

INDEX

SUBJECT	PAGE
Accident Investigation Committee	32
Arbitration	63
Call-Outs	24
Commercial Drivers License	41
Contract Work	56
Courtesy Call	24
Drug/Alcohol Policy	76
Dues Breakdown by Wage	122
Dues Deduction	4
Duration of Contract	69
Family Death	53
Flagging	30
Grievances	61
Headquarters – Established	32
Headquarters – Out of Town	36
Headquarters – Subsistence (Per Diem)	36
Holidays	38
Holiday Pay	29
Holiday Pay -Shift Workers	28
Inclement Weather	37
Industrial Injury Pay	52
Job Posting and Bidding	45
Jury Duty	53
Lay-Off	45
Management Rights	66
Meals and Lodging	38
Metric Tools	41
Military Leave	54

INDEX – CONT.

SUBJECT	PAGE
Mutual Agreements	77
Overtime	22
Pay Days	51
Planned Work	27
Productivity	2
PTO	48
PTO – Holiday	49
PTO-Unscheduled	49
Sacred Time	24
Safety	31
Seniority	42
Shift Differential	31
Shift Work	28
Shift Work on Holidays	28
Standby Time	27
Subsistence (Per Diem)	36
Three Man Crews	10
Two Man Crews	15
Union Access	41
Union Activities	55
Union Recognition	3
Voting	38
Wage Schedule	113
Working Rules	10
Work Unit	13
Work Week	22
Zone Pay	33

LABOR AGREEMENT

THIS AGREEMENT, entered into this first day of April, **2005**, by and between the ARIZONA PUBLIC SERVICE COMPANY, a corporation, of Phoenix, Arizona, its successors or assigns, together with such other properties of public utility character as may hereafter be acquired, except such properties or operations as may be under Union Agreement until the expiration of such Agreements, hereinafter referred to as the "Company," and THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, Local Union No. 387 of Phoenix, Arizona, affiliated with the American Federation of Labor - Congress of Industrial Organization, hereinafter referred to as the "Union," covering all classifications covered by Wage Schedules attached hereto and made a part hereof.

WITNESSETH:

ARTICLE I

RECIPROCAL COVENANTS - UNION RECOGNITION

Section 1. During the term of this Agreement, and during any period of time while negotiations are in progress between the parties hereto for the extension or renewal of this Agreement, the Company agrees that there will be no lockout.

Section 2. During the term of this Agreement, and during any period of time while negotiations are in progress

between the parties hereto for the extension or renewal of this Agreement, the Union agrees on behalf of itself and each of its members that there will be no authorized concerted failure to report to work, cessation or interruption of work, slowdown, strike, boycott, or any other type of organized interference, coercive or otherwise, with the Company's business.

The Company agrees, as part of the consideration of this Agreement, that neither the Union, its officers, representatives, or members shall be liable for damages for unauthorized stoppages, strikes, intentional slowdowns, or suspensions of work in the Company's service if:

(a) The Union gives written notice to the Company within twenty-four (24) hours of such action that it has not authorized the stoppage strike, slowdown, or suspension of work.

(b) Copies of the notice described in (a) above are posted immediately by the Union on the bulletin board;

(c) The Union further cooperates with the Company in getting the employees to return and remain at work.

It is recognized that the Company has the right to take disciplinary action, including discharge, against any employees who engage in any unauthorized stoppage, strike, intentional slowdown, or suspension of work,

subject to the Union's right to present a grievance on such discipline in accordance with Article VII of this Agreement in cases in which an issue of fact exists as to whether or not any particular employee has engaged in, participated in, or encouraged any such violation.

Section 3. The Union is recognized as the exclusive bargaining agency for employees as covered by Wage Schedules attached hereto. Subject to and under the provisions of Article VII of this Agreement, representatives of the Company will meet with representatives of the Union in reference to grievances which may arise during the term of this Agreement, but nothing in this Agreement shall prevent or preclude any employee from going to the Company's representatives respecting matters other than union business relating to himself. However, nothing in this section shall be construed as to prevent the shop steward from taking the matter up with the foreman.

Section 4. When the Company requires any new employees of any classification included in this Agreement, the Company may request the Business Manager of the Union to send qualified people to fill the Company's requirements or the Company may fill its own requirements through its own Human Resources Department. In either event, when any new employee is hired, their name, classification, address, supervisor, department, social security number and date of hire will be forwarded to the Financial Secretary of the Union.

Section 5. The Company agrees to deduct the dues of Union members each month, or quarterly, and pay such dues to the Financial Secretary of the Union, provided:

(a) The deductions are on a voluntary basis on the part of each union member.

(b) The deductions are authorized by each Union member on a special payroll deduction form provided for that purpose on which a full explanation has been made as to these understandings about such deductions and with such authorized payroll deduction forms submitted to the Company by the Financial Secretary of the Union;

(c) The amount of such deductions to be made in accord with the current bylaws of I.B.E.W. Local 387 and pay such monies to the Financial Secretary of the Local Union 387, I.B.E.W;

(d) Union members are permitted to discontinue such deductions upon written request to the Company to discontinue such deductions, except those employees who sign authorization for check off of union dues on the one-year irrevocable forms furnished by the Union.

(e) This section shall apply to "A", "BA" and working dues members.

Section 6.

(a) Thirty (30) days after being employed by Arizona Public Service Company at the Four Corners Plant or the date Article I, Section 6 was agreed to, every employee covered by this Agreement shall, as a condition of employment must tender a registration fee to the Union in such an amount as the Union may prescribe (but in no event to exceed this initiation fee required of Union members), and shall tender, monthly, an agency fee as established by the Union in an amount not to exceed the amount of the monthly dues and per capita fee required of BA members in his base wage rate.

(b) Any non-bargaining unit employee who is placed in a classification represented by Union shall, as a condition of employment, within thirty (30) days comply with the provisions of Subsection (a) above.

(c) Upon written request from the Union, the Company shall, within thirty (30) calendar days, terminate the employment of any employee who fails to comply with the requirements of this Title.

(d) If an employee covered by this contract, is a member of and adheres to established and traditional tenets or teachings of a bona fide religion, body or sect that has historically held conscientious objections to joining or financially supporting labor unions, such employee shall

not be required to join or financially support the Union as a condition of employment.

Such employee with valid objections to joining or supporting a Union shall be required to pay, in lieu of periodic union dues and initiation fees, equivalent sums to a nonreligious charitable fund exempt from taxation of the Internal Revenue Code. Appropriate proof of payment shall be provided to the Local Union monthly. The fund shall be selected from a list of three (3) as set out below.

Muscular Dystrophy
American Cancer Society
Heart Foundation

(e) Nothing in Article I, Section 6 (Agency Shop), would prevent an Agency Fee Payer from making application for membership to Local Union No. 387 Executive Board.

