

Attachment D

Modify Supplement H, Energy 2015 Plan - Blount Employees.

"Lemons into Lemonade II"

Supplement H Energy 2015 Plan - Blount Employees

April ~~6~~208, 2009

The Blount Generating Station (BGS) will eliminate burning coal as part of the Company's Energy 2015 Plan ~~at the end of 2011~~. It is planned that this change will occur at the end of 2011 and another change, retirement of the 825# system will occur in **June of 2013 pending MISO approval**. This Supplement also applies to these changes should they occur at a time other than the above mentioned dates ~~prior to June of 2013~~. The positions needed at the time of the change are in the following classification series:

82-133	Control Operator
82-129 – 82-132	Auxiliary Operator
84-162 – 84-166	Maintenance Mechanics and Apprenticeship
84-152 – 84-156	Industrial Electrician and Instrument Technician and Apprenticeship

The Company will make good faith and reasonable efforts to avoid layoffs by establishing the following provisions covering BGS employees who are employed prior to May 1, **2009**.

On the basis of seniority, the Top 25 IBEW-represented BGS employees in the above mentioned classifications, as of May 1, 2009, will be identified and guaranteed employment at BGS after the time of transition change, provided that they hold any of the required above-mentioned classifications do not have discipline on file. Employees, at the time of the transitions changes, will be retained based upon seniority and discipline status as stated above. The Company may retain additional employees based upon classification needs.

1. **Tuition Reimbursement** – Employees may use the Company's Tuition Reimbursement Program for training to become qualified for IBEW-represented jobs in the Company or related jobs in other companies. In these instances, approval of the application for training and tuition reimbursement will be provided under the Company's Tuition Reimbursement Program. Reimbursement for tuition will be at the time the employee pays for the training. An example of the type of training and tuition may include but is not limited to MATC classes, asynchronous EPCE on-line Electric Power Technology Program, etc. The Company, at its discretion, may pay for 100% of the costs for certain training programs. If an employee does not satisfactorily complete the training, he/she will no longer be eligible for up-front tuition reimbursement unless otherwise agreed to by the Company.
2. **Entry-level Positions** – The Company may post vacant positions at the entry-level classifications (e.g., Laborer, Groundman) and restrict bidding to BGS employees. In such instances, the Company has the discretion to select employees who are best qualified based on factors that include, but are not limited to, completion of Company-identified training, work performance history, attendance record, seniority, and safety record. Employees who participate in Company sponsored classroom and on-the-job training may be required to report directly to the training location and may have their schedule adjusted accordingly with 16 hours' notice.
3. **Posting and Bidding** – BGS employees who bid on vacant positions covered under the Labor Agreement shall be given preference over other employees in the bargaining unit. In such instances, the Company has the discretion to select employees who are best qualified based

on factors that include, but are not limited to, completion of Company-identified training, work performance history, attendance record, seniority, and safety record.

4. **Company-Sponsored Training** – Training essential to meeting the minimum qualifications for Line Technician Apprentice jobs and entry-level jobs in Gas Distribution will be identified by the Company and shall be made available at no cost to BGS employees who may face layoff at the time that BGS eliminates the burning of coal and retires the 825# system. The Company shall determine the dates for employees to attend the training. Employees' time in the training shall be without loss of pay. Training for other bargaining unit and MGE jobs ***in the Electric Meter Shop, Meter and Connection, Gas Meter Shop, Network, Substation Maintenance and any and all IBEW-represented areas of work*** may be made available consistent with paragraph 1 above. Employees must declare their intent to take ***this training*** or the Line Technician or Gas Distribution training no later than October 31, **2009**. ***For those employees transferring into the new classifications it is sufficient that their records allow them to obtain the necessary driver's license and they are insurable under the existing Company auto policy.***
5. **Selection Process** – Each employee may make a prioritized list of job preferences. The Employer will consider employees' preferences in the selection process. A form/document will be developed by Human Resources to facilitate the employee's indication of preferences.
6. **Employees Not Eligible for Training** – Employees hired after May 1, ~~2009~~**2006**, are not eligible for Company-sponsored training as provided for under 4 above unless the Employer determines otherwise. Employees hired after May 1, 2006 remain eligible for MGE's standard tuition-reimbursement program. This provision is not subject to grievance.
7. **Wage Protection Outside of BGS** – Affected employees offered jobs in departments outside of BGS will be transferred to their new job at a rate no less than that of the Auxiliary Operator 2nd year (Job number 82-130)~~Assistant Operator (Boiler and Turbine) Class B and Maintenance (Job Numbers 82-113 and 82-123)~~. If employees are in a lower paid scale at the time of transfer, they will transfer at their existing rate of pay. Employees shall receive the negotiated pay raises and continue in this pay rate until their progression in the new job surpasses this pay rate at which time the new classification pay scale will prevail.
8. **Grievances** – The Union will retain the right to grieve issues related to the implementation of this Agreement.
9. **Retention** – In order to encourage employees to maintain employment with MGE in the BGS department each employee in the BGS department who is maintained as an employee as of January 2, 2012 will receive a bonus of \$5,000. Any employee in the BGS department as of September 1, 2012 shall be eligible for an additional retention bonus of \$5,000. All retention benefits are contingent upon MISO approval. The Company will keep the Union updated and provide documentation of progress or lack-there-of on this issue.
109. **Layoff and Severance** – BGS employees who are laid-off due to either change will be eligible for the following:
 - a. Employees who are employed at BGS at the time of the change who are laid off will be provided severance equal to 2 weeks of pay plus ~~two weeks~~ **one week** of pay for each year of service with a minimum of 10 weeks and a maximum of 26 weeks.
 - b. At the time of layoffs ~~Employees who are employed at BGS at the time of the change~~ who are age ~~59~~**55** or older will be eligible for severance in lieu of retaining employment with the Company. The employee will be eligible for contractual retirement benefits by making this decision.
 - c. Payout of vacation will be the same as for other similarly situated employees as referenced in the Labor Agreement under Article I, Section 6.

