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Title: **Peoples Gas Light and Coke Company and Gas Workers Union, SEIU, AFL-CIO Local 18007 (2001)**

K#: **6074**

Employer Name: **Peoples Gas Light and Coke Company**

Location: **IL**

Union: **Gas Workers Union, SEIU, AFL-CIO**

Local: **18007**

SIC: **4920**	NAICS: **221**
Sector: **P**	Number of Workers: **950**
Effective Date: **05/01/01**	Expiration Date: **04/30/05**
Number of Pages: **169**	Other Years Available: **Y**

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K# 6074 950 ees

Summary f Amendm nts to the Company's April 30, 2001 Offer

1. Modify the Memorandum of Understanding, Central District Shop Clerical Workforce and the Memorandum of Understanding, Meter Shop Workforce Reduction to include the Company's commitment to a job for each displaced worker. Each transferred employee will have a ninety (90) day period to determine his/her suitability to the new job. The displaced employee maintains his/her right to enhanced severance benefits during this ninety (90) day period. Displaced employees who elect to transfer to bargaining unit jobs not only will retain their April 30 rates of pay but will also receive the annual pay increases provided for in the new Agreement. Displaced employees who elect to transfer to non-bargaining unit jobs with a lower rate of pay will have their rates frozen at the April 30, 2001 level.

2. Modify the Materials Management Section Reorganization and Memorandum of Understanding Meter Shop Workforce Reduction to include the Company's commitment to treat any of the displaced employees in the Section in the same manner as the Clerical and Meter Shop displaced workers.

3. Eliminate Paragraph 2 from Exhibit L dealing with allocating PTO days on an "as earned" basis rather than on January 1 of each year.

May 16, 2001

6800 + 6000 contract = 12800

1/6/03

4. Revise paragraph A-24 to allow for a 4/10 Saturday Schedule.

June 5, 2001

Peoples Energy Corporation
and Gas Workers Union Local 18007
Service Employees' International
Union (SEIU)

Effective 5/1/01-4/30/05

MEMORANDUM OF COMPANY OFFER OF APRIL 30, 2001

TO BE EFFECTIVE MAY 1, 2001

The Company and the Gas Workers Union Executive Committee have negotiated the following, to be effective May 1, 2001, subject to ratification by the bargaining unit employees. The estimated cost of the Company's total offer is as follows:

	Term of Agreement							
	1st Year Average		2nd Year Average		3rd Year Average		4th Year Average	
	Increase Per Hour	Percent	Increase Per Hour	Percent	Increase Per Hour	Percent	Increase Per Hour	Percent
Wage Increase	$0.8890	4.03%	$0.8592	3.75%	$0.8890	3.74%	$.9289	3.76%
Wage Adjustments	0.4966	2.25	0.6124	2.67	0.7281	3.06	0.3732	1.51
Shift Premium	0.0283	0.13	0.0283	0.12	0.0283	0.12	0.0283	0.11
Safety Shoes	0.0149	0.07	0.0149	0.06	0.0149	0.06	0.0149	0.06
Meal Allowance	0.0144	0.07	0.0144	0.06	0.0144	0.06	0.0144	0.06
Totals	$1.4432	6.55%	$1.5292	6.66%	$1.6747	7.04%	$1.3597	5.5%

A. To make changes in the Agreement dated May 15, 1998, as follows:

1. To provide for a four-year term of Agreement, May 1, 2001 through April 30, 2005.

2. To increase rates of pay of bargaining unit employees (excluding frozen rate employees) effective May 1, 2001, May 1, 2002, May 1, 2003, and May 1, 2004, based on hourly rate of pay brackets as follows:

Hourly Rate of Pay Brackets as of the Date of Ratification			Amount of Increase Per Hour Effective May 1, 2001
Up	to	$14.56	$0.55
$14.57	to	17.64	0.64
17.65	to	19.51	0.73
19.52	to	21.07	0.82
21.08	to	24.64	0.91
24.65	and	Over	1.00

Hourly Rate of Pay Brackets as of April 30, 2002			Amount of Increase Per Hour Effective May 1, 2002
Up	to	$15.20	$0.52
$15.21	to	18.37	0.61
18.38	to	20.33	0.70
20.34	to	21.98	0.79
21.99	to	25.64	0.88
25.65	and	Over	0.97

Hourly Rate of Pay Brackets as of April 30, 2003			Amount of Increase Per Hour Effective May 1, 2003
Up	to	$15.81	$0.55
$15.82	to	19.07	0.64
19.08	to	21.12	0.73
21.13	to	22.86	0.82
22.87	to	26.61	0.91
26.62	and	Over	1.00

Hourly Rate of Pay Brackets as of April 30, 2004			Amount of Increase Per Hour Effective May 1, 2004
Up	to	$16.45	$0.59
$16.46	to	19.80	0.68
19.81	to	21.94	0.77
21.95	to	23.77	0.86
23.78	to	27.61	0.95
27.62	and	Over	1.04

Employees (excluding frozen rate employees) in positions for which minimum and maximum hour rates are specified, will receive a pay increase determined by the maximum rate for their respective position. Minimum and maximum hourly rates will be adjusted according to the pay brackets into which each such rate falls.

Frozen rate employees will receive a one-time lump sum payment. If an employee's frozen rate is at or above the regular hourly rate for the position to which assigned, the lump sum payment will equal the May 1, 2001 increase in the regular hourly rate for the position to which assigned times 2,080 hours, minus deductions required by law. If a frozen rate employee is near the regular hourly rate for the position to which assigned, the employee will receive an increase in his/her regular hourly rate to bring the employee to the assigned rate and a lump sum payment, as described above, for any remaining amount above the assigned rate. To be eligible for a lump sum payment, an employee must be actively employed on May 1, 2001, and the payment will be made on or about June 1, 2001. A Senior-Clerk Operating at Central District Shop will not be regarded as a frozen rate employee.

Positions which are inactive in a Department will be cancelled (Crew Leader, Cement Truck and Truck Loader in the Distribution Department; and Shop Clerk in the Field Service and Engineering Departments).

3. To remove from the Agreement the Senior Bill Collector position and rates. No employees may enter this position after May 1, 1998. Employees currently in this position will be paid as if this position and rates continued to appear in the Agreement, increased in accordance with the applicable general increases.

4. Prior to the application of the general wage increase, to revise the schedule of rates for Distribution Department employees as shown in the attached Exhibit A. Establish the classification of Gas Mechanic-Over 10 Years at a regular hourly rate of $22.54. In addition, current Gas Mechanics will be credited with all of their service in the Department for purposes of the Gas Mechanic progression, provided that this credit will not alter any extension of the service requirement imposed by virtue of absences in excess of twenty-two (22) days.

5. Prior to the application of the general increase, to revise the schedule of rates for Field Service Department employees as shown in the attached Exhibit B as follows:

   (a) Establish the classification of Senior Service Specialist No. 2 at a regular hourly rate of $22.26, and

   (b) Change the title of the Senior Service Specialist classification to Senior Service Specialist No. 1.

6. Prior to the application of the general wage increase, to reorganize the Gas Operations Section as shown in the attached Exhibit C.

7. Prior to the application of the general wage increase, to reorganize the Materials Management Section as shown in the attached Exhibit D.

8. Prior to the application of the general wage increase, to revise the schedule of rates for

ERT Installers as shown in the attached Exhibit E.

9. Prior to the application of the general wage increase, to revise the schedule of rates for Meter Readers as shown in the attached Exhibit F.

10. Prior to the application of the general wage increase, to create a new Exhibit II (schedule of rates for the clerical employees in the Meter Testing and Repair Department) as shown in Exhibit G. Exhibit II of the prior basic collective bargaining agreement will be deleted. This new Exhibit II will apply only to the Clerical employees in the Meter Testing and Repair Department, who are not affected by the Memorandum of Understanding Central District Shop Clerical Workforce Reduction.

11. To increase the night shift premium from 90 cents to $1.10 per hour.

12. To provide that all meal allowances currently at $6.40 be increased to $7.25.

13. To discontinue the practice of providing for payroll deduction for the purchase of safety shoes, and amend Article VIII-A, Section 12 (a), to read as follows:

    To pay an allowance of $65.00 for safety shoes purchased by employees (limit of one pair per Agreement year). Safety shoes must be construction grade with protective toe caps and shanks and must meet or exceed ANSI 241 standards. Employees will be reimbursed by P-card check after providing designated Shop management with a receipt of purchase.

14. To amend Article I, Section 5, to increase the maximum authorized Union initiation fee payable by Company employees to $180.00.

15. To amend Article I, Section 6 (b), to read as follows:

    On the second pay day of each month for the first six months from the date of employment, one installment equal to one-sixth of the Union initiation fee in the amount established by the Union Constitution not in excess of $180.00 in payment of such initiation fee, if any, then owed by such employee.

16. To amend Article I, Section 7 to read as follows:

    Within fifteen days after any deduction of dues or initiation fees is made pursuant to Section 6 of this Article, the Company will wire-transmit the amount so deducted to a bank account designated by the Union to receive such funds. At or about the same time, the Company will send the following lists, as applicable, to the Financial Secretary-Treasurer, Gas Workers Union, Local 18007, S.E.I.U., AFL-CIO, 300 South Ashland Avenue, Suite 307, Chicago, IL 60607, or to such other representative as may be designated in writing by the Union:

    (a) Employees whose Union dues have been deducted;

    (b) Employees whose Union dues have been deducted for the first time;

    (c) Employees whose Union dues were deducted in the previous month and who have since been separated from the unit;

(d) Employees whose Union initiation fees have been deducted.

17. To amend Article VIII-B, Section 3 to read as follows:

An employee who, upon proper authorization, works ten or more continuous hours shall be given a meal allowance of $7.25 and if the work period continues beyond ten continuous hours he/she shall be given an additional meal allowance for each five hour period of continuous work which does not extend into his/her next regular shift. If an employee has worked five or more continuous hours during a work period which was either commenced or completed in a calendar day in which he/she worked a separate and additional period of at least eight hours, he/she shall be paid one meal allowance. Hours once counted in qualifying for meal allowance shall not be used again in meal allowance computations. Any such meal allowance shall be in full reimbursement for all expenses incurred. Time spent in eating shall not be counted as time worked except upon proper authorization.

18. To amend the third paragraph of Article VIII-A, Section 6, to read as follows:

The Company may assign Fleet Management Section employees to 6:00 a.m., 7:00 a.m., 2:30 p.m., and 3:30 p.m. starting times.

19. To amend the eighth paragraph of Article VIII-A, Section 6, to read as follows:

The Company may assign Materials Management Section employees to 6:30 a.m. to 3:00 p.m., 7:30 a.m. to 4:00 p.m., 10:00 a.m. to 6:30 p.m., 3:30 p.m. to 12 midnight, and 11:30 p.m. to 8:00 a.m. shifts.

20. To amend Article VIII-A, Section 12(c) by deleting the following words:

except that Field Service Department employees may be scheduled for a minimum of four (4) hours on Saturday to perform dated work (appointments).

21. To delete Article VIII-A, Section 12 (f).

22. To amend Article IX-A, Section 2, to read as follows:

A night shift premium of $1.10 per hour shall be added to the regular rate of pay of an employee for work scheduled on a shift beginning not earlier than 2:30 p.m., and ending not later than 8:00 a.m. If an employee scheduled to work such a shift is required to continue working beyond the scheduled work period, he/she shall receive the shift premium for such additional hours worked. The applicable night shift premium shall be added to the regular hourly rate in computing premium pay, but it shall not be added in computing any absent time allowed pay.

23. To amend the first paragraph of Article IX-B, Section 5, to read as follows:

An employee shall receive a holiday allowance of eight hours pay at his/her regular hourly rate for the holidays defined in Section 5 of Article VIII, B; provided, that to receive this allowance for Christmas Day and New Year's Day, he/she must work on both his/her last scheduled day before and his/her next scheduled day after the holiday, and to receive

this allowance for Decoration Day, the 4th of July, Labor Day, Veterans' Day, Thanksgiving Day, and the Day after Thanksgiving Day, he/she must work either his/her last scheduled day before or his/her next scheduled day after the holiday. An employee absent on his/her last scheduled day before or his/her first scheduled day after a holiday who is paid for the day because of a PTO Bank absence, personal illness, jury service, occupational injury, or who is excused because of official Union business, important personal business, or death in his/her family, shall not be disqualified from receiving the holiday allowance by such absence. An employee shall not receive the holiday allowance for a holiday when he/she cannot be excused and fails to work on such holiday on which he/she is scheduled to work.

24. To institute, in addition to the existing Monday through Friday workweek, a new workweek of Tuesday through Saturday in the Field Service Department by (1) adding the following Article X to the Agreement; (2) renumbering the current Article X as Article XI and (3) deleting Article IX-A, Section 3(c):

ARTICLE X
TUESDAY THROUGH SATURDAY WORKWEEK

Section 1. Notwithstanding any other provision of this Agreement, the Company may establish a Tuesday through Saturday workweek in the Field Service Department.

Section 2. The following conditions will apply to the Tuesday through Saturday workweek:

(a) The Tuesday through Saturday workweek will have starting times of 7:00 a.m., 8:00 a.m., 8:30 a.m., 10:00 a.m., and 3:30 p.m.

(b) When the Company is utilizing a Tuesday through Saturday workweek with a 3:30 p.m. starting time, it may assign a limited number of employees to a Monday through Friday workweek consisting of the 3:30 p.m. shift on Monday followed by four day shifts, Tuesday through Friday ("Special Monday through Friday schedule"). The number of employees who may be assigned to the Special Monday through Friday schedule will be no greater than the number of employees assigned to the 3:30 p.m. starting time in the Tuesday through Saturday workweek. An employee assigned to the Special Monday through Friday schedule will not be paid a short shift change premium because of his/her working the 3:30 p.m. shift on Monday and a day shift on Tuesday.

(c) The Company will determine the complement of employees required for each of the Tuesday through Saturday starting times.

(d) Assignment to the Tuesday through Saturday starting times and the Special Monday through Friday schedule will be based on classification seniority. Senior employees who volunteer will be given preference, provided that an employee who volunteers may exercise his/her seniority to return to the regular Monday through Friday schedule after six (6) months of assignment to the Tuesday through Saturday workweek. If the number of volunteers is

insufficient, the least senior employees will be assigned.

(e) Employees who are required to work the 10:00 a.m. starting time on the regular Monday through Friday workweek because of their seniority will not be allowed to volunteer for the Tuesday through Saturday workweek or the schedules authorized by Section 3 below.

(f) Whenever the Company is utilizing the Tuesday through Saturday workweek, Sundays and holidays (excluding the holidays of Thanksgiving Day, Christmas Day, and New Year's Day) will be combined for purposes of equalizing overtime of all employees in the Department.

Section 3. For the purpose of reducing the need to assign employees to the Tuesday through Saturday workweek on an involuntary basis, the Company will establish a work schedule of four ten-hour days, Wednesday through Saturday ("4/10 Saturday Schedule"). The following conditions will apply to the 4/10 Saturday Schedule:

(a) The hours of work of the 4/10 Saturday Schedule will be 7:00 a.m. to 5:30 p.m., with a 30-minute unpaid lunch period.

(b) Only volunteers will be assigned to the 4/10 Saturday Schedule.

(c) Employees will be allowed to volunteer for the 4/10 Saturday Schedule for three four-month periods: August 1 through November 30, December 1 through March 31, and April 1 through July 31 (adjusted in each case to coincide with the beginning and end of a pay period). Employees who volunteer for this Schedule must remain available for assignment thereto during the entire four-month period unless excused by the Company.

(d) The Company will assign volunteers to work the 4/10 Saturday Schedule based on seniority in the applicable classification, with preference being given to employees with greater seniority.

(e) If an adequate number of employees volunteer for the 4/10 Saturday Schedule, the Company will utilize such volunteers to fill its anticipated day shift Saturday need during the relevant four-month period. However, the Company will not be required to staff more than 50% of its anticipated day shift Saturday need with volunteers and may meet the balance of such need with employees assigned, on either a voluntary or involuntary basis, to a Tuesday through Saturday workweek.

(f) Employees assigned to a 4/10 Saturday Schedule will operate throughout the shift as a one-person crew (4:30 p.m. doubling-up practices will not apply) unless the Company decides to pair up employees for all or part of the shift because of safety considerations, the nature of the work, or other reasons.

(g) Notwithstanding any other provisions of this Agreement, employees assigned to a 4/10 Saturday Schedule will be paid their regular rate of pay (straight-time) for all hours worked on their 4/10 Saturday Schedule,

including Saturday itself. They will receive time and one-half their regular rate of pay for hours worked in excess of ten on any day which is part of their 4/10 Saturday Schedule.

(h) The treatment of employees assigned to a 4/10 Saturday Schedule for purposes of benefit and paid-time-off programs will be in accordance with the written procedure dealing with 10/40 Work Schedules in the Field Service Department and other departments (Exhibit N to the Memorandum of Offer of April 30, 2001), except as provided in Section 4 below. However, the parties agree that the Company has broad latitude to interpret and apply such written procedure so long as it achieves substantial fairness between employees assigned to traditional eight-hour-day work schedules and employees assigned to ten-hour-day work schedules.

Section 4. During a week in which there is a holiday recognized by the Company under Article VIII-A, Section 11, employees assigned to a 4/10 Saturday Schedule will be reassigned to a Tuesday through Saturday workweek on the day shift. The following special conditions will apply to the holidays of such employees and all other employees assigned to a Tuesday through Saturday workweek:

(a) If the Company observes a holiday on Monday, the employee will have his/her holiday on the next day, Tuesday.

(b) If a holiday falls on Saturday, the employee will have his/her holiday on Saturday rather than on the preceding Friday.

(c) In all other cases, the employee will have his/her holiday on the day specified in Article VIII-A, Section 11.

Section 5. The following Sections of Article IX-A will apply to employees assigned to the Tuesday through Saturday workweek: Sections 1, 2, 3, 5, 6, 7, 8, 9 and 10. Employees assigned to the Tuesday through Saturday workweek will not be eligible for any overtime rates of pay except as provided in these Sections.

Section 6. The Company does not intend to implement the Tuesday through Saturday workweek in any department of the Company other than the Field Service Department for the foreseeable future. The Company therefore commits to the Union that it will not implement such workweek in any other department prior to May 1, 2011. This section of the Agreement shall survive the expiration of this Agreement and any successor Agreement expiring prior to May 1, 2011.

25. Subject to a separate four-year agreement (May 1, 2001 through April 30, 2005), to continue the Medical and Dental Plan, Health Maintenance Organizations (HMOs) Programs, and Medicare Supplement Plan, except that the Company may make technical changes, and subject to the revisions described in the attached Exhibit H, "Summary of Proposed Changes to the Medical and Dental Plan, Health Maintenance Organizations (HMOs), and Medicare Supplement Plan", dated April 30, 2001.

26. Subject to a separate four-year agreement (May 1, 2001 through April 30, 2005), to continue the Group Life Insurance Plans and Contributory Accidental Death and

Dismemberment Insurance Plan, except that the Company may make technical changes.

27. Subject to a separate four-year agreement (May 1, 2001 through April 30, 2005), to continue the Employee Stock Purchase Plan, except that the Company may make technical changes, and subject to the revision of the eligibility provision so that an employee who is otherwise eligible may participate immediately upon employment.

28. Subject to a separate four-year agreement (May 1, 2001 through April 30, 2005), to continue the Service Annuity System, except that the Company may make technical changes, and subject to the revisions in the attached Exhibit I, "Summary of Proposed Changes to the Service Annuity System", dated April 30, 2001.

29. Subject to a separate four-year agreement (May 1, 2001 through April 30, 2005), to continue the Employee Thrift Plan, except that the Company may make technical changes, and subject to the revisions in the attached Exhibit J, "Summary of Proposed Changes to the Employee Thrift Plan", dated April 30, 2001.

30. Subject to a separate four-year agreement (May 1, 2001 through April 30, 2005), to continue the Employee Stock Ownership Plan and Trust, except that the Company may make technical changes.

31. To continue the Sickness Benefit Plan (Appendix II) and Long Term Disability Plan, except that the Company may make technical changes, and subject to the revisions described in the attached Exhibit K, "Summary of Proposed Changes to the Sickness Benefit Plan and Long Term Disability Plan", dated April 30, 2001.

32. To continue the Paid Time Off (PTO) Bank (Appendix I), subject to the revisions described in the attached Exhibit L, "Summary of Proposed Changes to the Paid Time Off (PTO) Bank", dated April 30, 2001.

33. To continue the Termination Allowance Plan, except that the Company may make technical changes.

34. To implement an Adoption Financial Reimbursement Program described in the attached Exhibit M, "Summary of Proposed Adoption Financial Reimbursement Program to be Implemented January 1, 2002", dated April 30, 2001, subject to the right of the Company to develop and, from time to time, revise a plan document.

35. Effective January 1, 2002, to increase the maximum annual contribution to the Health Care Account in the Health and Dependent Care Spending Accounts Plan to $3,000.

B. To make effective the following:

1. To amend pay practices to provide for the direct deposit of all paychecks, effective in September, 2001. The paychecks of employees who do not enroll in direct deposit will be mailed to the address specified in their personnel files on the work day immediately prior to the date when direct deposit of other employees' paychecks occurs.

2. To revise the April 30, 1994, memorandum regarding New Work Schedule For Employees in the Service and Distribution Departments, with a new memorandum regarding 10/40 Work Schedules in the Field Service Department, Distribution

Department and Materials Management Section as shown in the attached Exhibit N.

3. To allow Distribution Department, Gas Operations Section, and Field Service Department employees who fail to qualify or requalify on any core covered tasks, as defined in the Operator Qualifications Program, to receive appropriate additional training, including assignment to a crew performing related activities and a second test on the failed task(s). An employee must complete this additional training and second test within approximately 90 days following the date of the initial failure to qualify or requalify. If an employee still fails to qualify following this additional training and testing, he/she will be given an opportunity to receive appropriate additional training and a third test. An employee must complete this additional training and third test within approximately 30 days following the date of the second failure to qualify or requalify. Employees will retain their current rate of pay during the above described additional training and testing periods. If an employee fails to qualify following this additional training and testing, he/she will be released from employment with the Company.

4. To provide for the training of certain employees in the Materials Management Section and Toolkeepers in the Distribution Department in the operation of a front-end loader, and to allow such employees, (in addition to Equipment Operators), to perform this work in connection with bulk deliveries and spoil removal.

5. To expand the duties which may be performed by Distribution Department employees working alone on the Monday through Friday day shifts, as shown in the attached Exhibit O.

6. To expand the duties of the Gas Surveyor classification and all higher-rated classifications in the Distribution Department to include:

   (a) when assigned to safety survey work, classifying leaks as class 1 or class 2

   (b) utilizing all forms of gas detection instruments, equipment and devices

   (c) operating vehicles with gas detection equipment

   (d) inspecting valves and above-ground facilities

   (e) locate work

   (f) working as an additional employee on a crew of two (2) or more persons (applicable to Gas Surveyor)

   (g) having and maintaining a valid driver's license (applicable to Gas Surveyor)

7. To expand the duties of the Street Mechanic No. 1 and Gas Mechanic classifications to include classifying and rechecking leaks.

   It is the Company's intention to have the duties of classifying and rechecking leaks performed by the Mechanic Operator classification (first preference) and the Street Mechanic No. 1 classification (second preference) before these duties are performed by the Gas Mechanic classification. However, these preferences are general guidelines, not

strict restrictions, and within any of the classifications, employees do not have a right to select their assignments.

8. To allow Distribution Department employees to inspect and install flexible connectors and associated shut-off valves when on customer premises.

9. When promoting employees to Crew Leader or Equipment Operator No. 1 under Article VII of the basic collective bargaining agreement, to utilize the following seniority preferences:

   (a) Employees in the Street Mechanic No. 1, Mechanic Operator, and Equipment Operator No. 1 classifications will be given first opportunity for the promotion, based on their Street Mechanic No. 1 classification seniority date.

   (b) Employees in the Gas Mechanic classification as of April 30, 2001 will be given the second opportunity for the promotion, based on their date of entry into the Distribution Department, unaffected by any extension of the service requirement imposed by virtue of absences in excess of twenty-two (22) days.

   (c) If no employee in the first two groups is available for promotion to Crew Leader, all other employees in the Department will be given the opportunity for the promotion, based on their initial date of entry into the Gas Mechanic classification, unaffected by any extension of the service requirement imposed by virtue of absences in excess of twenty-two (22) days.

10. To eliminate the clerical workforce at Central District Shop and to reduce the Meter Shop workforce in accordance with Exhibits P and Q, respectively.

11. To allow an employee to operate the ERT truck while working alone, regardless of starting time.

12. To expand the duties of the Service Specialist classification to include collection cutoffs without restriction and all other Field Service Department work except the following:

    (a) leak investigations

    (b) CO investigations

    (c) explosion/fire investigations

    (d) lead person on two-person fitting crews

    (e) class I and class II regulator work

    (f) adjusting appliances, except Service Specialists will continue to adjust ranges

    (g) "won't shut off" service requests

    (h) C.A.I. requests (high bill investigations)

(i) regulator, elevated pressure inspections

(j) rotary meter inspection, repair, maintenance and service

13. To establish the duties of the new Senior Service Specialist No. 2 classification to include all Field Service Department work except a Senior Service Specialist No. 2 will not be assigned as the lead person of a two-person crew, and will only be assigned class I and class II regulator work after all Senior Service Specialist No. 1's have been offered this work.

14. To provide that nineteen (19) employees in the Utility Specialist—Over 2 Years classification (those with classification seniority as of September 3, 1997 or earlier) will be promoted to Service Specialist during the first year of the Agreement. This shall not affect the Company's right to determine the appropriate complement of employees in the future. Following the promotion of those nineteen (19) employees, all employees with the Bill Collector classification will be reassigned to the Service Specialist classification with a classification seniority date as of the date of reassignment, provided that no such former Bill Collector shall be assigned to the night shift without his/her consent. Former Bill Collectors with an hourly rate exceeding the Service Specialist-Over 2 Years rate will have their rates of pay frozen until the Service Specialist-Over 2 Years rate equals or exceeds their frozen rate. The Bill Collector title will be cancelled.

15. To provide that ninety-five (95) employees in the Service Specialist—Over 2 Years classification (those with classification seniority as of March 29, 1995 or earlier, excluding one employee who has requested to work only in a two person crew) will be promoted to Senior Service Specialist No. 2 during the term of the Agreement. This shall not affect the Company's right to determine the appropriate complement of employees in the future.

16. To allow the Company to transfer Field Service Department employees on a temporary basis to a Shop or Sub-Shop in another District for the purpose of meeting workload fluctuations and performing special projects, subject to the following restrictions:

(a) Only employees assigned to the 7:00 a.m., 8:00 a.m., 8:30 a.m., and 10:00 a.m. starting times may be transferred. Employees subject to involuntary assignment to the 10:00 a.m. or 3:30 p.m. starting times will not be transferred.

(b) An employee may be transferred for one or more periods which shall not exceed a maximum of three months in a rolling twelve-month period. The Company will attempt to estimate the duration of the transfer at the outset, but the duration may be reduced or increased based on changed circumstances.

(c) Transfers will be made first on a voluntary basis, with senior employees in the classification involved being given the first opportunity. No employee will be permitted to volunteer in order to avoid a Tuesday through Saturday workweek or a Special Monday through Friday schedule. If an insufficient number of employees volunteer, the least senior employees in the classification involved will be required to accept the transfer. However, no more than eight (8) employees per District will be subject to involuntary transfer.

(d) A transferred employee will report directly to the District Shop or Sub-Shop to which

he/she was transferred, except if an employee is transferred after reporting to his/her regularly-assigned District Shop or Sub-Shop, the time required to travel to the new assignment and, if necessary, to return to the regularly-assigned District Shop or Sub-Shop will be treated as time worked.

(e) Transferred employees will continue to be eligible for scheduled overtime at their regularly-assigned District Shop or Sub-Shop.

(f) These restrictions do not affect the Company's right to utilize its employees throughout the City in the event of an emergency.

17. To expand the duties of the Senior Service Specialist No. 1 classifications to include inspecting, repairing, maintaining, and servicing rotary meters in the field.

18. To add the duties formerly performed by Vault Inspectors to the Vault Mechanic I classification, and to recognize the Company's right to assign Vault Mechanics I's in such a way as to promote their familiarity with all tasks within the classification and with the Company's entire distribution system.

19. To discontinue, effective June 1, 2001, the practice of the current Vault Inspectors driving Company cars to and from work.

20. To allow any Gas Operations Section employee working alone to perform any duties that can be performed from above grade.

21. To initiate discussions between the Company and the Gas Workers Union following ratification of the Agreement, to deal with communication issues concerning the Return to Work (RTW) Program.

22. To implement a new Celebrate Success Program. Under the new Program, employees may receive awards of between $50 and $300, in increments of $50. These awards will be payable in American Express gift checks. The awards will be granted by the Company in unusually-deserving cases, as determined by the employee's Shop Manager, such as when an employee makes a suggestion which significantly improves a Company operation, or when an employee demonstrates superior customer service, or when an employee performs a heroic deed that results in favorable community recognition of the Company, or when an employee engages in an extraordinary response to an emergency condition.

23. To implement a new procedure for the transfer of Meter Readers into the Distribution Department, as set forth in the Memorandum of Understanding Regarding Transfer of Meter Readers to Distribution Department, Exhibit R, attached.

EXHIBIT I

RATES
WAGE EARNERS
DISTRIBUTION DEPARTMENT
NORTH, SOUTH, AND CENTRAL DISTRICT SHOPS

Position	Regular Hourly Rate
Gas Surveyor - Temporary	$11.00 (a)
Gas Surveyor - First 180 Days	12.94
Gas Surveyor - Over 180 Days	13.51
Gas Surveyor - Over 2 Years	15.77
Gas Mechanic	15.77 (b)
Gas Mechanic - Over 2 Years	16.77
Gas Mechanic - Over 4 Years	17.91 (c)
Gas Mechanic - Over 6 Years	18.91
Gas Mechanic - Over 8 Years	19.77
Gas Mechanic - Over 10 Years	22.54
Carpenter	24.73
Equipment Operator No. 1	24.77
Crew Leader, Distribution (Reserve)	25.62
Crew Leader, Distribution	25.92
Crew Leader, Distribution	26.18 (d)
Maintenance Mechanic No. 2	19.65
Maintenance Mechanic No. 1	21.17
Welder	24.73
Crew Leader, Welding	25.26
Toolkeeper	23.93
Street Mechanic No. 1	23.98 (e)
Mechanic Operator	24.73 (f)

EXHIBIT I (Continued)

RATES
WAGE EARNERS
DISTRIBUTION DEPARTMENT
NORTH, SOUTH, AND CENTRAL DISTRICT SHOPS

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowances or any other paid absent time allowed.

