

FINAL AND BEST OFFER IBEW, LOCAL 1347

March 29, 2006

Maximum Hourly Wage Rates

	Effective	Effective	Effective	Effective
Wage	March 31,	April 1,	April 1,	April 1,
Level	2006	2006	2007	2008
		3.0%	3.0%	4.0%
1	\$11.62	\$11.97	\$12.33	\$12.82
2	\$13.42	\$13.82	\$14.23	\$14.80
3	\$17.06	\$17.57	\$18.10	\$18.82
4	\$17.41	\$17.93	\$18.47	\$19.21
5	\$17.79	\$18.32	\$18.87	\$19.62
6	\$18.64	\$19.20	\$19.78	\$20.57
7	\$19.83	\$20.42	\$21.03	\$21.87
8	\$20.42	\$21.03	\$21.66	\$22.53
9	\$20.79	\$21.41	\$22.05	\$22.93
10	\$21.22	\$21.86	\$22.52	\$23.42
11	\$22.27	\$22.94	\$23.63	\$24.58
12	\$22.57	\$23.25	\$23.95	\$24.91
13	\$22.87	\$23.56	\$24.27	\$25.24
14	\$23.44	\$24.14	\$24.86	\$25.85
15	\$23.98	\$24.70	\$25.44	\$26.46
16	\$25.00	\$25.75	\$26.52	\$27.58
17	\$25.18	\$25.94	\$26.72	\$27.79
18	\$26.35	\$27.14	\$27.95	\$29.07
19	\$27.05	\$27.86	\$28.70	\$29.85
20	\$27.74	\$28.57	\$29.43	\$30.61
21	\$28.17	\$29.02	\$29.89	\$31.09
22	\$28.46	\$29.31	\$30.19	\$31.40
23	\$28.72	\$29.58	\$30.47	\$31.69
24	\$29.02	\$29.89	\$30.79	\$32.02
25	\$29.30	\$30.18	\$31.09	\$32.33
26	\$29.65	\$30.54	\$31.46	\$32.72

TERM OF THE AGREEMENT – The new Agreement will be a three-year Agreement effective April 1, 2006 through March 31, 2009.

WAGE INCREASES – 3% increase effective April 1, 2006 if the new Agreement is ratified by the membership by April 14th and 3.0% effective April 1, 2007 and a 4% increase effective April 1, 2008.

MANUAL TECHNICIAN AND METER REPAIRER JOB CLASSIFICATIONS – The specially negotiated maximum wage rates of these job classifications, which are excluded from the wage level tables, will receive a 3% increase on April 1, 2007.

COLA – Available each year of the Agreement.

INCENTIVE BONUS – The Union Employee Incentive (UEIP) bonus for 2007, 2008 and 2009, which includes a bonus of up to 2% of straight-time and overtime earnings, will be based solely on safety goals established by the Company. The customer satisfaction measure, net income and peak equivalent availability measures will not be utilized.

EMPLOYEE PROTECTIONS – The successorship clause of the Agreement was amended to require that, in the event of a sale, divestiture, etc. of Company assets, the new Owner must recognize the Union and the existing Agreement.

HEALTHCARE – The Humana Medium Medical Plan will remain available through 2007. The other Plans remain available for the term of the Agreement with capped co-pay and out-of-pocket amounts also applicable to the other Cincinnati union groups. As agreed during the 2004 benefits opener, employee contributions for medical and dental premiums are scheduled to increase to 15% on January 1, 2007, but will be held to 15% for the term of the Agreement as a result of these negotiations.

MEDICAL PREMIUM PAYMENT WAIVED – If the Agreement is ratified, employee medical premiums will be waived in January, 2008 to help offset the cost of healthcare. This means that the Company will pay the employee portion of the medical premiums and there would be no medical premiums deducted from employees' paychecks that month.

POST RETIREMENT HEALTHCARE – The Agreement will be modified to include the provision for Post Retirement Healthcare.

\$100.00 CONTRIBUTION TO HEALTHCARE FLEXIBLE SPENDING ACCOUNT - If the Agreement is ratified, in January of 2009 employees who are actively working or on short term disability will receive a \$100.00 credit in their healthcare flexible spending account (FSA) to offset qualified healthcare expenses on a pre-tax basis.

MEDICAL PLAN OPT-OUT – The \$100.00 monthly opt-out credit for entire family (including employee) will continue as will the \$50.00 opt-down credit for employees with eligible dependents who opt down at least one level of coverage.

INCREASED SUPPLEMENTAL LIFE INSURANCE – In addition to the Company-paid 2x's salary life insurance coverage, employees will now have the opportunity to purchase supplemental life insurance coverage of up to 6x's the employee's annual salary.

"LIVE WELL" WELLNESS PROGRAM – This voluntary program will be continued for employees to gain personalized services and information about health and nutrition issues as well as physical fitness. Focused "Live Well" program activities will continue to offer participants the annual opportunity to earn up to \$200 to be credited to their healthcare FSA to offset qualified healthcare expenses on a pre-tax basis.

