

KGIC AGREEMENT

Between

**Philadelphia Gas
by the Philadel
Facilities Mana
Corporation**, a n
Pennsylvania corporation i
as operator and manager o
facility pursuant to an agree
of Philadelphia dated Dece
as amended, and the Gas
Employees' Union of Philad
**Local 686, Utility
Union of America
AFL-CIO.**

Effective May 16

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AGREEMENT

THIS AGREEMENT, made and entered into this fourteenth day of January, 2005, between the Philadelphia Gas Works by the Philadelphia Facilities Management Corporation, a non-profit Pennsylvania corporation, its successors and assigns, in its capacity as operator and manager of the City-owned facility pursuant to an agreement with the City of Philadelphia dated December 29, 1972, as amended, hereinafter called the "Company," and the Gas Works Employees' Union of Philadelphia, Local 686, Utility Workers Union of America, AFL-CIO, hereinafter called the "Union":

WITNESSETH--

WHEREAS, the parties hereto have reached an agreement as a result of collective bargaining and that for the purpose of facilitating the peaceful adjustment of differences that may arise from time to time and to promote harmony and efficiency to the end that the employees and the Company and the general public may mutually benefit, the parties hereto contract and agree with each other as follows:

ARTICLE I Recognition

Company hereby recognizes the Union as the duly authorized and sole collective bargaining agency for all of its employees (except as limited by Section 1, Article III), employed in and about the properties, facilities and administration of the Philadelphia Gas Works.

ARTICLE II

Wages

1. The Union and the Company agree,

(a) Effective September 1, 2005, all employees covered by the Agreement shall receive a one percent (1%) increase in their base rate.

(b) Effective September 1, 2006, all employees covered by the Agreement shall receive a two percent (2%) increase in their base rate.

(c) Effective May 15, 2007, all employees covered by the Agreement shall receive a three and one-half percent (3.5%) increase in their base rate.

(d) Effective September 15, 2001, the progressions in the Salary and Wage Handbook will be amended to reduce starting salaries for employees hired after that date by fifteen percent (15%) and add an additional six (6) months to the time required for each step increase.

(e) Effective November 16, 2003, starting and progression schedules in the Salary and Wage Handbook shall be increased in such amount as may be agreed upon by the Committees, but not in excess of two (2%) percent .

2. In consideration of the foregoing, it is specifically agreed, except as otherwise herein provided, that the Union will not present, during the term of this Agreement, any demands or requests for additional wage increases other than individual wage increases.

Article III
General Conditions of Agreement

SECTION 1. Coverage

It is mutually agreed that this Agreement shall apply to all employees of the Company except:

Vice Presidents, Managers, Section Heads, Superintendents, Supervisors, Foremen (annually salaried), Engineers, Storekeepers, annually salaried Assistants, Administrators, Analysts, Auditors, Coordinators, Special Assistants, Secretarial Assistants, Technical Assistants, Chief Clerks, Chief Chemists, Dispatchers, Engineering Assistants, College Cooperative Students, employees of Offices of President and Chief Executive Officer, Executive Vice President, Senior Vice Presidents, Vice Presidents of Administration, Customer Activities, Government and Community Relations, Marketing, Operations, Public Affairs, Rates and Federal Regulatory Affairs and Support Services, and Risk Management, Human Resources and Legal Departments, and the Purchasing Section; and twenty-five (25) confidential employees to be designated by name and title.

SECTION 2. Scope

The Company agrees to deal and negotiate in good faith with the elected or Union appointed representatives of the Union concerning hours, wages and working conditions, including safety, and all Union and employee grievances that may arise therefrom.

SECTION 3. Management Responsibilities

It is mutually recognized and agreed that the Company

has the exclusive right and responsibility to manage the activities and operations of the Company, including the supervision of the employee work force. Specifically, it is agreed that the Company reserves the right to determine the size of the working force; to fix the hours and days of work; to hire, transfer, promote, reassign, shift and lay off employees; to terminate, demote and discipline employees for cause.

The Company agrees, in exercising the aforementioned responsibilities, to act in a manner not inconsistent with this Agreement. The Company further agrees to notify and deal with the Union concerning such actions in advance, except when impracticable. The Company further agrees that principles of fair and equitable treatment shall be observed.

The Union reserves the right to present and prosecute as arbitrable grievances, alleged abuses, arbitrary, discriminatory or improper uses of the foregoing responsibilities.

SECTION 4. Subcontracting

It is recognized that the contracting of work is essential to operate the Company so as to insure continuous, safe, and efficient gas service; that it is in conformance with the Company's Work Force Policy; and that it is the sole responsibility of the Company to determine when and where it shall be done.

(a) When the Company's workload is beyond the capacity of the established work force and it becomes

necessary to contract work, the Company will undertake, through its local management representatives, to notify a local Union Representative, for discussional purposes, as to the nature of the work being contracted and the reasoning therefore. When possible, this notice will be given prior to the actual contracting of work, however, when such is not possible, at the earliest time thereafter.

The parties agree that "beyond the capacity of the established work force" does not require employees in a particular department to be working any overtime hours.

(b) In addition to the rights set forth above, and without regard to capacity:

(i) The Company shall have the right to subcontract capital work. In no event will the Company allow any contractor to work on live gas.

(ii) The Company shall have the right to subcontract non-capital bargaining unit work if the work can be performed more economically by an outside contractor. Before subcontracting any non-capital bargaining unit work, the Company shall notify the Union and afford the Union an opportunity to meet and discuss whether the work can be performed more economically by the bargaining unit. To facilitate a discussion regarding whether bargaining unit employees could perform the work more economically

than an outside contractor, the Company will provide the Union with information regarding the nature of the work to be subcontracted, an explanation of the Company's reasons for considering use of an outside contractor, and any responses to requests for proposals or bid solicitations received.

(iii) The procedures specified in paragraph (ii) above shall not apply if the value of the contract under consideration is less than \$100,000. The Company shall not sever a contract into amounts below \$100,000 to avoid the procedures specified above.

SECTION 5. No Strike, No Lockout

Recognizing the extreme importance of, and necessity for, uninterrupted service to the public, the Company agrees that it will not authorize any lockout of employees, and the Union agrees that it will not authorize, aid or encourage any slowdown, sitdown, strike or stoppage of work, so long as this Agreement is in full force and effect and further agrees that any employee or group of employees who are responsible for any such work stoppage shall be subject to discipline, up to and including discharge.

SECTION 6. Mutual Responsibilities

The Company and the Union acknowledge their mutual responsibilities to exert their best and continued efforts to promote prompt and efficient service to the public. The Company agrees that it will cooperate with the Union in its efforts to promote harmony and efficiency among all the Company's employees.

The Union agrees that it will cooperate with the Company in promoting faithful and efficient work performance by the Company's employees, both individually and collectively. The Union subscribes to the concept that the Company is entitled to a full day of work from each employee for a full days' pay.

SECTION 7. No Discrimination or Abuse

The Union and PGW will continue their policies of non-discrimination because of race, color, creed, national origin, veteran status, sex, age, religion, and/or mental or physical disability.

The parties agree that they will meet and discuss any proposed exceptions to the Collective Bargaining Agreement that may be necessary in order to effect a reasonable accommodation to a job applicant or employee as required by the Americans with Disabilities Act or similar state or local law, or by regulations adopted under the Americans with Disabilities Act or other such law.

The Company will in no way discriminate against any employee by reason of membership in the Union or by reason of service or activities incident to the Union. Officials, representatives and committees of the Union shall perform their duties as such officials, representatives and committees at times outside their regular working hours. Further, they shall not discuss Union business with Union members on Company time and shall discourage such discussions between Union members. The Union agrees that any such official, representative or member who persists in such activities

on Company time and continually violates this Section, after fair warning to employee and to the Union, will be subject to disciplinary action by the Company.