(b) Must achieve a minimum score of 450 on physical abilities test to enter position. Upon entering position, must successfully complete training and testing requirement and thereafter complete a 180 day probationary period. Must obtain a "Class A" commercial driver's license with hazardous materials endorsement within six months of entering this position. An employee who does not obtain such a license will be regressed to Gas Surveyor – Over 2 Years.

(c) Must successfully complete training and testing requirements for covered tasks in the Gas Mechanic position to qualify for this rate.

(d) Rate paid to Crew Leader, Distribution when installing new main 12" in diameter or larger.

(e) No employees may enter this position after May 1, 1998.

(f) No employees may enter this position after May 1, 2001.

Gas Mechanic—Over 10 years rate will be minimum rate paid for all work in main tunnels under rivers.

All time-step increases are subject to satisfactory performance. Any combination of absences from normal duties because of personal illness, occupational injury (lost-time and light duty), or personal leave of absence in excess to twenty-two (22) workdays will extend the service requirement for any time-step increase by an amount which equals the number of workdays of absence in excess of twenty-two (22).

EXHIBIT I

RATES
WAGE EARNERS
FIELD SERVICE DEPARTMENT
NORTH, SOUTH, AND CENTRAL DISTRICT SHOPS

Position	Regular Hourly Rate
Utility Specialist - Temporary	$11.00 (a)
Utility Specialist - First 180 Days	12.94
Utility Specialist - Over 180 Days	13.51
Utility Specialist - Over 2 Years	15.77
Service Specialist	18.36
Service Specialist - After 2 Years	19.12
Senior Service Specialist No. 2	22.26
Senior Service Specialist No. 1	24.73

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowance or any other paid absent time allowed.

EXHIBIT I

RATES
WAGE EARNERS
ENGINEERING DEPARTMENT
GAS OPERATIONS SECTION

Position	Regular Hourly Rate
Laborer - Temporary	$11.00 (a)
Vault Mechanic II	12.94 (b)
Vault Mechanic II - Over 180 Days	13.51
Vault Mechanic II - Over 2 Years	15.77 (c)
Vault Mechanic II - Over 4 Years	17.11
Vault Mechanic II - Over 6 Years	18.45
Vault Mechanic II - Over 8 Years	19.79
Vault Mechanic II - Over 10 Years	21.13
Vault Mechanic I	24.73
Station Mechanic	24.73
Electrician	24.73

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowances or any other paid absent time allowed.

(b) Upon entering position, must successfully complete a 180-day probationary period.

(c) Must successfully complete training and testing requirements for covered tasks in the Vault Mechanic II position to qualify for this rate.

All time-step increases are subject to satisfactory performance. Any combination of absences from normal duties because of personal illness, occupational injury (lost-time and light duty), or personal leave of absence in excess of twenty-two workdays (22) will extend the service requirement for any time-step increase by an amount which equals the number of workdays of absence in excess of twenty-two (22).

1. Existing Laborers would be slotted in the proposed Vault Mechanic II schedule as shown below:

Name	Position On 5/01/01	Earliest Possible Date For Next Increase
Givings, William	Vault Mechanic II – Over 4 years	1/24/02
Nickele, Jeffery	Vault Mechanic II – Over 4 years	4/4/02
Johnson, Leroy	Vault Mechanic II – Over 4 years	4/5/02
Ruane, Patrick	Vault Mechanic II – Over 4 years	12/13/02

2. Existing Junior Vault Mechanics would be slotted in the proposed schedule as below.

Name	Position On 5/01/01	Earliest Possible Date For Next Increase
Hyland, John	Vault Mechanic II - Over 10 years	(3)
Molloy, James	Vault Mechanic II - Over 10 years	(4)

3. John Hyland will be promoted to Vault Mechanic I on 6/01/01.

4. James Molloy will be promoted to Vault Mechanic I upon the departure of a Vault Mechanic I after 7/1/01.

5. Existing Vault Inspectors will be reclassified as Vault Mechanic I's with existing classification seniority.

6. Temporary upgrade from Vault Mechanic II to Vault Mechanic I is subject to need and satisfactory completion of such training and testing as the Company deems appropriate.

7. The Vault Mechanic II shall perform all work of the Vault Mechanic I with the exception of maintenance and repair activity on main control and monitor regulators. Duties shall include:

   - All duties currently performed by the Jr. Vault Mechanic
   - Security valve inspections
   - All gas system and station valve inspections and maintenance
   - Flood plan operations
   - Any duties that can be performed by a GOS employee working alone from above grade(e.g. leak inspection, construction monitoring, b-box valve inspections)

Exhibit D

MATERIALS MANAGEMENT SECTION REORGANIZATION

1. A new classification structure will be established in the Materials Management Section, as follows:

RATES
WAGE EARNERS
ENGINEERING DEPARTMENT
MATERIALS MANAGEMENT SECTION

Position	Regular Hourly Rate
Laborer - Temporary	$11.00 (a)
Material Handler	12.94 (b)
Material Handler - Over 1 Year	14.89
Material Handler - Over 2 Years	16.84
Material Handler - Over 3 Years	18.79
Material Handler - Over 4 Years	20.74 (c)
Material Deliverer	21.24 (c)
Lead Material Handler	21.74 (c)

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowance or any other paid absent time allowed.

(b) Upon entering position, must successfully complete 180-day probationary period.

(c) Current employees with hourly rates exceeding these rates will have their rates of pay frozen at the April 30, 2001 amount until the appropriate rate equals or exceeds their frozen rate.

All time-step increases are subject to satisfactory performance. Any combination of absences from normal duties because of personal illness, occupational injury (lost-time and light duty), or personal leave of absence in excess of twenty-two workdays (22) will extend the service requirement for any time-step increase by an amount which equals the number of workdays of absence in excess of twenty-two (22).

2. Current Materials Management Section employees will be slotted into the new classification structure. Their classification seniority will be in the order shown below.

NAME	CURRENT CLASS	NEW CLASS	NEW CLASS DATE	FROZEN RATE
Lezon, Joseph L.	Crew Leader Stores	Lead Material Handler	5/1/01	$25.26
Southward Jr., James W.	Crew Leader Stores	Lead Material Handler	5/1/01	$25.26
Cullom, Edward T.	Crew Leader Stores	Lead Material Handler	5/1/01	$25.26
Gerzen, Anthony	Senior Storekeeper	Material Handler - over 4 years	5/1/01	$24.88
Haney, David A.	Senior Storekeeper	Material Handler - over 4 years	5/1/01	$24.88
De Witt, John A.	Senior Storekeeper	Material Handler - over 4 years	5/1/01	$24.88
Simmons, Willie	Senior Storekeeper	Material Handler - over 4 years	5/1/01	$24.88
Gainer, Patrick J.	Senior Storekeeper	Material Handler - over 4 years	5/1/01	$24.88
Gennett, James M.	Senior Storekeeper	Material Handler - over 4 years	5/1/01	$24.88
Aguilar, Jose L.	Senior Storekeeper	Material Handler - over 4 years	5/1/01	$24.88
Camarena, Cynthia A.	Senior Storekeeper	Material Handler - over 4 years	5/1/01	$24.88
Quinones, Robert	Storekeeper	Material Handler - over 4 years	5/1/01	$24.73
Pumphrey, Barbara	Storekeeper	Material Handler - over 4 years	5/1/01	$24.73
Bowen, Thomas A.	Storekeeper	Material Handler - over 4 years	5/1/01	$24.73
Medel, Eric J.	Storekeeper	Material Handler - over 4 years	5/1/01	$24.73
Stonis, Thomas M.	Chauffeur Truck	Material Deliverer	5/1/01	$23.93
Makris, Thomas A.	Chauffeur Truck	Material Deliverer	5/1/01	$23.93
Marco, Daniel K.	Chauffeur Truck	Material Deliverer	5/1/01	$23.93
De Bartolo, Marcello	Sr. Stockkeeper over 6 months	Material Handler - over 4 years	5/1/01	$21.14
De Hoyos, Alberto	Sr. Stockkeeper over 6 months	Material Handler - over 4 years	5/1/01	$21.14

3. The duties of the new Material Handler classification will include all duties currently performed by Laborer, Stockkeeper, Senior Stockkeeper, Storekeeper and Senior Storekeeper in the Materials Management Section. In addition, Material Handlers may be assigned to perform all duties within the Material Deliverer classification, provided that they will be paid in accordance with Article IX-A, Section 10 of the basic collective bargaining contract for such work. The four least senior Material Handlers will be required to obtain and maintain a valid "Class A" commercial driver's license. In addition, Material Handlers may be assigned to perform all duties performed by Toolkeepers in the Distribution Department (see Paragraph 7, below).

4. The duties of the new Material Deliverer classification include the driving of Company vehicles for the purpose of making deliveries of materials, tools, meters and similar items from the Warehouse. A Material Deliverer must obtain and maintain a valid "Class A" commercial driver's license. When not performing delivery duties, a Material Deliverer may be assigned to perform all duties within the Material Handler classification.

5. The Chauffeur, Truck classification in the Meter Testing and Repair Section (Thomas M. Stonis), will be transferred to the Materials Management Section as a Material Deliverer, as shown on the exhibit above.

6. The duties of the new Lead Material Handler classification will include all duties currently performed by Crew Leader, Stores (lead duties and all other duties performed by employees in other classifications at the Warehouse). At the outset, the Company will establish three (3) Lead Material Handler positions.

7. The Toolkeeper classification will continue to be a classification of the Distribution Department. The duties of the Toolkeeper classification will be expanded to include all duties currently performed by Materials Management section employees at the District Shops and Sub-shops.

8. The vacant Toolkeeper position, created by the retirement of Thomas Pfannes, Central District Shop, will be filled by transferring an employee of the Materials Management Section to the position, with preference based on length of service in the Section. After any carry-over period under Article IX-A, Section 10 of the basic collective bargaining contract, this employee will be paid the applicable rate of pay of the Toolkeeper classification.

9. Employees in the new Material Handler classification may be assigned to assist or temporarily replace Toolkeepers and, when so assigned, to perform all duties of the Toolkeeper classification.

10. Nothing in this Exhibit or the Agreement shall be interpreted as preventing the Company from outsourcing the materials management function if the Company can accomplish that function in a more efficient manner during the term of this Agreement. The Company will commit to find suitable open positions for Materials Management Section employees affected by such outsourcing and will treat the outsourced employees in the same manner as the displaced Clerks covered by Paragraphs 3 and 5, and, if eligible, Paragraph 6 of the Memorandum of Understanding, Central District Shop Clerical Workforce Reduction.

11. The Memorandum of Understanding With Respect To A Force Reduction In The Stores Section Of The Purchasing And Stores Department Of The Finance And Control Division, dated August, 1997, is cancelled.

EXHIBIT I

RATES
WAGE EARNERS
FIELD SERVICE DEPARTMENT
ERT INSTALLERS

Position	Regular Hourly Rate	
	Minimum	Maximum
ERT Installer	$12.94	$15.77

Subject to satisfactory performance, an employee will, until he/she reaches the maximum hourly rate for the position, be eligible for an increase in his/her hourly rate annually on the anniversary date of his/her latest merit or promotional increase equal to one-seventh of the difference between the minimum and maximum hourly rates in effect on the date the employee entered the position.

EXHIBIT I

RATES
WAGE EARNERS
METER READERS

Position	Regular Hourly Rate Minimum	Regular Hourly Rate Maximum
Meter Reader - Temporary	$11.00 (a)	--
Meter Reader	12.94	15.77

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowances or any other paid absent time allowed.

During the ITRON installation period, the Company may employ up to ten part-time Meter Readers who shall be paid a pro-rata salary (based on the relationship of their weekly scheduled hours to 40 hours); and they will receive benefits on the same basis as non-union part-time employees receive benefits.

Subject to satisfactory performance, an employee will, until he/she reaches the maximum hourly rate for the position, be eligible for an increase in his/her hourly rate annually on the anniversary date of his/her latest merit or promotional increase equal to one-seventh of the difference between the minimum and maximum hourly rates in effect on the date the employee entered the position.

EXHIBIT II
RATES
CLERICAL EMPLOYEES
WAGE EARNERS
FIELD SERVICE DEPARTMENT
METER TESTING & REPAIR SECTION

Position	Regular Hourly Rate
Clerk - Temporary	$10.12 (a)
Clerk	11.90
Clerk - Over 2 Years	13.47
Clerk - Over 4 Years	15.04
Clerk - Over 6 Years	16.61
Clerk - Over 8 Years	18.18
Clerk - Over 10 Years	19.75 (b)

(a) This rate paid to employees hired on a temporary basis for summer Employment. Such employees are not eligible for paid holiday Allowances or any other paid absent time allowed.

(b) Employees with an hourly rate exceeding the Clerk - Over 10 years rate will have their rates of pay frozen until the Clerk - Over 10 years rate equals or exceeds their frozen rate.

All time-step increases subject to satisfactory performance. Any combination Of absences from normal duties because of personal illness, occupational Injury (lost-time and light duty), or personal leave of absence in excess of Twenty-two (22) workdays will extend the service requirement for any time-step Increase by an amount which equals the number of workdays of absence In excess of twenty-two (22).

April 30, 2001

Exhibit H

Summary of Proposed Changes to the Medical and Dental Plan, Health Maintenance Organizations (HMOs), and Medicare Supplement Plan

To revise the Medical and Dental Plan, HMO programs, and Medicare Supplement Plan as follows, effective January 1, 2002.

Medical and Dental Plan and HMOs

1. Increase monthly participant PPO contributions to 11.5% on January 1, 2002, 13% on January 1, 2003, 14.5% on January 1, 2004, and 16% on January 1, 2005. Employee and retiree claim experience to be separated. Employee contributions for HMO coverage to remain at 20%. Retiree contributions for HMO coverage to be increased to 25%.

Illustration below shows the 2001 Actual Monthly Contributions and what the Employee and Retiree Monthly Contributions would be if the 2002 contribution percentages were now in effect. However, it should be recognized that as the cost of medical care increases due to inflation, and as the contribution percentages increase in each year of the Agreement, the actual amount of Employee and Retiree Monthly Contributions will be higher than the amounts shown in the illustration in 2002 and subsequent years.

PPO Contributions

		Company Proposal	
Coverage Category	2001 Actual Monthly Contributions	Employee Monthly Contributions	Retiree Monthly Contributions
Employee/Retiree	$21.72	$21.55	$32.27
Employee/Retiree plus 1	$41.88	$41.56	$62.21
Employee/Retiree plus 2 or more	$60.86	$60.39	$90.41

HMO Contributions

	2001 Actual Monthly Contributions		Company Proposal Retiree Monthly Contributions	
Employee Category	Humana	HMO Illinois	Humana	HMO Illinois
Employee/Retiree	$42.16	$40.66	$52.70	$50.82
Employee/Retiree plus 1	$79.90	$77.92	$99.89	$97.40
Employee/Retiree plus 2 or more	$116.60	$113.70	$145.75	$142.14

2. Implement a 3-tier prescription drug program for PPO and HMO. Participants' co-payments are shown below:

	PPO		HMO	
	Retail	Mail Order	HMO Illinois	Humana
Generic	$5	$10	$7	$7
Formulary	$10	$15	$12	$15
Brand Name	$25	$30	$27	$30

3. Require PPO participants to utilize mail order for maintenance medications after two retail prescription fills.

4. Increase the family in-network out-of-pocket stop loss limit to $2,500 and family out-of-network out-of-pocket stop loss limit to $4,500 in the PPO.

5. Implement a $10 co-pay for outpatient services for HMO participants.

6. Add a wellness provision for PPO participants that will provide up to $250 per covered person per calendar year to be used for certain health care costs that are related to routine screening and preventive services.

   - When using in-network providers, the plan would pay 100% of the costs up to the $250 limit and employees would not be required to pay any deductible. Any costs over the $250 limit would be paid by the employee.
   - When using out-of-network providers, employees would be subject to the usual deductibles and coinsurance. After the plan has paid the $250 maximum, the employee would pay any remaining costs.
   - The services that would be covered are:
     - Office visits for a routine physical examination
     - Immunizations (immunizations related to travel are excluded)
     - Routine gynecological examinations
     - Routine Pap smears
     - Routine PSA tests
     - Routine labs, x-rays, and blood tests
     - Well child care for children under age 6
   - Mammography screening would not be included since this is already provided under the PPO benefit.

7. Add a vision care benefit with the following provisions for PPO participants:

   - The plan would pay 90% of the costs up to $200 per covered person per year and employees would not be required to pay any deductible.
   - Covered services/items that would be covered are routine eye examinations, glasses, and contact lenses.
   - Employees would submit a properly documented paper claim to BlueCross BlueShield and would be reimbursed for their costs up to the reimbursement maximum.

8. Increase monthly contributions for dental coverage to the following schedule:

Coverage Category	Current Monthly Contribution	Proposed Monthly Contribution
Employee/Retiree	$3	$6
Employee/Retiree plus 1	$6	$12
Employee/Retiree plus 2 or more	$9	$18

9. Add an annual dental deductible limit of $150 per family.

10. Increase the orthodontia lifetime maximum to $2,000.

Medicare Supplement Plan

1. Require participants to utilize the Company's pharmacy benefit administrator and its mail order feature for maintenance medications after two retail prescription fills.

Exhibit I

Summary of Proposed Changes to the Service Annuity System

To revise the Service Annuity System as follows, effective July 1, 2001.

1. Allow an employee who is terminated with a deferred vested pension the option of receiving a pension benefit immediately at the time of termination regardless of age.

2. Allow an unmarried employee to designate a beneficiary to receive a benefit equivalent to the unmarried employee's straight life annuity upon the death of the unmarried employee.

3. Increase the benefit paid to a surviving spouse from a 50% contingent annuity to a benefit equivalent to this employee's straight life annuity.

In addition, for employees hired on or after July 1, 2001:

4. Implement a 5-year service minimum to be eligible for an early retirement disability pension.

5. Eliminate all pension payment options except for the lump sum, straight life annuity, and 50% contingent annuity.

April 30, 2001

Exhibit J

Summary of Proposed Changes to the Employee Thrift Plan

To revise the Employee Thrift Plan as follows, effective January 1, 2002.

1. Require participants to pay the full loan transaction fee.
2. Require participants to pay all administrative fees.
3. Implement daily valuations permitting more frequent and timely transactions.

April 30, 2001

Exhibit K

Summary of Proposed Changes to the Sickness Benefit Plan and Long Term Disability Plan

1. Reduce the duration of benefits in the Sickness Benefit Plan so that the maximum number of months provided is six months.

Proposed Sickness Benefit Plan Schedule

Period of Service When Absence Qualifies for the Sickness Benefit Plan	Months of Full Pay or 80% Pay*	Months of 60% Pay
Less than 1 year	0	0
1 year but less than 3	1	0
3 years but less than 5	2	2
5 years but less than 10	3	3
10 years but less than 15	4	2
15 years or more	6	0

* For employees hired on and after January 1, 1984, the rate of payment of 80 percent shall be substituted for full pay, except that an employee will receive full pay instead of 80 percent pay on any day of necessary absence from work because of sickness when such day of absence is not in excess of five days of sickness absence during the most recent twelve months' period.

2. Revise the Exclusion Period so that LTD benefits will commence either: 1) six months from the date that the employee was approved for a disability absence, or 2) upon the expiration of the employee's benefits from the Sickness Benefit Plan, whichever is later.

3. If an employee returns to work following an approved disability absence for which he/she receives Sickness Benefits, and if the employee experiences a second approved disability absence arising out of the same condition within fourteen calendar days after his/her return from the first absence, then the days approved for the first absence will be added to the days approved for the second absence in determining when the employee completes the Exclusion Period for LTD benefits.

4. Change the LTD Plan so that an employee must qualify under the following definition of "total disability" to receive LTD benefits during the Initial Twelve-Month Period after the Exclusion Period:

   "Total disability" shall mean the continuous inability of the employee to engage in the occupation with the Company or affiliated Corporation in which he or she was employed when the disabling condition arose or in any transitional job assignment offered by the Company.

After the Exclusion Period and the Initial Twelve-Month Period, an employee must qualify under the following definition of "total disability" to receive LTD benefits:

> "Total disability" shall mean the continuous inability of the employee to engage in any occupation or employment for wage or profit.

5. Charge the use of sickness benefits in hourly increments.

Exhibit L

Summary of Proposed Changes to the Paid Time Off (PTO) Bank

To revise the Paid Time Off (PTO) Bank as follows:

1. Effective January 1, 2002, increase PTO carry-over to 20 days and eliminate the end-of-the-year PTO continuation policy.

May 17, 2001

Exhibit M

Summary of Proposed Adoption Financial Reimbursement Program
To be Implemented January 1, 2002

To provide financial support to employees who adopt children, subject to the following:

- Eligibility: All full time regular employees who have been employed by the Company for at least one year. The adopted child must be under 18 years of age.
- Amount of Reimbursement: Employees would be reimbursed 80% of covered expenses up to a maximum of $3,000.
- Covered Expenses: Covered adoption expenses are limited to public and private agency fees, court costs, and legal fees associated with the adoption.
- When Paid: Employees would be reimbursed only if and when the adoption is finalized.
- The Company will have the right to change or discontinue this program at any time. Such changes or discontinuation will apply to any adoption that is not finalized at the time.
- The Company may (but is not required to) accelerate the implementation of this program.

April 30, 2001

Exhibit N

10/40 WORK SCHEDULES IN THE FIELD SERVICE DEPARTMENT, DISTRIBUTION DEPARTMENT, AND MATERIALS MANAGEMENT SECTION

On May 1, 1994 the Company implemented a new work schedule for employees in the Field Service and Distribution Departments, consisting of ten-hour shifts (beginning no earlier than 7:00 a.m. and no later than 10:00 a.m.) four days per week (Monday through Thursday, or Tuesday through Friday) (the "10/40 work schedule").

On May 1, 2001 the Company implement a new 10/40 work schedule for employees in the Materials Management section, consisting of ten-hour shifts (beginning at 6:30 a.m., 7:30 a.m., 10:00 a.m., and 3:30 p.m.), four days per week (Monday through Thursday, or Tuesday through Friday).

The details of these 10/40 work schedules are as follows:

1. Only volunteers will be assigned to these schedules, provided that employees hired or transferred into the Field Service and Distribution Departments on or after May 1, 1994 may be assigned by the Company to these work schedules on the basis of reverse seniority in classification. If there are more volunteers than positions, the assignments will be made on the basis of seniority in classification.

2. The rate of pay of employees assigned to these schedules will be the same as employees who observe a normal work schedule of five eight-hour days. The night shift premium will not apply to these schedules in the Distribution and Field Service Departments, but will be paid to employees assigned on the 3:30 p.m. shift in the Materials Management Section.

3. Employees assigned to these schedules will receive overtime pay on the same basis as employees who observe a normal work schedule, except employees assigned to these schedules will receive daily overtime after ten hours of work instead of eight hours.

4. Employees assigned to these schedules will receive a meal allowance on the same basis as employees who observe a normal work schedule, except employees assigned to these schedules will receive a meal allowance after twelve continuous hours and an additional meal allowance for each additional five-hour period of continuous work which does not extend into their next regular shift.

5. Employees will not be assigned to these schedules in any week in which they are scheduled to be absent (e.g., because of a holiday, PTO, jury duty), and employees assigned to these schedules will be reassigned to a normal Monday through Friday work schedule during any such week.

6. Employee assigned to these schedules will not normally be allowed to take unscheduled PTO during such week. If unscheduled PTO is approved by the Company, employees will be paid ten hours of PTO per day.

7. Employees assigned to these work schedules who have an unscheduled absence and who are otherwise eligible for paid absent-time for the day (e.g. PTO, sickness benefits) will be paid ten hours of absent-time for the day and will be charged with 1.25 days (10 hours) of paid absent-time. The intention of this paragraph is that the paid absent-time benefits of employees assigned to these work schedules will be charged in such a way that their benefits are equivalent to the benefits of employees assigned to a normal work schedule.

8. Employees assigned to these work schedules who have unscheduled days of absence will not allowed to work on their scheduled days off, in substitution for their days of absence.

9. Employees who are assigned to these work schedules on a voluntary basis (rather than because of their low seniority) will be returned to a normal work schedule at their request, provided that they must give the Company 30 days notice.

10. The Company will determine the number of employees who may be assigned to these work schedules at any time.

Exhibit O

Duties Which May Be Performed By
Distribution Department Employees Working Alone

These duties may be assigned to Gas Mechanics-Over 4 Years and higher rated Gas Mechanics, provided that except for Gas Mechanics-Over 10 Years, they may be assigned to such employees only with their consent. These duties may also be assigned to a Crew Leader, Mechanic Operator or Street Mechanic No. 1, but only with their consent.

Drilling and aerating:

- Limited to mains in the parking lane or parkway of residential streets.
- Limited to drilling four (4) additional drill holes per site with the rock drill.
- Could include utility vaults and valve basins in streets or parkways.

Perform b-box maintenance:

- In parkways and in the street where a clay spade can be used to chip away the concrete to expose the box requiring repair.
- Replacement box size limited to small, medium and large to a depth of 42". No basins.
- Replacement would not be performed with frost of a foot or more present.
- Vehicular traffic to be reasonable and avoid major intersections.
- If performing a subsequent turn-on, limited to two (2) active meters.
- If performing a subsequent turn-off, close valve.
- If performing work on a corrosion test station, take pipe to soil reading.

Perform service repairs associated with third party damage:

- Escaping gas able to be secured (excess flow valve, shut-off valve, squeeze off tool or griffith stopper, etc.).
- No digging required.
- Limited to plastic services with sizes of 5/8", 1-1/8" and 1-3 /8" OD.
- Service depth limited to 36".
- Plastic to be replaced not to exceed more than 10'.
- Only mechanical fittings to be used for tie-ins.

These duties may be assigned to Gas Mechanics-Over 4 Years and higher rated Gas Mechanics, but only with their consent. These duties may also be assigned to a Crew Leader, Mechanic Operator or Street Mechanic No. 1, but only with their consent.

Perform the activities associated with corrosion work:

- Corrosion work limited to services only.
- Services limited to 6" in diameter and smaller.
- Service depth not to exceed 36".
- Work to be performed from above grade.
- Work limited to parkways and private property.

Set regulator and meter(s) on stubbed service:

- This work is limited to lp/mp and mp/mp work.
- Minimal digging required.
- Regulator size limited to ¾" x 1".
- Limited to single or double meter sets moved outside.
- Limited to four (4) meters left inside.
- Drill hole through building wall no more than 20" in depth.
- Limited to 10 feet of black pipe for tie in.
- Service to be abandoned must have an outside shutoff.

*All company procedures to be followed when performing above work.

Exhibit P

MEMORANDUM OF UNDERSTANDING
CENTRAL DISTRICT SHOP CLERICAL WORKFORCE REDUCTION

This Memorandum of Understanding is entered into between The Peoples Gas Light and Coke Company (the "Company") and Gas Workers Union, Local 18007, S.E.I.U., AFL-CIO (the "Union"), for the purpose of setting forth the terms and conditions under which a workforce reduction will be accomplished among the clerical staff at Central District Shop (herein called "Clerks"). These terms and conditions are as follows:

1. Promptly upon determining that an employee will be displaced because of this reduction in the Central District Shop Clerical workforce, the Company will give the employee written notice of such determination. From the date of the notice, the employee will continue on the active payroll for an additional eight-week period. During this period, the Company may relieve the employee from his/her duties so that the employee may attend to career transition issues.

2. The parties recognize that the Company has the right to change the method of performing the clerical work currently performed by the Clerks at Central District Shop. Pursuant to this right, the Company will reassign the duties currently performed by the Clerks to management personnel or to non-bargaining unit office clerical personnel and will phase out the clerical workforce at Central District Shop. Nothing in the new basic collective bargaining agreement will be construed to prevent the foregoing reassignment of duties and elimination of the Central District Shop clerical workforce.

3. The Clerks will not be allowed to exercise their seniority under Article VII of the new basic collective bargaining agreement to displace clerical employees in the Meter Testing and Repair Department, or to displace any other bargaining unit employee. However, the Company will commit to find suitable entry level bargaining unit positions for displaced Clerks and, in addition, to consider displaced Clerks for open non-bargaining unit positions. Among the non-bargaining unit positions for which the displaced Clerks will be considered are sixteen Account Representative I positions expected to be filled prior to August 1, 2001.

   If more than one displaced Clerk is found to be eligible for an open position, preference will be given to the Clerk with the greatest length of service in the bargaining unit. A displaced Clerk who is offered an open position must accept it by the end of the third working day following the offer; otherwise, the Clerk will be regarded as having rejected the offer.

   The displaced Clerk will have a ninety (90) day period to determine his/her suitability for the new job. The displaced Clerk maintains his/her right to career transition benefits under Paragraphs 5 and 6 during this ninety (90) day period. Displaced Clerks who accept a position outside the bargaining unit shall be subject to the same requirements, and shall enjoy the same rights and remedies, as other employees in the same position.

A displaced Clerk who elects to transfer to one of the entry-level bargaining unit jobs offered by the Company will, upon completing the ninety (90) day period provided for above and continuing his/her employment in such job, be paid the rate of pay which he/she would have received if he/she had remained in the job held on April 30, 2001, including the annual increases provided for in the new basic collective bargaining agreement, with the first annual increase retroactive to May 1, 2001. A displaced Clerk who elects to transfer to an open non-bargaining unit job offered by the Company will have his/her rate of pay frozen at the April 30, 2001 level if such rate of pay is higher than the current rate of the new job, and this rate of pay will remain frozen until the rate of the new job exceeds the frozen rate.

The obligation undertaken by the Company under this Paragraph 3 to find suitable positions for displaced Clerks will cease when the last Clerk is released under Paragraph 5 below or August 1, 2001, whichever occurs first.

