

The procedure outlined in this section may be altered at the request of the Union in a discharge case by filing the grievance in writing initially at the second step of the grievance procedure.

Employees engaged in the above grievance procedure during their working hours shall not suffer a loss of straight-time pay for that time.

Section 2. ARBITRATION PROCEDURE. (a) If the parties are unable to resolve the grievance following the third step, the Union, within 30 workdays of receipt of the third-step response, may notify the General Manager, Labor Relations in writing of its desire to advance the grievance to arbitration.

(b) Upon receipt of the Union's notification the parties will promptly petition the Federal Mediation and Conciliation Service (FMCS) for a panel of seven arbitrators and an arbitrator will be selected by the parties. In the event that no acceptable arbitrator appears on the panel of arbitrators submitted by FMCS either party may request an additional panel from FMCS.

(c) The arbitrator so selected shall hold a hearing as promptly as possible on a date satisfactory to the parties. If a stenographic record of the hearing is requested by either party, the initial copy of this record shall be made available for the use of the arbitrator and the party requesting the records. The cost of this initial copy and its own copy shall be borne by the requesting party, unless both parties desire a copy. If both parties desire a copy they shall equally share the cost of the arbitrator's copy, and shall each bear the cost of any copies of the record they desire.

(d) After completion of the hearing and the submission of the post-hearing briefs, the arbitrator shall render a decision and submit to the parties written findings that will be binding on both parties to the Agreement.

(e) The arbitrators' and other joint expenses mutually agreed upon shall be borne equally by both parties.

(f) Any grievance that is not taken to the next step within the time limits specified will be deemed to have been withdrawn and shall not set a binding precedent for any pending or future grievances. If at any step in the grievance procedure, the Company does not answer within the designated time frame, the Union may notify the Company of its desire to advance the grievance to the next step of the grievance procedure. Any time limits may be extended by written agreement between the parties.

(g) The arbitrator shall have no authority to add to, detract from, alter, amend, or modify any provision of this Agreement. It is also mutually agreed that there shall be no work stoppage or lockouts pending the decision of the arbitrator or subsequent thereto.

### ARTICLE III

Section 1. System Service shall date from the time an employee first earns compensation in the employ of the Company, except as such continuous service record may be lost in accordance with Item (h), Section 5 of Article III of this Agreement.

Section 2. Division Seniority shall be the total seniority accumulated in a specific division.

Section 3. Classified Seniority shall date from the time an employee is employed in a specific classification.

Section 4. For the purpose of this Agreement the Divisions of the Company shall be considered as follows:

- |      |                                                          |                                         |
|------|----------------------------------------------------------|-----------------------------------------|
| (1)  | East Bend Station                                        | - Regulated Coal Fleet                  |
| (2)  | Miami Fort Station                                       | - Non-Regulated Generation              |
| (3)  | Walter C. Beckjord Station                               | - Non-Regulated Generation              |
| (4)  | Wm. H. Zimmer Station                                    | - Non-Regulated Generation              |
| (5)  | Woodsdale Station<br>(including the Dicks Creek Station) | - Regulated Coal Fleet                  |
| (6)  | Operators                                                | - Midwest Field Operations              |
| (7)  | Substation                                               | - Midwest Field Operations              |
| (8)  | Test & Relay                                             | - Midwest Field Operations              |
| (9)  | Electric Trouble                                         | - Midwest Field Operations              |
| (10) | Electric Meter                                           | - Midwest Field Operations              |
| (11) | Overhead Transmission and<br>Distribution, Construction  | - Midwest Field Operations              |
| (12) | Underground Cable and Equipment                          | - Midwest Field Operations              |
| (13) | Service Division                                         | - Midwest Field Operations              |
| (14) | Power Delivery Warehouses                                | - Midwest Operations                    |
| (15) | Generation Supply Chain                                  | - Midwest Warehouse Operations          |
| (16) | Transportation Services                                  | - Enterprise Fleet and Meter Operations |

Section 5. (a) Company System Service shall be used to determine the amount of vacation an employee is eligible to receive.

(b) There shall be no transfer of classified seniority rights for Power Operations' employees between the East Bend Station, the Miami Fort Station, the Walter C. Beckjord Station, the Wm. H. Zimmer Station and the Woodsdale Station.

(c) The Company shall maintain an up-to-date seniority list of all employees in each Division. Such list shall show System Service and Classified Seniority of each employee and shall be posted in a place or places accessible to all employees in such Divisions. If exception is not taken to the list as posted within thirty (30) days from the date of posting the list shall be

considered as correct and no change will be made thereafter except by mutual agreement between the Company and the Union. Copies of these lists shall be forwarded to the Union.

(d) An employee entering military service shall continue to accumulate full system service and full seniority for the time specified by applicable laws provided that he returns with a certificate of satisfactory completion of his active service and applies for work within the time specified by said laws after his release from active duty.