SECTION 8. Picket Lines

The Company agrees that it will at no time knowingly require its employees, directly or indirectly, to violate any strike or picket line maintained by any other labor organization or trade Union unless the work required is essential to the safety of the public, provided further that the Company will provide adequate protection for the safety of employees so engaged.

SECTION 9. Termination and Discipline Procedure

It is recognized that any employee charged with an act which is cause for disciplinary action or who is suspected of violating a company rule or policy that may result in discipline may exercise the right of requesting the presence of a departmental Union representative during any portion of the disciplinary inquiry and procedure. The Company agrees to inform the employee of this right when he is formally so charged if he has not already requested the presence of a departmental Union representative. Further, the Company agrees that no disciplinary penalty shall, in the ordinary situation, be imposed upon an employee without one (1) days' advance notice to the employee's Union Representative, except that the Company reserves the right in extraordinary situations to suspend, without pay, the employee pending such notice. The right of appeal under the provisions of Section 1, Article XI, is specifically reserved for a terminated or disciplined employee, or for the Union acting in behalf of such employee.

A probationary employee (an employee who has not completed six (6) months of continuous service) shall not have access to the grievance and arbitration provisions of this Agreement in the event he/she is discharged or disciplined.

All discipline shall be imposed within twenty (20) working days of the alleged misconduct, or the Company's knowledge thereof.

SECTION 10. Supervisory Work Assignments

The Company agrees that supervisory employees will not perform work outside of their regular occupational assignments except when required to do so by unusual operating conditions or when on temporary assignment during seasonal off-peak periods. It is mutually recognized and agreed that fluctuations in work volume can and do occur resulting in numbers of employees temporarily surplus to their regular assignments. It is the desire of both the parties to provide the maximum possible security of employment for all employees, whether covered by or exempt from this Agreement. It is recognized that attainment of this objective may require the assignment of work normally performed by employees either covered by or exempt from this Agreement to employees of either status. However, the Company agrees that such temporary assignments will not be made in a manner which would adversely affect the standard hours, pay or earnings of any employee engaged in similar work, and further to notify the Union, in advance, except in cases of emergency.

ARTICLE IV

Union Security

SECTION 1. Union Shop

Membership in the Union shall be a condition of employment for all employees in the bargaining unit covered by this Agreement in accordance with the following:

(a) All employees currently members of the Union shall, as a condition of continued employment with the Company, maintain their membership in the Union in good standing as defined by the Constitution and By-Laws of the Union, subject, nevertheless, to the provisions of the Taft-Hartley Law.

(b) 1. All employees within the coverage of this Agreement who have less than thirty (30) days service with the Company at the time of the execution hereof, shall, by the expiration of thirty (30) days from the date hereof, become members of the Union, and as a condition of continued employment with the Company, must retain and maintain their membership in the Union in good standing as defined by the Constitution and By-Laws of the Union, subject, nevertheless, to the provisions of the Taft-Hartley Law.

2. All employees who shall be hired by the Company on or after the effective date of this Agreement, shall become members of the Union by the expiration of thirty (30) days after the commencement of their employment, and they must thereafter, as a

condition of continued employment with the Company, retain and maintain their membership in the Union in good standing as defined by the Constitution and By-Laws of the Union, subject nevertheless, to the provisions of the Taft-Hartley Law.

3. Any employee who shall be transferred under the coverage of this Agreement shall become members of the Union by the expiration of thirty (30) days after the effective date of such transfer and they must, thereafter, as a condition of their continued employment with the Company, retain and maintain their membership in the Union in good standing as defined by the Constitution and By-Laws of the Union, subject, nevertheless, to the provisions of the Taft-Hartley Law.

SECTION 2. Payroll Deductions

The Company agrees to make payroll deductions out of the first paycheck of each calendar month for each employee member of the Union to cover such employee member's current monthly dues and, in the case of those employees hired after the date of this Agreement, the standard (30) day initiation fee payable under the provisions of the Union's Constitution and By-Laws, provided that no such deduction shall be made except as permitted by law in pursuance of an authorization, in the form heretofore agreed to by the parties, and duly signed by the individual employee. The Company agrees to remit to the Union on or before the fifteenth (15th) day of each month the total of such current month's employee member payroll deductions.

SECTION 3. C.O.P.E. Checkoff

The Company agrees to make voluntary payroll deductions for each member of the Union for contributions into the Union's Committee on Political Education

Fund. The deductions shall be made in a form agreed to by the parties and duly signed by the individual employee. The Company agrees to remit to the Union on or before the 15th day of each month the total amount deducted the previous month, and this remittance shall be simultaneous with the dues remittance as provided herein.

ARTICLE V Hours and Wages

SECTION 1. Hours of Work

The normal work day shall consist of eight (8) consecutive (except for meal periods) hours, and the normal work week shall consist of five (5) days.

SECTION 2. Overtime (Day)

Time and half time shall be paid to all employees for all time worked in excess of eight (8) hours in any one (1) day.

SECTION 3. Overtime (Week)

Time and half time shall be paid to all employees for all time worked in excess of forty (40) hours in any payroll week, except that no employee shall be paid both daily and weekly overtime rates on account of the same hours

of overtime worked. Time allowances for sickness, vacations, off-duty accidents, on-duty accidents, holidays and jury duty, shall be counted as time worked in weekly overtime computation.

SECTION 4. Notice of Change in Work Schedules

A stated hour for reporting for work shall be given to each employee for each normally scheduled workday and, in case of any change in the scheduled starting time, the employee shall be given notice of such change at least twenty-four (24) hours in advance. Should such notice not be given, the employee shall receive time and half time for all hours worked outside of the employee's previously scheduled hours during any tour of duty which begins or was scheduled to begin within the twenty-four (24) hour notice period, and straight time for all hours worked during the employee's previously scheduled hours.

The Company must give forty-eight (48) hours notice of any change in an employee's scheduled day of work, or, should such notice not be given, the Company shall compensate the employee as indicated below. Should it become necessary to change an employee's scheduled days of work without forty-eight (48) hours prior notice, the employee will be compensated for each such occurrence in accordance with the following:

- (a) If the employee is required to work within the forty-eight (48) hour notice period, on a day or days which otherwise would have been scheduled off, the

employee shall be compensated for such work in accordance with the terms of Section 5, hereof, or

(b) If the employee is required to be off a day or days which otherwise would have been the employee's scheduled work days with less than a forty-eight (48) hour notice period, the employee shall be compensated for any work performed on the day or days which had been originally scheduled off in the same payroll week prior to such change, in accordance with the terms of Section 5, hereof.

The provisions of this section may be waived if the employee and the Union so agree, and such agreement is confirmed in writing.

SECTION 5. Work on Scheduled Day Off

(a) Time and half time shall be paid to all employees required to work on a regularly scheduled day off. This sub-section shall not apply where an hourly rated employee works on a regularly scheduled day off in a payroll week in which time is taken off for funerals (except in the case of a funeral for a member of an employee's immediate family) and other personal reasons, provided the employee shall not thereby work more than forty (40) hours at straight time during the said week.

(b) An employee required to work on both the employee's regularly scheduled days off in a payroll week shall receive double time for all time worked on

such second regularly scheduled day off. The double time provision of this sub-section shall not apply in a payroll week in which the employee fails to work on one or more of the employee's regularly scheduled work days because of sickness, off-duty accidents, funerals (excluding a funeral for a member of an employee's immediate family), disciplinary action and personal reasons.

SECTION 6. Reserve - Call From Home

(a) Employees called from home without previous notice and who are required to report within a two-hour period thereafter for work outside their scheduled working hours, whether or not they are assigned to reserve detail, shall be paid time and half time rates or double time rates, if eligible, therefore, under Article V, Section 5 (b):

1. for the time actually worked outside their regular scheduled working hours; and
2. for one additional hour.

(b) Employees assigned to reserve detail shall receive one and one-half hours pay, in addition to any other compensation, for each eight (8) hour period during which they are required to hold themselves available.