4. As the clerical work force at Central District Shop is phased out, the Company will lay off the Clerks in order of their length of service in the bargaining unit (lowest to highest), provided the remaining Clerks must have the ability to perform the remaining work. During the phase-out period, the Clerks still actively employed will be covered by the new basic collective bargaining agreement to the extent that it is not inconsistent with the provisions of this Memorandum of Understanding. Their salary will be the same salary that they were receiving on April 30, 2001, with no general wage increase under the new collective bargaining agreement.

5. The Company will offer all Clerks the opportunity to receive career transition benefits described on Exhibit A, attached, provided that a Clerk's receipt of these benefits (other than outplacement assistance) is contingent upon his/her signing and not revoking a Waiver and Release of Claims in one of the forms, as applicable, attached hereto as Exhibits B and C. The Company will have complete discretion in administering the outplacement assistance, educational assistance, and employee assistance features described on Exhibit A, and its determinations made with regard to such features shall not be subject to challenge under the grievance procedure of the new basic collective bargaining agreement or in any other forum. A Clerk who elects to receive career transition benefits (other than outplacement assistance) will not be considered for an open position under Paragraph 3 above.

6. The Company will offer four Clerks (Rosemary Domanchuk, Joseph Wynkes, Jr., Glyden Hernandez, and Freddie Lee) a special opportunity to retire early with a pension. These Clerks will be treated under the Service Annuity System as being three (3) years older than his/her actual age and will also be credited with three (3) years of Benefit Service in addition to his/her actual Benefit Service. Receipt of this benefit by each of these Clerks is contingent upon his/her signing and not revoking a Waiver and Release of Claims in one of the forms, as applicable, attached hereto as Exhibits B and C. A Clerk who elects to receive this benefit will also be allowed to receive career transition benefits (subject to

EXHIBIT I (Continued)

ENGINEERING DEPARTMENT

GAS OPERATIONS SECTION

Position	Regular Hourly Rate			
	Effective May 1, 2001	Effective May 1, 2002	Effective May 1, 2003	Effective May 1, 2004
Laborer - Temporary	$11.47 (a)	$11.91 (a)	$12.38 (a)	$12.88 (a)
Vault Mechanic II	13.49 (b)	14.01 (b)	14.56 (b)	15.15 (b)
Vault Mechanic II - Over 180 Days	14.08	14.58	15.13	15.72
Vault Mechanic II - Over 2 Years	16.41 (c)	17.02 (c)	17.66 (c)	18.34 (c)
Vault Mechanic II - Over 4 Years	17.75	18.36	19.00	19.68
Vault Mechanic II - Over 6 Years	19.18	19.88	20.61	21.38
Vault Mechanic II - Over 8 Years	20.61	21.40	22.22	23.08
Vault Mechanic II - Over 10 Years	22.04	22.92	23.83	24.78
Vault Mechanic I	25.73	26.70	27.70	28.74
Station Mechanic	25.73	26.70	27.70	28.74
Electrician	25.73	26.70	27.70	28.74

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowances or any other paid absent time allowed.

(b) Upon entering position, must successfully complete a 180-day probationary period.

(c) Must successfully complete training and testing requirements for covered tasks in the Vault Mechanic II position to qualify for this rate.

All time-step increases are subject to satisfactory performance. Any combination of absences from normal duties because of personal illness, occupational injury (lost-time and light duty), or personal leave of absence in excess of twenty-two (22) workdays will extend the service requirement for any time-step increase by an amount which equals the number of workdays of absence in excess of twenty-two (22).

Exhibit A

Career Transitions Benefit for Gas Worker Union Employees
Schedule of Benefits

1. Enhanced Termination Allowance[1]: 3 weeks' pay for each completed year of service up to a maximum of 52 weeks' pay.

2. Outplacement Assistance: Two-day Career Continuation Workshop

3. Employees who continue their medical and dental coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) will pay the same premium rates as active employees, and not be required to pay the full COBRA rates, for a period ranging from two months to eighteen months, depending on employees' length of service:

Length of Service	# of Months
Less than 3 years	2
3 years	4
6 years	6
9 years	7
12 years	8
15 years	9
18 years	10
21 years	11
24 years	12
27 years	14
30 years	16
33 years or more	18

4. Eligibility for educational assistance will be extended for 12 months after the last day of employment, thus enabling employees to continue or begin the education necessary to pursue new career opportunities. Reimbursement will be subject to the general provisions of the Educational Assistance Program, with a maximum reimbursement of $5,000. However, courses of study will not be limited to those that apply only to the Company's operations.

5. Employee Assistance Program coverage will continue as it exists on employees' last day of employment. The program benefits will end on a date that coincides with the termination of their company-paid health care continuation coverage described above.

6. Upon termination, employees will have only the rights of terminated employees, as provided in the Service Annuity System, Group Life Insurance Plans, the Medicare Supplement Plan, the Employee Stock Purchase Plan, the Employee Thrift Plan, and the Employee Stock Ownership Plan.

---

[1] Includes benefits under existing termination allowance plan. Employees who do not complete a waiver of claims will receive only the termination benefits provided under existing company policies.

April 30, 2001

Exhibit B

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims in entered into on the __ day of _____, 2001, between _____ ("Employee") and The Peoples Gas Light and Coke Company ("the Company"), for the purpose of setting forth the following terms which apply to the termination of Employee's employment with the Company:

1. Employee's employment with the Company will terminate effective _____, 2001. All compensation and benefits to which he/she has been eligible as a Company Employee will cease on this date. The Company will have no further obligation after this date to provide any compensation or benefits not specifically set forth below.

2. Employee will receive, in addition to the Termination Allowance of $___ provided for in the Termination Allowance Plan, the career transition benefits (other than outplacement assistance) described on Exhibit 1, attached, as consideration for the waiver and release of claims set forth below. These career transition benefits include a supplemental severance payment of $___.

3. Employee's rights to other Company benefits shall be determined in accordance with the terms of the applicable plans (the Group Life Insurance Plans, the Employee Capital Accumulation Plan, the Employee Stock Purchase Plan, the Long Term Disability Benefit Plan, the Employee Stock Ownership Plan, and the Paid Time Off Plan). He/she shall have no rights in excess of those expressly provided to him/her under the plans themselves.

4. As consideration for the career transition benefits (other than outplacement assistance) described above, Employee waives and releases the Company (including its current and former affiliated companies, and their current and former officers, directors, employees and agents, and the Company's and affiliated companies' benefits plans and the fiduciaries of such plans) from any and all claims arising out of the employment relationship. This Waiver and Release of Claims includes claims based on the Age Discrimination in Employment Act, the Americans With Disabilities Act, Title VII of the Civil Rights Act of 1964, the Illinois Human Rights Act, the Employee Retirement Income Security Act, or any other federal, state or local statute, regulation, or ordinance prohibiting discrimination on the basis of disability or age or race or gender or on any other basis; breach of express or implied contract; and violation of any other federal, state or local statute, regulation, or ordinance, or doctrine of common law.

5. By signing this Waiver and Release of Claims, Employee does not waive rights or claims that may arise after the date when this Waiver and Release of Claims is signed, including rights or claims based on the provisions of this Waiver and Release of Claims. However, this Paragraph does not affect the waiver and release of existing rights and claims provided in Paragraph 4 above, and does not affect the validity and enforceability of Paragraph 1.

6. This Waiver and Release of Claims is being requested in connection with an employment termination program covering clerical employees at Central District Shop. All such clerical employees are eligible to receive the career transition benefits described above. Exhibit 2, attached, shows the age, race, national origin, sex, and job titles of all clerical employees at Central District Shop. All of these employees have been selected for termination under this program.

7. Employee states that he/she understands the meaning of this Waiver and Release of Claims and that he/she knowingly, freely and voluntarily executes it.

The Company advises Employee to consult with an attorney regarding this Waiver and Release of Claims before signing it. Therefore, the offer contained in this Waiver and Release of Claims will remain open for 45 days after the date when it was first presented to Employee or, if Employee accepts an open position under Paragraph 3 above, for 90 days after the date of such acceptance, whichever is later. If after review, Employee wishes to accept this Waiver and Release of Claims, he/she should sign it and return it to John Ibach, Vice President, Human Resources. This Waiver and Release of Claims will not become effective or enforceable until seven days thereafter. If Employee changes his/her mind within that seven-day period, he/she may revoke this Waiver and Release of Claims by notifying Mr. Ibach at 312/240-3900.

The Peoples Gas Light and Coke Company:

By:_____ _____

Date

Employee:

By:_____ _____

Date

Presented to Employee on _____, 2001

Exhibit 1

Career Transitions Benefit for Gas Worker Union Employees
Schedule of Benefits

1. Enhanced Termination Allowance[1]: 3 weeks' pay for each completed year of service up to a maximum of 52 weeks' pay.

2. Outplacement Assistance: Two-day Career Continuation Workshop

3. Employees who continue their medical and dental coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) will pay the same premium rates as active employees, and not be required to pay the full COBRA rates, for a period ranging from two months to eighteen months, depending on employees' length of service:

Length of Service	# of Months
Less than 3 years	2
3 years	4
6 years	6
9 years	7
12 years	8
15 years	9
18 years	10
21 years	11
24 years	12
27 years	14
30 years	16
33 years or more	18

4. Eligibility for educational assistance will be extended for 12 months after the last day of employment, thus enabling employees to continue or begin the education necessary to pursue new career opportunities. Reimbursement will be subject to the general provisions of the Educational Assistance Program, with a maximum reimbursement of $5,000. However, courses of study will not be limited to those that apply only to the Company's operations.

5. Employee Assistance Program coverage will continue as it exists on employees' last day of employment. The program benefits will end on a date that coincides with the termination of their company-paid health care continuation coverage described above.

6. Upon termination, employees will have only the rights of terminated employees, as provided in the Service Annuity System, Group Life Insurance Plans, the Medicare Supplement Plan, the Employee Stock Purchase Plan, the Employee Thrift Plan, and the Employee Stock Ownership Plan.

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[1]Includes benefits under existing termination allowance plan. Employees who do not complete a waiver of claims will receive only the termination benefits provided under existing company policies.

April 30, 2001

Exhibit 2

INFORMATION REGARDING CENTRAL DISTRICT SHOP CLERICAL EMPLOYEES

Employment Termination Program

Employee	Age	Race*	National Origin	Sex	Old Job	Status**	New Job
1	47	B	USA	F	Sr Clerk-Operating	N	NA
2	33	B	USA	F	Sr Clerk-Operating	N	NA
3	41	B	USA	F	Sr Clerk-Operating	N	NA
4	47	B	USA	M	Sr Clerk-Operating	N	NA
5	46	B	USA	F	Sr Clerk-Operating	N	NA
6	57	C	USA	F	Sr Clerk-Operating	N	NA
7	36	B	USA	M	Sr Clerk-Operating	N	NA
8	43	C	USA	M	Sr Clerk-Operating	N	NA
9	46	B	USA	F	Sr Clerk-Operating	N	NA
10	59	H	USA	M	Sr Clerk-Operating	N	NA
11	39	B	USA	F	Sr Clerk-Operating	N	NA
12	40	B	USA	F	Sr Clerk-Operating	N	NA
13	30	C	USA	F	Sr Clerk-Operating	N	NA
14	40	B	USA	F	Sr Clerk-Operating	N	NA
15	31	C	USA	F	Sr Clerk-Operating	N	NA
16	43	H	USA	F	Sr Clerk-Operating	N	NA
17	58	B	USA	F	Sr Clerk-Operating	N	NA
18	45	B	USA	F	Sr Clerk-Operating	N	NA
19	37	H	Mexico	F	Sr Clerk-Operating	N	NA
20	39	B	USA	F	Sr Clerk-Operating	N	NA
21	38	B	USA	F	Sr Clerk-Operating	N	NA
22	42	B	USA	F	Sr Clerk-Operating	N	NA
23	39	H	USA	F	Sr Clerk-Operating	N	NA
24	32	B	USA	F	Sr Clerk-Operating	N	NA
25	55	C	USA	M	Sr Clerk-Operating	N	NA

Notes:

*C - Caucasian
B - Black
H - Hispanic
A - Asian
AI - American Indian

**R - Retained
N - Not Retained in Service Department

NA - Not Applicable

Exhibit C

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims in entered into on the __ day of _____, 2001, between _____ ("Employee") and The Peoples Gas Light and Coke Company ("the Company"), for the purpose of setting forth the following terms which apply to the termination of Employee's employment with the Company:

1. Employee's employment with the Company will terminate effective _____, 2001. All compensation and benefits to which he/she has been eligible as a Company Employee will cease on this date. The Company will have no further obligation after this date to provide any compensation or benefits not specifically set forth below.

2. Employee will receive, in addition to the Termination Allowance of $___ provided for in the Termination Allowance Plan, the career transition benefits (other than outplacement assistance) described on Exhibit 1, attached, as consideration for the waiver and release of claims set forth below. These career transition benefits include a supplemental severance payment of $___.

3. Employee will also receive, as further consideration for the waiver and release of claims set forth below, an enhanced retirement benefit under the Service Annuity System. The enhanced retirement benefit will be calculated by adding three years of age to Employee's actual age and three years of Benefit Service to his/her actual Benefit Service.

4. As consideration for the career transition benefits (other than outplacement assistance) described above, Employee waives and releases the Company (including its current and former affiliated companies, and their current and former officers, directors, employees and agents, and the Company's and affiliated companies' benefits plans and the fiduciaries of such plans) from any and all claims arising out of the employment relationship. This Waiver and Release of Claims includes claims based on the Age Discrimination in Employment Act, the Americans With Disabilities Act, Title VII of the Civil Rights Act of 1964, the Illinois Human Rights Act, the Employee Retirement Income Security Act, or any other federal, state or local statute, regulation, or ordinance prohibiting discrimination on the basis of disability or age or race or gender or on any other basis; breach of express or implied contract; and violation of any other federal, state or local statute, regulation, or ordinance, or doctrine of common law.

5. As consideration for the career transition benefits and enhanced pension benefits described above, Employee waives and releases the Company (including its current and former affiliated companies, and their current and former officers, directors, employees and agents, and the Company's and affiliated companies' benefits plans and the fiduciaries of such plans) from any and all claims arising out of the employment relationship. This Waiver and Release of Claims includes claims based on the Age Discrimination in

Employment Act, the Americans With Disabilities Act, Title VII of the Civil Rights Act of 1964, the Illinois Human Rights Act, the Employee Retirement Income Security Act, or any other federal, state or local statute, regulation, or ordinance prohibiting discrimination on the basis of disability or age or race or gender or on any other basis; breach of express or implied contract; and violation of any other federal, state or local statute, regulation, or ordinance, or doctrine of common law.

6. By signing this Waiver and Release of Claims, Employee does not waive rights or claims that may arise after the date when this Waiver and Release of Claims is signed, including rights or claims based on the provisions of this Waiver and Release of Claims. However, this Paragraph does not affect the waiver and release of existing rights and claims provided in Paragraph 4 above, and does not affect the validity and enforceability of Paragraph 1.

7. This Waiver and Release of Claims is being requested in connection with an employment termination program covering clerical employees at Central District Shop. All such clerical employees are eligible to receive the career transition benefits described above. To be eligible to receive the enhanced retirement benefits described above, the employee must be named as eligible for such benefits in the Memorandum of Understanding covering the Central District Shop Clerical Workforce Reduction. Exhibit 2, attached, shows the age, race, national origin, sex, and job titles of all clerical employees at Central District Shop. All of these employees have been selected for termination under this program.

8. Employee states that he/she understands the meaning of this Waiver and Release of Claims and that he/she knowingly, freely and voluntarily executes it.

The Company advises Employee to consult with an attorney regarding this Waiver and Release of Claims before signing it. Therefore, the offer contained in this Waiver and Release of Claims will remain open for 45 days after the date when it was first presented to Employee or, if Employee accepts an open position under Paragraph 3 above, for 90 days after the date of such acceptance, whichever is later. If after review, Employee wishes to accept this Waiver and Release of Claims, he/she should sign it and return it to John Ibach, Vice President, Human Resources. This Waiver and Release of Claims will not become effective or enforceable until seven days thereafter. If Employee changes his/her mind within that seven-day period, he/she may revoke this Waiver and Release of Claims by notifying Mr. Ibach at 312/240-3900.

The Peoples Gas Light and Coke Company:

By:_____ _____

Date

Employee:

By:_____ _____

Date

Presented to Employee on _____, 2001

Exhibit 1

Career Transitions Benefit for Gas Worker Union Employees
Schedule of Benefits

1. Enhanced Termination Allowance[1]: 3 weeks' pay for each completed year of service up to a maximum of 52 weeks' pay.

2. Outplacement Assistance: Two-day Career Continuation Workshop

3. Employees who continue their medical and dental coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) will pay the same premium rates as active employees, and not be required to pay the full COBRA rates, for a period ranging from two months to eighteen months, depending on employees' length of service:

Length of Service	# of Months
Less than 3 years	2
3 years	4
6 years	6
9 years	7
12 years	8
15 years	9
18 years	10
21 years	11
24 years	12
27 years	14
30 years	16
33 years or more	18

4. Eligibility for educational assistance will be extended for 12 months after the last day of employment, thus enabling employees to continue or begin the education necessary to pursue new career opportunities. Reimbursement will be subject to the general provisions of the Educational Assistance Program, with a maximum reimbursement of $5,000. However, courses of study will not be limited to those that apply only to the Company's operations.

5. Employee Assistance Program coverage will continue as it exists on employees' last day of employment. The program benefits will end on a date that coincides with the termination of their company-paid health care continuation coverage described above.

6. Upon termination, employees will have only the rights of terminated employees, as provided in the Service Annuity System, Group Life Insurance Plans, the Medicare Supplement Plan, the Employee Stock Purchase Plan, the Employee Thrift Plan, and the Employee Stock Ownership Plan.

---

[1] Includes benefits under existing termination allowance plan. Employees who do not complete a waiver of claims will receive only the termination benefits provided under existing company policies.

Exhibit 2

INFORMATION REGARDING CENTRAL DISTRICT SHOP CLERICAL EMPLOYEES

Employment Termination Program

Employee	Age	Race*	National Origin	Sex	Old Job	Status**	New Job
1	47	B	USA	F	Sr Clerk-Operating	N	NA
2	33	B	USA	F	Sr Clerk-Operating	N	NA
3	41	B	USA	F	Sr Clerk-Operating	N	NA
4	47	B	USA	M	Sr Clerk-Operating	N	NA
5	46	B	USA	F	Sr Clerk-Operating	N	NA
6	57	C	USA	F	Sr Clerk-Operating	N	NA
7	36	B	USA	M	Sr Clerk-Operating	N	NA
8	43	C	USA	M	Sr Clerk-Operating	N	NA
9	46	B	USA	F	Sr Clerk-Operating	N	NA
10	59	H	USA	M	Sr Clerk-Operating	N	NA
11	39	B	USA	F	Sr Clerk-Operating	N	NA
12	40	B	USA	F	Sr Clerk-Operating	N	NA
13	30	C	USA	F	Sr Clerk-Operating	N	NA
14	40	B	USA	F	Sr Clerk-Operating	N	NA
15	31	C	USA	F	Sr Clerk-Operating	N	NA
16	43	H	USA	F	Sr Clerk-Operating	N	NA
17	58	B	USA	F	Sr Clerk-Operating	N	NA
18	45	B	USA	F	Sr Clerk-Operating	N	NA
19	37	H	Mexico	F	Sr Clerk-Operating	N	NA
20	39	B	USA	F	Sr Clerk-Operating	N	NA
21	38	B	USA	F	Sr Clerk-Operating	N	NA
22	42	B	USA	F	Sr Clerk-Operating	N	NA
23	39	H	USA	F	Sr Clerk-Operating	N	NA
24	32	B	USA	F	Sr Clerk-Operating	N	NA
25	55	C	USA	M	Sr Clerk-Operating	N	NA

Notes:

*C - Caucasian
B - Black
H - Hispanic
A - Asian
AI - American Indian

**R - Retained
N - Not Retained in Service Department

NA - Not Applicable

Exhibit Q

MEMORANDUM OF UNDERSTANDING
METER SHOP WORKFORCE REDUCTION

This Memorandum of Understanding is entered into between The Peoples Gas Light and Coke Company (the "Company") and Gas Workers Union, Local 18007, S.E.I.U., AFL-CIO (the "Union"), for the purpose of setting forth the terms and conditions under which workforce reductions will be accomplished in the Meter Repair Group of the Meter Testing and Repair Department (herein referred to as the "Meter Shop"). These terms and conditions are as follows:

1. The parties recognize that the Company has the right to change the nature of its operations involving the purchase, testing and repair of meters and, in connection with such changes, to reduce the Meter Shop workforce, currently consisting of Master Meter Mechanics; Meter Technicians; Meter Handlers; Chauffeur, Truck; Meter Provers; and Laborers. Pursuant to this right, the Company will make the changes described in Paragraph 2, below.

2. The following complement of employees in the Meter Shop will be effective as follows:

Classification	Effective 07/01/01	Effective 10/01/01
Master Meter Mechanic	2	2
Meter Mechanic	2	1
Meter Prover	3	2
Laborer	7	5

The classifications of Meter Handler and Chauffeur, Truck are eliminated, and the title of the Meter Technician classification is changed to Meter Mechanic.

3. July 1, 2001, and October 1, 2001, are the earliest dates that the foregoing complements of employees will be effective. The Company shall have the right to defer the workforce reduction, in whole or part, based on the operating requirements of the Meter Shop.

4. To the extent that the foregoing reduction in the complement requires demotions of Meter Shop employees and displacement of other Meter Shop employees from the Meter Shop, such demotions and displacement will be effected based on length of service in the Meter Shop (herein referred to as "departmental seniority"). Exhibit A, attached, which shows the names of Meter Shop employees and their anticipated status as of July 1, 2001 and October 1, 2001, is understood by the parties to reflect a correct application of this Paragraph 3, assuming that the most senior Meter Shop employees choose to remain in the Meter Shop.

5. All Meter Shop employees will continue to receive the hourly rate of pay which they were receiving on April 30, 2001, until approximately July 1, 2001. A Meter Shop employee who is regressed by approximately July 1, 2001, in connection with the workforce reduction described above will have his/her rate of pay frozen at the April 30, 2001 amount until the appropriate rate equal or exceeds the frozen rate; however,

such employee will receive the one-time lump sum payment provided for in Part A, Paragraph 2 of the Company's Memorandum of Offer of April 30, 2001 To Be Effective May 1, 2001. A Meter Shop employee who is not regressed by approximately July 1, 2001, will receive a general increase based on the applicable hourly rate of pay bracket in the Company's Memorandum of Offer of April 30, 2001 To Be Effective May 1, 2001, retroactive to May 1, 2001.

6. Nothing in this Memorandum of Understanding or in the new basic collective bargaining agreement constitutes a commitment by the Company to maintain the complement set forth in Paragraph 2 above in force and effect, as they may change based upon changing requirements of the Meter Shop.

7. All field duties of the type currently performed by Master Meter Mechanics (other than those identified in the Company's Memorandum of offer of April 30, 2001 to be effective May 1, 2001) will be reassigned to the non-bargaining unit Measurement Technician job title. Because Master Meter Mechanics will no longer work in the field, the ninth paragraph of Article VIII-A, Section 6 of the prior basic collective bargaining agreement will not be continued in the new basic collective bargaining agreement. Nothing in this Memorandum of Understanding or in the new basic collective bargaining agreement prevents the Company from assigning a Master Meter Mechanic to a special assignment in the field.

8. Non-bargaining unit Measurement Technicians will be allowed to remove and reinstall or replace temperature compensating heads on rotary meters when they are performing calibration tests and adjustments at the Meter Shop.

9. Master Meter Mechanics may be assigned to perform any work at the Meter Shop. Meter Mechanics may be assigned to perform any work at the Meter Shop, except skilled work involved in partially repairing diaphragm and rotary meters, performing special inspections of meters, and technical work involved in facility maintenance. Meter Provers may be assigned to perform any work at the Meter Shop, except the duties set forth above, and except adjusting and readjusting repair of diaphragm meters. Laborers may be assigned to perform any work at the Meter Shop, except the duties set forth above, and except performing accuracy tests on diaphragm and rotary meters. Without limiting the foregoing definition of duties, Laborers' duties will be expanded to include removing ERT's from meters in the Meter Shop, making "okay repairs", washing and flushing rotary meters, and performing leak tests on all meters. In addition, Meter Provers' duties will be expanded to include performing accuracy tests on diaphragm and rotary meters and classifying required repairs on such meters at the Meter Shop. Further, Meter Mechanic duties will be expanded to include performing adjusting and readjusting repair of diaphragm meters. Nothing in this Paragraph prevents the Company from temporarily upgrading a Meter Shop employee in accordance with the new basic collective bargaining agreement.

10. Displaced Meter Shop employees will not be allowed to bump any other bargaining unit employee outside of the Meter Shop. However, the Company will commit to find suitable entry level bargaining unit positions for displaced Meter Shop employees and, in addition, to consider displaced Meter Shop employees for open non-bargaining unit positions. If more than one displaced Meter Shop employee is found to be eligible for an open position, preference will be given to the employee with the most departmental seniority. An employee who is offered an open position must accept it by the end of the third working day following the offer; otherwise, the employee will be regarded as having rejected the offer. The displaced employee will have a ninety (90) day period to determine his/her suitability to the new job. The displaced employee maintains his/her right to enhanced severance benefits under Paragraphs 14 and 15 during this ninety (90) day period. Displaced Meter Shop employees who accept a position outside the bargaining unit shall be subject to the same requirements, and shall enjoy the same rights and remedies, as other employees in the same position.

    A displaced Meter Shop employee who elects to transfer to one of the entry-level bargaining unit jobs outside the Meter Shop offered by the Company will, upon completing the ninety (90) day period provided for above and continuing his/her employment in such job, be paid the rate of pay which he/she would have received if he/she had remained in the job held on April 30, 2001, including the annual increases provided for in the new basic collective bargaining agreement, with the first annual increase retroactive to May 1, 2001. A displaced Meter Shop employee who elects to transfer to an open non-bargaining unit job offered by the Company will have his/her rate of pay frozen at the April 30, 2001 level if such rate of pay is higher than the current rate of the new job, and this rate of pay will remain frozen until the rate of the new job exceeds the frozen rate. This paragraph applies only to Meter Shop employees who are displaced from the Meter Shop; it does not apply to employees who continue to work in the Meter Shop.

    The obligation undertaken by the Company under this Paragraph 13 to find suitable positions for displaced Meter Shop employees will cease when the last Meter Shop employee is released under Paragraph 14 below or on December 31, 2001, whichever occurs first.

11. Promptly upon determining that an employee will be displaced because of this reduction in the Meter Shop workforce, the Company will give the employee written notice of such determination. From the date of the notice, the employee will continue on the active payroll for an additional eight-week period. During this period, the Company may relieve the employee from his/her duties so that the employee may attend to career transition issues.

12. Employees who are transferred out of or laid off from the Meter Shop will be given an opportunity, in departmental seniority order (highest to lowest), to return to the Meter Shop if openings occur within one year of their transfer or layoff.

13. Nothing in this Memorandum of Understanding or in the new basic collective bargaining agreement shall be interpreted as preventing the Company from outsourcing the Meter Shop function if the Company can accomplish that function in a more efficient manner during the term of the new basic collective bargaining agreement, provided that the Company will commit to find suitable open positions for the outsourced employees and will treat the outsourced employees in the same manner as the displaced employees covered in Paragraphs 10 and 14 and, if eligible, Paragraph 15 herein.

14. Any Meter Shop employee who is displaced from the Meter Shop pursuant to Paragraph 4 of this Memorandum of Understanding will be offered the option of receiving the career transition benefits described on Exhibit B, attached, provided that an employee's receipt of these benefits (other than outplacement assistance) is contingent upon his/her signing and not revoking a Waiver and Release of Claims in one of the forms, as applicable, attached hereto as Exhibits C and D. The Company will have complete discretion in administering the outplacement assistance, educational assistance, and employee assistance features described on Exhibit B, and its determinations made with regard to such features shall not be subject to challenge under the grievance procedure of the new basic collective bargaining agreement or in any other forum. An employee who elects to receive career transition benefits (other than outplacement assistance) will not be considered for an open position under Paragraphs 10 and 12 above.

15. The Company will offer James Bryant, Howard Donoho, and Edsel Deon a special opportunity to retire early with a pension. These employees will be treated under the Service Annuity System as being three (3) years older than his/her actual age and will also be credited with three (3) years of Benefit Service in addition to his/her actual Benefit Service. An employee's receipt of this benefit is contingent upon his/her signing and not revoking a Waiver and Release of Claims in one of the forms, as applicable, attached hereto as Exhibits C and D. An employee who elects to receive this benefit will also be allowed to receive career transition benefits (subject to Paragraph 10 above) but will not be considered for an open position under Paragraphs 10 and 12 above.

16. This Memorandum of Understanding shall be effective on the date of ratification of the new basic collective bargaining agreement.

Entered into this ___ day of May, 2001.

Peoples Gas Light and Coke Company	**Gas Workers Union, Local 18007, S.E.I.U., AFL-CIO**
_____	_____

Exhibit A

Meter Shop Employees

METER SHOP WORKFORCE REDUCTION

Name	Departmental Seniority	Current Classification	Classification As Of 7/1/01	Classification As Of 10/1/01
Patton, Yvonne	7/9/80	MMM	MMM	MMM
James, Hezekiah	9/10/82	MMM	MMM	MMM
Alvarado, George	10/5/82	MMM	MM	MM
Bryant, James *	9/13/83	MMM	MM	Meter Prover
Fuller, Dennis	2/12/84	MMM	Meter Prover	Meter Prover
Zaret, Beth	2/19/84	MMM	Meter Prover	Laborer
McClung, Robert	2/26/84	MMM	Meter Prover	Laborer
Hoskins, Sandra	2/20/85	MMM	Laborer	Laborer
Latoza, Michael	3/25/85	MMM	Laborer	Laborer
Webb, Mary	7/24/85	MMM	Laborer	Laborer
Deon, Edsel *	12/22/85	MMM	Laborer	Displaced
Johnson, Diane	3/2/87	Technician	Laborer	Displaced **
Suarez, Jose	5/5/87	MMM	Laborer	Displaced **
Stonis, Thomas	2/1/88	Chauffeur	Transferred	Transferred
Donoho, Howard *	3/20/88	Technician	Laborer	Displaced
Washington, Texie	7/12/89	Technician	Displaced **	Displaced
Wickert, Tomasa	10/23/89	Meter Handler	Displaced **	Displaced
Hagberg, David	11/18/91	Prover	Displaced **	Displaced
Briese, Craig	8/10/92	Prover	Displaced	Displaced
Zamora,Rosalba	9/8/92	Prover	Displaced	Displaced
Trevino,Ruby	9/2/97	Laborer	Displaced	Displaced
Dunne, David	9/4/97	Laborer	Displaced	Displaced

* The Company will offer James Bryant, Howard Donoho, and Edsel Deon a special opportunity to retire early with a pension, (Paragraph 15 of this Memorandum of Understanding).