When a regular employee returns from military service, as defined in the previous paragraph of this section, he shall be given an opportunity and reasonable assistance to qualify for any job to which he would have progressed in the promotional sequence in which he was employed at the time of his entry into military service; and he will be promoted to that classification at the time he becomes qualified and provided he bids every opening in his promotional sequence at the time he becomes qualified after he returns from military service. His classified seniority shall then be adjusted.

(e) Leave of absence may be granted, if requested in writing, to an employee with the written consent of the Company. Employees on leave of absence for Military Service, illness, injury, or Union business shall accumulate system service and seniority. Employees on leave of absence granted for any other reason shall not accumulate system service or seniority but system service and seniority already accumulated shall not be forfeited. Where a leave of absence is granted to any employee covered by this Agreement, the Company shall notify the Union in writing without delay.

(f) Any member or members not to exceed three (3) members elected or employed by Local 1347 of the Union whose duties for the Local require their full time shall be granted a leave of absence by the Company for six (6) months and additional six (6) months' periods thereafter providing that each member is from a different promotional sequence or that the Company has granted permission for two (2) members to be from the same promotional sequence. On return to the employ of the Company such employees shall be employed at their previous classification or other higher classification within this unit for which they may be qualified.

Employees on leave of absence who are employed full time by the Local Union shall be eligible to participate, at no cost to the Company, in the Medical Insurance programs and the Group Life Insurance program.

(g) An employee losing time due to illness or injury shall be entitled, upon recovery, if physically and mentally qualified, to the position held prior to such accident or illness.

(h) Employees will lose their system service and seniority who:

- (1) Quit of their own accord. If such employees should return to work with the Company on a full-time basis, those employees will recoup their system service seniority previously held before leaving the Company.
- (2) Is discharged for cause.
- (3) Fails to report their availability for work within three (3) scheduled working days, fails to report for work within seven (7) days after being recalled from layoff or fails to make other arrangements satisfactory to the Company within the first three (3) scheduled working days after notification.

Section 6. (a) In making promotions within the bargaining unit classified seniority, ability and qualifications shall be taken into consideration. Ability and qualifications being sufficient seniority shall prevail. Prior to April 1, 2006, any employee promoted to a supervisory job outside the bargaining unit shall retain, for a period of one year, all classified seniority accumulated up to the date of the promotion. On or after April 1, 2006, any employee promoted to a supervisory job outside the bargaining unit shall retain, for a period of nine months, all classified seniority accumulated up to the date of the promotion. Such seniority may be exercised, through the established bidding procedures, within the bargaining unit, should such job be jeopardized because of lack of work or any other reason except for dismissal for cause. If an employee, who was a supervisor for more than one year, returns to the bargaining unit, he will receive a classified seniority date behind all incumbent employees in the job classification from which he originally promoted. No supervisor may return to a bargaining unit job classification, if it would result in the layoff or prevent the recall from layoff, of an employee represented by the Union.

(b) In the event of a layoff or work force reduction, layoffs, demotions, and transfers shall be made on the basis of classified seniority within a promotional sequence in a department. An employee shall have the right to be returned to any starting level job classification previously held by him in the course of his employment with the Company if his seniority is sufficient to qualify him for such job and an opening or job vacancy exists. An employee does not recoup any classified seniority in those job classifications higher than the one to which he is assigned, despite the fact he may have previously worked in the higher job classifications, until he is permanently promoted to the higher job classification through the established posting procedure. For purposes of this paragraph, if an employee has not worked in a lower classification in his promotional sequence, he will be credited with classified seniority in each such lower job classification for all time worked in a job classification at the same or higher wage level within his promotional sequence. An employee, however, shall not have the right to be demoted or transferred to any classification in another promotional sequence which he has not previously held, except as provided in Article III, Section 7(f). Under no circumstances will an employee be permitted to arbitrarily select a job where no vacancy or job opening exists.

(c) Except for temporary or probationary employees, the Company shall give a two (2) weeks' advance notice to the Union of any general reduction in forces.

(d) When increasing forces the Company agrees to recall employees previously laid off for lack of work. When recalling occurs it shall be done on the basis of classified seniority and no new employee shall be hired in that promotional sequence until all regular employees in that promotional sequence who have been laid off within three (3) years have been recalled or rehired, provided that such former regular employees are available for work and are qualified to perform the job. Such former employees shall make satisfactory arrangements for reporting to work in accordance with Article III, Section 5(h) (3) after notification through the United States Mail, or by telegraph, addressed to the address last given to the Company by the employee. A copy of such notice shall be given to the Business Manager at the time the notice is sent to the employee. Failure of the employee so notified to report to work or to supply a reason satisfactory to the Company for not doing so, within the time limit herein, shall be considered a waiver of re-employment rights by the employee. Employees who are on a layoff status from the Company shall be considered for hire, before other applicants, on the basis of all of their Division Seniority, into bargaining unit job classifications for which they do not have a recall right for a period of three (3) years.