SECTION 7. Additional Bonus Compensation for Shift and Sunday Work

(a) All employees who are required to start work between the hours of 12 noon and 7:59 p.m. on any day

shall be paid, in addition to their regular compensation, a bonus of ninety-five cents (\$.95) per hour for all hours worked and paid for at applicable regular or overtime rates on that tour of duty.

(b) All employees who are required to start work between the hours of 8:00 p.m. and 5:59 a.m. on any day shall be paid, in addition to their regular compensation, a bonus of one dollar (\$1.00) per hour for all hours worked and paid for at applicable regular or overtime rates on that tour of duty.

(c) All employees who are required to start work on a Sunday, within the meaning of Section 10, Article V, shall be paid, in addition to their regular compensation, a bonus of one dollar and eighty cents (\$1.80) per hour for all hours worked and paid for at applicable regular or overtime rates on that tour of duty.

(d) All employees who work on Sunday or on recognized holidays shall receive, in addition to the Sunday bonus or holiday allowance, the shift bonus set forth in Article V, Section 7 (a) and (b).

SECTION 8. Overtime Work

It is mutually recognized and agreed that the operation of the Company requires emergency and overtime work and, while the assignment of such work is a Company responsibility, emergency and overtime work shall be distributed as equitably as is possible, among the regular employees of the department concerned.

An employee who has worked more than fifteen (15) hours continuously, excluding meal periods, shall, upon release, be entitled to a nine (9) hour rest period before the employee returns to work. If the rest period extends into the employee's normally scheduled workday, the employee shall lose no pay thereby. If five (5) or more hours of an employee's normally scheduled work tour lie within the nine (9) hour rest period, the employee shall be excused from work for that tour and shall be paid at straight time rates for the hours the employee is so excused from work.

When an employee works continuously for twenty-four (24) consecutive hours, all hours worked after the first eight (8) hours shall be paid at time and one half.

SECTION 9. Overtime Meal Allowance

Employees who are required to work ten (10) or more consecutive hours, not including meal periods, shall receive a meal allowance of seven dollars (\$7.00), and shall receive for each additional five (5) hours of continuous work thereafter an additional allowance of seven dollars (\$7.00). These allowances shall not be paid in such cases in which a meal is furnished by the Company. Time spent in eating such meals shall not be counted as time worked, except in the case of rotating shift employees.

SECTION 10. Basis of Payroll Week

All computations of hours worked per week shall be made on a basis of the present payroll week which

begins on Saturday and ends on Friday. The payroll day begins at 8:00 a.m. and ends at 7:59 a.m. However, any employee who is scheduled to start work after midnight in any payroll day shall be considered to have started work in the succeeding payroll day, except for the determination of holiday allowance, which determination is covered in Section 11, Article V.

SECTION 11. Stability of Income

(a) During the term of this Agreement, no change shall be made in the rates of pay per unit of time nor in the rates of pay per unit of production for any occupation or group of employees unless by joint agreement of the Company and the Union in writing.

(b) While reserving the right to change the rate of pay of an individual employee, the Company agrees to deal and negotiate with the Union on all individual rate changes before they become effective.

(c) The Union shall have the privilege of prosecuting as grievances, alleged individual wage rate inequalities.

(d) The Company agrees to make every effort to provide full time employment of not less than forty (40) hours per normal week for all employees.

(e) In the event an active employee with ten (10) or more years of service is transferred to a lower rated job as a result of a Management initiated transfer, provided that the transfer is not necessitated by the employee's negligence or for disciplinary reason, the employee

shall thereupon be compensated by a rate established by the employee's regular rate less an amount equal to a percentage of the differential between such employee's regular rate and the recognized rate for the new occupation, such percentage being determined from the following table.

(Note: Should an uneven figure result, weekly rates will be rounded to the nearest twenty (20) cents per week.)

Years of Service At time of Transfer	Differential Percentage Reduction
19	5
18	10
17	15
16	20
15	25
14	30
13	35
12	40
11	45
10	50

Further, any employee who has attained twenty (20) or more years of service and is transferred to a lower rated job under the circumstances as referred to above, shall not be reduced in a rate as a result of such an occupational change.

SECTION 12. Holiday Pay

(Except as otherwise provided under Section 7 (d), this section covers all conditions pertaining to compensa-

tion for the recognized holidays listed below. No other Section of Article V shall be applied to interpretation of holiday compensation.)

(a) Salaried employees who do not work on the day on which any of the following listed holidays is celebrated, because of the fact that it is a holiday, shall be paid for the hours they would have been scheduled to work had the holiday not occurred:

New Years' Day	Independence Day
Martin Luther King's Birthday	Labor Day
Presidents' Day	Veteran's Day
Good Friday	Thanksgiving
Memorial Day	Christmas Eve (1/2 day)
	Christmas

(b) All full time employees shall be granted two (2) administrative leave days to be used during the course of each year.

(c) The Company shall determine scheduling of administrative leave days, and will, as far as possible, allow use of the days at times most desired by employees.

The half-day Christmas Eve holiday referred to above will be observed on the employee's last regularly scheduled work day prior to December 25.

(d) Salaried employees who are required to work on any of the recognized holidays, except for the half-day holiday on Christmas Eve, shall receive time and half-time

for all hours worked in addition to a straight time holiday allowance equal to the number of hours in the employee's regular schedule or to the number of hours worked, whichever is greater. In the case of the half-day holiday on Christmas Eve, such employees who are required to work beyond the first half of their regularly scheduled hours, which shall be compensated for at straight time, shall be compensated for such additional hours at the rate of time and half-time plus a holiday allowance equal to one half of their regularly scheduled hours, whichever is greater. Employees who are not eligible for the holiday allowance because they have not attained seniority, as described in Article VI, Section 2, shall receive time and half-time for all hours worked on any of the recognized holidays.

(e) Employees who are scheduled to work on a holiday shall be assigned a tour of duty no less than their normal daily hours, except that, if the employee and the employee's supervisor so agree, an employee may be released prior to the completion of such tour of duty. This sub-section shall not apply to employees called from home for work on a holiday.

(f) Salaried employees who shall be called from home to work on the day on which any of the recognized holidays is celebrated, whether or not the employee was normally scheduled to work, shall be compensated as in paragraph (e) hereof; and, in addition, shall receive one additional hour (traveling time) at time and half-time rates.

(g) For the purpose of determining holiday pay allowances, any employee who is scheduled to start work at or after 11:00 p.m. on the eve of any day on which any of the recognized holidays is celebrated or who is scheduled to start work at or after 11:00 p.m. on the day on which the holiday is celebrated shall be considered as having been scheduled in the succeeding payroll day.

(h) Employees who are denied absence pay because of an absence in violation of Article VIII on the day immediately prior to or immediately following a holiday may be denied holiday pay allowance.

(i) When one or more of the holidays referred to above occurs on the regularly scheduled day off of an employee having seniority, as described in Article VI, Section 2, the employee shall be granted a substituted day off with pay. Such substituted day off shall be scheduled at the discretion of the Company, except that where the scheduling involves an individual employee, such substituted time may be added to the employee's vacation, subject to the provisions of Article VII, or taken at some other time mutually agreed upon between the employee and the employee's supervisor.

In cases where time off for the substituted day has not been granted within a year from the date of the holiday, the Company shall notify the employee of such fact. Then, if the substituted day has not been scheduled within one (1) month after such notification, the employee shall be paid for such time.

SECTION 13. Changes in Rates of Pay

Except as otherwise provided in Article V, Section 11 (e) hereof, should a reduction in an employee's rate of pay become necessary, except when the change is the result of disciplinary action, the employee shall be continued at the higher rate of pay before the reduction actually takes effect, if:

(a) The employee has held the higher rate of pay for fifty percent (50%) of the immediately preceding five (5) years, and, in such cases, the employee's higher rate shall be continued for three (3) months.