**Displaced, subject to early retirement decision of James Bryant, Howard Donoho, and Edsel Deon. One or more of these employees may be retained.

April 30, 2001

Exhibit B

Career Transitions Benefit for Gas Worker Union Employees
Schedule of Benefits

1. Enhanced Termination Allowance[1]: 3 weeks' pay for each completed year of service up to a maximum of 52 weeks' pay.

2. Outplacement Assistance: Two-day Career Continuation Workshop

3. Employees who continue their medical and dental coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) will pay the same premium rates as active employees, and not be required to pay the full COBRA rates, for a period ranging from two months to eightsen months, depending on employees' length of service:

Length of Service	# of Months
Less than 3 years	2
3 years	4
6 years	6
9 years	7
12 years	8
15 years	9
18 years	10
21 years	11
24 years	12
27 years	14
30 years	16
33 years or more	18

4. Eligibility for educational assistance will be extended for 12 months after the last day of employment, thus enabling employees to continue or begin the education necessary to pursue new career opportunities. Reimbursement will be subject to the general provisions of the Educational Assistance Program, with a maximum reimbursement of $5,000. However, courses of study will not be limited to those that apply only to the Company's operations.

5. Employee Assistance Program coverage will continue as it exists on employees' last day of employment. The program benefits will end on a date that coincides with the termination of their company-paid health care continuation coverage described above.

6. Upon termination, employees will have only the rights of terminated employees, as provided in the Service Annuity System, Group Life Insurance Plans, the Medicare Supplement Plan, the Employee Stock Purchase Plan, the Employee Thrift Plan, and the Employee Stock Ownership Plan.

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[1] Includes benefits under existing termination allowance plan. Employees who do not complete a waiver of claims will receive only the termination benefits provided under existing company policies.

Exhibit C

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims in entered into on the __ day of _____, 2001, between _____ ("Employee") and The Peoples Gas Light and Coke Company ("the Company"), for the purpose of setting forth the following terms which apply to the termination of Employee's employment with the Company:

1. Employee's employment with the Company will terminate effective _____, 2001. All compensation and benefits to which he/she has been eligible as a Company Employee will cease on this date. The Company will have no further obligation after this date to provide any compensation or benefits not specifically set forth below.

2. Employee will receive, in addition to the Termination Allowance of $___ provided for in the Termination Allowance Plan, the career transition benefits (other than outplacement assistance) described on Exhibit 1, attached, as consideration for the waiver and release of claims set forth below. These career transition benefits include a supplemental severance payment of $___.

3. Employee's rights to other Company benefits shall be determined in accordance with the terms of the applicable plans (the Group Life Insurance Plans, the Employee Capital Accumulation Plan, the Employee Stock Purchase Plan, the Long Term Disability Benefit Plan, the Employee Stock Ownership Plan, and the Paid Time Off Plan). He/she shall have no rights in excess of those expressly provided to him/her under the plans themselves.

4. As consideration for the career transition benefits (other than outplacement assistance) described above, Employee waives and releases the Company (including its current and former affiliated companies, and their current and former officers, directors, employees and agents, and the Company's and affiliated companies' benefits plans and the fiduciaries of such plans) from any and all claims arising out of the employment relationship. This Waiver and Release of Claims includes claims based on the Age Discrimination in Employment Act, the Americans With Disabilities Act, Title VII of the Civil Rights Act of 1964, the Illinois Human Rights Act, the Employee Retirement Income Security Act, or any other federal, state or local statute, regulation, or ordinance prohibiting discrimination on the basis of disability or age or race or gender or on any other basis; breach of express or implied contract; and violation of any other federal, state or local statute, regulation, or ordinance, or doctrine of common law.

5. By signing this Waiver and Release of Claims, Employee does not waive rights or claims that may arise after the date when this Waiver and Release of Claims is signed, including rights or claims based on the provisions of this Waiver and Release of Claims. However, this Paragraph does not affect the waiver and release of existing rights and claims provided in Paragraph 4 above, and does not affect the validity and enforceability of Paragraph 1.

6. This Waiver and Release of Claims is being requested in connection with an employment termination program covering Meter Shop employees. To be eligible to receive the career transition benefits described above, an Employee must be subject to possible displacement from his/her job as a result of the reduction in the Meter Shop workforce, as determined by Meter Shop management. Exhibit 2, attached, shows the age, race, national origin, sex, and former job titles of all Meter Shop employees. Exhibit 2 also shows which of these employees have been selected to continue in the Department after the work force reduction, along with their new job titles. Further, Exhibit 2 shows which of these employees have been selected for termination under this program.

7. Employee states that he/she understands the meaning of this Waiver and Release of Claims and that he/she knowingly, freely and voluntarily executes it.

   The Company advises Employee to consult with an attorney regarding this Waiver and Release of Claims before signing it. Therefore, the offer contained in this Waiver and Release of Claims will remain open for 45 days after the date when it was first presented to Employee or, if Employee accepts an open position under Paragraph 10 above, for 90 days after the date of such acceptance, whichever is later. If after review, Employee wishes to accept this Waiver and Release of Claims, he/she should sign it and return it to John Ibach, Vice President, Human Resources. This Waiver and Release of Claims will not become effective or enforceable until seven days thereafter. If Employee changes his/her mind within that seven-day period, he/she may revoke this Waiver and Release of Claims by notifying Mr. Ibach at 312/240-3900.

The Peoples Gas Light and Coke Company:

By:_____ _____

Date

Employee:

By:_____ _____

Date

Presented t Employee on _____, 2001

Exhibit 1

Career Transitions Benefit for Gas Worker Union Employees
Schedule of Benefits

1. Enhanced Termination Allowance[1]: 3 weeks' pay for each completed year of service up to a maximum of 52 weeks' pay.

2. Outplacement Assistance: Two-day Career Continuation Workshop

3. Employees who continue their medical and dental coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) will pay the same premium rates as active employees, and not be required to pay the full COBRA rates, for a period ranging from two months to eighteen months, depending on employees' length of service:

Length of Service	# of Months
Less than 3 years	2
3 years	4
6 years	6
9 years	7
12 years	8
15 years	9
18 years	10
21 years	11
24 years	12
27 years	14
30 years	16
33 years or more	18

4. Eligibility for educational assistance will be extended for 12 months after the last day of employment, thus enabling employees to continue or begin the education necessary to pursue new career opportunities. Reimbursement will be subject to the general provisions of the Educational Assistance Program, with a maximum reimbursement of $5,000. However, courses of study will not be limited to those that apply only to the Company's operations.

5. Employee Assistance Program coverage will continue as it exists on employees' last day of employment. The program benefits will end on a date that coincides with the termination of their company-paid health care continuation coverage described above.

6. Upon termination, employees will have only the rights of terminated employees, as provided in the Service Annuity System, Group Life Insurance Plans, the Medicare Supplement Plan, the Employee Stock Purchase Plan, the Employee Thrift Plan, and the Employee Stock Ownership Plan.

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[1] Includes benefits under existing termination allowance plan. Employees who do not complete a waiver of claims will receive only the termination benefits provided under existing company policies.

April 30, 2001

Exhibit 2

INFORMATION REGARDING METER SHOP EMPLOYEES

EMPLOYEE TERMINATION PROGRAM

EMPLOYEE	DEPARTMENT SENIORITY	AGE	RACE	NATIONAL ORIGIN	SEX	OLD JOB	JOB AS OF 07/01/01	JOB AS OF 10/01/01
1	10/5/82	42	H	USA	M	MASTER MTR MECHANIC	Meter Mechanic	Meter Mechanic
2	8/10/92	36	C	USA	M	METER PROVER	N/R	N/R
3*	9/13/83	57	C	USA	M	MASTER MTR MECHANIC	Metel Mechanic	Meter Prover
4*	12/22/85	50	AI	USA	M	MASTER MTR MECHANIC	Laborer	NR
5*	3/20/88	52	B	USA	M	METER TECHNICIAN	Laborer	NR
6	9/4/97	31	C	USA	M	LABORER-OVER 2 YEARS	NR	NR
7	2/12/84	40	B	USA	M	MASTER MTR MECHANIC	Meter Prover	Meter Prover
8	11/16/91	30	C	USA	M	METER PROVER	NR	NR
9	2/20/85	42	B	USA	F	MASTER MTR MECHANIC	Laborer	Laborer
10	9/10/82	45	B	USA	M	MASTER MTR MECHANIC	Master Mtr Mechanic	Master Mtr Mechanic
11	3/2/87	46	B	USA	F	METER TECHNICIAN	Laborer	NR
12	3/25/85	46	C	USA	M	MASTER MTR MECHANIC	Laborer	Laborer
13	2/26/84	45	C	USA	M	MASTER MTR MECHANIC	Meter Prover	Laborer
14	7/9/80	48	B	USA	F	MASTER MTR MECHANIC	Master Mtr Mechanic	Master Mtr Mechanic
15	2/1/88	42	C	USA	M	CHAUFFEUR TRUCK	transferred	transferred
16	5/5/87	35	H	MEXICO	M	MASTER MTR MECHANIC	Laborer	NR
17	9/2/97	47	H	USA	F	LABORER-OVER 2 YEARS	NR	NR
18	7/12/89	38	B	USA	F	METER TECHNICIAN	NR	NR
19	7/24/85	50	B	USA	F	MASTER MTR MECHANIC	Laborer	Laborer
20	10/23/89	35	H	USA	F	METER HANDLER	NR	NR
21	9/8/92	38	H	MEXICO	F	METER PROVER	NR	NR
22	2/19/84	42	C	USA	F	MASTER MTR MECHANIC	Meter Prover	Laborer

This table assumes that three employees who are being offered a special opportunity to retire early with a pension (indicated by an "*") decline that opportunity and that no Meter Shop employees leave the employment in this Department for reasons unrelated to the workforce reduction during the period of the reduction.

NOTES: C-Caucasian
B-Black
H-Hispanic
A-Asian
AI-American Indian
NR-Not Retained in Meter Shop

Exhibit D

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims in entered into on the __ day of _____, 2001, between _____ ("Employee") and The Peoples Gas Light and Coke Company ("the Company"), for the purpose of setting forth the following terms which apply to the termination of Employee's employment with the Company:

1. Employee's employment with the Company will terminate effective _____, 2001. All compensation and benefits to which he/she has been eligible as a Company Employee will cease on this date. The Company will have no further obligation after this date to provide any compensation or benefits not specifically set forth below.

2. Employee will receive, in addition to the Termination Allowance of $___ provided for in the Termination Allowance Plan, the career transition benefits (other than outplacement assistance) described on Exhibit 1, attached, as consideration for the waiver and release of claims set forth below. These career transition benefits include a supplemental severance payment of $___.

3. Employee will also receive, as further consideration for the waiver and release of claims set forth below, an enhanced retirement benefit under the Service Annuity System. The enhanced retirement benefit will be calculated by adding three years of age to Employee's actual age and three years of Benefit Service to his/her actual Benefit Service.

4. As consideration for the career transition benefits (other than outplacement assistance) described above, Employee waives and releases the Company (including its current and former affiliated companies, and their current and former officers, directors, employees and agents, and the Company's and affiliated companies' benefits plans and the fiduciaries of such plans) from any and all claims arising out of the employment relationship. This Waiver and Release of Claims includes claims based on the Age Discrimination in Employment Act, the Americans With Disabilities Act, Title VII of the Civil Rights Act of 1964, the Illinois Human Rights Act, the Employee Retirement Income Security Act, or any other federal, state or local statute, regulation, or ordinance prohibiting discrimination on the basis of disability or age or race or gender or on any other basis; breach of express or implied contract; and violation of any other federal, state or local statute, regulation, or ordinance, or doctrine of common law.

5. As consideration for the career transition benefits and enhanced pension benefits described above, Employee waives and releases the Company (including its current and former affiliated companies, and their current and former officers, directors, employees and agents, and the Company's and affiliated companies' benefits plans and the fiduciaries of such plans) from any and all claims arising out of the employment relationship. This Waiver and Release of Claims includes claims based on the Age Discrimination in Employment Act, the Americans With Disabilities Act, Title VII of the Civil Rights Act of 1964, the Illinois Human Rights Act, the Employee Retirement Income Security Act, or any other federal, state or local statute, regulation, or ordinance prohibiting discrimination on the basis of disability or age or race or gender or on any other basis; breach of express or implied contract; and violation of any other federal, state or local statute, regulation, or ordinance, or doctrine of common law.

6. By signing this Waiver and Release of Claims, Employee does not waive rights or claims that may arise after the date when this Waiver and Release of Claims is signed, including rights or claims based on the provisions of this Waiver and Release of Claims. However, this Paragraph does not affect the waiver and release of existing rights and claims provided in Paragraph 4 above, and does not affect the validity and enforceability of Paragraph 1.

7. This Waiver and Release of Claims is being requested in connection with an employment termination program covering Meter Shop employees. To be eligible to receive the career transition benefits described above, an Employee must be subject to possible displacement from his/her job as a result of the reduction in the Meter Shop workforce, as determined by Meter Shop management. To be eligible to receive the enhanced retirement benefits described above, the employee must be named as eligible for such benefits in the Memorandum of Understanding covering the Meter Shop Workforce Reduction. Exhibit 2, attached, shows the age, race, national origin, sex, and former job titles of all Meter Shop Employees. Exhibit 2 also shows which of these employees have been selected to continue in the Department after the work force reduction, along with their new job titles. Further, Exhibit 2 shows which of these employees have been selected for termination under this program.

8. Employee states that he/she understands the meaning of this Waiver and Release of Claims and he/she knowingly, freely and voluntarily executes it.

The Company advises Employee to consult with an attorney regarding this Waiver and Release of Claims before signing it. Therefore, the offer contained in this Waiver and Release of Claims will remain open for 45 days after the date when it was first presented to Employee or, if Employee accepts an open position under Paragraph 10 above, for 90 days after the date of such acceptance, whichever is later. If after review, Employee wishes to accept this Waiver and Release of Claims, he/she should sign it and return it to John Ibach, Vice President, Human Resources. This Waiver and Release of Claims will not become effective or enforceable until seven days thereafter. If Employee changes his/her mind within that seven-day period, he/she may revoke this Waiver and Release of Claims by notifying Mr. Ibach at 312/240-3900.

The Peoples Gas Light and Coke Company:

By:_____ _____
Date

Employee:

By:_____ _____
Date

Presented to Employee on _____, 2001

Exhibit 1

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Schedule of Benefits

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2. Outplacement Assistance: Two-day Career Continuation Workshop

3. Employees who continue their medical and dental coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) will pay the same premium rates as active employees, and not be required to pay the full COBRA rates, for a period ranging from two months to eighteen months, depending on employees' length of service:

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12 years	8
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18 years	10
21 years	11
24 years	12
27 years	14
30 years	16
33 years or more	18

4. Eligibility for educational assistance will be extended for 12 months after the last day of employment, thus enabling employees to continue or begin the education necessary to pursue new career opportunities. Reimbursement will be subject to the general provisions of the Educational Assistance Program, with a maximum reimbursement of $5,000. However, courses of study will not be limited to those that apply only to the Company's operations.

5. Employee Assistance Program coverage will continue as it exists on employees' last day of employment. The program benefits will end on a date that coincides with the termination of their company-paid health care continuation coverage described above.

6. Upon termination, employees will have only the rights of terminated employees, as provided in the Service Annuity System, Group Life Insurance Plans, the Medicare Supplement Plan, the Employee Stock Purchase Plan, the Employee Thrift Plan, and the Employee Stock Ownership Plan.

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[1] Includes benefits under existing termination allowance plan. Employees who do not complete a waiver of claims will receive only the termination benefits provided under existing company policies.

Exhibit 2

INFORMATION REGARDING METER SHOP EMPLOYEES

EMPLOYEE TERMINATION PROGRAM

EMPLOYEE	DEPARTMENT SENIORITY	AGE	RACE	NATIONAL ORIGIN	SEX	OLD JOB	JOB AS OF 07/01/01	JOB AS OF 10/01/01
1	10/5/82	42	H	USA	M	MASTER MTR MECHANIC	Meter Mechanic	Meter Mechanic
2	8/10/92	36	C	USA	M	METER PROVER	N/R	N/R
3*	9/13/83	57	C	USA	M	MASTER MTR MECHANIC	Meter Mechanic	Meter Prover
4*	12/22/85	50	AI	USA	M	MASTER MTR MECHANIC	Laborer	NR
5*	3/20/86	52	B	USA	M	METER TECHNICIAN	Laborer	NR
6	9/4/97	31	C	USA	M	LABORER-OVER 2 YEARS	NR	NR
7	2/12/84	40	B	USA	M	MASTER MTR MECHANIC	Meter Prover	Meter Prover
8	11/18/91	30	C	USA	M	METER PROVER	NR	NR
9	2/20/85	42	B	USA	F	MASTER MTR MECHANIC	Laborer	Laborer
10	9/10/82	45	B	USA	M	MASTER MTR MECHANIC	Master Mtr Mechanic	Master Mtr Mechanic
11	3/2/87	46	B	USA	F	METER TECHNICIAN	Laborer	NR
12	3/25/85	46	C	USA	M	MASTER MTR MECHANIC	Laborer	Laborer
13	2/26/84	45	C	USA	M	MASTER MTR MECHANIC	Meter Prover	Laborer
14	7/9/80	48	B	USA	F	MASTER MTR MECHANIC	Master Mtr Mechanic	Master Mtr Mechanic
15	2/1/88	42	C	USA	M	CHAUFFEUR TRUCK	transferred	transferred
16	5/5/87	35	H	MEXICO	M	MASTER MTR MECHANIC	Laborer	NR
17	9/2/97	47	H	USA	F	LABORER-OVER 2 YEARS	NR	NR
18	7/12/89	38	B	USA	F	METER TECHNICIAN	NR	NR
19	7/24/85	50	B	USA	F	MASTER MTR MECHANIC	Laborer	Laborer
20	10/23/89	35	H	USA	F	METER HANDLER	NR	NR
21	9/8/92	38	H	MEXICO	F	METER PROVER	NR	NR
22	2/19/84	42	C	USA	F	MASTER MTR MECHANIC	Meter Prover	Laborer

This table assumes that three employees who are being offered a special opportunity to retire early with a pension (indicated by an "*") decline that opportunity and that no Meter Shop employees leave the employment in this Department for reasons unrelated to the workforce reduction during the period of the reduction.

NOTES: C-Caucasian
B-Black
H-Hispanic
A-Asian
AI-American Indian
NR-Not Retained in Meter Shop

Exhibit R

MEMORANDUM OF UNDERSTANDING REGARDING
TRANSFER OF METER READERS TO DISTRIBUTION DEPARTMENT

This Memorandum of Understanding is entered into between The Peoples Gas Light and Coke Company (the "Company") and Gas Workers Union, Local 18007, S.E.I.U., AFL-CIO (the "Union"), for the purpose of setting forth the terms and conditions under which Meter Readers will be transferred to the Distribution Department in the future. These terms and conditions are as follows:

1. The Company intends to phase out the Meter Reader classification during the term of the basic collective bargaining agreement. As Meter Readers are displaced because of the reduction in the size of the Meter Reader workforce, those who are eligible will be transferred to the Distribution Department as Gas Surveyors. The entry level rate for a Meter Reader transferred to the Distribution Department as a Gas Surveyor is Gas Surveyor – First 180 Days.

2. To be eligible for consideration, a Meter Reader must (a) have a valid driver's license, and (b) have had no disciplinary lay-off of eight hours or more during the two years preceding the date of the transfer, provided that Distribution Department management may waive requirement (b) and allow a Meter Reader to transfer notwithstanding his/her failure to meet this requirement. Both full-time and part-time Meters Readers are included, provided that part-time Meter Readers become full-time.

3. Distribution Department management will transfer eligible Meter Readers based on classification seniority in the Meter Reader classification, with the most senior Meter Reader being transferred first.

4. A Meter Reader who is transferred may elect to return voluntarily to Meter Reader within fourteen calendar days from the date of the transfer without loss of classification seniority, provided there are still Meter Readers with less classification seniority at the time. Such employee will not be given another opportunity to transfer to the Distribution Department but will be allowed to continue working until his/her classification seniority does not allow him/her to keep his/her position as a Meter Reader.

5. Meter Readers who are transferred are subject to the same 180-day trial period as other newly-hired Gas Surveyors, including all training and testing requirements associated with the training period of Gas Surveyors. If Distribution Department management decides, for any reason, that a former Meter Reader is not suitable for continued employment as a Gas Surveyor, the former Meter Reader will be returned to Meter Reader with no loss of classification seniority, provided there are still Meter Readers with less classification seniority at the time. Such employee will be allowed to continue working until his/her classification seniority does not allow him/her to keep his/her position as a Meter Reader. This action shall not be subject to the grievance procedure in Article IV of the basic collective bargaining agreement. In addition, the Company may separately take appropriate disciplinary action, up to and including discharge, for any misconduct which

occurs during the trial period, providing that the Union may file a grievance with respect to that disciplinary action under Article IV of the basic collective bargaining agreement.

6. A Meter Reader who has been or is given the opportunity to transfer to the Distribution Department as a Gas Surveyor and who either declines the opportunity or returns to the Meter Reading Department under Paragraph 4 or 5 above will not again be eligible to transfer to the Distribution Department as a Gas Surveyor.

7. To the extent that seniority is relevant to actions or preferences involving Gas Surveyors, the seniority to be used is bargaining unit seniority. There will be no separate classification seniority in the Gas Surveyor classification. In the case of a tie, the tie-breaker will be a coin flip.

8. The Company may employ Gas Surveyors on a temporary basis for summer employment at 85% of the entry level rate.

9. Nothing in this Memorandum of Understanding prevents the Company from hiring a new Gas Surveyor from the outside when there is no displaced Meter Reader available for transfer to the Distribution Department. It is recognized in such case, the newly-hired Gas Surveyor ("New Hire") may have the opportunity to progress to Gas Mechanic before all Meter Readers have been given the opportunity to transfer to the Distribution Department. If this situation occurs, the former Meter Readers will be regarded as having greater seniority in the Gas Mechanic classification than the New Hire for purposes of determining eligibility for promotion to Crew Leader.

10. This Memorandum supplants the memorandum entitled "Memorandum Of Understanding Regarding Leak Survey Work In The Distribution Department, dated April 30, 1998, except that said Memorandum shall continue in force and effect insofar as its terms have not been modified, either expressly or by implication, by this Memorandum or by the Company's Memorandum Of Company Offer Of April 30, 2001, To Be Effective May 1, 2001.

11. This Memorandum will remain in effect until modified by the parties or terminated by either party's giving the other written notice of termination during the same termination notice period as the applicable basic collective bargaining agreement.

Entered into this ___ day of May, 2001.

Peoples Gas Light and Coke Company	**Gas Workers Union, Local 18007, S.E.I.U., AFL-CIO**
_____	_____

Stenographer-Clerk Pay Schedule:

Grade	Title	Time in Grade
003	Stenographer-Clerk, Level I	3 Years
005	Stenographer-Clerk, Level II	

Word Processor Pay Schedule:

Grade	Title	Time in Grade
003	Word Processor, Start	2 Years
005	Word Processor, Level I	2 Years
006	Word Processor, Level II	

9. Required Clerical Progression/Clerical Pay Schedule tests are as follows:

Job Title	Clerical Aptitude	Typing*	Computer Skills Test*
Accounting Clerk Progression	X	X	OS, SA
City Plant Clerk Progression	X	X	OS, SA
Customer Account Clerk Progression	X		
Field Clerk Progression	X	X	OS, SA
Gas Measurement Clerk Progression	X		OS, SA
Rent & Royalties Clerk Progression	X		OS, SA
Stenographer Clerk-Lv.I Pay Schedule	X	X	OS
Word Processor, Start Pay Schedule	X	X	OS, SA

*NOTES

1. Stenographer-Clerk Level I and Word Processor typing requirement is typing a minimum of forty (40) correct words per minute with a maximum of six (6) errors
2. OS – Operating System Test, SA- Spreadsheet Application Test

APPENDIX NO. 6 - PHYSICAL PROGRESSION SCHEDULES

1. The Physical Progression Schedules provide a means for employees to advance through pay grades by successfully completing appropriate training and testing and working a specified time in grade.

(1) 2. (a) In order to qualify for selection to enter the Electrician and Communications Specialist Progressions, an applicant must demonstrate proper qualifications by passing appropriate aptitude tests and attending a classroom orientation session and scoring at least 70% on a written test on the material presented.

(b) In order to qualify for promotion to a higher grade in these Progressions an employee must successfully complete additional classroom training and testing and must work the time in grade as follows:

	Grade	Time Required
Electrician:		
Electrician, Start	006	1 Year
Electrician, Level I	008	1 Year
Electrician, Level II	011	
Communications Specialist:		
Communications Specialist, Start	003	1 Year
Communications Specialist, Level I	007	1 Year
Communications Specialist, Level II	010	

(1)3. (a) In order to qualify for training to enter the Gas Service Specialist, Town Plant Representative, Regulator Specialist or Gas Measurement Specialist Progression, an applicant must demonstrate proper qualifications by passing appropriate aptitude tests and attending a classroom orientation session and scoring at least 70% on a written test on the material presented.

(b) In order to qualify for selection to enter the Gas Service Specialist, Town Plant Representative, Regulator Specialist or Gas Measurement Specialist Progression an applicant must demonstrate proper qualifications by attending classroom training and scoring at least 70% on a written test on the material presented.

(c) An employee will enter the Gas Service Specialist Progression as a Gas Service Specialist, Start, Grade 6 and after 1 year experience in that position, will be promoted to a Gas Service Specialist, Level I, Grade 7 without additional testing. After 1 year experience in the Grade 7 position, the employee will be promoted to a Gas Service Specialist, Level II, Grade 8 without additional testing. After 1 year experience in the Grade 8 position, the employee will be promoted to a Gas Service

Specialist, Level III, Grade 9 without additional testing. After 1 year experience in the Grade 9 position, the employee will be promoted to a Gas Service Specialist, Level IV, Grade 11 without additional testing.

(d) An employee will enter the Town Plant Representative Progression as a Town Plant Representative, Start, Grade 6 and after 2 years experience in that position, will be promoted to a Town Plant Representative, Level I, Grade 7 without additional testing. After 2 years experience in the Grade 7 position, the employee will be promoted to a Town Plant Representative, Level II, Grade 8 without additional testing.

(e) An employee will enter the Regulator Specialist Progression as a Regulator Specialist, Grade 7 and after 4 years' experience in that position, will be promoted to a Regulator Specialist, Sr., Grade 9, without additional testing.

(f) An employee will enter the Gas Measurement Specialist Progression as a Gas Measurement Specialist, Grade 7 and after 4 years' experience in that position, will be promoted to a Gas Measurement Specialist, Sr., Grade 10, without additional testing. (Up to 2 years' upgrade to Gas Measurement Specialist can be counted in the four years required to progress to Gas Measurement Specialist, Sr.)

(1)4. (a) In order to qualify for training to enter the Warehouse Worker Progression Schedule, an employee must pass appropriate aptitude tests. Employees selected for training to enter the Warehouse Worker Progression Schedule will attend classroom or one-on-one training and four weeks of on-the-job training working with a classified Warehouse Worker. Trainees will be tested on both the classroom training or one-on-one training and the on-the-job training. In order to qualify for selection as a Warehouse Worker, the trainee must attain a score of 70% on this test.

(b) Employees selected to enter the Warehouse Worker Progression Schedule will work as a Warehouse Worker-Start, Grade 6, for two years and will be promoted to Warehouse Worker-Level I, Grade 7, without additional testing. After working two years as a Warehouse Worker, Level I, they will be promoted to Level II, Grade 8, without additional testing.

5. When an opening occurs in a Physical Progression Schedule, selection for orientation and testing to enter the progression will be handled in accordance with Section XV, Article 1, Employee Selection. The senior applicant will be given an opportunity to take the orientation and testing to qualify to enter the progression, unless a training opportunity for a reserve position was posted Bidding Unit-wide. If a training opportunity for a reserve position was posted Bidding Unit-wide and if a reserve applies, the senior reserve will be awarded the job and it will not be necessary to provide orientation and testing to the senior applicant. If an employee leaves a progression and reenters the same progression within 2 years, they will reenter at the same grade they previously held. At the time the employee reenters the progression, the Company will give the employee the appropriate diagnostic tests to determine any training

necessary to update the employee's skills. If an employee leaves a progression and reenters the same progression after 2 years. they will reenter at the start rate of the progression. Any accumulated time worked in a Progression will count toward the next level entrance or promotion.

6. Any employee entering a Physical Progression Schedule will be expected to progress to the highest level of that Progression. Should any such employee twice fail to qualify for progression at any level after two separate classroom training periods, he or she will be red circled in rate, removed from the progression and assigned other work, if available.

7. An employee who is being trained in a progression or as a backup for a progression job will not be allowed to receive training in another progression job.

8. Any employee permanently classified within a Progression Schedule may be assigned any of those duties which he or she is capable of performing. Any employee temporarily assigned duties within the progression may be required to perform any duties which he or she is capable of performing, but will be considered to be at the Start Level or lowest level for pay purposes.

FOOTNOTE:

(1)The score required to pass an aptitude test will in no case exceed 70%.

APPENDIX NO. 7 - PHYSICAL PAY SCHEDULES

The Physical Pay Schedules provide a means for employees to advance to higher levels of pay by working the specified time in classification. An employee enters a Pay Schedule at the lowest rate of pay, unless he/she has previously been classified in that particular Pay Schedule, in which case, prior time in classification will be credited.