(e) Should time constituting seniority of any two or more employees be equal, the respective seniority of such employees shall be determined by lot by the Union and the Company notified in writing by the Union.

Section 7. (a) When an opening in a job classification covered by this Agreement is to be filled, a notice shall be posted by the Company on all bulletin boards in the appropriate Division(s). A copy of such notice shall be mailed to the Business Manager of the Union. This notice shall be posted two weeks before the opening is permanently filled. This period of posting may be reduced to seven (7) days provided that any employees with greater seniority who may be off duty during the entire seven (7) day posting period are notified of the posting by a copy of the posting notice mailed, by registered or certified mail, to their home address on record with the Company. Where a notice is posted as provided above and the opening has not been filled sixty (60) days after the closing date of the posting, it shall be invalid and a new posting made before the opening is permanently filled. This shall not preclude the management from filling the opening by assignment if no qualified bids are received on the first posting of the opening. This procedure may be modified in departmental rules where mutually agreed upon.

(b) Subject to the approval of the Company and the Union any employee may waive his right to promotion or temporary advancement either within or outside the bargaining unit if such waiver does not prevent other employees from acquiring experience in the job held by him. Such waiver must be submitted to the Company and the Union in writing at least seven (7) days in advance. A request for withdrawal of such a waiver must be submitted in writing.

(c) When an employee waives his right to a position, the next employee shall be entitled to such position, on a seniority and sufficient qualification basis, and so on until the position is filled.

(d) An employee waiving his right under this provision cannot later claim that particular job as a seniority right; however, the employee making such waiver shall not prejudice his right to accept future vacancies or positions that may occur, on a basis of his classified seniority and qualifications.

(e) An employee permanently established in a classification under the provisions of this section of the Agreement shall not be replaced later by an employee who may have developed sufficient seniority or qualifications.

(f) Any Union employee who may make application to the Employment Office for transfer to a starting job within the Union for which the employee may be qualified will be given preference for consideration before an employee transferring from outside the Union or a new employee is hired for the job. Anyone transferring as provided herein shall not receive a reduction in rate unless the employee's rate of pay exceeds the maximum rate of the job to which the employee is transferred. In such case the employee's rate shall be reduced to the maximum rate of that job. For the first six (6) months after an employee transfers from outside the Union, the employee may be discharged without recourse to the grievance procedure of this Agreement.

(g) When an opening occurs in a job classification, employees already in that job classification within the Division may exercise their seniority rights to cross bid for the particular opening. The employee already in the job classification within the Division who cross bids and who can qualify will be selected; however, only one cross bid will be allowed. When an opening has been filled in accordance with the procedure outlined above, the resultant openings will be filled by promotion of employees from the next lower job classification in the particular promotional

sequence in accordance with the provisions of this Agreement. An employee shall not have the right to bid on a demotion but may request in writing consideration for a demotion.

The procedure outlined above is not applicable to those Divisions where the multiple posting system is in use. In the Divisions where multiple posting is used, the employees are permitted to submit their applications for promotion or cross bid in advance of an opening. An employee shall not have the right to bid on a demotion but may request in writing consideration for a demotion. When openings occur, they will be posted on the bulletin boards at the various headquarters within the appropriate Division(s). In the Divisions where multiple posting is used and job openings exist cross bids will be permitted at each job classification level before promotions are made and until the posting is completed.

This Section of the Agreement shall not be interpreted in such a way as to enable employees to utilize seniority in the selection of a particular shift, working crew or job assignment, but supervisors may make such assignments on the basis of an employee's request with consideration to the requirements of the job to be filled and the seniority of the employee.

(h) All new employees and all employees transferring from other bargaining units into a job classification represented by the Union shall be classified as probationary employees for a period of one (1) year and shall have no system service and seniority rights during that period. After one (1) year continuous service as a probationary employee, such employees shall be classified as regular employees and their system service and seniority record shall include their previous employment as probationary employees and any other previous employment to which they are entitled. The Company shall have the right to lay off or discharge probationary employees for cause and there shall be no responsibility for re-employment of such employees after they are discharged or laid off during the probationary period.

(i) Employees hired for a specific temporary project of limited duration shall be classed as temporary employees and shall not acquire system service or seniority rights. The Union shall be notified in writing of the hiring of such employees and of the project and probable duration for which they are employed. The Union shall be notified in writing of any change in the employment status of such employees.

Section 8. An employee, when permanently assigned to a job classification and qualifying in all respects with the exception of time spent in the preceding classification as required in the qualification section of the job description, shall be considered as having the equivalent of such required time.

#### ARTICLE IV

Section 1. VACATIONS. (a) Vacations for hourly rated employees will be granted with pay during the calendar year in which they complete the specified number of years of service on the following basis:

(1) Employees with less than one (1) year of service with the Company shall be entitled to one (1) day of vacation for each month worked, with a maximum of ten (10) days total.

(2) Employees with one (1) year of service with the Company shall be entitled to a vacation of two (2) weeks.