(b) The employee has held the higher rate of pay for fifty percent (50%) of the immediately preceding one (1) year, and, in such cases, the employee's higher rate shall be continued for one (1) month.

(c) The employee has held the higher rate of pay for fifty percent (50%) of the immediately preceding six (6) months' period, and, in such cases, the employee's higher rate shall be continued for one (1) week.

In the case of a voluntary transfer of an employee, the provisions of this section will not be applicable.

SECTION 14. Salary or Wage Rate Determination

Subject to the provisions of Section 11, Article V, salary or wage rates for employees entering occupations without an established rate, and salary or wage rates for occupations which are newly rated or substantially changed, may be established by the Company only after negotiations in accordance with the following procedure:

(a) Negotiations between appropriate local Company and Union representatives, or, in the event of failure to reach agreement, by

(b) Negotiations between appointed committees of the Company and the Union, such Committee to consist of not more than three members plus one additional member should the occupation in question exist in a department not represented by the permanent committee, or failing agreement by these committees, by

(c) Negotiations between the Company Negotiating Committee and the Grievance Committee of the Union.

(d) Any claim by the Union or an employee that a job has been substantially changed that is heard by an arbitrator after the effective date of this Agreement, shall be determined by the Arbitrator by considering only changes in a job or to an occupation's duties, responsibilities, workload or technological requirements that occur between the effective date of this Agreement and its termination date as set forth herein, the arbitrator shall be limited to this standard notwithstanding any other language in the collective bargaining agreement and notwithstanding when the grievance was filed.

SECTION 15. Basis of Compensation

All hourly-rated employees who have or shall hereinafter attain six (6) months of Company service shall be placed on a salaried basis of compensation. Specifically, it is agreed that the principles and practices, respecting salaried employees, have been and will continue in force throughout the Company as follows:

(a) A salaried position provides steady work and steady pay. Also, it requires regular attendance and punctuality.

(b) A salaried employee may request permission to be absent for reasons not covered by the provisions of this Agreement. However, it is understood that the Company reserves the final right to approve or disapprove any such request and that all provisions of Article VIII of this Agreement shall continue in full force and effect.

(c) The selection of those employees who will continue or discontinue work during inclement weather will be made by the Company. While the principle of rotation will be followed to whatever extent is practical, it is understood nevertheless, that some employees will be required to work during inclement weather more frequently than others.

(d) If the Company discontinues the work of a salaried employee in the employee's regular occupation because of inclement weather, the Company may provide suitable work of a different kind and the employee shall be obliged to perform the work so provided without a reduction in such employee's regular straight time rate of pay.

(e) When an employee is permitted to discontinue work due to inclement weather and no other work is available, the Company may or may not dismiss the employee before the employee's standard quitting time.

(f) Salaried employees sent home upon reporting for work or after having worked less than four (4) hours

because of inclement weather on an unscheduled day, shall be paid the equivalent of four (4) hours straight time earnings.

(g) Employees not reporting at starting time on a day when work is discontinued because of inclement weather may not be eligible for this allowance.

(h) Employees unable to report to work due to verifiable closing of roads and/or public transportation by the Mayor or the Governor due to inclement weather shall not be charged with an occurrence of absence.

SECTION 16. Premium Application

When an employee performs work for which two or more premiums, excluding the bonus for shift or Sunday work, are applicable, the employee shall receive the highest premium applicable to such work.

SECTION 17. Safety Shoes

The Company shall provide one pair of safety shoes per fiscal year to all employees required to wear safety shoes. Employees may purchase safety shoes from an alternative source, and provide to the employee's supervisor a valid register receipt that identifies the shoe and the amount paid. PGW will reimburse the employee for actual costs up to ninety (\$90.00) dollars.

SECTION 18. Ten Hour Days

The Company may institute a workweek with four 10 hour days, without the payment of daily overtime, if the Company and the local Union representative in the affected Department agree.

ARTICLE VI

Seniority

SECTION 1. Filling of Vacancies

(a) Occupations Covered by the Agreement

When a vacancy is to be filled by a permanent transfer or promotion, the Union Representative or representatives of that department shall be notified, in writing, before the vacancy is filled. In considering possible candidates, employees of the same department shall be considered first and if no suitable candidates are found, then employees of other departments will be considered. Should it be necessary to consider employees of other departments than the one in which the vacancy exists, such vacancy shall be posted in accordance with the provisions of a procedure mutually agreed upon between the Company and the Union.

It is agreed that the factors to be considered shall be ability, seniority (as defined in Section 2, Article VI), physical adaptability, the employee's record of attendance and punctuality, performance as demonstrated in the employee's present or previous occupations, and knowledge of the occupation which is being filled as described in the job specifications. Except for major factors, an unfavorable past performance record beyond the two preceding years shall not be considered. These factors are not listed in any order of importance, since their relative importance varies as the requirements of different jobs vary. It is agreed that, where other factors are approximately equal, seniority shall be the deciding factor.

If a dispute arises concerning the filling of an interdepartmental vacancy, the employing department Union representative and the employing department Manager shall consider the matter.

Where no person within the Union bargaining unit is qualified to fill the vacancy, it is agreed that the position may be filled by exempt employees or from outside the Company; provided, however, that if the vacancy is filled by an exempt employee, there being no qualified employee within the Union bargaining unit, the exempt employee shall start in the vacant position with zero seniority as to layoffs, recall, promotion, transfer, and choice of vacation time; provided further that any exempt employee who fills the vacancy shall retain his or her seniority for all other benefits as to which seniority is a factor.

(b) Occupations Exempt from Agreement

The Company agrees that when an exempted position is to be filled by promotion of an employee covered by the Agreement, advance notice thereof will be given to the Union, in order to provide the opportunity for mutual discussion, providing, however, that the Company reserves the right of final determination in the selection of the employee to be promoted.

(c) PGW agrees that no bargaining unit employee in active service on or before May 16, 1998 may be laid off during the term of this Agreement. References to layoffs and recall in this Collective Bargaining Agreement shall apply only to bargaining unit employees hired after May 16, 1998.

SECTION 2. Basis of Seniority

Where the term seniority is used in the Agreement, except in Section 1 (a), Article VI, it shall be understood to mean the amount of service credited to employees in terms of years, months and days (hereinafter sometimes identified as "Company Seniority"), provided that employees shall have no seniority status until they have completed six (6) months of continuous service in current employment.

Where the term seniority is used in Section 1 (a), Article VI, and when the employees under consideration for permanent promotion or transfer to an occupation covered by the Agreement are incumbent in a single occupation, or are in the same occupational grouping, then and in such event seniority shall mean the length of time, in years, months and days which the employee has continuously served in such occupation, or if the employee has been qualified for a vacant occupation, seniority shall mean the length of time, in years, months and days which has elapsed since the date the employee qualified for such occupation (hereinafter identified as "job seniority") and Company seniority shall not be considered a factor. In such cases in which the employees under consideration are incumbent in two or more different occupations not in the same occupational groupings, then in such event seniority shall mean "Company seniority" as defined in the first paragraph and "job seniority" shall not be considered a factor unless two approximately equal employees have identical job seniority, in which case Company seniority shall break a tie.

A laid-off employee recalled shall receive all time the employee was laid off, provided the layoff period does not exceed one (1) year.

SECTION 3. Seniority in Force Reduction

In the event of a force reduction, employees in the job or occupational hierarchy within the section or department affected, including those employees who have been temporarily transferred therefrom, shall be subject to layoff on the basis of their Company seniority. Employees so affected shall first be offered any existing starting job vacancy in the Company for which he has the present ability to perform after a reasonable amount of training. If no such vacancy exists, the employee may replace a less senior employee in a starting job in the Company, so long as he has the present ability, after a reasonable amount of training, to perform the job. The Company reserves the right to retain employees who have demonstrated their ability to perform other jobs than that to which they are assigned at the time of a force reduction, provided the number of employees so retained shall not exceed ten percent (10%) of the number laid off; and provided further that this reservation shall not be employed for the purpose of unjustly discriminating against any employee. In addition, employees may be retained who are, for some other reason, agreed upon by the Union and the Company.