Field Distribution Worker (Less/1 Yr.)
Field Distribution Worker (1 Year)
Field Distribution Worker (1-1/2 Years)
Field Distribution Worker (2 Years)
Field Distribution Worker (3 Years)
Field Distribution Worker (5 Years)
Field Distribution Worker (8 Years) - Gr. 3
Field Distribution Worker, Sr. (10 Years) - Gr. 5

Compressor Station Operator - Start (Less than 5 Years) - Gr. 3
Compressor Station Operator - Level I (5 Years) - Gr. 5

Utilityperson Field-Start (Less/6 Yrs.) - Gr. 7
Utilityperson Field-Level I (6 Yrs.) - Gr. 8
Group Leader/Utilityperson - Level II (10 Yrs.) - Gr. 10

Utilityperson Distribution-Start (Less/6 Yrs.) - Gr. 7
Utilityperson Distribution-Level I (6 Yrs.) - Gr. 8
Utilityperson Distribution-Level II (10 Yrs.) - Gr. 10

Employees hired or rehired after January 1, 1996:

Field Distribution Worker (Start)
Field Distribution Worker (2 Years)
Field Distribution Worker (3 Years)
Field Distribution Worker (5 Years)

Compressor Station Operator - Start (Less than 5 Years) - Gr. 3
Compressor Station Operator - Level I (5 Years) - Gr. 5

Utilityperson Field-Start (Less/6 Yrs.) - Gr. 7
Utilityperson Field-Level I (6 Yrs.) - Gr. 8

Utilityperson Distribution-Start (Less/6 Yrs.) - Gr. 7
Utilityperson Distribution-Level I (6 Yrs.) - Gr. 8

APPENDIX NO. 8 - TIE IN SENIORITY

In the event of a tie in seniority for a specific selection the following will be used to determine seniority:

(1) Credited service (seniority); if that is equal then

(2) The first hired; if that is equal then

(3) The employee whose birth date occurs closest to July 1; if that is equal then

(4) A method determined by mutual agreement of the tied employees.

Any such settling of a tie in seniority will be valid only for the instant situation and will have no bearing on any subsequent cases.

APPENDIX NO. 9 - EMPLOYEE SELECTION PHYSICAL

Under Section XV, Article 1, Employee Selection, Paragraph 2. of this Agreement, employees demonstrate their ability and fitness by passing one or more job related tests, if applicable. Testing may include hands-on demonstration of skills and knowledge, oral explanations of job duties and/or written tests.

If tests are not available, employees will demonstrate their abilities by meeting the criteria identified in paragraphs 1, 2, or 3 below.

1. Performance of the duties of the job to be filled while employed by the Company; or

2. Performance of the duties of the job to be filled while employed outside the Company.

3. If no employees have demonstrated their ability and fitness under Numbers 1 and 2 above then consideration will be given to employees who have performed related and similar work.

NOTE: The duties of the job as defined in the job description of the classification shall normally be the criteria for selection. However, the Union recognizes that occasionally certain jobs have unique or critical duties which require demonstrated ability under Paragraph 1 above on the part of the employee to be selected.

Employees who desire consideration based on employment outside the Company will provide written evidence of demonstrated ability from previous employer(s) within twenty-five (25) days of the time the job is posted. In such cases, Management may delay selection of the employee to fill the opening until twenty-eight (28) days from the time the job is posted.

APPENDIX NO. 10 – DISCIPLINARY ACTION

1. Disciplinary Demotion Physical

When an employee is demoted for disciplinary reasons the Company will assign him or her to an appropriate job in a lower pay grade. If under this provision the employee is assigned to a Field/Distribution Worker job he/she shall be paid the appropriate rate based on his or her credited service in classification and will be allowed the normal progression thereafter.

2. Disciplinary Demotion Clerical

When an employee is demoted for disciplinary reasons the Company will assign him or her to an appropriate job in a lower pay grade. The demotion will not result in a rate of pay below the employee's current rate or the maximum of Grade 3, whichever is lower.

3. Disciplinary Record Retention

All reference to disciplinary action will not be used as the basis for any other disciplinary action if no additional disciplinary action is taken against the employee within four (4) years.

APPENDIX NO. 10A - LOSS OF DRIVING PRIVILEGES

If an employee whose job requires the possession of a valid driver's license fails to maintain his/her driving privileges, the following actions will be taken:

1. **First Incident:**

   A. An employee who fails to maintain driving privileges, must notify his/her immediate supervisor within ten (10) calendar days of the loss of his/her driving privileges. Failure by the employee to provide notice within the ten (10) calendar days will subject the employee to disciplinary action.

   B. Upon notification, commencing the effective date of the loss of his/her driving privileges and for a period not to exceed twelve (12) months, in those instances where the employee would otherwise be required as part of his/her duties to drive a Company vehicle, the employee will be temporarily assigned other duties within or outside his/her respective work location.

      1. The employee will be compensated for any temporary assignments at the classified rate of the job (s)he is assigned which could be lower than his/her classified rate.
      2. Employees temporarily assigned due to loss of driving privileges shall not be entitled to any travel time or mileage to their respective payroll location or temporary reporting location.

   C. An employee whose driving privileges have been suspended, as described above, who is involved in a reduction in force or involuntary transfer, may select a job that requires a driver's license if the employee can provide proof that his/her driving privileges will be reinstated within the twelve (12) month period commencing the effective date of the loss of his/her driving privileges.

   D. Upon submitting proof, during the twelve (12) month period described above, that (s)he has regained his/her driving privileges, the employee will be permitted to resume the operation of a company vehicle as part of his/her regular duties.

   E. If, at the end of the twelve (12) month period described above, the employee has not regained his/her driving privileges, the employee will be removed from his/her job and the job will be filled through the provisions of Section XV of this Agreement. If there is a resulting vacancy for which the employee is qualified (s)he will be assigned to that job and his/her rate of pay will be adjusted to the classified rate of the new job. Otherwise, the employee will be terminated.

2. **Second Incident:**

   A. An employee who fails for a second time to maintain his/her driving privileges, as described above, must notify his/her

immediate supervisor within ten (10) calendar days of the loss of his/her driving privileges. Failure to provide notice within the ten (10) calendar days will be considered to be just cause for dismissal.

B. Upon notification, the employee will be removed from his/her job and the job will be filled through the provisions of Section XV of this Agreement. If there is a resulting vacancy for which the employee is qualified (s)he will be assigned to that job and his/her rate of pay will be adjusted to the classified rate of the new job. Otherwise, the employee will be terminated.

APPENDIX NO. 11 - EMPLOYMENT AND PROMOTION

Clerical

A. Prior to the application of the negotiated hourly pay schedule the following applies:

1. Clerical employees will be hired at no less than the minimum salary for their job. Temporary clerical employees promoted to regular status will be treated in the same manner.

2. Regular clerical employees on the payroll as of December 31, 1995, being promoted on a permanent basis to a higher pay grade will receive the established 120-day credited service in classification rate of the higher pay grade or a ten percent (10%) increase to their current base rate whichever is higher, except, that in no case will the new rate exceed the established maximum for the new salary grade.

3. Clerical employees hired or rehired on or after January 1, 1996, being promoted on a permanent basis to a higher pay grade will receive the Start rate (Section XX - B) of the higher pay grade or a ten percent (10%) increase to their current base rate whichever is higher, except, that in no case will the new rate exceed the established maximum for the new salary grade.

4. Time in classification will commence with the date of promotion and future progression will be based on the established progression schedule for the new classification.

Clerical

B. Upon the application of the negotiated hourly pay schedule the following applies:

1. Clerical employees will be hired at no less than the established rate of the job. Temporary clerical employees promoted to regular status will be treated in the same manner.

2. Clerical employees hired or rehired on or after January 1, 1996, being promoted on a permanent basis to a higher pay grade will receive the established rate of the job. (Section XX - B)

3. Time in classification will commence with the date of promotion from casual to regular status or direct to regular status and future progression will be based on the established progression schedule for the new classification.

Physical

Physical employees hired, rehired or made regular after January 1, 1996, will receive the rates as shown in Section XXI - B.

APPENDIX NO. 12 - OVERTIME

Scheduled Overtime

The time that an employee works when overtime is assigned while the employee is on the job.

Unscheduled Overtime

The time that an employee works when overtime is assigned after the employee has left the job following the completion of his or her workday or workweek. The employee is not ordered to report immediately.

Call Out Time

The time that an employee works after being ordered to report immediately from off the job following the completion of his or her workday or workweek.

APPENDIX NO. 13 - ENGINE COMPRESSOR ANALYST PROGRESSION

Title	Grade	Classification
Engine Compressor Analyst Trainee	010	6 Months
Engine Compressor Analyst	011	1 Year
Engine Compressor Analyst, Sr.	012	

Employees will be selected to enter the Engine Compressor Analyst Progression using the following procedure. Openings for positions within the progression as deemed necessary by the Company will be posted throughout the Company. First priority will be given to senior qualified and eligible employees from within the Bidding Unit. If no selection from within the Bidding Unit is made, second priority will be given to senior qualified and eligible employees within the Bidding Division. If a selection is not made from within the Bidding Division, third priority will be given to senior qualified and eligible employees from other Bidding Divisions and Departments. Applicants will be determined to be qualified if they have successfully completed the test required to enter the Grade 11 Engine Compressor Analyst position. The selected employee will enter the progression at the Grade 11 level.

Opportunities for back-up positions will be posted within the bidding unit. First priority will be given to the senior, qualified and eligible employee within the unit.

If no qualified employee is selected, the senior employee who bid on the position will be given a series of written tests. The senior applicant who has successfully completed the tests will be selected for entry into the Progression, unless a training opportunity for a back-up was posted bidding unit wide. If a training opportunity for a back-up position was posted bidding unit wide and if a back-up applies, the senior back-up will be awarded the job and it will not be necessary to provide a series of written tests to the senior applicant.

Employees selected to enter the Engine Compressor Analyst Progression as a Trainee will work at the Trainee level for a period of six months. At the end of the six months the employee will be required to take an advancement test. Employees passing the test will be promoted to the Engine Compressor Analyst level. Employees failing this test will be given one additional opportunity to pass the test within sixty (60) days after the first attempt.

Employees will work at the Engine Compressor Analyst level for a period of one year. After working at this level for six months, the employee will be required to take and pass a progress test in order to remain in the progression. Employees failing the test will be given one additional opportunity to pass the test within sixty (60) days after the first attempt. After working at this level for one year, the employee will be required to take an advancement test. Employees passing this test will be promoted to Engine

Compressor Analyst, Sr. Employees failing this test will be given two additional opportunities to pass the test within one-hundred twenty (120) days after the first attempt.

Employees must attain a score of 70% on each segment of the advancement tests and progress test in order to pass. The Union will be provided an opportunity to review the training program and materials. The tests will consist of oral and written questions as well as hands-on demonstrations. The employee will receive on-the-job training directly related to the test he or she will take for a particular level. Employees who fail the first attempt will be coached in their areas of deficiency.

Any employee entering the Engine Compressor Analyst Progression will be expected to progress to Engine Compressor Analyst, Sr. Should any such employee fail to qualify for progression at any level after the maximum number of tests allowed, he or she will be red circled in rate, removed from the progression, and assigned other work.

Any employee permanently classified within this Progression Schedule may be assigned any of those duties which he or she is capable of performing. Any employee temporarily assigned duties within the progression may be required to perform any duties which he or she is capable of performing, but will be considered to be at the Trainee Level for pay purposes.

Any employee who is classified as an Engine Compressor Performance Specialist on or before October 1, 1993, who takes the classroom training and fails the test twice will be permitted to continue working as an Engine Compressor Analyst at the level they have attained and receive all negotiated raises and will be allowed to take the training and testing every thirty-six (36) months if the employee desires. Any Grandfathered employee that does not desire to take the tests, will not be required to and they will remain at the level they have attained and will receive all negotiated raises.

APPENDIX NO. 14 - COMMERCIAL DRIVER'S LICENSE

Regular Job Vacancies:

When vacancies occur in jobs which require possession of a Commercial Driver's License with appropriate endorsements (CDL w/e), possession of the required CDL w/e will be required for selection for the job.

Reserve Drivers/Operators:

Management will determine the number of Reserve Drivers/Operators needed at each location.

If a sufficient number of fully qualified reserves are not available, a training opportunity will be posted and the senior employee from the payroll location who is otherwise qualified and who bids will be provided a Commercial Driver's Manual for home study. Within thirty calendar days, the employee selected will be provided up to two opportunities to take the written tests for the CDL w/e on Company time and at Company expense (including test fees, license fees and required physical examination fees). If the employee passes the written tests, (s)he will be assigned with a licensed Commercial Driver to receive on-the-job experience for a period, not to exceed thirty calendar days. During this time the employee will be permitted to take the skills and road test up to two times on Company time and at Company expense. If the employee qualifies for the CDL w/e (s)he will be returned to his/her regular job and will be qualified for temporary assignment to jobs requiring a CDL w/e.

If the employee selected for training fails to qualify for the CDL w/e, (s)he will be returned to his/her regular job and the next senior employee who is otherwise qualified and who originally bid will be afforded an opportunity to obtain a CDL w/e as described above.

If the second employee selected for training fails to qualify for the CDL w/e, Management may select any employee who is otherwise qualified to train for the CDL w/e.

APPENDIX NO. 14A - DRIVER'S LICENSE

The following jobs require the incumbent job holder or the successful bidder for such job to possess and maintain a valid driver's license:

Clerical Jobs

City Plant Clerk	Mail Clerk
City Plant Clerk, Leader	Messenger
Division Draftsperson	Microfilm Equipment Operator
Extraction Plant Clerk	Records Storage Clerk
Extraction Plant Clerk, Leader	Stationery Clerk
Field Clerk	Stockroom Clerk
Field Clerk, Leader	Stockroom Clerk, Sr.
Instrument Person	

Physical Jobs

Auto Mechanic	Insulator, Extraction Plant
Auto Mechanic, Sr.	Leader, General Office Garage
Bailing Machine Operator	Leader, Repair Crew
Chemical Tester	Leak Inspector
Collector	Loader, Extraction Plant
Communications Specialist	Loader, Sr., Extraction Plant
Compressor Station Control Specialist	Maintenance Mechanic Building, Sr.
Compressor Station Operator	Maintenance Worker, Building
Compressor Station Operator, Sr.	Maintenance Worker, Extraction Plant
Compressor Station Operator-24 Hr.	Measuring Station Operator (Major)
Electrician	Medium Equipment Operator
Engine Compressor Analyst	Meter Reader
Engine Mechanic	Painter
Engine Mechanic, Sr.	Paint Gun Operator
Extraction Plant Equipment Mechanic	Pressure Control Operator
Extraction Plant Operator	Regulator Specialist
Extraction Plant Turbine Operator	Shift Leader
Field/Distribution Worker	Shift Leader, Extraction Plant
Garage Attendant	Town Plant Representative
Gas Service Specialist	Utilityperson Distribution
Gas Measurement Specialist	Utilityperson Field
Hastings Gas Processing Plant Operator	Warehouse Worker
Heavy Equipment Operator	Waste Water Treatment Plant Operator
Heavy Truck Driver	Welder
Inspector	Well Tender
Instrument Specialist	

NOTE: Where a job is identified as a single classification, it does include all the levels.

APPENDIX NO. 15 - FIRE RESISTIVE CLOTHING

The table below specifies what fire resistive clothing will be provided to the employees.

Hope Operations **Option 1 –** - 1 set lightweight 4 1/2 oz. coveralls - *choice*: insulated jacket w / hood and insulated bib overalls, or insulated coveralls. or **Option 2 –** - 5 long sleeve shirts - 5 pants - *choice*: 1 hooded sweatshirt w / zipper or 1 set lightweight 4 ½ oz. coveralls OR 1 set of bibs - *choice* : insulated jacket w / hood & insulated bib overalls, or insulated coveralls	**Classifications – All Levels** - Field / Distribution Worker - Utilityperson - Group Leader / Utilityperson - Equipment Operator - Truck Driver - Welder - Leak Inspector - Gas Measurement Specialist - Regulator Specialist - Casual Rouster - Inspector - Warehouse Worker - Well Tender
Hope Customer Service - 1 set lightweight 4 1/2 oz. coveralls and 1 set insulated bib overalls Note: Proposed FR clothing in addition to uniform provided for in Section XII, Article 6, Part E of the Agreement.	**Classifications – All Levels** - Town Plant Representative - Gas Service Specialist - Meter Reader - Collector
Transmission HEP LPG - 7 long sleeve shirts - 7 pants plus Option 1 – - 1 set lightweight 4 ½ oz. coveralls or heavyweight 6 oz. bibs, 1 set heavyweight 6 oz. coveralls and bomber jacket or Option 2 – - 1 set lightweight 4 1/2 oz. coveralls or heavyweight 6 oz. bibs, 1 set insulated coveralls or insulated field coat and bibs *Bibs w/shirt or coveralls can be substituted for pants and shirts for daily wear.	**Classifications – All Levels** - Control Board Operator - Electrician - Extraction Plant Turbine Operator - Extraction Plant Operator - Extraction Plant Equipment Mechanic - Gas and By Products Tester - Hastings Gas Processing Plant Operator - Insulator Extraction Plant - Laboratory Technician - Loader Extraction Plant - Maintenance Worker Extraction Plant - Shift Leader Extraction Plant - Casual Rouster - Warehouse Worker

Transmission NGW	Classifications – All Levels
Option 1 – - 1 set lightweight 4 ½ oz. coveralls - 1 set of insulated coveralls or Option 2 - - 1 set lightweight 4 ½ oz. coveralls - 1 set insulated bibs - 1 insulated field coat or Option 3 – - 1 set lightweight 4 ½ oz. coveralls - 1 set heavyweight 6 oz. coveralls - 1 insulated field coat or Option 4 – - 1 set of bibs and 1 set lightweight 4 ½ oz. coveralls OR 2 sets of bibs - 2 long sleeve FR shirts - 1 insulated field coat	- Electrician - Bailing Machine Operator - Compressor Station Operator - Field / Distribution Worker - Gas Measurement Specialist - Group Leader / Utilityperson - Heavy Equipment Operator - Heavy Truck Driver - Inspector - Instrument Person - Well Tender - Medium Equipment Operator - Casual Rouster - Warehouse Worker - Pressure Control Operator - Shift Leader - Utilityperson Field - Waste Water Treatment Plant Operator - Welder - Leader Repair Crew - Measuring Station Operator
NOTE: Insulated bibs and insulated coveralls come with zippered pant legs.	

The following guidelines apply to the Fire Resistive (FR) clothing provided by the Company to its employees.

1. The Company will provide the FR clothing specified at no cost to employees except as otherwise provided in Item #6.
2. Employees issued FR clothing will be responsible for laundering the garments.
3. Replacement of leased FR clothing, which may have exceeded its wear life or which no longer fits, shall be in accordance with provisions made between the Company and the vendor.
4. Purchased FR clothing generally will be replaced by the Company every 60 months.
5. Replacement of purchased FR clothing, which may have exceeded its wear life, shall be handled on a case-by-case basis by local supervision and/or the local Safety Representative.

6. Replacement FR clothing (leased or purchased) will not be reissued unless the garment is turned in by the employee and found to have exceeded its wear life. In those instances where replacement clothing is requested by an employee who does not turn in the garment(s) previously issued, the replacement(s) shall be at the employee's expense, according to the following schedule.

    a. Months 1 – 24 from issue – employee pays 50% of replacement cost.
    b. Months 25 – 48 from issue – employee pays 25% of replacement cost.
    c. Months 49 – 60 from issue – employee pays 10% of replacement cost.

7. Employees are not permitted to alter FR clothing in any manner, for example, removing or altering sleeves.
8. FR clothing must be worn at all times by employees exposed to fire hazards. This stipulation extends to all employees at the job site where the hazard is present. See SOP for guidance on FR clothing requirements.
9. The Dominion logo will be affixed to all shirts, jackets and coveralls by the vendor.
10. At its discretion, the Union may supply cloth Union logos (2-1/2" diameter or similar) for placement on garments (FR jackets, FR shirts, etc.) by the vendor. Union logos will be affixed on the left shoulder of selected garments.
11. Color of FR garments will be navy blue for pants; light blue for shirts, navy blue, royal blue or khaki for lightweight (4-1/2 oz.) coveralls; and navy blue or royal blue for bibs. All other garments will be navy blue.

APPENDIX NO. 16 - PURCHASE PLAN

Purpose

To enable employees to purchase new gas/propane using appliances and equipment by providing discounts and/or interest-free financing to offset the required investment.

To familiarize employees with the characteristics of gas/propane using appliances and equipment and enable them to discuss the benefits with the public.

Eligibility

All active Dominion employees whose primary work location is a pre-merger CNG office located in: District of Columbia, Illinois, Louisiana, Ohio, New Mexico, New York, Pennsylvania, Texas, Utah, and West Virginia.

Employees must meet minimum credit standards established for the Plan.

General Plan

Gas/Propane-Using Appliances and Equipment

Features:

1. Purchasers will not be permitted to buy another appliance within the same category less than three years after prior purchase of that type of appliance through the plan (except for a gas furnace and/or gas air conditioner, which may be purchased every 5 years) unless the purchaser is relocated at Dominion's request and the appliance is left in the previous home.

2. All outstanding interest-free loans (including PC loans) through the company can not exceed $10,000. The maximum number of loans that an employee can have at one time is three – one PC loan and up to two appliance loans – or up to three appliance loans and no PC loans.

3. Purchases of multiple appliance units within the same category may be allowed in less than three years to the extent that multiple units exist in the principal residence (e.g., two water heaters).

4. The Company reserves the right to inspect the appliances installed in the primary residence of the purchaser and to contact the appliance dealer concerning the appliance transaction.

5. The Plan Administrator has the right to request any information or documentation necessary to ensure compliance with all provisions of the plan and applicable regulation.

6. For each purchase made under the plan, the purchaser's actual cost will be 80% of the total appliance price including dealer's delivery, installation, and sales tax (subject to maximum purchase limitations). The discount, as provided by the addendum, will be treated as income to the purchaser.

All items approved for purchase under the plan must be installed in the primary residence of the purchaser.

Qualifying Purchases

New natural gas/propane appliances and equipment, as detailed in Addendum I and certified by a recognized testing facility and under full warranty, may be purchased and installed under the plan.

Covered Expenditures

For each purchase made under the plan, covered expenditures shall include the purchaser's actual cost including delivery, installation, and sales tax. Reimbursement for installation charges will be made only as part of the purchase order for the qualifying purchase. Employees must negotiate their own purchase price from any established dealer, manufacturer, distributor, or wholesale outlet. Qualifying discount amounts and total cost limitations applicable to emergency purchases for gas/propane-using equipment shall be based on the policy and administered by the Plan Administrator.

Purchases under this plan should be made through established appliance or heating dealers, manufacturers, distributors, builders, or wholesale outlets. This plan covers appliances for new home construction if purchased as outlined above. The extraction of these appliance costs from the purchase price of the home must be documented (i.e., receipts) and provided by the employee to the Plan Administrator.

Gas furnaces and water heaters are considered emergency items. In an emergency situation, these items can be purchased without prior approval; however, eligibility for the loan and qualification for a discount will be determined as outlined in this Plan.

Financing

A list of current discount amounts, cost limitations (See Addendum I) and the like shall be maintained by the Plan Administrator.

Interest-free financing is available for a maximum period of 36 months for appliances and equipment, except for furnaces and air conditioners, which are subject to a maximum period of 60 months. The minimum payment will be $50 per month.

Payment of deferred accounts through payroll deduction shall begin with the first paycheck following the first of the month after the employee receives reimbursement.

For those employees who are paid semi-monthly or bi-weekly, the monthly deduction will be divided equally and taken from the first two paychecks of each month until loan is paid in full.

The total of all outstanding interest-free loans (including PC loans) through the Company cannot exceed $10,000. The maximum number of loans that an employee can have at one time is three – one PC loan and up to two appliance loans – or three appliance loans and no PC loan.

The Agreement establishes the final and complete expression of the agreement between the Company and the employee until paid and shall, at the option of the Company, become immediately due and payable or converted to an interest bearing loan, with any one of the following events:

1. Failure to pay amount as agreed herein.
2. Default in the performance of any other obligation to the Company evidenced by this note.
3. Termination of employment for any reason, including but not limited to resignation or separation.

Procedure

Dominion shall designate the Administrator for the plan. The Administrator shall be responsible for ensuring that all purchases comply with all plan provisions and procedures.

The Administrator will maintain a written record of the plan activity.

Payment by the Company to the employee will not be made until the original receipt(s) is provided to the Company by the employee as proof of purchase.

Purchase must be made by the employee within 30 calendar days from the date the employee's loan application is approved by the company.

The Administrator shall have the discretionary authority to make such determinations as are required to implement and administer the plan, and such determinations shall be final and binding on the Company and the employee.

Service/Installation

The purchaser is responsible for coordinating installation. The dealer is responsible for in-warranty and other normal services. The Company shall not be responsible in any manner for the installation, repair, or service of any item purchased under the plan nor for expressed and/or implied warranties.

Restrictions

The Company reserves the right to verify any item purchase under this plan.

Withholdings

Any discount received by the employee is subject to all applicable federal, FICA, state, and local income taxes. The amount of the discount will be included in the employee's paycheck as taxable income. Applicable taxes will be withheld from the employee's wages by the Payroll Department on the first paycheck following the first of the month after the employee receives reimbursement. Federal taxes will be withheld at a supplemental tax rate of 28 percent.

Plan Abuse

Abuse of the plan may result in all outstanding plan balances and/or discounts becoming due and payable immediately. In addition, the employee may be subject to disciplinary action, including possible termination of employment and cancellation of all purchase plan privileges.

Process for Employee Purchases

Action by	**Action**
1. Employee	Obtains the application via the On-line Forms database or calls the Human Resources Center to request a loan package: 771- 6100 in Richmond, 8-736-6100 tie lines or 1-800-730-7230 long distance.
	Completes loan application.
	Forwards loan application to Plan Administrator.
2. Plan Administrator	Receives application and determines eligibility for purchases of desired appliance.
	Notifies employee by telephone if application is approved or not.
	Mails approval or denial notice to the employee.

Action by	Action
3. Employee	Purchases item(s) directly from vendor.
	Return original receipts to Plan Administrator within 30 calendar days from the date the loan application is approved.
4. Plan Administrator	If employee is requesting 20% discount only - Initiates necessary paperwork to reimburse 20% of the purchase price, employee discount, in the employee's next paycheck. The 20% discount is an addition to the employee's income and the applicable taxes will apply.
	If employee is requesting 20% discount and financing – writes loan agreement and forwards to employee for review and signature.
5. Employee	Reviews and signs agreement, returning original to the Plan Administrator.
6. Plan Administrator	Receives agreement and reviews for proper signature
	Issues a check made payable to the employee for 80% of the purchase price of the loan.
	Initiates necessary paperwork to reimburse 20% of the purchase price, employee discount, in the employee's next paycheck. The 20% discount is an addition to the employee's income and the applicable taxes will apply.
	Establishes accounts for billing and payroll deductions
	Returns copies of documents to employee as necessary

ADDENDUM I
Qualifying Appliances, Percent Discount, and Maximum Amount Allowed For A Purchase (Including Delivery, Installation And Applicable Sales Tax)

List of Qualifying Appliances/Equipment and Related Discounts

	January 1, 2001	Discount Percent	Maximum Purchase Price Allowed (A)
1.	Gas dryer or washer/gas dryer combination (C)	20	$750/gas dryer Or $1,500 pr.
2.	Gas range and accessories	20	$1,500
3.	Gas water heater	20	$1,000
4.	Vented or unvented gas space heater	20	$2,000
5.	Gas outdoor cooking grill and associated equipment (B)	20	$1,000
6.	Gas logs and gas fireplace	20	$2,000
7.	Gas outdoor light	20	$500
8.	Gas heating system and associated equipment	20	$4,000
9.	Gas air conditioner and associated equipment	20	$5,500
	Gas heating system, electric/gas air conditioning, and associated equipment when purchased at the same time (B, C)	20	$9,000
10.	Unvented infrared garage heater	20	$800
11.	Patio heater	20	$1,500

A. Maximum purchase price (including delivery, installation and sales tax) subject to discount per appliance/equipment.

B. To be eligible for discount and/or payroll deduction, associated equipment, such as ductwork, humidifiers, air cleaners, and rotisseries, which are integral to the appliance must be purchased at the same time as the original appliance purchase and installation and from the same dealer.

C. Electric washers and electric air conditioning equipment must be purchased in conjunction with a gas dryer and gas furnace, respectively.

Modifications

The Company reserves the right, upon notification of the Union, to modify, suspend or terminate the Plan in whole or in part.

Personal Computer

Purpose

To enable employees to purchase personal computers and associated software by providing interest-free financing to offset the required investment.

Eligibility

All regular, full-time and part-time Dominion employees.

Employees must meet minimum credits standards established for the Plan.

General Plan Features

Employees will not be permitted to finance another personal computer less than three years after prior purchase through this plan.

Purchases of personal computers and associated hardware/software may not exceed $3,000 and must be at least $500. All outstanding interest-free loans through the company can not exceed $10,000.

The Plan Administrator has the right to request any information or documentation necessary to ensure compliance with all provisions of the plan.

Qualifying Purchases

Personal computer and associated hardware/software may be purchased and installed under the plan, subject to the Plan Administrator's approval.

Covered Expenditures

For each purchase made under the plan, covered expenditures shall include the purchaser's actual cost including delivery, installation, sales tax, and associated hardware and software. Reimbursement for installation charges will be made only as part of the purchase order for the qualifying purchase. Employees must negotiate their own purchase price from any regularly established dealer, manufacturer, distributor, or wholesale outlet.

Purchases under this plan should be made through regularly established manufacturers, distributors, retail stores and wholesale outlets.

Financing

Interest-free financing is available for a maximum period of 36 months for personal computer purchases. The minimum payment will be $50 per month. Payment of deferred accounts through payroll deduction shall begin with the first paycheck following the first of the month after the employee receives reimbursement. For those employees who are paid semi-monthly or bi-weekly, the monthly deduction will be divided equally and taken from the first two paychecks each month until loan is paid in full.

The total of all balances on any outstanding interest-free loans through the Company cannot exceed $10,000.