ARTICLE II INTRODUCTION

Section 1. The Company is engaged in public service requiring continuous operation and it is agreed that recognition of such obligation of continuous service during the term of this Agreement is imposed upon both the Company and its employee members of said Local Union No. 387.

Section 2. The Local Union agrees for its members (who are employees of the Company), that they will individually and collectively perform loyal and efficient work and service; that they will use their influence and best efforts to protect the property of the Company and its service to the public; and that they will cooperate in promoting and advancing the welfare of the Company and the protection of its service to the public at all times.

Section 3. The Union and the Company mutually agree to cooperate in achieving increased productivity for the mutual benefit of all concerned, through better utilization of equipment, employee power and methods of work.

Section 4. The Company and the Union agree that they will cooperate in their mutual efforts to promote harmony and efficiency among the Company's employees.

Section 5. It is understood and agreed that if, during the term of this Agreement, the current forty (40) hour week is

reduced, the Union shall have the right to reopen the Agreement on the matter of wages, by serving a sixty (60) day notice within ten (10) days from the date the work week is reduced, if the Union desires to do so; and further, the Union shall have the right to reopen the Agreement on the matter of a union shop or agency shop by serving a sixty (60) day notice within ten (10) days from the date of such law changes as may be necessary for a union shop or agency shop to be legal.

Section 6. Nothing in this Agreement is intended or shall be used to violate any municipal ordinance, state law, safety standard or any other legal public requirement, nor is it intended to allow public or personal danger to continue to the detriment of either the general public, the Company or an employee.

Section 7. There shall be no other classifications of work or rates of pay than those mentioned in Wage Schedules attached hereto for employees within the bargaining unit; except and notwithstanding anything herein, the Company may, at any time, increase the pay of any individual employee when the Company considers the work of such employee entitles him to such an increase. Where such an increase is given by the Company to an employee, the classification of the employee will be changed or, where necessary, a new classification established; and such an increase shall not be considered a precedent for increasing the pay to others in the same classification. Additional classifications may be added to Wage

Schedules attached hereto at any time upon mutual agreement, and in writing, between the Company and the Union.

Section 8. This agreement shall be binding on any and all successors and assigns of the employer, whether by sale, transfer, merger, acquisition, consolidation, lease, receivership, bankruptcy or otherwise and whether the transfer be of the company in its entirety or in part. The employer shall make it a condition of transfer that the successor or assigns shall be bound by the terms of this agreement. It is the intent of the parties that this agreement shall remain in effect for its full term and bind the successor or assigns of the respective parties. This provision does not apply to transactions or events other than those stated herein.

ARTICLE III WORKING RULES - TIME AND PAY PROVISIONS - GENERAL PROVISIONS

SCOPE:

The following general working rules are to apply to all employee classifications covered by this Agreement, unless otherwise provided for in departmental rules as hereinafter set forth.

Section 1. Working Rules

1. A foreman shall not engage in such work as is required of a journeyman, except in case of emergency where lives or property may be endangered, as determined by the Company.

2. Three-person crews shall be composed of a crew-foreman and a journeyman lineman or electrician, and one of the following: a truckdriver A, an apprentice, a lineman, or an electrician.

Such crews will work on all types of construction and maintenance work when in the opinion of the crew-foreman, after discussion with the journeyman on the crew; the job can be done safely. When doing more complex hot work on energized circuits, the crew-foreman shall direct his/her attention to the work of the crew from the ground. When necessary, the foreman or supervisor shall provide additional employee power and/or

equipment. The crews can work on energized circuits, but shall be limited to minor hot work if only a crew-foreman and journeyman, and a truckdriver A or apprentice are on the crew. The understanding of minor hot line work for a three-person crew consisting of crew-foreman, journeyman and a truckdriver A or apprentice is as follows:

- (a) Open and close disconnects and cutouts.
- (b) Remove and install hot primary taps.
- (c) Use transformer wagon to replace small distribution transformers.
- (d) Replace pin type insulators on light distribution branch lines.
- (e) Use insulated aerial equipment to work above energized circuits.
- (f) "Rubber up" to safely accomplish the above work, but journeymen will not climb through primary.

When three person crews are combined to do work, or more than four **(4)** crewworkers are involved, a foreman will be assigned to supervise the work or a crew-foreman will be flagged 15% above the journeyman rate to perform such supervisory functions.

Apprentices may be assigned to a three-person crew for a training period in accordance with the apprenticeship plan, however at no time will there be more than one (1) apprentice assigned to a three-person crew. Should a fourth (4th) person be assigned to a three-person crew during any one (1) pay period, the crew-foreman shall be flagged 15% above the journeyman rate during the first three (3) days of the assignment. An apprentice shall not be counted as the fourth (4th) person. On and after the fourth (4th) day of the assignment, the crew-foreman shall continue to be flagged 15% above the journeyman rate and shall confine his/her duties to supervising the crew, and groundman or helper's work. Should a fifth (5th) person be assigned, including the apprentice, the crew-foreman shall be flagged 15% above journeyman rate and shall confine his/her duties to supervising the work during the period of the assignment.

3. Line clearance crews working under the direction of a crew-foreman may consist of any of the following classifications, in addition to the crew-foreman; a first-year tree trimmer, a second-year tree trimmer, a senior tree trimmer, a "B" truckdriver or a groundman.

Such crews will work on all types of tree trimming and brush clearing when in the opinion of the crew-foreman the work can be done safely. When necessary, the foreman or supervisor will provide additional employee power and/or equipment. When clearing energized primary lines, line clearance crews shall be made up of a

crew-foreman and at least one other second-year tree trimmer.

When such units are combined to do work and more than four **(4)** crew workers are involved, a foreman will be assigned to supervise the work or a crew-foreman will be flagged 15% above senior tree trimmer to perform such supervisory functions.

Tree trimming work units of one or two employees may do work within their classification if the work does not require more employee power and provided it can be done in accordance with the safety rules.

4. When three or more employees are working as a unit, other than designated constituted line, electric or line clearance crews, the employee in the highest classification shall be flagged as a lead person at 5% higher than his/her regular rate and will perform duties of his/her regular classification or below. When using more than six employees, a foreman will be assigned to direct the unit. In case there should be two or more employees in the highest classification, the employee flagged as lead person shall be determined by Article IV of this Agreement. This paragraph would only apply where employees are actually assigned to work as a unit.