SECTION 4. Laid-Off Employees Given Preference

Former employees having seniority shall be rehired, when the opportunity occurs, in the reverse order of their layoff in the job or occupation within the section or department from which they were laid off. For other

vacancies to be filled by hiring, former employees having seniority shall have preference, if their qualifications meet the requirements for such vacancies.

If reasonable effort has been made without success to notify a former employee to appear for reemployment, or if a former employee either rejects or fails to accept within a reasonable time an offer of reemployment, the employee's seniority may be forfeited at the discretion of the Company and the Union.

SECTION 5. Seniority in Transfers

An employee transferred from one job or occupation to another shall, for the period of two years succeeding an involuntary transfer or for the period of six months succeeding a voluntary transfer, accumulate seniority in the new job or occupation, at the same time, continue seniority status in the job or occupation from which the employee was transferred, limited and subject, nevertheless, to the following:

(a) If the employee remains employed in the job or occupation to which the employee was transferred for a period of two or more years in the case of involuntary transfer, the employee shall thereupon lose seniority status in the original job or occupation and acquire, solely in the job or occupation into which the employee was transferred, a seniority status calculated on the basis of the employee's total length of Company service.

(b) If the employee remains employed in the job or occupation into which the employee was transferred for a period of less than two years in the case of involuntary transfer or the period of less than four months in the

case of a voluntary transfer, the employee shall, before being laid off because of discontinuance or lack of work, lack of qualifications or other reasons relating to employment in the job or occupation into which the employee was transferred, be entitled to return to the job or occupation from which the employee was transferred, with the employee's seniority status therein intact and entitled to all the benefits of seniority that the employee would have been entitled to had the employee not been transferred, provided such transfer shall not displace any other employee with greater length of company service. In the case of voluntary transfer of an employee, the provisions of this sub-section may be waived if the employee and the Union so agree.

(c) As used in this Agreement, the word "department" shall mean an officially recognized department of the Company.

(d) As used in this Section the word "transferred" shall mean when an employee is titled or moved to the job, whichever is later.

(e) Notwithstanding the above, an employee who voluntarily transfers to another job shall have four (4) months within which to return to his/her previously held position. Thereafter the employee may not voluntarily return to such previously held position.

ARTICLE VII

Vacations

SECTION 1. Determinations of Vacation Period

In general, it is desirable that employees take their vacations in consecutive days or weeks. However, vacations of longer than two weeks shall be scheduled, and split if necessary, so as not to operate to the disadvantage of those eligible to a vacation of not more than two weeks. Department Heads shall decide when vacations are to be arranged on a split schedule. Vacations will, as far as possible, be granted at times most desired by employees. In no event shall an employee absent due to an illness or accident, or who is involved in an ongoing regimen of physical therapy that precludes travel and work, be compelled to take vacation that had been scheduled before the accident, injury or therapy occurred or commenced.

SECTION 2. Vacation Pay

Vacation pay shall be granted only for vacations and shall not be considered an earned credit; however, in the case of an employee, with seniority, who is laid off or who, with two weeks' notice resigns from the employ of the Company, such person shall be granted pay for a portion of the vacation for which the employee would normally have been scheduled, less any vacation pay already received in accordance with the following:

(a) Fifty percent (50%) if the termination occurs prior to July first, or

(b) One hundred percent (100%) if the termination occurs on or after July first.

Any employee who retires or dies in the active service leaving an eligible surviving spouse shall be granted his/her full vacation pay.

SECTION 3. Schedule of Vacation Allowance

Employees shall be eligible for vacations with pay in accordance with the following schedule:

Length of Service	Vacation Allowance
6 months*	1/2 working day for each completed month of service (Maximum: 5 working days)
1 year*	2 weeks (80 hours)
6 years**	3 weeks (120 hours)
15 years**	4 weeks (160 hours)
25 years**	5 weeks (200 hours)
30 years**	6 weeks (240 hours)

*Computed as of September 1 of the current year.

**Computed as of December 31 of the current year.

ARTICLE VIII Absence of Employees

SECTION 1. General

The Company agrees to deal and negotiate with the Union concerning the provisions of this Article. The Union agrees that its officers and representatives shall assist in the elimination of unwarranted absences and abuses of the allowance hereunder provided for.

SECTION 2. Responsibilities of Employees

Every employee of the Company has the following obligations and responsibilities concerning absence, regardless of whether the employee is employed on a regular or temporary basis, regardless of position or work assignment, regardless of seniority or non-seniority status, and regardless of eligibility or non-eligibility for absence pay allowance:

(a) Advance Notice

If the necessity for absence from work is known in advance, the employee's supervisor must be notified by the employee as far in advance as possible.

(b) Notice of Unexpected absence

If an employee who has not given advance notice cannot report for work, the employee must notify, or make sure someone else notifies, the employee's supervisor before starting time, if possible.

(c) Failure to Give Notice

Failure of an employee to give notice required by paragraph 2(a) or 2(b) above, unless manifestly impossible, shall constitute cause for reasonable disciplinary penalty, in addition to denial of absence pay allowance.

(d) Limits on Absence

Unless an absence has been authorized in advance, or an absence is either unavoidable or justifiable, every employee shall be expected to be present for scheduled work.

SECTION 3. Rights of the Company

The Company reserves the following rights:

(a) To authorize, or to refuse to authorize, the advance request of an employee for permission to be absent.

(b) To investigate absences.

(c) To determine whether or not an absence is necessary or justifiable.

(d) To deny absence pay allowance for absence in violation of this Article.

(e) To impose reasonable disciplinary penalties upon employees who violate the requirements of Section 2 above in accordance with its Absence Control Policy.

The Company agrees that in the application of this Article, it shall act consistently with the provisions of this Agreement, and shall not act in an arbitrary or discriminatory manner.

SECTION 4. Absence Pay Allowances

(a) Sick Leave

1. Employees shall have an individual sick leave bank, and employees currently on the payroll shall be entitled to receive a one time allocation of sick leave days to their banks according to the following formula:

<u>Service Credit</u>	<u>Weeks of Full Pay</u>
Less than 1 year	0
1 year	1
2 to 4 years	2
5 to 9 years	4
10 to 14 years	12
15 to 19 years	14
20 to 24 years	20

25 to 29 years	25
30 to 34 years	30
35 years or more	35 (plus 1 additional week of full pay per year of service)

2. Each employee shall receive ten (10) days sick leave per year. Unused days may be added to an employee's bank, up to a maximum of 200 days.

3. Upon retirement, employees may have accumulated sick days added to their years of service, allowing them to retire earlier, or receive thirty (30%) of the cash value of accumulated days upon retirement. Employees will vest over five (5) years, i.e., 6% per year for five (5) years.

4. The parties shall establish a program to permit participating employees covered by this Agreement to donate accrued vacation or sick leave to a leave bank. The program shall be administered by a committee consisting of 3 Union officers and 3 Company Officials. The program shall be subject to the following rules:

(1.) Each year during the period January 1 through March 31, employees may contribute accrued vacation and/or sick leave to the bank.

(2.) Employees must indicate such voluntary irrevocable transfer in writing. Employees may contribute 1 to 5 days from accrued vacation and/or sick leave each year in whole day increments only.

(3.) Only employees who can demonstrate a catastrophic medical condition and who are approaching exhaustion of all paid leave are eligible for a grant of leave from the bank.

(4.) The committee shall have the sole authority to determine eligibility for a grant of leave. The committee shall review employees' applications for a grant of leave and determine the amount of leave to be granted, considering both the nature of the request and its effect on the leave bank.

(5.) If an employee who has received leave separates from service for any reason there shall be no payment for unused transferred leave. Unused transferred leave shall be returned to the bank.

(6.) Non-contributing employees are ineligible for the grant of any leave from the catastrophic leave bank.