The Agreement establishes the final and complete expression of the agreement between the Company and the employee until paid and shall, at the option of the Company, become immediately due and payable or converted to an interest bearing loan, with any one of the following events:

1. Failure to pay amount as agreed herein.

2. Default in the performance of any other obligation to the Company evidenced by this note.

3. Termination of employment for any reason, including but not limited to resignation or separation.

Service/Installation

The purchaser is responsible for coordinating installation. The dealer is responsible for in-warranty and other normal services. The Company shall not be responsible in any manner for the installation, repair, or service of any item purchased under the plan nor for expressed and/or implied warranties.

Restrictions

The Company reserves the right to verify any item purchased under this purchase plan.

Abuse of the plan may result in all outstanding plan balances and/or discounts becoming due and payable immediately. In addition, the employee may be subject to disciplinary action, including possible termination of employment and cancellation of all purchase plan privileges.

Procedure

Dominion shall designate the Administrator for the plan. The Administrator shall be responsible for ensuring that all purchases comply with all plan provisions and procedures.

The Administrator will maintain a written record of the plan activity.

Payment by the Company to the employee will not be made until the original receipt(s) is provided to the Company by the employee as proof of purchase.

Purchase must be made by the employee within 30 calendar days from the date the employee's loan application is approved by the company.

The Administrator shall have the discretionary authority to make such determinations as are required to implement and administer the plan, and such determinations shall be final and binding on the Company and the employee.

Process for Employee Purchases

Action by	Action
Employee	Retrieves the application via the On-line Forms database or calls the Human Resources Center to request a loan package: 771-6100 in Richmond, 8-736-6100 tie lines or 800-730-7230 long distance.
	Completes loan application.
	Forwards loan application to Plan Administrator.
Plan Administrator	Receives application and determines eligibility for purchases of desired appliance. Notifies employee by telephone if application is approved or not. Mails approval or denial notice to the employee.
Employee	Purchases item(s) directly from vendor. Return original receipts to Plan Administrator within 30 calendar days from the date the loan application is approved.
Plan Administrator	Writes loan agreement and forwards to employee for review and signature.
Employee	Reviews and signs agreement, returning original to the Plan Administrator.
Plan Administrator	Receives agreement and reviews for proper signature. Issues funds via a check made payable to the employee. Establishes accounts for billing and payroll deductions Returns executed copy of agreement to the employee

Modifications

The Company reserves the right, upon notification of the Union, to modify, suspend or terminate the Plan in whole or in part.

APPENDIX NO. 17 - C.O.P.E. DEDUCTION

The employer agrees to deduct and transmit to S.E.I.U. C.O.P.E., $_____ per pay, from the wages of those employees who voluntarily authorize such contributions on the forms provided and mutually agreed to by Company and Union. These transmittals shall occur for each pay and shall be accompanied by a list of the names of those employees for whom such deductions have been made and the amount deducted for each such employee.

NOTE: *When three pay periods occur in the same month, no deduction will be taken in the third pay.*

APPENDIX NO. 18 – VEBA

The Company and the Union agree that a VEBA (Voluntary Employee Beneficiary Association) will be established following ratification of a new labor Agreement and upon completion and execution of a detailed Participation Agreement, and any other necessary documents and agreements. Pursuant to the terms of this Appendix and the Participation Agreement, the Company shall, beginning April 1, 2002, contribute each month to the Service Employees International Union's (SEIU) Health and Welfare Fund, or another fund as may be mutually agreeable to the parties, an amount equal to 1% of monthly gross pay for each active regular employee covered by this labor Agreement. Effective April 1, 2003, this contribution will be increased by .5% to a total of 1.5% of monthly gross pay for each active regular employee. The Company agrees to continue to make this contribution each month during the term of this labor Agreement.

Both parties agree that the funds contributed to this VEBA by the Company are for the sole and exclusive purpose of supplementing employee and retiree medical contributions, as defined in the Participation Agreement. Sixty (60) days after the execution of a Participation Agreement and other necessary documents and agreements and continuing for the life of this Agreement, the VEBA will pay the retiree medical contributions for employees who retire after December 31, 2002, and for their dependents who meet the eligibility requirements under the Plan. Beginning January 1, 2004, and continuing for the life of the Agreement, the VEBA will pay, for active regular employees and their dependents who meet the eligibility requirements under the Plan, the difference in medical contribution rates between the rates in effect for calendar year 2003 and the rates for calendar years 2004 and 2005 of the Agreement.

No costs or fees of administering the VEBA shall be borne by the Company. In the event that the parties fail to execute a Participation Agreement, or such Participation Agreement ceases or is terminated, the SEIU fund ceases or is insolvent or is terminated, the Company's obligations in this Appendix and the Participation Agreement cease and shall not be renewed. The contribution rates outlined above will be paid to the employees as additional wages and the employees will be responsible for all payments required to continue available coverage during the term of this Agreement.

In addition to the above stated contributions, the Company will make a one-time contribution of $500,000.00 on April 1, 2003, and an additional one-time contribution of $500,000.00 on April 1, 2004.

APPENDIX NO. 19 - JOB SECURITY

1. Regular employees who have been declared surplus will be handled in accordance with the provisions of Section XV, Article 3, Reduction in the Work Force.

2. However, during the term of this Agreement only, no surplus regular employee will be terminated under the provisions of Section XV, Article 3, Reduction in the Work Force, unless the employee refuses an offer of a regular position, for which he/she is qualified, which may or may not require relocation, or unless the employee refuses a temporary assignment, which may or may not require working away from home.

If a surplus regular employee self-terminates by refusing the offer of a regular position during the term of this Agreement, that same position will not be offered to another surplus regular employee absent mutual agreement of the parties.

3. The Company intends to eliminate positions by declaring positions surplus or by marking off vacant positions pursuant to Section XV, Changes in the Work Force, Article 3, Reduction in the Work Force.

4. It is understood that the Job Security provisions in this Appendix are subject to the following conditions:

(a) They do not apply to any employees except regular employees;

(b) They do apply in the event of a sale, transfer or other disposition of assets to a subsidiary or a corporate affiliate of Dominion Resources, Inc.;

(c) They do not apply in the event of a sale, transfer or other disposition of all or a substantial portion of the assets of either Dominion Transmission, Inc. or Hope Gas, Inc. dba Dominion Hope (or both) to an unaffiliated third party entity. In that event, federal labor law shall apply, and Dominion Transmission, Inc. and Hope Gas, Inc., dba Dominion Hope shall bargain in good faith regarding the effects of any such sale, transfer or other disposition upon the members of the bargaining unit.

(d) They do apply for the term of this agreement.

APPENDIX NO. 20 – WELFARE CONTRIBUTION RATES

MEDICAL PLANS

Monthly Employee Contribution Rates

Medical Plan 1			
	Effective 01/01/2003	**Effective 01/01/2004***	**Effective 01/01/2005***
Employee Only	**$12.00**	**$13.00**	**$14.00**
Employee + Child(ren)	**$20.00**	**$22.00**	**$24.00**
Employee + Spouse	**$24.00**	**$27.00**	**$30.00**
Employee + Family	**$33.00**	**$37.00**	**$41.00**

Medical Plan 2			
	Effective 01/01/2003	**Effective 01/01/2004***	**Effective 01/01/2005***
Employee Only	**$ 5.00**	**$ 6.00**	**$ 7.00**
Employee + Child(ren)	**$ 9.00**	**$10.00**	**$11.00**
Employee + Spouse	**$11.00**	**$12.00**	**$13.00**
Employee + Family	**$15.00**	**$17.00**	**$19.00**

Medical Plan 3			
	Effective 01/01/2003	**Effective 01/01/2004***	**Effective 01/01/2005***
Employee Only	**$26.00**	**$29.00**	**$32.00**
Employee + Child(ren)	**$45.00**	**$50.00**	**$56.00**
Employee + Spouse	**$54.00**	**$60.00**	**$67.00**
Employee + Family	**$74.00**	**$82.00**	**$91.00**

*Beginning January 1, 2004, and continuing for the life of the Agreement, the VEBA will pay, for active regular employees and their dependents who meet the eligibility requirements under the Plan, the difference in medical contribution rates between the rates in effect for calendar year 2003 and the rates for calendar years 2004 and 2005 of the Agreement.

DENTAL PLAN

Monthly Employee Contribution Rates

Dental Plan			
	Effective 01/01/2003	**Effective 01/01/2004**	**Effective 01/01/2005**
Employee Only	**$3.07**	**$3.38**	**$3.72**
Employee + Child(ren)	**$7.97**	**$8.77**	**$9.65**
Employee + Spouse	**$6.20**	**$6.82**	**$7.50**
Employee + Family	**$10.00**	**$11.00**	**$12.10**

VISION PLAN

Monthly Employee Contribution Rates

Vision Plan			
	Effective 01/01/2003	**Effective 01/01/2004**	**Effective 01/01/2005**
Employee Only	**$1.00**	**$1.00**	**$1.00**
Employee + Child(ren)	**$2.00**	**$2.00**	**$2.00**
Employee + Spouse	**$2.25**	**$2.25**	**$2.25**
Employee + Family	**$2.75**	**$2.75**	**$2.75**

EMPLOYEE LIFE / AD&D

Monthly Contribution Rates (2nd - 5th multiples of pay)

Age	2003 Rates per $1,000 of Coverage
<25	$0.04
25-29	$0.05
30-34	$0.06
35-39	$0.07
40-44	$0.12
45-49	$0.20
50-54	$0.32
55-59	$0.51
60-64	$0.80
65-69	$1.23
70+	$1.74

Note: Actual contribution Rates for 2004 and future years will be set by the Insurance Company.

DEPENDENT LIFE INSURANCE

Monthly Contribution Rates – Spouse Coverage

Age	2003 Rates per $1,000 of Coverage (See Note Below)
<25	$0.04
25-29	$0.05
30-34	$0.06
35-39	$0.07
40-44	$0.10
45-49	$0.15
50-54	$0.25
55-59	$0.39
60-64	$0.66
65-69	$1.13
70+	$1.60

Monthly Contribution Rates – Child(ren) Coverage

Coverage Level	2003 Flat Rate per Month
$2,500	$0.21
$5,000	$0.42

Note: Actual contribution Rates for 2004 and future years will be set by the Insurance Company

LONG TERM DISABILITY (LTD)

Coverage Level	2003 Monthly Employee Contribution per $100 Base Pay
50%	$0.00
60%	$0.027
70%	$0.067

Note: Actual contribution Rates for 2004 and future years will be actuarially determined.

Retiree Medical

Retirees with 10 or more years of credited service under the Retirement Plan are eligible for coverage under the Retiree Medical Plan. Coverage is provided for retirees under Plan 1 up to age 65. Mandatory Medicare HMO coverage is required, where available, for age 65 and over, with Medicare carve-out coverage (Plan 1) where unavailable. Rates for Medicare HMO's are based on rates established by each HMO.

Monthly contribution rates per covered individual

Year of Retirement	<Age 65	Age 65+
2003	49.00	41.00
2004	51.00	43.00
2005	53.00	45.00

Note: These rates will be indexed annually based on changes in Medical CPI, not to exceed 5% per year.

Both parties agree that the funds contributed to this VEBA by the Company are for the sole and exclusive purpose of supplementing employee and retiree medical contributions, as defined in the Participation Agreement. The VEBA will pay the retiree medical contributions for employees who retire after December 31, 2002, and for their dependents who meet the eligibility requirements under the Plan.

LETTER OF AGREEMENT

In furtherance of the labor-management relationship between Dominion Transmission, Inc. and Dominion Hope Gas, Inc. and United Gas Workers' Union, Local 69 II, SEIU, AFL-CIO, the parties agree to the following:

1. The "Company", as defined in the current Agreement, will continue to be defined as "Dominion Transmission, Inc." and "Dominion Hope Gas, Inc." for the term of the current Agreement and one subsequent Agreement only, which agreement will be negotiated in 2002.
   a. This pledge does not apply in the event of a sale, transfer or other disposition of all or a substantial portion of the assets of either Dominion Transmission, Inc. or Dominion Hope, Inc. (or both) to an unaffiliated third party entity. In that event, federal labor law shall apply, and Dominion Transmission, Inc. and Dominion Hope, Inc. shall bargain in good faith regarding the effects of any such sale, transfer or other disposition upon the members of the bargaining unit.
   b. The Company will not use this Letter of Agreement as evidence, refer to this Letter of Agreement, or reference the Union's consideration as described in Item #2. a. in any future legal proceeding the Company may elect to initiate or defend to clarify the bargaining unit represented by the Union or for any other reason.
2. In return for the "Company's" pledge described in the above Item #1,
   a. The Union immediately will recognize the separate, respective labor relations department of Dominion Transmission, Inc. and Dominion Hope Gas, Inc. for purposes of all matters of contract administration, including but not limited to the grievance and settlement procedure, as applied to the union eligible employees of each of the companies.
   b. The Union will not use this Letter of Agreement as evidence, refer to this Letter of Agreement, or reference the Union's consideration as described in Item #2. a. in any future legal proceeding the Union may elect to initiate or defend to clarify the bargaining unit represented by the Union or for any other reason.
3. Upon the termination of this Letter of Agreement, the duration of which is specifically defined in Item #1, unless an extension of this Letter of Agreement is agreed upon by the parties or a new Letter of Agreement is negotiated between the parties, the Union, at its discretion, may choose to revert to its current position, namely, not to recognize the separate, respective labor relations departments of Dominion Transmission, Inc. and Dominion Hope Gas, Inc. for purposes of contract administration, including the grievance and settlement procedure, as applied to the union eligible employees of each of the companies.

Charles D. Rittenhouse
President, UGWU Local 69-II
SEIU, AFL-CIO

David J. Davis
Manager, Labor Relations
Dominion Transmission, Inc.

Dale N. D'Alessandro
Director, Human Resources &
Labor Relations
Dominion Hope Gas, Inc.

Attachment A

Electrician Progression Training and Testing

The Company having an interest in developing safe, professional and skilled Electricians jointly agrees with the Union to develop new training and testing for the Electrician Progression. A committee comprised of three (3) representatives of the Union and three (3) representatives of the Company will meet on or about September 1, 2002 to develop training and testing for the Electrician Progression. The Training Manager, Dominion Transmission, Inc., will chair the committee. The scope of the training and testing will include qualifications for selection to enter the Electrician Progression and qualifications for promotion to a higher grade in the Electrician Progression.

In the event the Company and Union do not reach a mutual agreement on Electrician Progression training and testing by April 1, 2003, the Company may at its discretion modify the current testing and training.

FOR THE UNION:

Signed By: Charles D. Rittenhouse, President,
United Gas Workers' Union
Division II
Local No. 69, SEIU, AFL-CIO

FOR THE COMPANIES:

Signed By: David J. Davis
Manager, Labor Relations
Dominion Transmission, Inc.

Signed By: Dale N. D'Alessandro
Director HR and Labor Relations
Hope Gas, Inc. DBA
Dominion Hope

NEGOTIATING COMMITTEES

Company:

David J. Davis (Chief Spokesperson)
J. Robert Coulson
Dale N. D'Alessandro
John M. Love
Terry L. Moore
Joyce B. Norris
Ronald R. Rizzo
Paul E. Ruppert
Kevin P. Zink

Union:

Charles D. Rittenhouse (Chief Spokesperson)
Bryan E. Ash
G. Craig Bradford
Dwight C. Britton
Carl B. Day
Bruce L. Freeman
Kelly D. Gillot
Judy L. Moore
Terry L. Nicholson
Linda L. Ott
Gregory G. Shaw
James L. Smarr
Willard R. Swiger
Kris M. Wagner

K # 6074 950 ees

AGREEMENT

60 pages +
68 (amendments) =

JUNE 13, 2001 128 pp

by and between

THE PEOPLES GAS LIGHT AND COKE COMPANY

Now People's Energy Corporation

and

GAS WORKERS UNION, LOCAL 18007
SERVICE EMPLOYEES' INTERNATIONAL UNION,
AFL-CIO

Effective 5/1/01 – 4/30/05

1/6/03

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THIS AGREEMENT, made and entered into this 13th day of June, 2001 by and between THE PEOPLES GAS LIGHT AND COKE COMPANY, an Illinois corporation hereafter referred to as the "Company," and the GAS WORKERS UNION, LOCAL 18007, SERVICE EMPLOYEES' INTERNATIONAL UNION, AFL-CIO, hereafter referred to as the "Union."

WITNESSETH: THAT for the purpose of facilitating the peaceful adjustment of differences that may arise from time to time and of promoting harmony, in order that the Company, the Union, and the general public may mutually benefit, the parties agree as follows:

ARTICLE I - UNION AND COMPANY SECURITY

Section 1. The Company recognizes the Union as the exclusive bargaining agent of the employees in the bargaining unit which consists of employees covered by the Classifications of Positions and Schedules of Rates attached to this Agreement, and identified as Exhibits I and II. The word "employee" as used in this Agreement means an employee in the bargaining unit or, where the context so indicates, an employee covered by one of the separate aforesaid Exhibits.

Section 2. The Union recognizes the responsibility assumed by it as the exclusive bargaining agent of the employees in the unit. As part of this responsibility, it pledges the full cooperation of its membership to maintain continuous gas service to the public and to promote the economic success of the Company, in order that the maximum opportunity for continuous employment, good wages, and good working conditions may continue.

Section 3. The Company agrees that there will be no lockout of the employees in the unit, and the Union agrees that it will not authorize, instigate, aid, or condone any strike, slowdown, or stoppage of work. In the event of any wildcat or unauthorized strike, slowdown, or stoppage of work, the Union will immediately direct its members to resume normal operations, and, if the Union does so, the Company will not hold the Union liable for the unauthorized acts or activities of its members.

It is understood that the Company has the right to discharge or

discipline any employee who causes or participates in any strike, slowdown, or stoppage of work. Such discharges or discipline shall be subject to the Grievance Procedure set forth in Article IV.

Section 4. The provisions of this Agreement shall apply to all employees without unlawful discrimination on account of race, color, sex, creed, national origin or physical and/or mental handicap or participation in lawful Union activity.

Section 5. As a condition of employment in the unit, all employees employed in the unit on or after the effective date of this Agreement who are not members, shall, at the expiration of thirty days after being employed, become members of the Union and all members of the Union shall maintain their membership.

For the purposes of this Agreement an employee shall be deemed to have become a member and to have maintained his/her membership in the Union if he/she pays or tenders to the Union, in the manner hereinafter provided; the Union initiation fee in the amount established by the Union Constitution not in excess of $180.00 and the monthly Union dues in the amount established by the Union Constitution.

The Union agrees that it will accept into membership all employees in the unit and will not attach as a prerequisite of membership any condition other than that the applicant shall pay the aforesaid Union initiation fee and monthly Union dues.

The Union shall notify the Company in writing of any instance in which an employee has failed to become a member or to maintain his/her membership in the Union by becoming in arrears in the payment of the Union initiation fee and dues. The Company shall have ten days (excluding Saturdays, Sundays, and holidays) following the receipt of such notice within which to investigate the matter. The Union will not ask, prior to the expiration of the ten day period, for the discharge of any employee, and the Company shall not be required to discharge any employee who during the period pays or tenders the amount of the Union initiation fee and dues then due and payable by him/her. All requests for discharges shall be in writing.

Each newly hired employee shall be on trial for a period of 180 days after being employed. If his/her services are terminated by the Company during this trial period, such action shall not be subject to the grievance procedure.

Section 8. During the term of this Agreement, the Company will deduct from compensation due each employee in the unit, who has authorized such deductions in writing and delivered such authorization to the Company, the following:

(a) On the first pay day of each month, the monthly Union dues in the amount established by the Union Constitution,

(b) On the second pay day of each month for the first six months from the date of employment, one installment equal to one-sixth of the Union initiation fee in the amount established by the Union Constitution not in excess of $180.00 in payment of such initiation fee, if any, then owed by such employee.

The authorization for the foregoing deductions shall be in substantially the following form:

GAS WORKERS UNION, LOCAL 18007, S.E.I.U., AFL-CIO - AUTHORIZATION FOR PAYROLL DEDUCTION

The Peoples Gas Light and Coke Company
Chicago, Illinois

I authorize and direct The Peoples Gas Light and Coke Company to deduct from compensation payable to me and to remit to the Gas Workers Union, Local 18007, S.E.I.U., AFL-CIO, in accordance with the current Agreement between the Company and the Union, Union dues and Union initiation fee, as follows:

(a) _____ monthly Union dues in the amount from time to time established by the Union Constitution, to be deducted on

the first pay day of each month beginning with the month of _____, year of _____, to cover my dues for that month and a like amount with respect to any month during which I have been on leave of absence, other than military leave, if the Company shall have been advised in writing by the Union that my dues are owing and have not been paid for that month,

(b) the Union initiation fee in the amount from time to time established by the Union Constitution, provided such initiation fee is owed by me, one-sixth, or as near thereto as practicable, of such Union initiation fee to be deducted monthly on the second pay day of each month beginning with the month of _____, year of _____.

In the event that this authorization shall not be received by the Company at least ten (10) days prior to the pay day on which the initial deductions are scheduled to be made, then there shall be deducted from compensation payable to me on the next following first pay day of the month, which shall be at least ten (10) days subsequent to the delivery of this authorization to the Company, the deductions scheduled to be made hereunder for such month and, in addition thereto, the deductions scheduled to be made hereunder for the prior month or months (less the amount deducted, if any, under any prior existing authorization made by me for such deductions for such month or months).

This authorization shall supersede and cancel all prior authorizations made by me for such deductions, when deductions shall be commenced to be made pursuant to the terms hereof.

This authorization and direction shall be irrevocable for the period of one (1) year from the date of delivery hereof to the Company, or until termination of the Agreement between the Company and the Union which is in force at the time of delivery of this authorization, whichever occurs sooner, and I agree and direct that this authorization and direction shall be automatically renewed and shall be irrevocable for successive periods of one (1) year each or for the period of each succeeding applicable Agreement between the Company and the Union, whichever shall be shorter, if provisions for those deductions are contained in the then current Agreement; provided, however, that this authorization may be revoked by me by giving written notice to the

Company and the Union at least sixty (60) days and not more than ninety (90) days prior to the expiration of each period of one (1) year or of each applicable Agreement between the Company and the Union, whichever occurs sooner, and this authorization shall automatically terminate on the day I cease to be employed in the bargaining unit.

_____	_____
Signature of Employee	Address of Employee

Date Signed _____ Date Delivered To Company _____

Section 7. Within fifteen days after any deduction of dues or initiation fees is made pursuant to Section 6 of this Article, the Company will wire-transmit the amount so deducted to a bank account designated by the Union to receive such funds. At or about the same time, the Company will send the following lists, as applicable, to the Financial Secretary-Treasurer, Gas Workers Union, Local 18007, S.E.I.U., AFL-CIO, 300 South Ashland Avenue, Suite 307, Chicago, IL 60607, or to such other representative as may be designated in writing by the Union:

(a) Employees whose Union dues have been deducted;

(b) Employees whose Union dues have been deducted for the first time;

(c) Employees whose Union dues were deducted in the previous month and who have since been separated from the unit;

(d) Employees whose Union initiation fees have been deducted.

Section 8. This Agreement shall be binding upon any successor which acquires the Company's stock and thereafter

engages in the business of selling and distributing natural gas to customers in the City of Chicago. In such case, the Company shall make it a condition of the transaction that the successor shall be bound by the terms of this Agreement. If any of the Company's assets or operations are acquired other than by acquisition of the Company's stock, this Agreement shall be binding on the successor only to the extent required by operation of law. This Section shall not be the basis for imposing any liability on the Company.

ARTICLE II - TERM OF AGREEMENT

Section 1. This Agreement shall be effective as of May 1, 2001, shall supersede and cancel all previous agreements between the parties and shall remain in effect until midnight on April 30, 2005, and shall continue in effect from year to year thereafter unless notice is given as provided in Section 2 of this Article II. This Agreement shall constitute the full and complete agreement as to rates of pay, wages, hours of employment, and other conditions of employment of the employees in the unit, except the agreements as to the subjects of:

(a) Service annuity benefits, pensions, retirement, the Peoples Energy Corporation Service Annuity System, and all related matters, and the full and complete agreement with respect thereto is set forth in a separate and independent agreement;

(b) Plans for the purchase or option of stock or other securities and the Peoples Energy Corporation Employee Stock Purchase Plan, and all related matters, and the full and complete agreement with respect thereto is set forth in a separate and independent agreement;

(c) Hospitalization, surgical, medical and dental benefits, the Medical and Dental Plan and the Medicare Supplement Plan, health maintenance organizations, and all related matters, and the full and complete agreement with respect thereto is set forth in a separate and independent agreement;

(d) Life insurance benefits, the Group Life Insurance Plans, and all related matters, and the full and complete agreement with respect thereto is set forth in a separate and independent agreement;

(e) Employee stock ownership, employee stock ownership plans, the Peoples Energy Corporation Employee Stock Ownership Plan, and all related matters, and the full and complete agreement with respect thereto is set forth in a separate and independent agreement; and

(f) Employee thrift plans, employee savings plans, the Peoples Energy Corporation Employee Thrift Plan, and all related matters, and the full and complete agreement with respect thereto is set forth in a separate and independent agreement.

Section 2. Each party shall have the right, not more than ninety days nor less than sixty days before the end of the initial term of the Agreement or any annual extension thereof, to serve notice on the other party by certified mail of a desire to terminate and formulate a new Agreement or to change and amend the Agreement.

Section 3. The parties agree that, within five days after receipt of such written notice, they will commence negotiations on any proposed change or the execution of a new agreement, and will prosecute such negotiations with the utmost diligence. If the negotiations are not completed by the end of a contract year, the Company and the Union may extend the Agreement by mutual consent and, in the event the Agreement has been so extended and continued in full force and effect until a new or amended Agreement is executed, all provisions and changes agreed upon by the parties shall be retroactive to the beginning of the new contract year.

ARTICLE III - STEWARDS, BULLETIN BOARDS, AND LEAVES OF ABSENCE

Section 1. The Union shall have a steward or stewards in each department employing Union members, whose duties shall be to see that the provisions of this Agreement are observed and to attempt to

adjust disputes or differences referred to them by any employee covered by this Agreement.

Section 2. The Union shall be granted suitable space in the upper right-hand corner of the bulletin board in each department having Union employees. The Union may, without requiring approval, post death notices, notices of nominations and elections, and notices of regular or special meetings. Other Union notices shall be subject to the approval of the Company before they are placed on bulletin boards. Stewards or Union officers may post the notices on bulletin boards.

Section 3. The Company shall grant a leave of absence of one year to any employee selected to a full-time position by the Union in the conduct of its operations. Such leaves of absence shall be limited to a total of four employees at any one time.

Any period during which an employee is or has been on authorized leave of absence while serving as Business Manager of the *Union shall be included within his/her period of service and seniority for* all purposes under this Agreement, including the Plans set forth in Appendices I and II hereto.

ARTICLE IV - GRIEVANCES

Section 1. Should any dispute or difference arise between the Company and the Union or its members as to the interpretation or application of any of the provisions of this Agreement, the dispute or difference (hereinafter sometimes referred to as a "grievance") shall be settled through the Grievance Procedure as hereinafter provided.

A grievance shall be presented for consideration as promptly as possible, and in no event later than thirty days after it occurs.

A grievance shall be processed from step to step promptly. The last decision given on any grievance in any of the first three steps shall be considered a satisfactory adjustment unless, within ten days after the decision has been given, the grievance is carried to the next step. However, if the tenth day falls on a Saturday, Sunday or holiday, the ten-day period shall be extended until the next business day.

The procedure for the settlement of a grievance shall be as follows:

Section 2. (Step I). The grievance shall first be discussed by the employee and his/her steward, or other Union official, with the employee's immediate superior.

Section 3. (Step 2). *If the grievance is not satisfactorily* adjusted in Step 1, it shall be discussed by the Union steward and/or the Business Manager of the Union and the local Manager and, if not satisfactorily adjusted, the Department Head. The employee shall have the right to be present at any such discussions.

Section 4. (Step 3). If the grievance is not satisfactorily adjusted in Step 2, the Business Manager of the Union shall so notify the Company in writing, stating the facts in the dispute. Upon receipt of such notice the Company shall make an investigation and shall call a meeting of representatives of the Company and representatives of the Union, to be held within ten days after the receipt of such notice, for the purpose of adjusting the grievance.

Section 5. (Step 4). If the grievance is not satisfactorily adjusted in Step 3, it shall be referred to arbitration upon request of either party. The arbitration procedure shall be as follows:

(a) If the parties do not agree on an arbitrator within five (5) days after a request for arbitration, the parties shall request the Federal Mediation and Conciliation Service (FMCS) to furnish a list of names of five (5) arbitrators, all of whom are members of the National Academy of Arbitrators residing in the States of Illinois, Indiana, Iowa, Michigan or Wisconsin, and none of whom have served as an arbitrator for the parties within the preceding twelve (12) months. The parties shall alternate paying the fee charged by the FMCS for providing the panel of arbitrators. Within five (5) days after receipt of this list, the party requesting arbitration shall strike two (2) names from the list and the other party within five (5) days after this action shall likewise strike two (2) names from the list. The remaining named person shall be the arbitrator.

(b) The arbitrator shall, after hearing testimony and considering the facts, give his/her decision on the grievance. The decision shall be binding on the employee, the Company, and the Union.

(c) Each party shall pay one-half of the expenses of the arbitrator.

(d) The arbitrator shall be governed wholly by the terms of this Agreement and shall have no power to add to or change its terms.

ARTICLE V - BENEFIT PLANS

Section 1. The following benefit plans shall be applicable to employees covered by this Agreement:

(a) The Paid Time Off (PTO) Bank Plan as set forth in Appendix I hereto;

(b) The Sickness Benefit Plan as set forth in Appendix II hereto;

(c) The Termination Allowance Plan; and

(d) The Long Term Disability Plan.

Section 2. Notwithstanding any language contained in the plans referred to in Section 1 above, the Company shall not exercise its right to terminate or modify any of said plans during the term of this Agreement.

ARTICLE VI - CONTRACT WORK

Production and Maintenance Employees

The Company agrees that it will endeavor in good faith to preserve for production and maintenance employees work of the kind which is presently being performed by them under the existing Company policies.

The Company agrees that it will not contract any work which is ordinarily and customarily done by its regular production and maintenance employees, if, as a result thereof, it would become necessary to lay off or reduce the rate of pay of any such employees.

In cases of unusual items of work which the Company contemplates letting out on contract, consideration will be given to having such work done by its production and maintenance employees.