5. The Company may use four **(4)** person crews, including the foreman, for such light maintenance and construction work as such crews may perform and when such crews

are used the foreman may perform groundmen's or helper's work. When any crew, four **(4)** person or otherwise, has members engaged in hot line work, the foreman will confine his/her work to the direction of the crew and will not be engaged in doing other work. If more than two (2) journeymen are assigned to a four (4) person crew, the foreman shall confine his/her duties to the direction of the work of the people in the crew. A constituted four **(4)** person crew will consist of: one (1) foreman, two (2) journeymen lineman/electricians and one (1) truckdriver A. Apprentices may be assigned to a four **(4)** person crew for a training period in accordance with the apprenticeship plan. At no time will there be more than one (1) apprentice assigned to a four **(4)** person crew. The apprentice shall not be considered or constitute the fourth (4th) person. If more than four **(4)** people are assigned to a four (4) person crew (except an apprentice) the foreman shall confine his/her duties to the direction of the work of the people in the crew. The addition of one (1) apprentice shall not be counted as the fifth (5th) person of a four **(4)** person crew. It is agreed that the Company will discuss the locations where such four **(4)** person crews are to be used with the Union and the need for such crews.

6. All line crews, except three (3) or four (4) person crews, shall have at least two (2) journeyman linemen and such other apprentices or helpers to perform work in a safe and efficient manner, except that when sickness, vacations, and similar emergency conditions occur, crews with one

(1) journeyman lineman and 4th 6-months or over apprentice in attendance shall be permitted to work on de-energized circuits and do minor hot line work. Line crews shall be permitted to work de-energized primary and hot secondary lines with only one (1) journeyman lineman in attendance, under circumstances as outlined above.

6a. Crews may be made up of two (2) employees, one (1) of whom will be a crew-foreman or journeyman flagged to crew-foreman. (4/1 197)

These crews may engage in the following work when in the opinion of the crew members the work can be done safely (4/1 193):

- Framing poles from the ground only and setting poles of 45' or less in de-energized new construction or existing facilities that are dead with one (1) journeyman present.
- Terminating in de-energized new underground construction or existing facilities that are dead with one (1) journeyman present.
- Working on both overhead and underground energized secondary with one (1) journeyman present.
- Installing conductors and insulators in de-energized new construction or existing facilities that are dead with two (2) journeymen present.

- When all the related equipment is de-energized two (2) journeymen working from a two (2) person bucket may be engaged in installing and removing single phase transformers, cut-outs and arrestors and other related equipment.
- Installing or removing transformer buggies on energized single phase circuits or on any dead circuit without open wire secondary working from a two (2) person bucket with two (2) journeymen present.
- Splicing overhead primary when all primary circuits are dead working from a two (2) person bucket with two (2) journeymen present.
- Installing and removing properly prepared primary jumpers with hot line clamp only (#2ACSR or smaller) with two (2) journeymen working from two (2) person bucket on single phase or two phase flat arm construction.
- Minor work in underground switching cabinets when using hotsticks only (limited to switching, grounding, lifting phases) with two (2) journeymen present.
- Working in energized insulated pad mount transformers with two journeymen present.
- Installing necessary equipment grounds for the above work with two (2) journeymen present.

6b. Work units of two (2) employees, one of whom will be a journeyman, may construct underground systems that are not energized. These crews are not a constituted crew except for the work listed in 6B.

(1) As many two (2) person units as needed may be assigned to work within the limitations described in Article III, Section I, Paragraph 6B.

(2) When an additional journeyman is added to a two (2) person unit, the journeyman who is normally assigned to that unit will be flagged as crew-foreman and the crew may work as any other regularly constituted three (3) person crew, in accord with Article III, Section I, Paragraph 2.

(3) When additional non-journeyman assistance is needed, those additional employees will be assigned.

(4) Such crews shall not work on any energized sources of feed.

(5) Such crews may set poles including dip poles, not to exceed forty-five (45) feet provided the crew has the proper equipment, to safely perform the work and they do not set poles in energized primary.

(6) Layoff of employees shall not result from the direct use of the two person work units.

7. All framing of poles shall be done by journeyman linemen and apprentices. The erection of poles shall be done by regularly constituted line crews, except by written mutual agreement between the Union and the Company. The erection of bolted transmission line towers and substation structures shall be done by regularly constituted line crews, consisting of journeyman linemen or electricians or both.

8. Customer serviceman "A" and electric serviceman may work alone on voltages under 440 volts.

9. Polyphase metermen shall perform all installation, removal and replacement of any C.T. (Current Transformer) or P.T. (Potential Transformer) rated meters. This includes primary installations. (8/1/05)

Customer serviceman "A" or electric serviceman thereafter – metro and other appropriately trained journeyman level classifications may perform removal or replacement of self-contained polyphase meters. (4/1/08)

9a. A polyphase meterman may work alone:

(1) on all de-energized metering installations;

(2) may check voltages at the socket or disconnect switch. He/She may also set and remove self-contained meters energized up to 500 volts.

(3) may test any 480 volt meters provided the metering installation is equipped with jointly approved test switch facilities. When connecting or disconnecting current transformers, or working on related equipment on energized 480 volt meter installations, he/she shall be assisted by an apprentice, district serviceman, or another journeyman.

10. All transformer repairing and testing; winding coils, meters and transformers; repairing, constructing and assembling of electrical equipment; maintaining, repairing and making additions to wiring systems shall be done by journeymen assisted by apprentices and/or helpers and other classifications covered by I.B.E.W. agreements. (411193).

Maintenance repairs and betterments of steam, diesel engine, gas engine or turbine and hydro plant equipment requiring the skill of journeymen shall be done by journeymen assisted by apprentices, helpers and other classifications covered by I.B.E.W. agreements. Work not requiring the skill of journeymen may be done by other I.B.E.W. classifications.

11. Testing of steam, diesel and hydro plant equipment shall be done by departmental engineers and journeymen assisted by apprentices and/or helpers and other classifications covered by agreements of I.B.E.W. electrical workers.

12. All relay and control construction work, shop testing and maintenance work shall be done by journeyman electricians, assisted by such apprentice electricians and helpers as needed. Field testing of completed relay and control installations shall be done by departmental engineers and journeyman electricians.

Maintenance and shop testing of control, pressure, flow, temperature and other sensing components within the power generation plants shall be done by electricians and/or instrument repairmen journeymen assisted by apprentices and other classifications as needed.

Field testing of completed control, pressure, flow, temperature and other sensing components shall be done by engineers and electricians and/or instrument repairmen journeyman.

13. No linemen will work on energized primary lines, unless they are on a constituted line crew. District serviceman and troubleman may perform minor hot line work. They shall not do such jobs where, in their opinion, they do not have the proper equipment and supervision to safely complete it.

14. Servicemen shall not be required to act as collectors; but it is agreed that said serviceman shall accept payment for Company service bills when payment is offered by the customer when serviceman calls to discontinue service.

Payment shall be in the form of check, money order, bank draft or cash.

If payment is in cash, it shall be in the exact amount and the Company receipt shall be issued to customer by the serviceman.

15. Mechanical work in the garage shall be done by mechanics and apprentice mechanics, and when helpers are required, they shall work under the direction of the person in charge of the job.

16. When working in holes, manholes or vaults, welders shall be assisted by a welder trainee, helper or other classifications. For all other welding, help shall be provided when requested by the welder. All welding shall be performed by qualified personnel.