(b) On-Duty Injury

Employees who are absent because of an on-duty injury shall be granted full pay for four (4) weeks beginning with the first day of absence. Workers Compensation payments required by law are not in addition to, but are included in this allowance.

If an absence extends beyond four (4) weeks, the employee shall receive Workers' Compensation payments provided by law. However, in no case shall an employee receive for an on-duty injury absence less than the amount to which the employee would be

entitled for an equal absence period caused by illness or off-duty accident.

Employees receiving both Workers' Compensation and absence pay will be made whole, but will not be entitled to net compensation greater than the compensation they would have received as an active employee working a standard forty (40) hour work week.

(c) Government Service

Employees absent for jury duty, National Guard duty or similar service for Municipal, State or Federal Government agencies shall receive full pay up to four (4) weeks per calendar year, provided they comply with Section 2(a).

(d) Time Lost Due to Death

(1) Employees having seniority shall be paid at straight-time rates for time lost on their regularly scheduled work day due to attendance at a funeral or verifiable funeral related event for a relative not designated in Section 2 below. The amount of such payment shall be limited to eight (8) hours pay.

(2) For regularly scheduled work days lost due to a death in an employee's immediate family, mother, father, grandmother, grandfather, brother, sister, child or spouse, payment up to a maximum of four (4) days, at straight-time rates, shall be made. Payments in questionable cases shall be made at the discretion of the Manager of Human Resources.

(e) Unpaid Absences

Employees who are absent because of an illness or off-duty accident resulting either from gross negligence on the part of the employee or from activity incident to employment, as defined by the Pennsylvania Workers' Compensation Act, with an employer other than the Company, shall not receive absence pay allowance. Absences falling in this category may be illustrated as follows:

(1) Absences resulting from sunburn, except that, where a doubt exists as to the employee's gross negligence, payment will be made for the first such absence.

(2) Absences resulting from injury received during any altercation in which the employee is the aggressor.

(3) Absences resulting from the use of intoxicants or illegal drugs or substances.

(4) Absences resulting from other reasons which may be from time-to-time mutually agreed upon between the Company and the Union Grievance Committee.

SECTION 5. Pay Computation

Employees shall receive absence pay allowance for those days on which they are normally scheduled to work. The total hours paid for any calendar week

shall not exceed the existing standard weekly working hours of the Company unit concerned. The amount paid shall not exceed the amount that would have been earned by the absent employee, if working.

ARTICLE IX Employee Benefits

SECTION 1. Disability Plan

In the event an employee with ten (10) or more years of service becomes unable to perform the essential function of their occupation with reasonable accommodation from injury or natural causes which cannot be attributed to the employee's gross negligence or which cannot reasonably be corrected to the extent that the employee is able to continue in the employee's regular occupation, but can satisfactorily perform another useful occupation, the employee shall thereupon be transferred to that occupation when a vacancy occurs. Such employee shall be compensated at a rate established by the employee's regular rate less an amount equal to a percentage of the differential between such employee's regular rate and the recognized rate for the new occupation, such percentage being determined from the following table. (Note: Should an uneven figure result, weekly rates will be rounded to the nearest twenty cents (\$.20) per week.)

Years of Service At time of Transfer	Differential Percentage Reduction
19	5
18	10
17	15
16	20
15	25
14	30
13	35
12	40
11	45
10	50

Further, any employee who has attained twenty (20) years of service and becomes unable to perform the essential functions of their occupation with reasonable accommodation as referred to above shall not be reduced in rate as the result of such an occupational change. The Medical Director of the Company shall determine the extent and cause of the employee's inability to perform the essential functions of the occupation. Employees who are determined unable to perform the essential functions of their occupation with reasonable accommodation shall be reexamined by the Medical Director at intervals not to exceed one year. In the event of a disagreement between the Medical Director and the employee's personal physician, they shall mutually agree upon an impartial physician, who shall assist in a final determination of the employee's inability to perform the essential functions of the occupation. The expenses of the impartial physician shall be borne equally by the Company and the Union.

SECTION 2. Retirement and Separation Allowances

The Company and the Union agree the official retirement and separation plan of the Company shall be as contained in the City of Philadelphia Ordinance No. 480, approved December 14, 1973, as amended.

The Company agrees to furnish pertinent data requested by the Union in connection with pension payments.

The Company also agrees it will periodically meet with a committee of three members appointed by the Union for the purpose of discussing matters relating to the retirement, pension and separation plan.

The Company agrees that they will negotiate with the Union and jointly present to appropriate City officials an amendment to the above plan whereby eligible employees who attain thirty (30) years service with the Company may be offered retirement with full retirement benefits.

SECTION 3. Life Insurance Protection

The Company agrees to maintain the existing Group Life Insurance Plans.

The parties agree to form a Joint Committee to explore offering enhanced life insurance with no cost to the Company.

SECTION 4. Keystone 5 plan/or the Personal Choice 15/25/70

As soon as administratively practicable after May 15, 2005, Keystone 5 shall be established as the base plan

for all employees without any payroll deduction. Active employees may elect to buy up to the Personal Choice 15/25/70 plan, and are responsible to pay the additional premium cost through payroll deduction.

Employees who retire during the term of the Agreement will receive Keystone 5 as the base plan, and may buy up to the Personal Choice 15/25/70 plan.

SECTION 5. Prescription Drug Program

The prescription plan will be a five dollar (\$5.00) co-pay for generics and a ten dollar (\$10.00) co-pay for brand names with mandatory mail order for maintenance drugs.

The Company will consider changing its prescription provider and will renegotiate the prescription plan, but will maintain the same benefit.

SECTION 6. Dental Program

The Company shall provide a basic dental program with one or more of the following carriers: Independence Blue Shield, Aetna - US Healthcare, and Delta Dental. The Company will continue to offer an enhanced dental program at the election of the employee. The premium for the enhanced dental program will be paid by the employee.

SECTION 7. Opt-Out Incentive Payment

Any employee who voluntarily opts out of the medical insurance and prescription drug plans provided by the Company will be paid an amount based on the number of family members not requiring insurance. Any

employee currently receiving the \$1,000 payment who may otherwise qualify for a reduced amount as a result of this Agreement, will continue to receive the \$1,000 during the term of this Agreement. Employees opting out may do so only once a year, during the open enrollment period. Employees opting out may not reenroll until the open enrollment period of the following year.

Family Members Not Covered Opt-Out Amount

Employee Only	\$ 750.00
Child Only	\$ 900.00
Children Only	\$ 1,050.00
Spouse Only	\$ 1,200.00
Spouse and Children	\$ 1,350.00
Entire Family	\$ 1,500.00

Opt-out amounts shall be payable in twelve (12) monthly installments.

Company employees married to Company employees will not be allowed duplicate coverage for family members.

SECTION 8. Beneficiary Health Care Coverage

For employees with seniority who die while on the active payroll, the Company agrees to continue to pay the premiums for a period of two (2) years from the date of death, for the benefits set forth in Sections 4, 5 and 6 of this Article, for the spouse and/or family members of the employee who are insured for these benefits as of the date of death.

SECTION 9. Prepaid Legal Service Fund

The Company agrees to maintain the Prepaid Services Fund and shall contribute to the Fund nine (\$.09) cents for each straight time hour paid. For purposes of computing the amount due, the payment formula shall be revised to utilize the year 2000 straight time hours paid.

SECTION 10. Deferred Compensation Plan - (457 Plan)

Effective October 27, 1993, the Company will match ten percent (10%) of an employee's own contribution into the fund, up to a maximum of five hundred dollars (\$500.00) per year. PGW's contribution under this Article shall not be counted as compensation for pension calculation purposes.

The parties agree to form a Joint Committee to explore conversion of the current 457 plan to a 401(k) plan.

SECTION 11. Bulletin Boards

The Company will provide reasonable bulletin board facilities for the exclusive use of the Union. The Union may, without requiring prior approval, post notices of nominations, elections and regular or special meetings.