ARTICLE VII - SENIORITY

It is understood and agreed that in all cases of promotion, transfer, and demotion of employees under this Agreement, the Company will consider the ability to perform the work, and the seniority of each of the eligible candidates. When the abilities of the candidates are equal, seniority, not only in the Company but also in a particular classification, shall be the governing factor. Demotions and layoffs for lack of work shall be solely on the basis of seniority and the employee laid off last shall be rehired first.

ARTICLE VIII - WORKING CONDITIONS

A. Production and Maintenance Employees

Section 1. Except for certain shift employees, the normal weekly work schedule of an employee shall be five daily work periods of eight hours each.

Section 2. The workweek shall start at 12:01, a.m. Sunday. The workday shall be a calendar day and shall start at 12:01 a.m. When a continuous work period extends from one calendar day into the following calendar day, the hours worked in each calendar day shall be accounted for on the basis of the calendar day in which they are worked.

Section 3. The Company shall attempt to have uniform working hours for day and night operations, but must reserve the right to have such flexibility in working hours as to properly conduct its operations. The Company will generally give twelve hours' notice of any change in the starting time of an employee.

Section 4. The Company reserves the right to make changes in the starting time of an employee to best cope with the emergency nature of its business. By "emergency" is meant breakdowns in operation, peak work loads resulting from climatic changes, unavailability of personnel, and changes in operation that cannot be foreseen or scheduled.

Section 5. For shop operations, the Company shall post daily the starting times and names of employees who are to report for work on the following day. One week in advance the Company shall post a schedule showing starting times of the employees who are to work on a holiday. Each Monday the Company shall post the starting times of employees who are to work the following weekend. These postings will cover only those employees who normally work under this arrangement.

Section 6. Shop work shall start and end at the shop. The morning starting times shall be 8:00 a.m. and 8:30 a.m.

The morning starting time for the meter repair operation shall be 7:30 a.m.

The Company may assign Fleet Management Section employees to 6:00 a.m., 7:00 a.m., 2:30 p.m., and 3:30 p.m. starting times.

The Company may assign to the 7:00 a.m. starting time an unlimited number of Senior Service Specialists and Service Specialists, and one crew consisting of a Senior Service Specialist No. 1 and a Utility Specialist to perform fitting work. If the number of Senior Service Specialists or Service Specialists who volunteer for this shift at a location is no greater than the number of Senior Service Specialists or Service Specialists to be assigned to such shift, the volunteers will be assigned. If there are more volunteers than positions, the assignment(s) will be rotated every two weeks among the volunteers, with the most senior volunteer being assigned first, and so on. If there are fewer volunteers than positions, the volunteers will be assigned, and all remaining Senior Service Specialists or Service Specialists will be rotated every two weeks, with the least senior Senior Service Specialists or Service Specialists being assigned first, and so on. Senior Service Specialists who are required to work the 3:30 p.m. or 10:00 a.m. shifts will not be permitted to volunteer for the 7:00 a.m.

starting time and will not be part of any of the foregoing rotations.

The Company may assign to the 6:30 a.m. starting time an unlimited number of Senior Service Specialists and Service Specialists, provided that such assignments will be made only to volunteers. If there are more volunteers than positions, the assignment(s) will be rotated every two weeks among the volunteers, with the most senior volunteer being assigned first, and so on.

The Company may assign Senior Service Specialists to a 10:00 a.m. starting time to perform customer service request work. In addition to the foregoing, the Company may assign Senior Service Specialists to perform any work within the Service Specialist classification. The Company may also assign up to six Service Specialists per District to a 10:00 a.m. starting time to perform any work within their classification (not customer service request work). In making assignments of Senior Service Specialists to the 10:00 a.m. starting time, the Company shall first seek volunteers who have the ability to perform the work. If there is an inadequate number of Senior Service Specialists who volunteer, the Company will assign the least senior Senior Service Specialist No. 2 who have the ability to perform the work or, in the absence of an adequate number of Senior Service Specialist No. 2's, the least senior Senior Service Specialist No. 1. The same procedure will be utilized in assigning Service Specialists to the 10:00 a.m. starting time. Notwithstanding the foregoing procedure, the Company shall have the right to assign an employee to the day shift in order to provide a reasonable period of training or experience in order to be able to perform the work on the 10:00 a.m. shift, and no employee who is required to work the 3:30 p.m. shift shall be assigned to the 10:00 a.m. shift.

The Company may assign corporation inspectors to a 7:00 a.m. to 3:30 p.m. shift.

The Company may assign Materials Management Section employees to 6:30 a.m. to 3:00 p.m., 7:30 a.m. to 4:00 p.m., 10:00 a.m. to 6:30 p.m., 3:30 p.m. to 12 midnight, and 11:30 p.m. to 8:00 a.m. shifts.

The Company may assign Distribution Department employees to

6:00 a.m., 7:00 a.m., 8:00 a.m., 10:00 a.m., 3:30 p.m., and 12:00 midnight starting times, provided that the 10:00 a.m. shift will be staffed only by volunteers.

The Company may assign Gas Operations Section employees to a 7:00 a.m. or an 8:00 a.m. starting time.

Section 7. An employee called in for emergency work outside of his/her regular work schedule shall be provided with a minimum of four hours' work except as follows:

(a) When such emergency work starts between the hours of 6:00 a.m. and 10:00 a.m. on any day on which such employee is not scheduled to work, he/she shall be provided with eight hours of work.

(b) When such emergency work starts after 10:00 a.m. on any day on which such employee is not scheduled to work, he/she shall be provided with work until 5:30 p.m., or a minimum of four hours, whichever is greater.

Section 8. The Company shall not require an employee to take time off in any week to offset work he/she is called upon to do outside of his/her regular scheduled hours in such week.

Section 9. The Company shall endeavor to distribute daily overtime work, and holiday and Sunday work fairly among qualified employees within classifications during the term of this Agreement. Records of overtime shall be available for inspection by Union representatives and employees.

Section 10. An employee who works ten or more continuous hours shall be paid a meal allowance of $7.25. If the work period continues beyond ten continuous hours, he/she shall be paid an additional meal allowance for each additional five hour period of continuous work which does not extend into his/her next regular shift. If an employee has worked five or more continuous hours during a work period which was either commenced or completed in a calendar day in which he/she worked a separate and additional period of at least eight hours, he/she shall be paid one meal allowance. Hours once counted in

qualifying for a meal allowance shall not be used again in meal allowance computations. In continuous operations the employee will not leave the job and this meal allowance will be used for thepurchase of such food as the employee requests.

Section 11. The Company observes the following holidays: New Year's Day, Decoration Day, the 4th of July, Labor Day, Veterans' Day, Thanksgiving Day, the Day after Thanksgiving Day, and Christmas Day, or the Monday following such holidays when the holiday falls on Sunday or the Friday preceding when the holiday falls on Saturday.

Section 12. The Company agrees:

(a) To pay an allowance of $65.00 for safety shoes purchased by employees (limit of one pair per Agreement year). Safety shoes must be construction grade with protective toe caps and shanks and must meet or exceed ANSI 241 standards. Employees will be reimbursed by P-card check after providing designated Shop management with a receipt of purchase.

(b) To replace worn out, broken tools owned by Auto Mechanics and used in Company work, and to make available required specialized tools which are not part of an Auto Mechanic's standard tool kit.

(c) To provide Distribution Department employees with a minimum of eight (8) hours work regardless of weather conditions when work is scheduled on Saturdays, Sundays, or holidays; and to provide Field Service Department employees with a minimum of eight (8) hours work when work is scheduled on Saturdays, Sundays, or holidays.

(d) To have Meter Readers start work at 7:00 a.m., 7:30 a.m., 8:00 a.m., or 11:00 a.m. and return to their respective locations at such time as will permit the completion of their day's work by 3:30 p.m., 4:00 p.m., 4:30 p.m., or 7:30 p.m., respectively.

No employee in the Meter Reader position prior to May 1, 1977 shall be assigned to the 11:00 a.m. starting time without his/her consent.

(e) To assign at least one employee in a top mechanical classification to Crawford Station.

Section 13. An employee with one or more years of service will be allowed three days off with pay from his/her normal work schedule for the purpose of making funeral arrangements or attending the funeral of his/her parent, spouse, child, brother, sister, step-parent, step-child, step-brother, or step-sister.

If the death occurs just before or during an employee's scheduled PTO Bank absence, he/she will be allowed, for the purpose of making funeral arrangements or attending the funeral, the number of days off with pay which he/she would have been allowed under this Section if he/she had been working, provided he/she promptly notifies designated departmental management of the death. To the extent that such days off occur on scheduled PTO Bank days, he/she will be permitted to reschedule those PTO Bank days and ensuing PTO Bank days off during the scheduled PTO period.

Arrangements for such necessary absences shall be made in advance with the person who has been designated by departmental management to authorize such absences.

Section 14. A reasonable number of Engineers or other employees with special experience or training may be assigned to work temporarily in the various classifications covered by this Agreement as part of a training period, and, while so assigned, shall neither be affected by provisions of this Agreement nor shall such assignment result in loss to employees covered by this Agreement of regular or overtime work within the classifications covered by this Agreement.

B. Clerical Employees

Section 1. The normal work schedule of employees in the unit consists of five eight-hour work periods commencing daily Monday

through Friday. The shift starting and ending times shall be: 7:00 a.m. to 3:30 p.m.; 8:00 a.m. to 4:30 p.m.; 3:30 p.m. to midnight; 4:30 p.m. to 1:00 a.m.; and 12:00 midnight to 8:00 a.m. Such normal weekly work schedule shall be continued during the period of this Agreement.

Section 2. The Company shall attempt to have uniform working hours, but must reserve the right to have such flexibility in working hours as to properly conduct its operations. The Company will generally give twelve hours' notice of any change in the starting time of an employee.

Section 3. An employee who, upon proper authorization, works ten or more continuous hours shall be given a meal allowance of $7.25. If the work period continues beyond ten continuous hours, he/she shall be given an additional meal allowance for each five hour period of continuous work which does not extend into his/her next regular shift. If an employee has worked five or more continuous hours during a work period which was either commenced or completed in a calendar day in which he/she worked a separate and additional period of at least eight hours, he/she shall be paid one meal allowance. Hours once counted in qualifying for a meal allowance shall not be used again in meal allowance computations. Any such meal allowance shall be in full reimbursement for all expenses incurred. Time spent in eating shall not be counted as time worked except upon proper authorization.

Section 4. The Company shall not require an employee to take time off in any week to offset work he/she is called upon to do outside of his/her regular scheduled hours in such week.

Section 5. The Company observes the following holidays: New Year's Day, Decoration Day, the 4th of July, Labor Day, Veterans' Day, Thanksgiving Day, the Day after Thanksgiving Day; and Christmas Day, or the Monday following such holidays when the holiday falls on Sunday or the Friday preceding when the holiday falls on Saturday.

Section 6. An employee with one or more years of service will be allowed three days off with pay from his/her normal work schedule for the purpose of making funeral arrangements or attending the funeral of his/her parent, spouse, child, brother, sister, step-parent, step-child, step-brother, or step-sister.

If the death occurs just before or during an employee's scheduled PTO Bank absence, he/she will be allowed, for the purpose of making funeral arrangements or attending the funeral, the number of days off with pay which he/she would have been allowed under this Section if he/she had been working, provided he/she promptly notifies designated departmental management of the death. To the extent that such days off occur on scheduled PTO Bank days, he/she will be permitted to reschedule those PTO Bank days and ensuing PTO Bank days during the scheduled PTO period.

Arrangements for such necessary absences shall be made in advance with the person who has been designated by departmental management to authorize such absences.

Section 7. The Company intends to preserve for the employees, during the period of this Agreement, clerical work which is presently being performed by them as part of their regular assignments but reserves the right to make improvements or changes in the methods of performing such clerical work. The Company will give the Union advance notice of any change in methods which will affect the status of any employee regularly engaged in such clerical work.

Clerical work which is presently being performed by the employees will not be assigned to supervisors or other employees not in the unit, except in temporary emergencies.

A reasonable number of Engineers or other employees with special experience or training may be assigned to work temporarily in the various classifications covered by this Agreement as part of a training period, and, while so assigned, shall neither be affected by provisions of this Agreement nor shall such assignment result in loss to employees covered by this Agreement of regular or overtime work within the classifications covered by this Agreement.

ARTICLE IX - WAGES AND OVERTIME

A. Production and Maintenance Employees

Section 1. The Classification of Positions and Schedule of Rates attached hereto as Exhibit I shall be in force and effect during the term of this Agreement and any renewal thereof.

The regular hourly rate of an employee shall be that of his/her position in the Classification subject to Section 10 of this Article IX; A.

Section 2. A night shift premium of $1.10 per hour shall be added to the regular rate of pay of an employee for work scheduled on a shift beginning not earlier than 2:30 p.m., and ending not later than 8:00 a.m.. If an employee scheduled to work such a shift is required to continue working beyond the scheduled work period, he/she shall receive the shift premium for such additional hours worked. The applicable night shift premium shall be added to the regular hourly rate in computing premium pay, but it shall not be added in computing any absent time allowed pay.

Section 3. For all hours worked on any day other than a Sunday or holiday, an employee shall be paid at his/her regular rate, except that:

(a) An employee shall be paid at the rate of one and one-half times his/her regular hourly rate for hours worked in excess of eight on any such day. No overtime shall be paid for hours worked in excess of eight on any such day as an accommodation for a shift partner. Such accommodation work will not be permitted when it will result in hours of work in excess of forty in a workweek.

(b) An employee shall be paid at the rate of one and one-half times his/her regular hourly rate for hours worked in excess of forty in a workweek.

(c) An employee shall be paid at the rate of one and one-half times his/her regular hourly rate for hours worked in excess of eight on a specific job requiring a continuous period of work which extends into the following calendar day and which may extend into the employee's regular scheduled work period on such following day.

(d) An employee whose work schedule is changed so that he/she has only eight hours between work periods (short shift change), shall be paid at the rate of one and one-half times his/her regular hourly rate for the first eight hours of the new shift, except:

1. When the short shift change is made at his/her own request.

2. When the short shift change is made for the convenience of a shift partner.

3. When the short shift change occurs after he/she works on a Sunday or holiday not in his/her regular shift schedule or on one of his/her regular days off.

4. When the short shift change occurs on one of his/her regular days off on which he/she works.

If the employee works in excess of eight hours on his/her short shift change and such work extends into his/her regular work period, he/she shall be paid his/her regular hourly rate during his/her regular work period.

(e) An employee shall be paid at the rate of one and one-half times his/her regular hourly rate for emergency work performed prior to his/her regular scheduled work period and as long as he/she continues to work on the emergency job even though it continues into his/her regular scheduled work period. An employee shall be paid at his/her regular hourly rate for work performed in the time remaining in his/her scheduled work period on work other than the emergency job. An employee shall be paid at the rate of one and one-half times his/her regular hourly rate for emergency work performed after his/her regular scheduled work period or on his/her regular days off.

(f) An employee shall be paid at the rate of one and one-half times his/her regular hourly rate for emergency work requiring a continuous period of work extending into the following calendar day and which may extend into his/her regular scheduled work period on such following day.

Section 4. An employee shall be paid at the rate of one and

one-half times his/her regular hourly rate for the first eight hours of work on a Sunday. For work in excess of eight hours on a Sunday, he/she shall be paid at the rate of two times his/her regular hourly rate. Such double time shall not apply to hours worked as an accommodation in relieving a shift partner or to such extra hours as are required by regular shift changes.

Section 5. An employee shall receive a holiday allowance of eight hours' pay at his/her regular hourly rate for the holidays defined in Section 11 of Article VIII, A; provided, that, to receive this allowance for Christmas Day and New Year's Day, he/she must work on both his/her last scheduled day before and his/her next scheduled day after the holiday, and to receive this allowance for Decoration Day, the 4th of July, Labor Day, Veterans' Day, Thanksgiving Day, and the Day after Thanksgiving Day, he/she must work either his/her last scheduled day before or his/her next scheduled day after the holiday. An employee absent on his/her last scheduled day before or his/her first scheduled day after a holiday who is paid for the day because of a PTO Bank absence, personal illness, jury service, occupational injury, or who is excused because of official Union business, important personal business, or death in his/her family, shall not be disqualified from receiving the holiday allowance by such absence. An employee shall not receive the holiday allowance for a holiday when he/she cannot be excused and fails to work on such holiday on which he/she is scheduled to work.

An employee who works on a holiday shall receive pay at the rate of one and one-half times his/her regular hourly rate for the first eight hours of work and at the rate of two times his/her regular hourly rate for hours worked in excess of eight. Such pay will be in addition to the holiday allowance.

When a holiday which falls on Sunday is observed by the Company on Monday, these holiday provisions apply only to such Monday, and when a holiday which falls on Saturday is observed by the Company on Friday, these holiday provisions apply only to such Friday.

Section 6. For the purpose of computing hours worked in excess of eight in a day or forty in a workweek, hours of absent time allowed during the employee's normal weekly work schedule which are

paid for shall be counted. For an employee not assigned to a rotating shift schedule whose normal weekly work schedule is Monday through Friday, hours of absence which are excused but not paid for during such schedule because of personal illness, official Union business, personal business, or death in his/her family, shall be counted for the purpose of computing hours worked in excess of forty in a workweek.

Section 7. Hours worked by an employee in any workweek on which premium rates (i.e., one and one-half times or two times the regular hourly rate) have once been allowed shall not be used again in overtime computations.

Section 8. An employee shall receive an allowance of one hour of pay at his/her regular hourly rate when required to report immediately for emergency work. This is in addition to pay for time worked on the emergency, and shall not be counted as time worked in premium rate of pay calculations.

Section 9. The Company will, whenever possible, give a minimum of twelve hours' notice of any change in the starting time of an employee. In the event circumstances beyond the Company's control prevent the giving of twelve hours' notice of a change in starting time of an employee's scheduled work period and the hours worked in the first work period following such change in starting time with less than twelve hours' notice are paid at the employee's regular straight time hourly rate, an allowance of four hours at the employee's regular straight time hourly rate will be paid. Such allowance will be in addition to any payment made for time worked by the employee and will not be counted as time worked in premium rate of pay calculations.

Section 10. An employee who is promoted to a higher paid classification on an indefinite basis will have a seniority date in the higher paid classification and will receive the higher rate of pay as of the date of the promotion.

An employee who is temporarily required to work in a higher paid classification (for example, in relief of another employee or because of fluctuation in the work load) will receive the higher rate of pay for hours actually worked in the higher paid classification, except the employee will also receive the higher rate of pay for a holiday when he/she

actually works in the higher paid classification on his/her last scheduled day before the holiday. However, if the employee continues to work in the higher paid classification for sixty (60) consecutive calendar days, with no absence from work on a scheduled workday for any reason whatsoever (for example, PTO Bank absence, death in the family, jury duty, and sickness), and is then regressed to a lower paid classification, he/she shall continue to receive the higher rate of pay for hours worked and absent time allowed during the first thirty (30) calendar days following the date on which he/she was regressed (the "carry-over period"), if otherwise eligible.

An employee who is involuntarily demoted to a lower paid classification on an indefinite basis or temporarily required to work in a lower paid classification shall continue to receive the higher rate of pay for hours worked and absent time allowed, if otherwise eligible, during the carry-over period.

If an employee who has been involuntarily demoted or regressed is temporarily returned to the higher paid classification during the carry-over period, then the carry-over period will recycle and commence again on the day he/she last returns to work in the lower paid classification.

An employee who is demoted to a lower paid classification, at his/her request for any reason other than health, will receive the lower rate of pay as of the date of demotion, and the carry-over period will not apply.

B. Clerical Employees

Section 1. The Classification of Positions and Schedule of Rates attached hereto as Exhibit II shall be in force and effect during the term of this Agreement and any renewal thereof.

Section 2. Subject to the provisions of Sections 3 and 4 of this Article IX, B, an employee shall be paid at the rate of one and one-half times his/her regular hourly rate for hours worked outside of his/her regular work schedule.

Section 3. An employee shall be paid at the rate of two times his/her regular hourly rate for work in excess of eight hours on a Sunday

except that for hours worked in excess of eight, as an accommodation for another employee, he/she shall be paid at the rate of one and one-half times his/her regular hourly rate.

Section 4. An employee shall receive a holiday allowance of eight hours pay at his/her regular hourly rate for the holidays defined in Section 5 of Article VIII, B; provided, that to receive this allowance for Christmas Day and New Year's Day, he/she must work on both his/her last scheduled day before and his/her next scheduled day after the holiday; and to receive this allowance for Decoration Day, the 4th of July, Labor Day, Veterans' Day, Thanksgiving Day, and the Day after Thanksgiving Day, he/she must work either his/her last scheduled day before or his/her next scheduled day after the holiday. An employee absent on his/her last scheduled day before or his/her first scheduled day after a holiday who is paid for the day because of a PTO Bank absence, personal illness, jury service, occupational injury, or who is excused because of official Union business, important personal business, or death in his/her family, shall not be disqualified from receiving the holiday allowance by such absence. An employee shall not receive the holiday allowance for a holiday when he/she cannot be excused and fails to work on such holiday on which he/she is scheduled to work.

An employee who works on a holiday shall receive pay at the rate of one and one-half times his/her regular hourly rate for the first eight hours of work and at the rate of two times his/her regular hourly rate for hours worked in excess of eight, except that for hours worked in excess of eight as an accommodation for another employee, he/she shall be paid at the rate of one and one-half times his/her regular hourly rate. Such pay will be in addition to the holiday allowance.

When a holiday which falls on a Sunday is observed by the Company on Monday, the holiday provisions apply only to such Monday, and when a holiday which falls on Saturday is observed by the Company on Friday, these holiday provisions apply only to such Friday.

Section 5. A night shift premium of $1.10 per hour shall be added to the regular rate of pay of an employee for work scheduled on a shift beginning not earlier than 3:30 p.m. and ending not later than 8:00 a.m. If an employee scheduled to work such a shift is required to

continue working beyond the scheduled work period, he/she shall receive the shift premium for such additional hours worked. The applicable night shift premium shall be added to the regular hourly rate in computing premium pay, but it shall not be added in computing any absent time allowed pay.

Section 6. The Company will, whenever possible, give a minimum of twelve hours' notice of any change in the starting time of an employee. In the event circumstances beyond the Company's control prevent the giving of twelve hours' notice of a change in starting time of an employee's scheduled work period and the hours worked in the first work period following such change in starting time with less than twelve hours' notice are paid at the employee's regular straight time hourly rate, an allowance of four hours at the employee's regular straight time hourly rate will be paid. Such allowance will be in addition to any payment made for time worked by the employee and will not be counted as time worked in premium rate of pay calculations.

ARTICLE X - TUESDAY THROUGH SATURDAY WORKWEEK

Section 1. Notwithstanding any other provision of this Agreement, the Company may establish a Tuesday through Saturday workweek in the Field Service Department.

Section 2. The following conditions will apply to the Tuesday through Saturday workweek:

(a) The Tuesday through Saturday workweek will have starting times of 7:00 a.m., 8:00 a.m., 8:30 a.m., 10:00 a.m., and 3:30 p.m.

(b) When the Company is utilizing a Tuesday through Saturday workweek with a 3:30 p.m. starting time, it may assign a limited number of employees to a Monday through Friday workweek consisting of the 3:30 p.m. shift on Monday followed by four day shifts, Tuesday through Friday ("Special Monday through Friday schedule"). The number of employees who may be assigned to the Special Monday through Friday schedule will be no greater

than the number of employees assigned to the 3:30 p.m. starting time in the Tuesday through Saturday workweek. An employee assigned to the Special Monday through Friday schedule will not be paid a short shift change premium because of his/her working the 3:30 p.m. shift on Monday and a day shift on Tuesday.

(c) The Company will determine the complement of employees required for each of the Tuesday through Saturday starting times.

(d) Assignment to the Tuesday through Saturday starting times and the Special Monday through Friday schedule will be based on classification seniority. Senior employees who volunteer will be given preference, provided that an employee who volunteers may exercise his/her seniority to return to the regular Monday through Friday schedule after six (6) months of assignment to the Tuesday through Saturday workweek. If the number of volunteers is insufficient, the least senior employees will be assigned.

(e) Employees who are required to work the 10:00 a.m. starting time on the regular Monday through Friday workweek because of their seniority will not be allowed to volunteer for the Tuesday through Saturday workweek or the schedules authorized by Section 3 below.

(f) Whenever the Company is utilizing the Tuesday through Saturday workweek, Sundays and holidays (excluding the holidays of Thanksgiving Day, Christmas Day, and New Year's Day) will be combined for purposes of equalizing overtime of all employees in the Department.

Section 3.. For the purpose of reducing the need to assign employees to the Tuesday through Saturday workweek on an involun-

tary basis, the Company will establish a work schedule of four ten-hour days, Wednesday through Saturday ("4/10 Saturday Schedule"). The following conditions will apply to the 4/10 Saturday Schedule:

(a) The hours of work of the 4/10 Saturday Schedule will be 7:00 a.m. to 5:30 p.m., with a 30-minute unpaid lunch period.

(b) Only volunteers will be assigned to the 4/10 Saturday Schedule.

(c) Employees will be allowed to volunteer for the 4/10 Saturday Schedule for three four-month periods: August 1 through November 30, December 1 through March 31, and April 1 through July 31 (adjusted in each case to coincide with the beginning and end of a pay period). Employees who volunteer for this Schedule must remain available for assignment thereto during the entire four-month period unless excused by the Company.

(d) The Company will assign volunteers to work the 4/10 Saturday Schedule based on seniority in the applicable classification, with preference being given to employees with greater seniority.

(e) If an adequate number of employees volunteer for the 4/10 Saturday Schedule, the Company will utilize such volunteers to fill its anticipated day shift Saturday need during the relevant four-month period. However, the Company will not be required to staff more than 50% of its anticipated day shift Saturday need with volunteers and may meet the balance of such need with employees assigned, on either a voluntary or involuntary basis, to a Tuesday through Saturday workweek.

(f) Employees assigned to a 4/10 Saturday Schedule will operate throughout the shift as a one-person

crew (4:30 p.m. doubling-up practices will not apply) unless the Company decides to pair up employees for all or part of the shift because of safety considerations, the nature of the work, or other reasons.

(g) Notwithstanding any other provisions of this Agreement, employees assigned to a 4/10 Saturday Schedule will be paid their regular rate of pay (straight-time) for all hours worked on their 4/10 Saturday Schedule, including Saturday itself. They will receive time and one-half their regular rate of pay for hours worked in excess of ten on any day which is part of their 4/10 Saturday Schedule.

(h) The treatment of employees assigned to a 4/10 Saturday Schedule for purposes of benefit and paid-time-off programs will be in accordance with the written procedure dealing with 10/40 Work Schedules in the Field Service Department and other departments (Exhibit N to the Memorandum of Offer of April 30, 2001), except as provided in Section 4 *below*. *However, the parties agree that the* Company has broad latitude to interpret and apply such written procedure so long as it achieves substantial fairness between employees assigned to traditional eight-hour-day work schedules and employees assigned to ten-hour-day work schedules.

Section 4. During a week in which there is a holiday recognized by the Company under Article VIII-A, Section 11, employees assigned to a 4/10 Saturday Schedule will be reassigned to a Tuesday through Saturday workweek on the day shift. The following special conditions will apply to the holidays of such employees and all other employees assigned to a Tuesday through Saturday workweek.

(a) If the Company observes a holiday on Monday, the employee will have his/her holiday on the next day, Tuesday.

(b) If a holiday falls on Saturday, the employee will have his/her holiday on Saturday rather than on the preceding Friday.

(c) In all other cases, the employee will have his/her holiday on the day specified in Article VIII-A, Section 11.

Section 5. The following Sections of Article IX-A will apply to employees assigned to the Tuesday through Saturday workweek: Sections 1, 2, 3, 5, 6, 7, 8, 9 and 10. Employees assigned to the Tuesday through Saturday workweek will not be eligible for any overtime rates of pay except as provided in these Sections.

Section 6. The Company does not intend to implement the Tuesday through Saturday workweek in any department of the Company other than the Field Service Department for the foreseeable future. The Company therefore commits to the Union that it will not implement such workweek in any other department prior to May 1, 2011. This section of the Agreement shall survive the expiration of this Agreement and any successor Agreement expiring prior to May 1, 2011.

ARTICLE XI - MANAGEMENT RESPONSIBILITIES

Except as in this Agreement expressly limited, the management of the Company and the direction of the working forces covered herein, including the determination of the adequacy of supervision, the right to hire, suspend, discharge for proper cause, discipline, promote, demote, transfer, and lay off because of lack of work or for other proper reasons, shall continue to be vested in the Company. However, the Union may exercise its right to present grievances in accordance with Article IV for claimed wrongful suspensions, discharges, discipline, demotions, transfers, layoffs, or promotions within the unit.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate by their officers thereunto duly authorized all on the day and year first above written.