17. All work on energized conductors carrying above five thousand (5,000) volts (phase to phase) must be worked with hot sticks only; however, the installing of protective shields may be done with rubber gloves up to fifteen thousand (15,000) volts (phase to phase).

18. Primary load checks will be done by a troubleman or district serviceman. Journeyman electricians may perform primary load checks in conjunction with their normally assigned duties.

Section 2. Time and Pay Provisions

1. When a line crew works energized voltages over fifteen thousand (15,000) volts phase to ground, the journeyman lineman on the crew shall receive a full day's pay at the hot Stick lineman rate.

2. The work week of customer serviceman "A" and "B" may be Tuesday through Saturday. When such employees are assigned to the Tuesday through Saturday work week, the provisions of Article III, Section 2, Paragraph 15, regarding holiday pay to shift workers shall apply.

3. Eight (8) hours shall constitute a day's work and five (5) such consecutive days, from Monday to Friday, inclusive, shall constitute a week's work, unless otherwise provided for employees on shift work or in mutually agreed departmental schedules.

4. When an employee works more than eight (8) hours during a work day or shift, such time in excess of eight (8) hours shall be paid at the rate of time and one-half (1-1/2).

5. Unless otherwise provided for in this Section, the hours of work shall be four **(4)** hours from 7:00 a.m. to 11:00 a.m. and four **(4)** hours from 11:30 a.m. to 3:30 p.m. OR 7:30 a.m. to 11:30 a.m. - 12:00 p.m. to 4:00 p.m. OR 8:00 a.m. to 12:00 p.m. - 12:30 p.m. to 4:30 p.m. with all time worked outside the employees assigned hours to be paid

for at the rate of time and one-half (1-1/2), except Sundays and holidays, which shall be paid at the rate of double time. Scheduled starting times established for the various employees shall remain in effect for not less than ninety (90) days.

During the period of April 1 through October 31, when the supervisor and a majority of the employees affected are in agreement, summer work hours may be 6:00 a.m. to 2:30 p.m. OR 6:30 a.m. to 3:00 p.m. with lunch times and overtime meal hours adjusted accordingly. (5/13/91)

(a) However, shifts of 4-10 hour days may be agreed to by the Company and Union provided 75% of the employees affected are in favor of it.

It shall be understood that Sunday for shift workers shall be the second (2nd) of two (2) consecutive days off and the second (2nd) and fourth (4th) of four (4) consecutive days off. The employee shall be notified five (5) working days in advance of a change in scheduled starting times and the assignments shall be made on a seniority basis.

6. Employees who are called to perform emergency work prior to the start of his/her shift but outside of sacred hours shall be paid at the rate of time and one-half (1-1/2) until such emergency or planned work is completed. When such emergency or planned work extends into the employee's regular work day, he/she shall continue to be paid at the rate of time and one

half (~~1-1/2~~) until the emergency/planned work is completed or the employee/crew is permitted to break from the job. (Employee will receive his/her regular rate of pay plus overtime at the half-time (~~1/2~~) rate to equal time and one-half (~~1-1/2~~)). (~~4/1/08~~) In Generation, because relief personnel are available, this will not apply.

When an employee has earned sleep time and is being required to work into his/her regular work day, he/she shall receive time and one-half (~~1-1/2~~) in addition to his/her regular rate of pay until he/she receives time off equal to hours worked during sacred hours for the schedule being worked. (~~8/1/05~~)

Sacred time is that period commencing ten (10) hours prior to and ending two (2) hours prior to the start of the work schedule.

(a) A courtesy call is a call made to an employee prior to the beginning of sacred time to advise the employee of a change in start time or other work related change and does not require any type of overtime payment. Calls made to an employee during sacred time advising employees of a change in start time or a request of the employee to work overtime other than an immediate call out, will require that the employee be paid two (2) hours of straight time. The two (2) hours of straight time will not apply when the delay in reporting time is due to a DOT restriction. (~~4/1/02~~)

(b) When an employee is scheduled to work overtime and the company calls the employee and cancels the overtime, the employee shall receive two (2) hours of straight time pay. (3/31/82)

7. Employees who are called for emergency duty before the beginning of regular working hours or shift hours, shall be allowed one-half (1/2) hour to report for duty and shall be paid at the rate of time and one-half (1-1/2) for the emergency hours worked. Employees at the Saguaro and Four Corners Plants will be allowed forty-five (45) minutes to report.

8. Employees shall be allowed two (2) hours pay at time and one-half (1-1/2) as a minimum pay for an emergency call after their regular shift. This shall apply only when the actual working time is one (1) hour or less. Overtime for emergency calls shall begin one-half (1/2) hour prior to when an employee reports to the place where he/she is instructed to report and shall terminate one-half (1/2) hour after he/she has been relieved from duty. This one (1) hour travel time shall be included in the two (2) hour minimum pay. Employees at the Saguaro and Four Corners Power Plants will receive an additional one-half (1/2) hour of travel time and shall be calculated as forty-five (45) minutes prior to their reporting time and forty-five (45) minutes after he/she has been relieved from duty. Where employees are assigned take home transportation, they will not be allowed the one (1) hour going home time,

but in no case will the minimum time allowed be less than two (2) hours. (4/1/02)

9. Paragraph 7 shall apply if the call-out is after the end of sacred time and before the beginning of regular shift **and extends into his/her regular shift.** Paragraph 8 shall apply any time other than these hours. **(8/1/05)**

10. When calculating sleep time, add one-half (1/2) hour before "call-out hours actually worked:" and one-half (1/2) hour afterward--unless it was minimum call-out, in which case, the travel time is included. Should all or part of the travel time fall into the sacred hours, equal time off will be allowed for sleep time the next morning in addition to any hours worked into sacred hours.

When calculating sleep time at Saguaro and Four Corners Power Plants, add forty-five (45) minutes before "call-out hours actually worked" and forty-five (45) minutes afterward -- unless it was a minimum call-out, in which case the travel time is included. Should all or part of the travel time fall into the sacred hours, equal time off will be allowed for sleep time the next morning in addition to any hours worked into sacred hours.

In addition to sleep time for travel and work, sleep time will be allowed for meals eaten during sacred hours.

Application of minimum call out time and travel time for meals:

The Company will provide a meal if employee's actual on-the-job overtime hours, including travel time (if applicable), would put him/her up to or into an overtime meal period.

11. In the event the emergency or planned work shall fall on a Sunday or Holiday, employees shall receive a minimum of four **(4)** hours pay at straight time, or actual hours at double-time rate, whichever is greater.