DISEASE MANAGEMENT – This voluntary program will continue to offer personalized assistance to employees and dependents covered by the medical plans related to treatment options and medications associated with certain chronic or complex medical conditions.

MEDICAL YSA ("BENNY") CARD – This benefit will continue to allow for convenient access to funds from employees' medical FSAs for the payment of qualifying healthcare expenses.

VOLUNTARY BENEFITS – These benefits will continue to be made available to employees on a voluntary basis, such as the previously offered discounted automobile, homeowner's and other types of personal insurance, the ability to enroll in pre-paid legal and financial services, and the 529 College Savings Plan. Benefits offered may be added, reduced or eliminated, dependent upon the available discounts and overall value as determined by the Company. The Company made available 1/1/2006 employee-paid vision insurance.

BEREAVEMENT LEAVE – The Agreement will be modified to include paid benefits for step/foster parents and children.

SHORT TERM DISABILITY (STD) – The Agreement was modified so that employees shall not lose more than 40 hours of straight-time wages during the non-compensated seven-calendar-day waiting period prior to receiving STD pay. Effective January 1, 2007, the administration of STD will be administered consistent with the other Cincinnati/Indiana unionized work groups.

SENIORITY AND INTERPLANT BIDDING – In accordance with the 2006 negotiations letter entitled Seniority and Interplant Bidding Rights, the Company agreed to the creation of "total combined seniority" in the electric generating stations.

12 HOUR SHIFT – The Company will have the ability to implement 12-hour shifts for Production Team and Material Services Team employees at the electric generating stations. However, the Company assured the Union that it would only implement that shift for the Material Services employees (unless voluntarily) at the plants where it is a business necessity. The twelve-hour shift is not considered a business necessity for the coal yard at the East Bend Station at this time.

VOLUNTARY SEVERANCE OPPORTUNITY – In connection with merger work elimination and the 12-hour shift implementation, Production Team Members will be offered a voluntary severance opportunity, subject to terms agreed to during the negotiations.

TEAM GUIDELINES ELIMINATED – The Team Guidelines applicable to the generating station work forces were eliminated, but the Certified Welding Agreement was preserved in a separate document, which makes Certified Welder premium pay available to any qualified welders.

STOREROOM BIDDING – Opportunities for bidding or bumping between the Brecon storeroom and the power storerooms will be re-established for the term of the Agreement.

REDUCED GRIEVANCE PROCEDURE – The grievance and arbitration procedure was amended to allow for more expedient processing of grievances.

ROUTINE WORK ON HOLIDAYS – The Company agreed to modify the Agreement so that field construction, maintenance or routine customer service work would not be performed on the actual calendar holidays of Labor Day, Thanksgiving, and Christmas.

REDUCED TIME TO EARN TEMPORARY UPGRADE – The minimum qualifying period for providing temporary upgrade pay to employees was reduced from four hours to one hour.

INCREASED MEAL COMPENSATION - Increased to \$10.00 on April 1, 2007 and to \$10.50 on April 1, 2008. In addition, the Agreement was modified to guarantee employees payment of a meal compensation allowance at the appropriate intervals, even if food is also provided.

INCREASED SHIFT DIFFERENTIAL - The Company agreed to increase the hourly shift differential for afternoon shift to \$1.40 effective April 1, 2006, to \$1.45 on April 1, 2007 and \$1.50 on April 1, 2008. The night shift differential will be increased to \$1.45 on April 1, 2006, to \$1.50 on April 1, 2007 and \$1.55 on April 1, 2008.

INCREASED SUNDAY PREMIUM - The Sunday hourly premium amount will be increased to \$1.65 per hour effective April 1, 2006 and to \$1.70 per hour on April 1, 2007 and \$1.75 per hour on April 1, 2008.

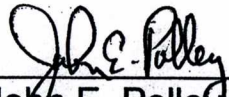
INCREASED LEAD LINEPERSON TRAINER PREMIUM – The Lead Lineperson Trainer premium will be increased to \$1.50 per hour on April 1, 2007.

INCREASED LEAD PERSON PREMIUM – The Lead Person premium will be increased to \$1.50 per hour on April 1, 2007.

INCREASED PAGER DUTY PAY – The daily amount paid to employees on pager duty will be increased to \$16.00 effective April 1, 2007.

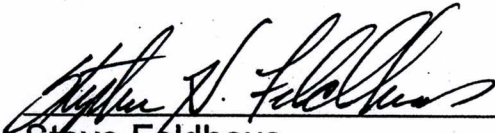
INCREASED PER DIEM PAY – The daily per diem amount to be paid to employees when working on overnight assignments in the PSI service territory will be established at the IRS allowable rate for Plainfield, Indiana, which is currently \$109.00.

INCREASE TRANSPORTATION TOOL ALLOWANCE – Upon ratification of the new Agreement, the tool allowance will increase from \$300.00 to \$325.00.

Presented by: 

John E. Polley
General Manager
Labor Relations

3/31/06
Date

Received by: 

Steve Feldhaus
Business Manager
Local 1347, IBEW

3/31/06
Date