- d. Employees accepting severance payments shall **retain** their recall rights reinstatement ~~eligibility for employment in BGS for a period not to exceed three years~~. Reinstatement Eligibility means the Company may hire a former employee, affected by this change, at the same seniority rights as they had at the time of separation.
- e. ***MGE will give first consideration to laid-off BGS workers for employment in other generating facilities owned or co-owned by MGE Energy where MGE is the controlling operator, provided the laid off employee keeps the Union and the Company informed of their address of any change in their address.***
- f. Payment will be made in a lump sum at the time employment ends.
- g. For purposes of Unemployment Compensation, severance will be allocated to the period immediately following the cessation of employment
- h. The Company will provide employees who will be laid off with up to \$3,000 in outplacement services.
- i. The Company will offer the "Financial Planning Services for Union Employees" program at no cost to employees. The monetary value of the financial planning services is taxable income. The employee's pay will be "grossed up" for the taxable value of the service based on federal, state, and FICA/Medicare rates (currently 25% federal, 6.5% state, and 7.65% FICA/Medicare).
- j. At the time of the change, the Company will retain at BGS, based upon seniority, certain numbers of employees who are qualified as Auxiliary Operators, Control Operators, Maintenance Mechanics apprenticeship series, Industrial Electrician and Instrument Technicians apprenticeship series. Employees in positions listed below will be allowed to transfer as indicated no later than April 30, 2007. The time allowed for transfer may be extended at the Company's discretion.
- k. ***The Company will establish the position of the Coal Yard Inspector for the purposes of directing the work of contractors in the coal yard. The qualified individuals must have with a "Crane Operator" classification. This position will may be eliminated after the transition to burning all gas at BGS. The individuals in this position will be allowed to transition to the Auxiliary Operator classification and, subject to their seniority, thereby qualify for employment retention at BGS.***
- ~~l. The Company will continue to provide health benefits and premiums to the employees on layoff or severance as if they were active employees for the length of time that they would ordinarily be covered by COBRA or until they obtain other employment with health coverage, which ever is the shortest length of time.~~

Existing Position*		New Position**
Maintenance Working Foreman		Maintenance Mechanic Apprentice 1st Year
Relief Shift Foreman		Control Operator***
Relief Shift Operator (Turbine and Boiler)		Control Operator***
Operator Turbine Class A		Control Operator***
Assistant Operator turbine Class A		Auxiliary Operator 4th Year
Assistant Operator turbine Class B		Auxiliary Operator 2nd or 3rd Year
Assistant Operator turbine Class C		Auxiliary Operator 1st Year
Operator Boiler Class A		Control Operator***