SECTION 12. Existing Benefits

The Company agrees to make every effort to maintain existing group or occupation benefits and privileges, including those benefits and privileges not specifically referred to herein. The Company reserves the right to make such changes in said benefits and privileges as shall be consistent with the terms and spirit of this

Agreement, and furthermore agrees to notify the Union, in advance, of any contemplated changes, subject, nevertheless, to the application of the provisions contained in Section 1, Article X, of this Agreement.

PGW agrees to continue a Health Care Cost Containment Committee to investigate methods and opportunities to lower the insurance premiums the Company and/or the employee pays for health insurance. Life insurance coverages are continued during the term of the Agreement at no additional cost to the employee beyond the employee contribution required by the terms of this Agreement.

SECTION 13. Disability Insurance

The parties shall establish a committee to explore the provision of a long and short term disability benefit for bargaining unit employees without cost to the Company.

ARTICLE X Information for Union

SECTION 1. Notice of Changes

The Company agrees to notify the Union as soon as possible of contemplated changes in present general working conditions or in policies which may affect the working conditions or continuous employment or earnings of a group or groups of employees.

If the Union does not concur with the changes contemplated, the matter shall become a subject for discussion

between the Grievance Committee of the Union and the Company Committee.

SECTION 2. Personnel Data

(a) Information about hours worked, employee's service credits, hourly wage rates and salaries may be requested by and shall, with reasonable promptness, be furnished to the duly authorized Union representative or representatives and such other authorized officials of the Union, at any time, by the Section or Department Head.

(b) Notwithstanding any notice herein before required to be given, the Company agrees to promptly notify the Union's representative of the names of all employees in the said department who are to be laid off, or terminated, or transferred. The Company furthermore agrees that a weekly written notice shall be furnished to the Secretary of the Union by the Human Resources Department, listing employees who have been hired, rehired, terminated or transferred.

(c) The Company will provide the employee and the Recording Secretary of the Union a copy of all formal written warnings and notices of disciplinary action placed in the employee's personnel file.

(d) The Company shall provide the Union with the names of all bargaining unit employees who are denied workers' compensation benefits. The Company shall provide the information to the Union within fourteen (14) days of the denial.

SECTION 3. Joint Committee on Work Schedules

It is agreed that the Company and the Union will appoint committees, consisting of not more than three (3) members from each party, plus one (1) member from each party for any department immediately concerned, to review work schedules where such review is requested by the Union.

ARTICLE XI

Questions, Differences and Grievances

SECTION 1. Procedure

(a) It is the desire, intention and agreement of the parties to process all questions, differences and grievances as quickly and fairly as is possible.

(b) In order that these objectives may be attained, it is agreed that all grievances shall be submitted in writing on a form mutually satisfactory to the parties. Among the information provided will be (1) the date or dates of the occurrence on which the grievance is based, (2) the name of the employee(s), departments with affected employees or categories of employees on whose behalf the grievance is filed, (3) the Agreement provisions allegedly violated, and (4) the remedy requested. The Company agrees that the Union shall be promptly informed at each step of the grievance procedure as to the status of any grievance which the Union shall submit.

(c) However, no matter shall be considered a grievance as far as this Article is concerned unless it is submitted in writing at Step One within twenty (20)

days of its occurrence or of the date the employee or the Union should have had reasonable knowledge of its occurrence.

(d) It is agreed that grievances shall be presented in accordance with the following procedure: an employee who wishes to present a grievance, make a request or seek information, may seek to settle the matter with his/her immediate supervisor either by themselves or with the aid of their Union representative. If the employee is unable to settle the matter with the immediate supervisor, he/she may file a written grievance at Step One of the grievance procedure.

(e) Step One. The grievance shall be submitted to the grievant's Department Head or authorized representative. The Department Head or authorized representative shall have ten (10) days after the grievance was presented to give a written answer or otherwise settle the matter. If no satisfactory answer or settlement is reached within the ten (10) days, the Union may appeal the grievance to Step Two so long as they do so within thirty (30) days of when the Department head's or authorized representative's answer was due.

(f) Step Two. The Union will submit the grievance to the Company's designated Senior Officer or authorized representative. The grievance will then, if necessary, be discussed by the Company's designated Senior Officer or authorized representative with the Union Grievance Committee which shall not consist of more

than five (5) Union Officers or elected representatives and one (1) representative from the department from which the grievance arose. The Company's designated Senior Officer or authorized representative shall have thirty (30) days to give a written answer or otherwise settle the matter. If no satisfactory answer or settlement is reached within the thirty (30) days, the Union may submit the grievance to arbitration so long as it does so within forty-five (45) days of when the Company's designated Senior Officer's or authorized representative's answer was due. Responses following discussion of grievances at Step Two must come from the designated Senior Officer or authorized representative who actually represented the Company during discussion of the grievances at Step Two.

SECTION 2. Computing Time Limitations

Saturdays, Sundays and holidays shall be excluded from computation of time limitations under the grievance and arbitration procedure of this Agreement.

SECTION 3. Effect of Failure to Appeal

Any grievance shall be considered as settled on the basis of the last answer of the Company if not appealed to the next step or to arbitration within the time limitations set forth herein. However, the limits may be waived at any step of the grievance procedure or arbitration by mutual agreement of the parties in writing.

SECTION 4. Compensation of Officers and Representatives

Time spent by Union Officers and representatives in conferring with Company representatives during regular working hours shall be without loss of compensation.

SECTION 5. Discharge

An employee who has been discharged shall bypass Step One of the grievance procedure and the grievance shall be submitted in writing directly at Step Two within fifteen (15) days of the discharge. The grievance shall then be processed in accordance with Step Two of the grievance procedure.

SECTION 6. Class Action

A grievance or grievances which affects a class of employees in two or more departments may initially be submitted at Step Two of the grievance procedure on behalf of all affected employees in the class. However, such grievances must be submitted within fifteen (15) days of the occurrence of the disputed matter or when the Union should have had reasonable knowledge of its occurrence.

SECTION 7. Local Union Representation

In sections or departments where only one local Union representative is authorized, the Union may bring into the discussion a duly elected representative or officer of the Union.

SECTION 8. Automatic Appeal

The failure of the Company representative to give a written answer within the time limits set forth in the Step involved shall result in an automatic appeal by the Union to the next Step effective as of the date that the written answer is due and the time limitations for the next Step shall be operative.

SECTION 9. Notes and Minutes

Notes and Minutes of grievance and disciplinary meetings prepared by either party, upon request, shall be provided to the other party.

ARTICLE XII

Arbitration

(a) If the Union desires to have an unresolved dispute arbitrated as herein provided for, it shall notify the Company in person or by certified mail and the American Arbitration Association of its desire to so arbitrate within forty-five (45) working days after receipt of the Company's Step Two answer. An impartial arbitrator shall be designated from a permanent panel of seven (7) arbitrators agreed to by the parties. The arbitrators will be assigned in rotating order. Each party will have the right to strike two (2) of the arbitrators from the panel each year, and will notify the other party of its desire to do so between April 16 and May 16 of each year. The parties will then agree upon replacements for the vacant arbitrator positions.

(b) Notwithstanding anything herein to the contrary, it is specifically agreed that all unresolved disputes concerning and rising out of:

- (1) alleged individual wage rate inequalities
- (2) employee terminations, or
- (3) alleged violations, improper interpretations or applications of the provisions of this Agreement shall be arbitrable.

(c) Unresolved disputes other than those referred to above may be referred to the arbitrator who shall decide whether such unresolved disputes are properly arbitrable under the terms and spirit of this Agreement.

(d) If the arbitrator shall find the answer to (c) aforesaid to be in the affirmative, then and in such event the arbitrator shall proceed to decide the said dispute on its merits.

(e) If the answer to (c) aforesaid shall be in the negative, then and in such event the arbitrator shall thereupon dismiss the said dispute.