12. Planned work is that work of which notice is given to the employees at or prior to the completion of the previous working hours or shift hours. When employees covered by this Agreement are required to report for planned work other than in conjunction with a regular scheduled work day, they shall receive a minimum of two (2) hours at the appropriate overtime rate. Travel time will not be paid. **When notification of planned work is not given prior to the end of the completion of the previous shift and the employee is subsequently called and told to report prior to the start of the next shift, the work being performed will be considered emergency work and the provisions of Article 3, section 2, paragraph 6 will apply. (4/1/08)**

13. Any employee who is expressly required by a foreman or other supervisory employee of the Company to stand-by at home after regular shift, shall be paid one-half (1/2) time, for such stand-by time. Should this employee be called out for duty, then he/she shall be paid at the rate of one and one-half (1-1/2) time for travel time and time

actually worked. The employee will still receive one-half (1/2) time pay for the time he/she was on stand-by. (4/1102)

14. Employees on shift work shall work in eight (8) hour shifts and five (5) such consecutive shifts shall constitute a work week. Such employees shall have two (2) consecutive days off unless otherwise agreed upon by the parties hereto. The Company may arrange work schedules in which such employees may work ten (10) consecutive days, with four (4) consecutive days off. No overtime shall result from shift changes.

(a) Twelve (12) hour shifts may be agreed to by the Company and Union provided 75% of the employees affected are in favor of it.

15. When shift workers are scheduled to work a holiday that coincides with a holiday observed by non-shift workers, the Company will determine the number of shift workers who will be required to work the holiday. With seven (7) days notice, the Company will post the necessary number of shift workers required to work the holiday. Those shift workers scheduled and not required will take the holiday off. Scheduling will be in accordance with Article III, Section 2, Paragraph 18. When the regular day off for an employee on shift work falls on a holiday, the employee shall be paid an additional eight (8) hours at the straight time pay for that day, unless provision is made at the employee's option to give the employee an extra

day off later. If the employee chooses to take the day off later, he/she must notify the Company at that time which lieu day he/she prefers. The Company will give him/her that day off providing employee power requirements permit.

16. Shift workers shall be notified sixteen (16) hours in advance of any change in their regular scheduled work hours. When not notified they will receive time and one-half (1-1/2) for all hours worked on the first day of the change.

17. All work performed on holidays mentioned in Section 3, Paragraph 13 of this Article shall be paid at the rate of double time (2X), plus the regular allowed eight (8) hours holiday pay for the day.

18. Overtime in any department shall be divided as equally as possible between the employees qualified to do said work.

(a) A minimum nine (9) hour day will be worked when employees are assigned away from their regularly established headquarters overnight. This policy shall be revocable by the Company in situations such as economic recession or emergency conditions, etc. It shall not apply when employees are not working due to inclement weather. It is our intent to continue this as a regular policy in the future. (3/24/80)

(b) When system line crews perform work in a division that is normally done by division crews, the overtime work hours will be matched hour for hour, on a straight time basis, by the division personnel qualified to do the work. This will not include the ninth (9th) hour worked by system line crews.

19. Hourly paid employees relieved from duty during the first half of their regular working day shall receive not less than one-half (1/2) day's pay. If relieved after being on duty more than four (4) hours, they shall receive a full day's pay, unless relieved at their own request.

20. Where an employee qualified and capable of handling the job is temporarily assigned to a higher classification, he/she shall receive the rate of pay for the higher classification during the entire period of the assignment, or two (2) hours, whichever is greater. Where an employee not qualified of handling the job, due to lack of training, is placed on a job of higher classification temporarily for training purposes, he/she shall not receive the rate of pay for the higher classification unless the assignment to the higher classification is for more than two (2) weeks in which case he/she shall receive the rate of pay for the higher classification beginning with the third (3rd) week unless additional training time is needed and agreed to between the employee or his/her representative and the Company. It is agreed that placing employees in a job of higher classification for training purposes shall not result in

such job being permanently filled by a succession of employees receiving training.

21. Union employees working an alternative shift and shift workers shall receive shift differential of ONE dollar **and ten cents (\$1.10)** per hour for all hours worked outside of the day shift hours for that Department. **Effective 4/1/07, shift differential will increase to ONE dollar and twenty cents per hour (\$1.20).** Alternative shifts are those shifts that start prior to 6:00 a.m. or after 8:00 a.m. Shift differential for overtime purposes will be paid in accordance with Fair Labor Standards. There will be no double time rate for shift differential. **(4/1/05)**

22. Employees certified for blasting shall be paid an additional forty-five cents (.45) per hour for each hour worked while engaged in blasting operations (2 hour minimum).

23. The Company will not work any employee more than **fifteen (15)** consecutive hours unless it is absolutely necessary. If the employee is unable to physically work more than **fifteen (15)** hours, he/she will be relieved. **(8/1/05)**

Section 3. General Provisions

■ The safety rules of the Company shall be made a part of this Agreement, a copy of which is attached hereto.

2. For the purpose of revision and maintenance of the safety rules, a committee of three (3) people appointed by the Union and three (3) people appointed by the Company, with permanent co-chairmen, shall be established, and shall meet not less than once each month, provided items for the agenda are submitted in writing by the Union or the Company ten (10) days prior to the meeting date. When no items are submitted, no meeting will be required for that month. Changes agreed to by the committee shall be added to the safety handbook upon exchange of letters of mutual agreement between the Union and the Company.

3. The Company agrees to furnish protective shields and first aid sets for the protection of people when working on any work where protective apparatus is needed or requested.

4. Accident Investigation Committee: Any accident which merits an investigation (formal or informal) involving any employee covered by this agreement, shall be investigated by a committee of at least two (2) members, one (1) of whom shall be a Union member. The Company will choose this Union member from a panel of employees furnished by Local Union No. 387 from each division or major department of the Company.

5. ESTABLISHED HEADQUARTERS is considered to mean the headquarters established by the Company for

every division or district and recognized by the Union as such.

6. When management designates a job site or temporary headquarters as a reporting location, an employee assigned to that location will receive zone pay based on the driving miles from their normal headquarters to the job site. The driving miles will be determined using normally driven routes and the rate of pay is:

1 to 10 miles	\$1.50 hourly
10+ to 20 miles	\$2.00 hourly
20+ to 30 miles	\$2.50 hourly
30+ to 40 miles	\$3.50 hourly
40+ to 50 miles	\$4.50 hourly

Temporary headquarters will have suitable parking and sanitary facilities.

The Company shall provide transportation from the employees established headquarters to temporary headquarters or job site. If an employee chooses he/she may drive their personal vehicle to temporary headquarters. It is the employee's responsibility to be at the zone location by start time.

For the purpose of zone pay, established headquarters shall mean the location in which the employee normally reports. This headquarters will not be changed in order to shorten or lengthen the zone.

(a) Individual crew members will be selected by using the seniority or overtime list for each classification at each location. Employees will be asked starting with the first employee on the list; if enough employees do not volunteer after working down the list, the last employees on the list will fill the crew requirements.

(b) This shall not apply to anyone working away from their permanent headquarters overnight.