Existing Position*		New Position**
Assistant Operator Boiler Class A		Auxiliary Operator 4th Year
Assistant Operator Boiler Class B		Auxiliary Operator 2nd or 3rd Year
Assistant Operator Boiler Class C		Auxiliary Operator 1st Year
I&C Serviceman and Repair		Industrial Electrician and Inst. Tech Apprentice 1st Year
I&C Mechanic Class A & Electrician		Industrial Electrician and Inst. Tech Apprentice 1st Year
I&C Mechanic Class B & Electrician		Industrial Electrician and Inst. Tech Apprentice 1st Year
I&C Mechanic Class C & Electrician		Industrial Electrician and Inst. Tech Apprentice 1st Year
Maintenance Mechanic Class A		Maintenance Mechanic Apprentice 1st Year
Maintenance Mechanic Class B		Maintenance Mechanic Apprentice 1st Year
Repairman Class A		Maintenance Mechanic Apprentice 1st Year
Repairman Class B		Maintenance Mechanic Apprentice 1st Year
Repairman Class C		Maintenance Mechanic Apprentice 1st Year
Storekeeper's Helper Class A		No longer needed and no equivalent.
Storekeeper's Helper Class B		No longer needed and no equivalent.
Storekeeper's Helper Class C		No longer needed and no equivalent.
Crane Operator Class A		No longer needed and no equivalent. <u>Auxiliary Operator consistent with experience.</u>
Crane Operator Class B		No longer needed and no equivalent.
Crane Operator Class C		No longer needed and no equivalent.
Laborer Crane Operation and Maintenance		No longer needed and no equivalent.
Laborer Crane Operation		No longer needed and no equivalent.
<u>Crane Operator - Operations & Maintenance - CI A</u>		<u>Auxiliary Operator consistent with experience.</u>
Plant Electrician		No longer needed and no equivalent.
Electrician Class A & I&C Mechanic		Industrial Electrician and Inst. Tech Apprentice 1st Year
Electrician Class B & I&C Mechanic		Industrial Electrician and Inst. Tech Apprentice 1st Year
Electrician Class C & I&C Mechanic		Industrial Electrician and Inst. Tech Apprentice 1st Year
Janitor		No longer needed and no equivalent.
*Following conversion, none of these positions or persons in them will be needed. These positions will be eliminated.		
** Employees transferring to the new classifications will do so without loss of pay or responsibility and will be eligible for wage increases as provided for under the Labor Agreement.		
***At this time, there are no more than 12 positions needed as Control Operators. In the event there are more employees interested than Control Operator positions available, the most senior employees will be chosen. The rest may move to the position of Auxiliary Operator 4th Year.		

110. Early Retirement: If the number of layoffs meets or exceeds the number of employees eligible for early retirement, as defined under this supplement only, the following applies:

- a. **Eligibility** – BGS bargaining unit employees hired prior to May 1, 2006~~9~~, who are at least 60 years of age on ~~or before the date~~ that BGS discontinues the burning of coal ~~and retires the 825# system, and who have declared their intent to retire at the time of change~~ within the time frame allowed under subparagraph e below are eligible.
- b. **Social Security Supplement** – Eligible employees ~~who have not elected to receive severance~~ will receive \$1,0500 per month in additions to severance from the date of retirement to age 62. The supplement will be added to the retiree's monthly pension benefit (and is taxable income).
- c. **Premiums** – Premiums for health and dental coverage shall be the same as those paid by similarly situated retirees as referenced in the Labor Agreement under Supplement G, Section 10.
- d. **Vacation Payout** – Payout of vacation will be the same as for other similarly situated retirees as referenced in the Labor Agreement under Article I, Section 6.

Declaration of Intent Any eligible BGS employee (as defined by subparagraph a above) who wishes to retire under this Early Retirement provision will make a formal written declaration of intent to retire and be obligated by such declaration. Employees immediately eligible must declare their intent within 90 days of contract ratification. For all other employees, the signed declaration must be provided to Human Resources no later ~~than June 2012~~. Under exceptional circumstances, the Company may allow employees to withdraw from this early declaration due to unforeseen circumstances.

- e. **Date of Retirement** – Employees who sign the declaration to retire shall select ~~at their date of~~ retirement date coincident with the date of change (must be the first of the month). The Employer may allow the employee to choose an earlier retirement date than originally selected if the employee is at least age 60 on the newly selected date.

Sunset Provision – This Supplement will no longer be in effect after BGS eliminates burning coal and retires the 825# system and the provisions contained herein have been satisfied.

This Supplement is applicable only under the implementation of the Energy 2015 Plan. It does not apply to any other program or set of circumstances. The parties recognize that this employment and security agreement represents a tremendous collective opportunity to facilitate the implementation of Energy 2015 and build an MGE workforce that is truly committed to serving our community.

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Contract Language Change

- 1. Article II, Section 1, E, 14

Blount Generating Station. Electricians and Instrument and Controls Mechanics, Helpers, Instrument and Controls Mechanics and Electricians, Industrial Electrician and Instrument Technician, Industrial Electrician and Instrument Technician Apprentice, Maintenance Mechanics, Repairmen, Maintenance Mechanic Apprentices and Laborers Maintenance Mechanic - CL A, Electrician - CL A & I&C Mechanic: