee may use up all of his/her sick leave for the first incident and then have only two or three weeks of sick time available the second year, for the second catastrophic incident. While this sort of case would be a rare exception, the Company offers the following alternative **for employees who were hired on or before the date of ratification, including existing part-time employees who subsequently move to a full-time position:**

Effective 1/1/10, **employees in active service who have completed three years or more of regular employment shall receive the following Catastrophic Sickness Allowance, in addition to all their other sick leave. The employee's catastrophic sickness allowance will be replenished at the beginning of each year as follows:**

| Years of Service | Catastrophic Sickness Allowance (Hours) |
|-------------------------|--|
| 3 | 40 |
| 4 | 40 |
| 5 | 80 |
| 6 | 120 |
| 7 | 160 |
| 8 | 200 |
| 9 | 240 |
| 10 | 280 |

Criteria for accessing the catastrophic sickness allowance are as follows:

- All available sick time must be exhausted (including all Short-term Annual Accrued Sickness Allowance, Extended-term Paid Sickness Leave and Bonus Sickness allowance) before accessing the Catastrophic Sickness Allowance. In other words, the provision requiring employees to exhaust only a portion of their Extended-term Sickness Allowance before moving to the LTD plan would not apply; employees would have to exhaust 100% of all available sick time before accessing the Catastrophic Sickness Allowance.
- The employee must wait 14 continuous calendar days following the exhaustion of all available sick time before accessing the Catastrophic Sickness Allowance. This 14-day waiting period will be without pay, unless the employee chooses to use vacation or holiday credits.
- The Catastrophic Sickness Allowance can only be used to carry the employee through the long-term disability elimination period.
- The Catastrophic Sickness Allowance will be available for a disabling situation that lasts more than 14 continuous days. An employee who returns to work after accessing the Catastrophic Sickness Allowance, but then must leave work within 14 days for reasons related to the original disability, will be allowed to immediately access any unused Catastrophic Sickness Allowance, without a new waiting period.

- Access to available Catastrophic Sickness Allowance hours will be facilitated through Disability Management Services, in conjunction with the employee’s healthcare provider.
- ~~Unused catastrophic sickness allowance hours will be carried over to the following year.~~
- Use of the Catastrophic Sickness Allowance will be governed by existing provisions contained in Section 4.4 (B) of the collective bargaining agreement.
- The catastrophic sickness allowance is not eligible for the HRA.

Below is a summary of the Company-paid sick time that would be available to employees each year beginning in 2010.

| Short-Term Annual Sickness Allowance | Extended-Term Sickness Allowance <i>(Including Bonus Sick)</i> | Catastrophic Sickness Allowance |
|--------------------------------------|---|---|
| 80 hours | All unused sick time carried over from the prior year, plus one additional week for employees with 20 or more years of service as of 1/1/09 | An amount one-time allowance equivalent to the employee’s Extended-Term Sickness Allowance |