THE PEOPLES GAS LIGHT AND COKE COMPANY

By

THOMAS M. PATRICK
President

JOHN C. IBACH
Vice President

RODNEY G. LOONEY
Leader, Employee Relations

WAYNE E. GRATZ
General Manager, Engineering

LONNIE A. JESCHKE
Manager, Field Service

FRANK L. VOLANTE
Leader, Human Resources Consulting

VINCENT W. WEIDNER
Leader, Human Resources Services

BARBARA BENCHIK
Human Resources Specialist

GAS WORKERS UNION, LOCAL 18007, S.E.I.U., AFL-CIO

By

PATRICK J. COLETTA
President

THOMAS J. BRENNAN
Business Manager

ALFONZO J. BALDASSANO
Vice President

JOHN R. GROENWALD
Recording Secretary

PATRICK J. KEANE
Financial Secretary-Treasurer

OLAF H. GOMEZ
Trustee

MICHAEL SPIZZIRRI
Trustee

RENEE HILL
Trustee

JAMES E. WATSON
Sergeant-at-Arms

EXHIBIT I

CLASSIFICATION OF POSITIONS

and

SCHEDULE OF RATES

PRODUCTION AND MAINTENANCE EMPLOYEES

EXHIBIT I (Continued)

DISTRIBUTION DEPARTMENT

NORTH, SOUTH, AND CENTRAL DISTRICT SHOPS

Position	Regular Hourly Rate			
	Effective May 1, 2001	Effective May 1, 2002	Effective May 1, 2003	Effective May 1, 2004
Gas Surveyor - Temporary	$11.47 (a)	$11.91 (a)	$12.36 (a)	$12.86 (a)
Gas Surveyor - First 180 Days	13.49	14.01	14.56	15.15
Gas Surveyor - Over 180 Days	14.06	14.58	15.13	15.72
Gas Surveyor - Over 2 Years	16.41	17.02	17.66	18.34
Gas Mechanic	16.41 (b)	17.02 (b)	17.66 (b)	18.34 (b)
Gas Mechanic - Over 2 Years	17.41	18.02	18.66	19.34
Gas Mechanic - Over 4 Years	18.64 (c)	19.34 (c)	20.07 (c)	20.84 (c)
Gas Mechanic - Over 6 Years	19.84	20.34	21.07	21.84
Gas Mechanic - Over 8 Years	20.59	21.38	22.20	23.06
Gas Mechanic - Over 10 Years	23.45	24.33	25.24	26.19
Carpenter	25.73	26.70	27.70	28.74
Equipment Operator No. 1	25.77	26.74	27.74	28.78
Crew Leader, Distribution	26.62	27.59	28.59	29.63
(Reserve)				
Crew Leader, Distribution	26.92	27.89	28.89	29.93
Crew Leader, Distribution	27.18 (d)	28.15 (d)	29.15 (d)	30.19 (d)
Maintenance Mechanic No. 2	20.47	21.26	22.08	22.94
Maintenance Mechanic No. 1	22.06	22.96	23.87	24.82
Welder	25.73	26.70	27.70	28.74
Crew Leader, Welding	26.26	27.23	28.23	29.27
Toolkeeper	24.84	25.72	26.63	27.58
Street Mechanic No. 1	24.89 (e)	25.77 (e)	26.68 (e)	27.63 (e)
Mechanic Operator	25.73 (f)	26.70 (f)	27.70 (f)	28.74 (f)

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowances or any other paid absent time allowed.

(b) Must achieve a minimum score of 450 on physical abilities test to enter position. Upon entering position, must successfully complete training and testing requirements and thereafter complete a 180 day probationary period. Must obtain a "Class A" commercial driver's license with hazardous materials endorsement within six months of entering this position. An employee who does not obtain such a license will be regressed to Gas Surveyor – Over 2 Years.

(c) Must successfully complete training and testing requirements for covered tasks in the Gas Mechanic position to qualify for this rate.

(d) Rate paid to Crew Leader, Distribution when installing new main 12" in diameter or larger.

(e) No employees may enter this position after May 1, 1998.

(f) No employees may enter this position after May 1, 2001.

Gas Mechanic – Over 10 Years rate will be minimum rate paid for all work in main tunnels under rivers.

All time-step increases are subject to satisfactory performance. Any combination of absences from normal duties because of personal illness, occupational injury (lost-time and light duty), or personal leave of absence in excess of twenty-two (22) workdays will extend the service requirement for any time-step increase by an amount which equals the number of workdays of absence in excess of twenty-two (22).

EXHIBIT I (Continued)

ENGINEERING DEPARTMENT

GAS OPERATIONS SECTION

Position	Regular Hourly Rate			
	Effective May 1, 2001	Effective May 1, 2002	Effective May 1, 2003	Effective May 1, 2004
Laborer - Temporary	$11.47 (a)	$11.91 (a)	$12.38 (a)	$12.88 (a)
Vault Mechanic II	13.49 (b)	14.01 (b)	14.56 (b)	15.15 (b)
Vault Mechanic II - Over 180 Days	14.06	14.58	15.13	15.72
Vault Mechanic II - Over 2 Years	16.41 (c)	17.02 (c)	17.66 (c)	18.34 (c)
Vault Mechanic II - Over 4 Years	17.75	18.38	19.00	19.68
Vault Mechanic II - Over 6 Years	19.18	19.88	20.61	21.38
Vault Mechanic II - Over 8 Years	20.61	21.40	22.22	23.08
Vault Mechanic II - Over 10 Years	22.04	22.92	23.83	24.79
Vault Mechanic I	25.73	26.70	27.70	28.74
Station Mechanic	25.73	26.70	27.70	28.74
Electrician	25.73	26.70	27.70	28.74

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowances or any other paid absent time allowed.

(b) Upon entering position, must successfully complete a 180-day probationary period.

(c) Must successfully complete training and testing requirements for covered tasks in the Vault Mechanic II position to qualify for this rate.

All time-step increases are subject to satisfactory performance. Any combination of absences from normal duties because of personal illness, occupational injury (lost-time and light duty), or personal leave of absence in excess of twenty-two (22) workdays will extend the service requirement for any time-step increase by an amount which equals the number of workdays of absence in excess of twenty-two (22).

EXHIBIT I (Continued)

ENGINEERING DEPARTMENT

FLEET MANAGEMENT SECTION

Position	Regular Hourly Rate			
	Effective May 1, 2001	Effective May 1, 2002	Effective May 1, 2003	Effective May 1, 2004
Auto Mechanic	$18.52	$19.22	$19.95	$20.72
Auto Mechanic - Over 2 Years	20.59	21.38	22.20	23.06
Auto Mechanic - Over 4 Years	22.74	23.62	24.53	25.48
Auto Mechanic - Over 6 Years	25.92	26.89	27.89	28.93
Garage Crew Leader, Nights	26.26	27.23	28.23	29.27
Auto Mechanic	26.31 (a)	27.28 (a)	28.28 (a)	29.32 (a)

(a) Rate paid to Auto Mechanic when replacing Supervisor, Transportation.

All time-step increases subject to satisfactory performance. Any combination of absences from normal duties because of personal illness, occupational injury (lost-time and light duty), or personal leave of absence in excess of twenty-two (22) workdays will extend the service requirement for any time-step increase by an amount which equals the number of workdays of absence in excess of twenty-two (22).

EXHIBIT I (Continued)

FIELD SERVICE DEPARTMENT
NORTH, SOUTH, AND CENTRAL DISTRICT SHOPS

Position	Regular Hourly Rate			
	Effective May 1, 2001	Effective May 1, 2002	Effective May 1, 2003	Effective May 1, 2004
Utility Specialist - Temporary	$11.47 (a)	$11.91 (a)	$12.38 (a)	$12.88 (a)
Utility Specialist - First 180 Days	13.49	14.01	14.56	15.15
Utility Specialist - Over 180 Days	14.06	14.58	15.13	15.72
Utility Specialist - Over 2 Years	16.41	17.02	17.66	18.34
Service Specialist	19.09	19.79	20.52	21.29
Service Specialist - Over 2 Years	19.85	20.55	21.28	22.05
Senior Service Specialist No. 2	23.17	24.05	24.96	25.91
Senior Service Specialist No. 1	25.73	26.70	27.70	28.74

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowances or any other paid absent time allowed.

EXHIBIT I (Continued)

FIELD SERVICE DEPARTMENT
METER TESTING AND REPAIR SECTION

Position	Regular Hourly Rate			
	Effective May 1, 2001	Effective May 1, 2002	Effective May 1, 2003	Effective May 1, 2004
Laborer - Temporary	$11.47 (a)	$11.91 (a)	$12.38 (a)	$12.88 (a)
Laborer - First 180 Days	13.49	14.01	14.56	15.15
Laborer - Over 180 Days	14.06	14.58	15.13	15.72
Laborer - Over 2 Years	16.41	17.02	17.66	18.34
Meter Prover	18.64	19.34	20.07	20.84
Meter Mechanic	22.12	23.00	23.91	24.86
Master Meter Mechanic	25.80	26.77	27.77	28.81
Tool Repairer	20.59	21.38	22.20	23.06
Tool Repairer	22.12	23.00	23.91	24.86
Tool Repair Specialist	24.84	25.72	26.63	27.58
Tool Keeper	24.84	25.72	26.63	27.58
Blacksmith	25.73	26.70	27.70	28.74
Electrician	25.73	26.70	27.70	28.74
Machinist	25.73	26.70	27.70	28.74
Welder	25.73	26.70	27.70	28.74

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowances or any other paid absent time allowed.

EXHIBIT I (Continued)

ENGINEERING DEPARTMENT
MATERIALS MANAGEMENT SECTION

Position	Regular Hourly Rate			
	Effective May 1, 2001	Effective May 1, 2002	Effective May 1, 2003	Effective May 1, 2004
Laborer - Temporary	$11.47 (a)	$11.91 (a)	$12.38 (a)	$12.88 (a)
Material Handler	13.49 (b)	14.01 (b)	14.56 (b)	15.15 (b)
Material Handler - Over 1 Year	15.53	16.14	16.78	17.46
Material Handler - Over 2 Years	17.48	18.09	18.73	19.41
Material Handler - Over 3 Years	19.52	20.22	20.95	21.72
Material Handler - Over 4 Years	21.56 (c)	22.35 (c)	23.17 (c)	24.03 (c)
Material Deliverer	22.15 (c)	23.03 (c)	23.94 (c)	24.89 (c)
Lead Material Handler	22.85 (c)	23.53 (c)	24.44 (c)	25.39 (c)

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowances or any other paid absent time allowed.

(b) Upon entering position, must successfully complete 180-day probationary period.

(c) Current employees with hourly rates exceeding these rates will have their rates of pay frozen at the April 30, 2001 amount until the appropriate rate equals or exceeds their frozen rate.

All time-step increases are subject to satisfactory performance. Any combination of absences from normal duties because of personal illness, occupational injury (lost-time and light duty), or personal leave of absence in excess of twenty-two (22) workdays will extend the service requirement for any time-step increase by an amount which equals the number of workdays of absence in excess of twenty-two (22).

EXHIBIT I (Continued)

FIELD SERVICE DEPARTMENT

COLLECTORS

	Regular Hourly Rate			
Position	Effective May 1, 2001	Effective May 1, 2002	Effective May 1, 2003	Effective May 1, 2004
Bill Collector	$19.65	$20.55	$21.28	$22.05

No employees may enter this position after May 1, 1998.

EXHIBIT I (Continued)

FIELD SERVICE DEPARTMENT

ERT INSTALLERS

	Regular Hourly Rate							
	Effective May 1, 2001		Effective May 1, 2002		Effective May 1, 2003		Effective May 1, 2004	
Position	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
ERT Installer	$13.49	$16.41	$14.01	$17.02	$14.56	$17.66	$15.15	$18.34

Subject to satisfactory performance, an employee will, until he/she reaches the maximum hourly rate for the position, be eligible for an increase in his/her hourly rate annually on the anniversary date of his/her latest merit or promotional increase equal to one-seventh of the difference between the minimum and maximum hourly rates in effect on the date the employee entered the position.

EXHIBIT I (Continued)

METER READERS

	Regular Hourly Rate							
	Effective May 1, 2001		Effective May 1, 2002		Effective May 1, 2003		Effective May 1, 2004	
Position	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Meter Reader-								
Temp.	$11.47 (a)	—	$11.91 (a)	—	$12.38 (a)	—	$12.88 (a)	—
Meter Reader	13.49	$16.41	14.01	$17.02	14.56	$17.65	15.15	$18.34

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowances or any other paid absent time allowed.

During the ITRON installation period, the Company may employ up to ten part-time Meter Readers who shall be paid a pro-rata salary (based on the relationship of their weekly scheduled hours to 40 hours); and they will receive benefits on the same basis as non-union part-time employees receive benefits.

Subject to satisfactory performance, an employee will, until he/she reaches the maximum hourly rate for the position, be eligible for an increase in his/her hourly rate annually on the anniversary date of his/her latest merit or promotional increase equal to one-seventh of the difference between the minimum and maximum hourly rates in effect on the date the employee entered the position.

EXHIBIT II

CLASSIFICATION OF POSITIONS AND SCHEDULE OF RATES

CLERICAL EMPLOYEES
FIELD SERVICE DEPARTMENT
METER TESTING & REPAIR SECTION

Position	Regular Hourly Rate			
	Effective May 1, 2001	Effective May 1, 2002	Effective May 1, 2003	Effective May 1, 2004
Clerk - Temporary	$10.58 (a)	$11.02 (a)	$11.49 (a)	$11.99 (a)
Clerk	12.45	12.97	13.52	14.11
Clerk - Over 2 Years	14.02	14.54	15.09	15.68
Clerk - Over 4 Years	15.68	16.29	16.93	17.61
Clerk - Over 6 Years	17.25	17.86	18.50	19.18
Clerk - Over 8 Years	18.91	19.61	20.34	21.11
Clerk - Over 10 Years	20.57 (b)	21.36 (b)	22.18 (b)	23.04 (b)

(a) This rate paid to employees hired on a temporary basis for summer employment. Such employees are not eligible for paid holiday allowances or any other paid absent time allowed.

(b) Employees with an hourly rate exceeding the Clerk – Over 10 Years rate will have their rates of pay frozen until the Clerk – Over 10 Years rate equals or exceeds their frozen rate.

All time-step increases subject to satisfactory performance. Any combination of absences from normal duties because of personal illness, occupational injury (lost-time and light duty), or personal leave of absence in excess of twenty-two (22) workdays will extend the service requirement for any time-step increase by an amount which equals the number of workdays of absence in excess of twenty-two (22).

APPENDIX I

PAID TIME OFF (PTO) BANK PLAN

Effective January 1, 2002

Purpose of PTO

PTO Bank Days allow employees to take paid-time-off for vacations, personal business, illnesses of family members, funerals of friends or relatives who are not immediate family members, religious observances, and school visitation. In addition, PTO Bank Days provide paid-time-off for certain absences because of non-occupational sickness or injuries ("sickness absences").

Earning PTO Bank Days – Full-Time Employees

PTO Bank Days, each consisting of eight hours of paid-time-off, are earned on a current, service anniversary year basis. Employees who will complete one or more years of Company Service during a calendar year will receive an allotment of PTO Bank Days which may be used during that calendar year in accordance with the schedule below:

Years of Company Service Completed in the Calendar Year	PTO Bank Days
1 through 4	18
5 through 9	22
10 through 14	25
15 through 19	28
20 through 24	31
25 through 29	35
30 or more	36

Notwithstanding the foregoing, employees who have 25 or more years of Company Service as of December 31, 1998, will receive an allotment

of 38 PTO Bank Days in the year in which they complete 30 years of Company Service and in each subsequent year.

Earning PTO Bank Days – Part-Time Employees

Part-time employees earn PTO Bank Days on a prorated basis (i.e., based on the ratio that their scheduled work hours at the beginning of a calendar year bear to a full-time work schedule). For example, an employee who is scheduled to work 20 hours per week as of the beginning of a calendar year will receive an allotment of PTO Bank Days which is one-half the allotment which will be received by a full-time employee with the same number of years of Company Service.

Using PTO Bank Days

PTO Bank Days may be used when employees experience scheduled absences, sickness absences, and other approved unscheduled absences, in accordance with the terms set forth below. PTO Bank Days will be deducted from an employee's PTO Bank based on the amount of time he/she was absent from his/her normal schedule of work. For example, if an employee's normal schedule is five eight-hour workdays per week, one PTO Bank Day will be deducted for each full day of absence taken under this Plan. If an employee's normal schedule is four ten-hour days per week, one and one-fourth PTO Bank Days will be deducted for each full day of absence taken under this Plan. If an employee's normal schedule is five four-hour days per week, one-half of a PTO Bank Day will be deducted for each full day of absence taken under this Plan. If an employee, regardless of his/her normal schedule, is absent for a partial day under this Plan, the number of hours of absence will be deducted from his/her PTO Bank.

Using the PTO Bank Before Fully Earning It

Newly hired employees are eligible to use their first annual PTO Bank allotment after completing one year of service. PTO Bank Days are earned during the period from one service anniversary to another. Employees with more than one year of Company Service may begin taking PTO Bank Days starting on January 1 of each calendar year even though they have not completed earning the total number of days.

Accumulating PTO Bank Days

Employees may carry over up to 20 PTO Bank Days from one calendar year to the next. However, the maximum number of days that an employee may have in his/her PTO Bank is 20 more than the allotment of days attributable to the current calendar year.

Scheduled PTO Bank Absences

Each department will implement a PTO Bank program, which will enable employees to schedule absences during the course of the year in a way that will not unduly interfere with the department's operations. Continuous scheduled PTO Bank absences in excess of three weeks will not be allowed except in unusual circumstances and with the approval of the department head.

The Company may limit the number of employees who may be off on any given day to prevent an interference with the Company's business operations, provided that in the case of Columbus Day or Dr. Martin Luther King's Birthday, the Company may limit the number of employees who may be off only to assure that a normal holiday complement is present. If more employees request a given day off than can be released from work, preference will be given on the basis of Company seniority within classification.

Notwithstanding any other provision of this Plan, the Company shall, subject to operating requirements, endeavor to avoid scheduling PTO Bank absences for the months of January, February, and December, and shall give each employee at least 30 days' advance notice of the period scheduled for his/her regular scheduled PTO Bank absence. However, an employee at his/her own request may be granted a scheduled PTO Bank absence during such months.

Employees may use PTO Bank Days in hourly increments, subject to the approval of the department head. Department heads may restrict PTO Bank absences to full-day increments if smaller increments would unduly interfere with the department's operations.

If a holiday observed by the Company occurs during an employee's scheduled PTO Bank absence, and if the employee would

have been eligible for holiday pay for the holiday if he/she had not been absent for a scheduled PTO Bank absence, then the employee will be given an extra PTO Bank Day for the calendar year in which the absence occurs.

Sickness Absences

If an employee has not previously experienced a sickness absence lasting more than five days during the calendar year, he/she will be paid for the first five days of the absence from his/her PTO Bank, and the sixth day and any subsequent days of the absence will be paid from the Sickness Benefit Plan, subject to the terms and conditions of that Plan. If the employee does not have enough PTO Bank Days to be paid for some or all of the first five days of the absence, he/she will be paid the PTO Bank Days which are available, and the remaining day or days will be unpaid. A sickness absence will be considered to have occurred during the calendar year in which the absence begins. In the case of an employee whose normal schedule of work is other than five days per week and eight hours per day, he/she will be paid for the first forty hours of the absence from his/her PTO Bank, and the waiting period for benefits under the Sickness Benefit Plan will be forty hours.

If the employee has previously experienced a sickness absence lasting more than five days for which he/she received benefits under the Sickness Benefit Plan during the calendar year, he/she will be paid for the first two days of the absence from his/her PTO Bank, and the third day and any subsequent days of the absence will be paid from the Sickness Benefit Plan, subject to the terms and conditions of that Plan. If the employee does not have enough PTO Bank Days to be paid for one or both of the first two days of the absence, he/she will be paid any PTO Bank Day which is available, and the remaining day or days will be unpaid. In the case of an employee whose normal schedule of work is other than five days per week and eight hours per day, he/she will be paid for the first sixteen hours of the absence from his/her PTO Bank, and the waiting period for benefits under the Sickness Benefit Plan will be sixteen hours.

An employee who experiences a sickness absence must report such absence as early as possible on the first day of the absence to the person designated by the department head to receive such reports ("the

designated person"). Failure to make this report will result in the non-payment of benefits from the PTO Bank and/or the Sickness Benefit Plan, and for such other action as the Company may consider appropriate. An employee who becomes sick or injured during a scheduled PTO Bank absence must promptly notify the designated person. The five-day or two-day waiting period for benefits under the Sickness Benefit Plan will commence on the day of such notice.

Other Unscheduled Absences

An employee requesting an unscheduled PTO Bank absence must make the request to the designated person as early as possible. Department heads may deny the requested absence and/or the use of PTO Bank Days for the absence.

Payment Upon Termination of Employment

Employees who terminate their service with the Company will be paid for their earned and unused PTO Bank Days. This payment will be calculated as follows:

Current Year Accrual: Multiply the total number of PTO Bank Days the employee would have been eligible for in the current year by the number of full calendar months the employee has worked since his/her Company service anniversary date in the prior year (up to a maximum of 12) and divide the product by 12. Subtract from this figure any current year PTO Bank Days the employee has already taken. (An employee who terminates service for any reason other than discharge before reaching his/her service anniversary date during the current year may be eligible for an additional allowance under the Termination Allowance Plan for the value of his/her current year PTO Bank Days which have not been earned or used.)

Next Year Accrual: Multiply the total number of PTO Bank Days the employee would have been eligible for in the next year by the number of full calendar months, if any, the employee has worked since his/her Company service anniversary date in the current year, and divide the product by 12.

Other Regulations

Approved leaves of absence without pay, military leaves, sickness absences, absences for jury service, and other excused absences shall not affect an employee's eligibility for PTO Bank Days, except to the extent that a leave of absence may affect the determination of an employee's length of service under the Company's Regulations for Determining Service.

Benefits under this Plan may not be used to duplicate benefits which an employee is entitled to receive for an absence under any law or other Company benefit plan or policy.

Definitions

The term "pay" shall mean the salary or wage which the employee would have received for the period involved on the basis of his/her normal schedule of work.

Other terms used in this Plan shall have the meaning set forth in the Company's Regulations for Determining Service.

Employees Transferred to and from Associated Corporations

An employee who is transferred to an associated corporation (except for Peoples Energy Services Corporation) is not eligible to receive any further benefits under this Plan, including but not limited to the benefits which are paid to employees who terminate their service. An employee who is transferred to Peoples Energy Services Corporation will be treated as an employee who has terminated his/her service as of the date of the transfer and will be paid for his/her earned and unused PTO Bank Days in accordance with the provisions of this Plan.

An employee who is transferred from an associated corporation (except for Peoples Energy Services Corporation) will be entitled to an allotment of PTO Bank Days hereunder in the calendar year of such transfer. The "years of Company Service" of the transferred employee will be determined in accordance with the Company's Regulations for Determining Service. The allotment of PTO

Bank Days hereunder will be reduced by the number of PTO Bank Days which the employee used from an allotment of PTO Bank Days made by the associated corporation (except for Peoples Energy Services Corporation) for the same calendar year. An employee who is transferred from Peoples Energy Services Corporation will be treated under this Plan as having been hired on the date of the transfer.

The term "associated corporation" as used in this Plan is defined in the Company's Regulations for Determining Service.

Continuation of Plan

While it is hoped that this Plan will remain in effect indefinitely, the Company reserves the right to modify, amend, or discontinue it at any time; provided, however, that this right shall not be exercised by the Company during the term of Agreement of which this Appendix is a part.

APPENDIX II

SICKNESS BENEFIT PLAN

An absence shall be regarded as "qualifying for the Sickness Benefit Plan" after five days of absence on account of sickness (40 hours of absence in the case of an employee whose normal work schedule is other than five days per week and eight hours per day). Notwithstanding the foregoing, if an employee has previously experienced an absence on account of sickness of more than five days (or 40 hours) for which he/she has received benefits under this Plan, subsequent absences in the same calendar year shall be regarded as "qualifying for the Sickness Benefit Plan" after two days of absence on account of sickness (sixteen hours of absence in the case of an employee whose normal work schedule is other than five days per week and eight hours per day). A sickness absence will be considered to have occurred during the calendar year in which the absence begins. The employee may be eligible to be paid for the foregoing five-day (40 hours) or two-day (sixteen hours) waiting period under the PTO Bank Plan, subject to the terms and conditions of that Plan.

In each case of necessary absence from work on account of sickness of a regular employee, the period of absence during which the absent employee will receive pay from the Sickness Benefit Plan and the rate of such pay shall be as follows:

Period of Service When Absence Qualifies for the Sickness Benefit Plan	Rate of Payment Schedule	
	Full Pay or 80-Percent Pay*	60 Percent Pay
Less than 1 year	None	None
1 year but less than 3	1 month	None
3 years but less than 5	First 2 mos.	Next 2 mos.
5 years but less than 10	First 3 mos.	Next 3 mos.
10 years but less than 15	First 4 mos.	Next 2 mos.
15 years or more	First 6 mos.	None

*For employees hired on and after January 1, 1984, the rate of payment of 80 percent shall be substituted for full pay, except that an employee will receive full pay instead of 60 percent pay on any day of necessary absence from work because of sickness when such day of absence is not in excess of five days of sickness absence during the most recent twelve months' period.

For purposes of this Plan, a month equals 22 workdays or 175 hours of benefits. Benefits are charged in hourly increments.

If the absent employee is replaced by a new employee at any time during the period of absence, such absent employee shall receive 60 percent pay for the remaining period during which payment is provided for in the above Schedule.

Benefits shown in the above Schedule are cumulative during any twelve months' period. Hence, the payments of benefits shown in the above Schedule are the maximum benefits allowed an employee in any twelve months' period.

An employee whose absence on account of sickness shall extend beyond the period during which payment of benefits is provided for in the preceding Schedule shall be placed on a lay-off status at the end of such period.

An employee whose absence on account of sickness reaches 4 continuous months (88 workdays) and whose absence is expected to last at least 12 months, as tentatively determined by the Company Medical Director, must immediately apply for Social Security disability benefits. The Company will assist an employee who requests assistance in applying for Social Security benefits, but an employee's failure to apply will be cause for non-payment of sickness benefits hereunder. An employee qualifying for Social Security benefits, if otherwise eligible, shall apply for benefits under the Long Term Disability Benefit Plan. If such employee does not qualify for benefits under the Long Term Disability Benefit Plan, the employee may be placed on lay-off status.

If such employee does not initially qualify for Social Security benefits and the Company Medical Director determines that such employee may be totally disabled and eligible for benefits under the

Long Term Disability Benefit Plan, subject to the provisions thereof, application for such benefits must be made. Concurrently, the employee must initiate the Social Security claim appeal process.

REGULATIONS

This Plan shall be administered in accordance with the following regulations:

Notification

An employee who shall be absent on account of sickness (which, for the purposes of this Plan, shall include injuries sustained while off duty) shall report such absence, as early as possible on the first day of absence, to the person who has been designated by departmental management to receive such report. Failure to make this report will be cause for non-payment of PTO Bank benefits and sickness benefits hereunder, and for such other action as the Company may consider appropriate.

Restrictions

Benefits payable to an employee under this Plan will be reduced by the amount of workers' compensation and other income benefits payable to him/her as a result of a compensable accidental injury or occupational disease suffered or incurred while in the employ of any employer, other than The Peoples Gas Light and Coke Company or any of its affiliated companies, which is subject to any federal or state workers' compensation laws.

If the Company's Medical Director determines that an employee may be eligible for Social Security disability benefits while the employee is receiving benefits under this Plan, the amount of such benefits will be reduced by the amount of the Social Security benefits, regardless of actual receipt of such amount, unless said employee shall furnish evidence that Social Security benefits have been applied for and denied. Social Security benefits means the benefit relating to the employee only and does not include any additional benefit which might be payable because of the presence of dependents.

The Company will determine the method and amount of reduction to be utilized whenever the frequency of payment of the Social Security disability benefits is not consistent with the payment of benefits provided under this Plan.

Frequent absences of an employee on account of sickness, or absence due to intoxication, reckless or unlawful conduct, or intentional self-inflicted injury, or other preventable causes, or refusal to follow the recommendations of a competent physician, or failure to cooperate with the procedures of the Company's Return-To-Work Program or to follow the recommendations for diagnosis, treatment and return to work made under such Program, will be cause for non-payment of sickness benefitshereunder and for such other action as the Company may consider appropriate.

Holidays

If, while an employee is receiving benefits under this Plan, a holiday is observed on a day which would have been included within his/her normal schedule of work and for which he/she would otherwise have been eligible for a holiday allowance, the employee shall receive the holiday allowance in lieu of benefits for that day under this Plan. Such holiday shall not be counted against the benefits the employee is eligible to receive under this Plan.

Unused Paid Time Off (PTO) Bank Time

An employee who has exhausted his/her full pay sickness benefits may, at any time during the calendar year, request that the Company suspend the payment of any remaining sickness benefits for which he/she is eligible in order that he/she may take any part or all of any unused PTO Bank time, to which he/she is entitled. If an employee has more than 20 unused PTO Bank days, as the end of the calendar year approaches, the payment of any remaining sickness benefits for which he/she is eligible shall be suspended by the Company for the purpose of exhausting such unused PTO Bank time within such year.

Notwithstanding any provisions of this Plan which might be construed to the contrary, suspension of sickness benefits for the

purpose of exhausting all but 20 days of unused PTO Bank time, shall not, for the purposes of this Plan, be considered as interrupting the employee's period of absence on account of sickness.

Definitions

For the purposes of this Plan, an employee shall not be considered to have had the minimum requirement of one year of service unless he/she shall have completed twelve months of aggregate employment. "Aggregate Employment" shall mean that period or accumulated periods of employment during which an employee's name is authorized to appear on the Company's payroll from his/her date of employment. An employee shall be credited with a month of employment when he/she is employed for any calendar month, or when he/she is employed from a given date in one month up to the same date in the next month, or for such intervals of employment each less than a completed month as defined above as shall total thirty days of employment. When an employee is put on a lay-off status the date of the last day for which the employee receives pay shall be used to determine the number of days of employment.

The term "period of service" shall mean the length of service credited to an employee under the Company's Regulations for Determining Service.

The definitions of "Company," "regular employee," "employment," "service," and "lay-off," and the method of determining an employee's service, as set forth in the Company's Regulations for Determining Service, shall govern in the determination of an employee's eligibility for sickness benefits and the amount thereof under this Plan.

The term "full pay" as used in this Plan shall mean the salary or wage which the employee would have received for the period involved on the basis of a normal schedule of work, including the amount of any adjustment or reduction therein resulting from the employee's election to defer receipt of salaries or wages pursuant to a qualified cash or deferred arrangement. In the case of an employee whose compensation consists of salary and commissions, the term "full pay" shall not include any allowance for commissions.

The term "80 percent pay" shall mean an amount equal to 80 percent of full pay.

The term "60 percent pay" shall mean an amount equal to 60 percent of full pay.

Employees Transferred from and to Associated Corporations

For the purposes of this Plan, the period of service of employees transferred from an associated corporation, while thereafter in the active service of the Company, shall be deemed to be as computed under the applicable provisions contained in the Company's Regulations for Determining Service.

An employee who is transferred to an associated corporation shall not be eligible for any benefits hereunder.

CONTINUATION OF PLAN

While it is hoped that this Plan will remain in effect indefinitely, the Company reserves the right to modify, amend or discontinue it at any time; provided, however, that this right shall not be exercised by the Company during the term of the Agreement of which this Appendix is a part.

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