(c) When crews are working these jobs any and all overtime on that job will be that crew's unless additional help is required.

(d) When crews are working these job they will not be considered for normal call-outs unless no other crews can be obtained or an emergency occurs when all crews are needed.

(e) Prior to crews accepting these assignments, they shall be notified of the reporting location and proposed duration of the job. Such crews shall be committed to the time frame identified. If a crew member wishes to be relieved for reasons other than those listed in No. 7, he may do so by contacting his supervisor and arranging for an acceptable volunteer replacement.

(f) In the event a crew member is absent because of sickness, vacation, or other acceptable reason, they

shall be replaced by another employee selected by paragraph (a) who shall be notified prior to the completion of his work day of such change or from someone who will report to the job from their regular headquarters.

(g) Each departmental headquarters will establish a method of crew assignment and this method will be by majority preference either by bargaining unit seniority or overtime. (4/1/95)

7. No employee shall be assigned to a work location away from his/her established headquarters for a period of time exceeding twelve (12) consecutive days except by prior written agreement between the Union and the Company. Provisions of this paragraph shall not apply to emergency restoration of service. When employees are assigned to work locations away from their established headquarters on Saturday, Sunday, holidays, or their regular scheduled days off, these days shall be computed as regular work days and comply with Article III, Section 2, Paragraph 6, with time off at straight time rate for hours worked during sacred hours.

When employees are sent out of town without the intention of establishing a temporary headquarters and are subsequently checked into a hotel due to a change in circumstances, recognition and payment of sacred hours in accordance with Article 3 Section 2 Paragraph 6, will apply from that time forward but not retroactively. (4/1/02)

(a) The Company will provide notice, as soon as practical after the supervisor knows of the work, to employees who will be assigned away from their headquarters overnight. Prior to making out-of-town assignments, the employees on those assignments will be informed of the length and scheduled work hours of the assignments. Employees on twelve (12) consecutive day assignments will be paid the appropriate rate for scheduled hours worked. When conditions exist that prevent scheduled work, the employees will be paid up to eight (8) hours at the straight time rate or the company has the option of canceling the assignment and returning the employee home. Employee will be paid "ninth (9th) hour" if any hours are worked on the day the work is cancelled. This does not apply to employees sent out of town on a five (5) day per week assignment who are placed on per diem seven (7) days per week. (4/1/02)

8. When the supervisor and the employee are in agreement, an employee may be paid a per diem or subsistence allowance in lieu of board and lodging. Employees will travel on company time on the first and last day of the assignment only. Per diem will be paid inclusive of the first and last day of the assignment. The headquarters for employees on subsistence will be established by the Company. The headquarters established for employees on subsistence will be a company facility such as a local office, warehouse or substation in the vicinity of the work location. The per

diem allowance in lieu of board and lodging shall be **\$80 PER DAY. Effective 4/1/07, per diem allowance will increase to eighty-five dollars (\$85) PER DAY. (4/1/05)**

9. All employees shall travel from shop to job, job to job, and job to shop on Company's time.

10. Mutual agreements shall be made in writing and signed by the Business Manager of the Union or his/her assistant, and the Human Resource Client Services Manager or the Sr. Vice President of Human Resources and Corporate Services or his/her designee.

11. Employees reporting for work will not have pay deducted because of weather conditions when management directs that no field work be undertaken. However, it is understood that such employees may be held at headquarters pending trouble calls, or may be employed in other miscellaneous work at headquarters. The Company will not require its employees covered in this Agreement to work out of doors during inclement weather, unless such work is necessary to protect life or property or to maintain or restore service to the public.

12. All employees required to work outside in inclement weather shall be furnished suitable foul weather gear as needed.

13. Holidays shall be as follows: New Year's Day, Martin Luther King Day, Memorial Day, Fourth of July, Labor Day,

Veterans' Day, Thanksgiving Day, day after Thanksgiving and Christmas Day. When a holiday falls on a Saturday, it shall be observed on the preceding Friday; when a holiday falls on Sunday, it shall be observed on the following Monday. These provisions do not apply to employees on shift work who shall recognize the holidays as they fall, as provided for in this Agreement. Employees will also have three (3) floating PTO Holidays as outlined in Article 5, Section 1. (4/1/02)

14. An employee who is registered and qualified to vote in a primary or general election, and who requests time off to vote on the previous day, shall be given sufficient time off on the election day, if necessary, to allow three (3) consecutive hours off between his/her work shift hours and either the opening of the polls or the closing of the polls.

15(a). Board and lodging shall be furnished for all employees sent on work away from the employees' established headquarters. This rule does not apply to noon meals when employees start from and return to headquarters every day, unless by special arrangement, nor does it apply to the noon meal on the first day of such a move away from the employees' established headquarters where the employee has been notified the day before and, as a consequence of such notice, has had sufficient time to bring his/her own lunch for the first day of the move. It is agreed that the evening meal period will be one (1) hour long and will begin ten (10) hours after the

start of an employee's regular shift, and every six (6) hours thereafter until their regular shift hours begin. **When a union employee is entitled to any overtime meal, the employee will have a flat amount of eighteen (\$18) dollars per meal added to the employee's next paycheck. As per Federal Tax Guidelines, overtime meals will be subject to applicable State, Federal, and F.I.C.A. taxes.** It is understood that where an employee is called out for work and the employee is required to work into normal meal hours the Company will pay the employee **eighteen (\$18) dollars for each meal.** Employees scheduled to report for duty on planned work prior to the beginning of the regular working hours or shift hours as set forth in Section 2, Paragraph 7 and 12 of this Article provided such report time is not prior to 6:00 a.m., will be expected to have his/her breakfast before reporting to work. **(4/1/05)**

For employees on shift work, the above schedule for meal hours shall be appropriately adjusted.

For the purpose of clarifying meal periods for employees called in to work on a scheduled day off, the following will apply:

During the first 16 hours following the end of his last scheduled shift, an employee will be considered to be on those same shift hours for purposes of determining his meal periods in the event he is called for overtime duty. Such shift hours shall apply for any and all

continuous overtime duty which is commenced within the above 16-hour period. Overtime calls which commence after the 16-hour period will be worked on the basis of the next scheduled shift hours for purposes of determining meal periods. (11/25/70)

(b) When employees are paid up to such eating periods, the Company will pay the employee **eighteen (\$18)** dollars but will not pay for eating time during such eating periods. While travel time should be considered for the purpose of earning a meal, it is not considered working into a meal period per paragraph (d). **(4/1/05)**

(c) When it becomes necessary for employees to work into any such overtime meal period, the Company will pay the employee **eighteen (\$18)** dollars and pay the employee one (1) hour at the appropriate rate of overtime. **(4/1/05)**

(d) To summarize: The Company will not pay for regular eating periods but will pay if eating must be done in other than regular eating periods.