(f) The arbitrator shall not have jurisdiction to add, to modify, vary, change, or remove any terms of this Agreement. The decision of the arbitrator shall be final and binding. The compensation and expenses of the arbitrator and arbitration shall be divided equally between the parties, provided however that each party shall bear the expense of its own witnesses, representatives and legal counsel.

(g) Nothing in this Article is intended to restrict the parties from mutually agreeing to bypass some or all of the standard grievance handling procedure in order to expedite the arbitration of grievances of particular importance.

ARTICLE XIII Union Service

Any member of the Union who may be employed by the Union in an official capacity will be afforded a reasonable period of time off, without pay, but without prejudice to the individual's seniority rating, upon notification by the Union. Union Representatives shall provide their supervisor with twenty-four (24) hours notice of Union business. This requirement shall not apply to Union officers.

Any member of the Union who may be employed in an official capacity by the Union for a protracted period of time shall request leave of absence by letter, addressed to the Chief Operating Officer of the Company, countersigned by the President of the Union, stating the reasons for the request and the probable duration of the absence, at least five (5) days in advance of leaving, and shall similarly notify the Company five (5) days prior to return. Upon return, the employee shall be reinstated in the employee's regular position without loss of seniority rating, provided the absence has not exceeded one (1) year.

A Union member who takes time off on a regularly scheduled work day or days, as provided under this Article, will receive pay for such period of absence at the employee's regular straight time rate so that the Union member shall not lose pension credits for such absences. The Union will be billed monthly and shall reimburse the Company for pay so received.

ARTICLE XIV

Job and Work Flexibility

SECTION 1. Intent

The intent of this provision is to grant the Company flexibility in rearranging work and to temporarily assign employees in order to achieve the most effective use of personnel.

SECTION 2. Rule

The Company may temporarily reassign employees into positions for which they are qualified, for periods of time not to exceed 150 days, with no loss of pay.

SECTION 3. Process

The Company will first solicit qualified volunteers from departments with available personnel for these assignments. If an insufficient number of qualified and available employees volunteer, the Company will draft qualified employees from departments with available personnel by reverse Company seniority.

Except for unforeseen circumstances, office and allied personnel will not be involuntarily assigned to a field

function, and field personnel will not be involuntarily assigned to office and allied functions.

SECTION 4. Compensation

There shall be no reduction in base pay for any employee required to perform a "flexibility assignment." Temporarily reassigned employees shall qualify for variable rate pay if they meet the existing variable rate rules. When no variable rate applies, employees shall receive the rate of pay assigned to that job pursuant to the Wage and Salary Schedule then in effect at the appropriate progression point. Employees in a Departmental hierarchy where temporary assignments occur will first be offered the opportunity to move up to a higher classification affected by the assignment before an employee in a comparable pay grade from another Department is offered the higher rated assignment.

SECTION 5. Overtime

Overtime, if required, will be shared equally in the areas affected. There shall be no prerequisite of overtime for incumbent employees in the affected classification before this procedure may be invoked.

SECTION 6. Vacations

All affected departments shall grant year-round vacation to employees with the final right to allocate vacation being exclusively reserved to the Company in order to insure the orderly operation of the business.

SECTION 7. Inconsistent Provisions

To the extent that any provisions of the Collective

Bargaining Agreement, past practices or local agreements are inconsistent with the provisions of this Article, this Article shall control.

ARTICLE XV

Temporary and Seasonal Employees

The Company shall have the right to use temporary employees to supplement the workforce to deal with particular projects or seasonal fluctuations. Temporary or seasonal employees shall be considered employees for purposes of Article IV of the Collective Bargaining Agreement (union security) and shall not be used to displace full time employees, or interfere with an employee's promotional opportunities or job progressions.

The Company shall have the right to determine wages and benefits for temporary employees, but shall first meet and discuss the issue with the Union. Except in extraordinary circumstances, the Company shall not place temporary employees in anything other than the lowest rated job in the hierarchy nor shall the Company pay the employees more than the lowest rated job in the hierarchy.

The Company shall not be permitted to keep temporary employees in a particular project for more than 8 weeks. In extraordinary circumstances, the 8 week period may be extended for an additional 4 weeks.

Absent extraordinary circumstances, temporary employees will not be afforded the opportunity for

overtime unless all permanent employees in the affected areas are afforded overtime.

If a temporary employee has accumulated six (6) months seniority, the employee shall be entitled to receive the same health insurance benefits offered to new hires for the duration of the employee's temporary employment.

The Company shall provide the Union on a quarterly basis with a list of all temporary employees including the employee's location, departmental classification and length of employment.

ARTICLE XVI

Past Practices and Local Agreements

In order to create a mechanism to address existing local agreements and/or past practices during the term of the Agreement, the parties agree to create a Joint Committee with an equal number of Union officers and Company representatives. If the Company desires to change or eliminate any existing local agreements or past practices, it shall first present them to the Joint Committee for discussion. If the parties cannot agree, then the Company may submit the matter to a mutually agreed upon neutral tie-breaker who shall be required to fully resolve the issues in dispute within twenty (20) days of the date of submission. The Company shall have the burden of demonstrating that the changes sought address legitimate business needs of the Company.

ARTICLE XVII
Prerequisites to Sale

The Company shall notify any potential buyer of the terms of this Collective Bargaining Agreement as soon as practical after the interest is expressed in the purchase of PGW, any portion thereof, or any of its assets. The Company shall encourage any potential successor to honor the terms of this Agreement, and shall also notify the Union of any potential sale immediately upon obtaining knowledge of any sale related negotiations or transactions.

The City shall require that any potential buyer or successor meet jointly with City and Union representatives in an attempt to convince the buyer/successor of the benefits to hiring the Company's unionized work force. The City shall consider the potential buyer's/successor's willingness to hire the work force as a positive factor in determining whether to effectuate a sale. The City shall issue periodic updates to the Union of any and all negotiations over the sale of the Company. Should any Union workers be displaced due to a sale, the City shall use its best efforts to secure employment at other City agencies, if feasible.

ARTICLE XVIII
Period of Agreement

This Agreement shall be effective from the sixteenth day of May, 2005, terminating on the fifteenth day of May, 2008, and shall continue thereafter from year to year upon the same terms and conditions as herein contained, unless notice to the contrary, in writing, shall be given by either party to the other at least sixty (60) days, but not more than seventy (70) days, before the expiration of the original or any renewal term thereof.

Within ten (10) days after the receipt of such notice, ~~both parties to this Agreement, through their proper~~ representatives, agree to commence negotiations for the adjustment of proposed changes.

It is agreed by the Union and the Company that all provisions of this Agreement shall be effective unless and until expressly prohibited by any regulatory body which has or may acquire jurisdiction over the Company.

IN WITNESS THEREOF the parties hereto have caused this Agreement to be signed and their common seals to be hereto affixed by their duly authorized officers.

PHILADELPHIA GAS WORKS

By: _____
Craig White, Chief Operations Office

John P. Straub,
Vice-President-Labor, Safety & Preparedness

Albert L. D'Attilio, Director-Labor Relations

Mark J. Foley, Esquire
Counsel for Philadelphia Gas Works

**GAS WORKS EMPLOYEES' UNION OF
PHILADELPHIA**
Local 686, Utility Workers Union of America,
AFL-CIO

By:

Keith Holmes, President

Joseph Horan, Vice President

Shawn Plunkett, Recording Secretary

Michael Waller, Financial Secretary

James Lennox, Treasurer

James F. Runckel, Esquire
Counsel for Gas Works Employees' Union

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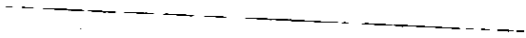
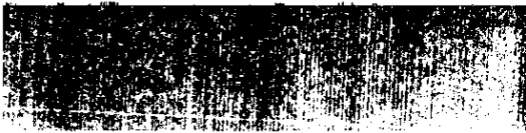
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