(e) When employees are on board and lodging, their new headquarters shall be their motel or hotel. (1/15/97)

16. The duly authorized representative of the Union shall have free access to the plant, substations or other

locations where work is being carried on, during working hours, for the purpose of observing working conditions and to see that the provisions of this Agreement are being followed, provided that the employees are not interfered with in their work.

17. When an employee is required by law to have a commercial driver's license for operation of a vehicle in the course of his/her employment with the Company, the Company will reimburse the employee for such commercial driver's license fee.

18. All personal tools will be marked so that they can be identified as to which employee the tools belong. A current list of employees and their tools will be given to each steward and foreman. It will be the responsibility of the employee to keep the list updated. Only tools included on this list will be replaced in the event of theft. The Company will furnish a designated place, which can be locked, for the employees to put their tools. The employees will be responsible to put their tools in the place furnished by the Company. The Company will not assume any responsibility if the tools are not secured in accordance with this policy. (4/11/73)

19. The Company shall determine and make available necessary metric tools for auto mechanics.

ARTICLE IV NON-DISCRIMINATION-SENIORITY-LAYOFFS- REHIRING

Section 1. Neither the Company nor the Union will discriminate against any employee because of race, color, creed, national origin and sex. Words used in this Agreement which are in the masculine gender shall be interpreted to include both males and females.

Section 2. In the hiring of personnel, either for the filling of vacancies or because of additional work, present employees qualified and eligible for advancement shall be promoted in the order of their respective seniority.

It is understood and agreed that in all cases of transfer, promotion, decrease of personnel, or recall after layoff, the following factors shall be considered, and where factors (1) and (2) are substantially equal, factor (3) shall govern:

(1) Knowledge, training, ability, skill, adaptability and efficiency;

(2) Physical fitness;

(3) Seniority. For the purposes of Article IV hereof, in the determination of seniority of employment, there shall be considered and taken into account all employment by the Company and its predecessors.

Section 3. All new employees of the Company shall be probationary employees until they have completed **one hundred-eighty (180)** calendar days of service with the Company. This includes temporary and supplemental employees that are hired as regular employees. Any day of absence during the probationary period shall extend the probationary period by a like amount. Upon completing the probationary period, an employee will be credited with **one hundred-eighty (180)** days seniority. The terms and conditions of this Agreement shall apply to the probationary employees including the right to file and process grievances except that the Company shall have the right to terminate an employee during his/her probationary period for any cause whatsoever without such termination being subject to the grievance procedure.
(4/1/05)

When temporary jobs of six (6) months duration or less are established, no posting will be necessary. Temporary employees filling these jobs will accrue no seniority. Temporary jobs of more than six (6) months shall be established only by Letter of Mutual Agreement between the Union and the Company.

Employees hired for a specific temporary job of six (6) months or less shall be classified as temporary employees. The Union shall be notified in writing by the Company of the hiring of such employees and of the project and probable duration for which they are employed. The Union shall be notified in writing by the

Company of any changes in the employment status of such employees.

Temporary employees shall not accumulate seniority until after six (6) months. If and when such temporary employees become regular employees, they shall be given seniority credit for all time worked as temporary employees.

Section 4. Employees will lose all seniority for:

(1) Layoff exceeding one (1) year;

(2) Failure to notify the Company within five (5) working days of his/her intent to return to work and failure to return within ten (10) working days after receiving notice to return to work. Such notice to be sent by the Company to the employee's last known address by certified mail. A copy of said notice shall be mailed at the same time to the Business Manager of the Union;

(3) Absence from accident (other than injury incurred by an employee in the course of his/her employment) or sickness, provided, however, that an employee absent from the job on account of sickness or accident (other than injury incurred by an employee in the course of his/her employment) who reports such circumstances to the Company within three (3) days and furnishes a doctor's certificate not more than

five (5) days and semi-monthly thereafter, will retain his/her seniority. Any such employee will, if requested by the Company, submit to an examination from time to time by the Company's physician at the Company's expense to determine the employee's ability or inability to return to his/her duties.

(4) Employees who voluntarily quit the service of, or are discharged by the Company, except where discharged contrary to this Agreement.

Section 5. In the event of layoffs of less than one (1) year, where the provisions of Section 4 are not violated, or breaks in continuous work due to leaves of absence granted by the Company, seniority shall accrue for the period of such absence from work.

In the event of layoffs, the Company will notify regular employees to be released by letter at least two (2) weeks in advance of such layoff, such notice not to include vacation time.

Section 6. When new positions are created or vacancies occur in regular jobs, notices of such new positions or vacancies shall be posted on the bulletin boards of the Company for a period of two (2) weeks during which period of time applications will be received by the Company from regular employees for such positions or vacancies. After the expiration of the two (2) weeks, during which applications in writing for such positions or

vacancies may be filed by regular employees of the Company, the Company shall have three (3) additional weeks to permanently fill such positions or vacancies. For Fossil Generation, the effective date for job selections will be the date of the award letter or sixty (60) calendar days after the close of the job posting whichever is less. Also in Fossil Generation, the effective date for jobs bid as “early postings” will be the date that the successful bidder reports for duty. The Company will set forth in said notices the nature of the position, the duties and qualifications, and the rate of pay. Seniority, ability and other qualifications as outlined in this Article, shall be considered by the Company in making selections to fill such positions or vacancies. The employee selected to fill the position or vacancy shall begin the new rate of pay at the end of the three (3) week selection period unless the employee fills the position or vacancy prior to the end of the selection period at which time the new rate of pay shall begin. After the Company selection has been made, the selected employee shall have sufficient time to move, if needed. (12/4/00)

The Company may temporarily fill such positions until permanent appointment is made. If no applications are received for the position or vacancy at the end of two (2) weeks after posting, the Company may fill such positions or vacancies from other than its regular employees. When temporary jobs of six (6) months duration or less are established, no posting will be necessary.

Employees who bid on posted jobs will be interviewed in person where practical, or by telephone, or by mail. All job bidders shall be notified of the outcome of the job posting upon which they have bid.

An employee may not bid on a posted job until he/she has worked six (6) months in his/her current job, except when bidding on a Union classification that would be a promotion or when bidding on an apprenticeship.

Promotional consideration will be based on the highest salary level in the classifications involved. Employees who return to classifications they previously held will return to the highest level they previously held if still qualified. If a reasonable question of qualification is raised, the employee will be placed at the lowest level for up to sixty (60) days. If during the sixty (60) day period, the employee meets the qualifications required for the level previously held, he/she will be paid retroactively to the effective day of the selection.

Section 7. No employee shall be an eligible bidder for the classification of crew-foreman on line or electric crews, troubleman electric metro, troubleman electric division, district serviceman electric or hotstick lineman, until he/she shall have been employed at APS as a journeyman lineman or electrician for a period of one (1) year. The one year requirement may be waived if no bidder meeting the eligibility requirement is available.

**ARTICLE V
PAID TIME OFF (PTO) - PAY DAYS**

Section 1. (a) All regular employees of the Company will be given PTO based on the following chart.

Year of Service Anniversary	PTO Hours	PTO Hours (Unscheduled)	PTO Holiday	Total PTO Hours
Year of Hire (Prorated)	up to 88	up to 32	up to 24	up to 144
1 Year	88	32	24	144
2-4	88	48	24	160
5-14	128	48	24	200
15-24	168	48	24	240
25 or more	208	48	24	280

A regular employee who leaves the Company for any reason shall receive pay for all accrued vacation and unused earned PTO at the time of termination in accordance with the revised June 26, 2002 LOMA regarding calculation of accrued/unused vacation. Beginning in 2006, employees will be allowed to access up to 80 hours of their accrued vacation (First Year Vacation) time per year. This is the vacation time that was earned by union employees hired prior to 1/1/03. During the year one elects to retire, he/she will be allowed to access any or all remaining accrued vacation (First Year Vacation) time.

(b) PTO request shall be prepared by employees and PTO schedules shall be posted on the bulletin boards by the Company at a reasonable time in advance of the PTO time and once posted, the Company will do all possible to maintain this schedule. However, should an emergency arise, the Company may have the privilege of changing any employee's PTO time (Except PTO Holiday time). The Company shall so arrange the PTO time as to cause a minimum disturbance to the operation, maintenance and construction program of the Company.

Unscheduled PTO (up to forty-eight (48) hours) is provided to cover unforeseen circumstances that an employee may not be able to schedule in advance. These hours can be used at the discretion of the employee to cover such situations unless there is a major adverse impact on operations or customer service. It is required that current call-in procedures be followed for reporting such unplanned absences with as much notice as is possible prior to the scheduled shift.

Employees will have the flexibility to designate up to twenty-four **(24)** hours of PTO holiday time to be taken during the year. Supervisors shall approve those PTO Holiday requests that are submitted by January 31 of the current calendar year. PTO holiday requests submitted after January 31 will be approved at the supervisor's discretion. **Once approved** those twenty-four (24) hours for that employee will be treated as a holiday. If after the twenty-four (24) hours are approved, the employee is

required to work on their PTO holiday, he/she would be paid double time for hours worked on those days. (4/1/08)

Any employee who requests time off in addition to his/her regular time off, may have such request granted at his/her own expense, provided it does not inconvenience the operation of the Company or increase operating expenses.

During the designated sell back period each year, employees may sell back up to forty (40) hours of unused PTO.

Employees may also carry over an additional forty (40) hours of unused PTO into the next year. Employees may not carry over any remaining unused PTO in excess of forty (40) hours.

Regular employees will also be entitled to Short Term Disability (STD) benefits as outlined in Benefit Redesign. (4/1/02)

Section 2. Senior Citizen Leave: Employees with at least twenty (20) years of continuous service will be granted a two (2) week personal leave of absence with pay, starting in the year they reach age 62.

Section 3. Each employee is required to notify his/her departmental supervision by the start of the employee's shift or scheduled reporting time on the day of the

employee's absence. If the employee is unable to report to his/her departmental supervision by the start of the employee's shift or scheduled reporting time because of extenuating circumstances, the employee's supervisor will discuss such circumstances upon the employee's return to work and will make a decision as to the appropriate action to be taken. Should the employee's illness be of prolonged nature, or require hospitalization, the daily notification may be waived and the employee's supervisor will check with the employee as to his/her ability to return to work.

If the employee fails to notify his/her departmental supervision, he/she will receive a "no report" letter and will not be paid for the period of time up to the notification of his/her departmental supervision. A copy of the "no report" letter will be placed in the employee's permanent personnel file. An employee who accumulates three (3) "no report" letters in a two (2) year period will be terminated.

Regarding tardiness, it is not the Company's intention to issue "no report" letters for tardiness unless the tardiness becomes a problem. (3131182)

Section 4. Payday shall be on or before, but no later than one (1) day past the 15th and 30th day of each month except February when it will be on or before, but not later than one (1) day past the 15th and on or before the last day of the month. When payday falls on

Saturday, Sunday or a holiday Monday, the Company will endeavor to pay the employees on the preceding Friday; and when payday falls on any other holiday, the Company will pay the employees on the preceding day. **(8/29/05)**

Section 5. Regular employees with up to five (5) years of service, who lose time on account of industrial injury, shall have made up to them, by the Company, sufficient pay to bring their total remuneration to 90% of their regular base pay, and after five (5) years, 100%; provided the industrial accident did not occur as the result of gross negligence of the employee, or violation of the safety rules which are a part of this Agreement.

For employees disabled from performing their current job due to industrial injury or industrial illness, after the employee has been judged to be medically stable, the Company will provide up to ninety (90) days training in an effort to rehabilitate the employee to the highest level classification that he/she could attain, considering his/her disability. Upon completion of the training, provided the employee is qualified, and provided a job opening is available, the employee would be assigned to that opening at the appropriate rate of pay. If the employee were not able to become qualified for that job for whatever reason, the Company may assign him to whatever position is available for which he/she could qualify.

Section 5A. Disability Plan - Employees with more than one (1) year of service who are unable to fully perform the

job duties of their classification as a result of personal illness or injury and are subsequently placed into a different classification, will receive no reduction in pay for a period of time equal to the time it would take to use up the current value of the employee's remaining short term disability, at the time of the classification change, as makeup pay for the difference in salary of the two positions or for six (6) months, whichever is sooner. If the employee involved is not permanently restricted, the Company will hold the employee's job open for the period of time that the employee receives makeup pay. (4/1/02)

Section 6. Family Death. For death in the immediate family (husband, wife, children, father, mother, grandfather, grandmother, grandchildren, brother, sister, father-in-law, or mother-in-law) a regular employee is allowed up to three days' absence with pay.

Grandfather, grandmother and grandchildren are considered members of the immediate family only in instances of family death. (4/1/93).

Section 7. Employees are paid their straight time rate, less the jury duty pay they received for such service, for time lost from work to serve on juries; however, the employee shall retain jury travel pay. An employee must present a jury confirmation slip to be included with his/her time ticket, in order to receive his/her Company straight-time pay. If an employee is dismissed from jury duty, he/she must report to work for the balance of the day. If

an employee is working the P.M. or graveyard shift, he/she shall be transferred to a day shift, provided adequate notice is given. No overtime will result from these shift changes.

Section 8. Military Leave: Two-week Training, Armed Forces Reserve and National Guard. Employees who are members of armed forces reserve units or the National Guard are allowed leaves of absence for annual training sessions, not to exceed thirteen (13) working days in a calendar year. The Company will make up the difference between the pay that the employee receives from the Government and his/her straight-time pay at APS.

Employee **PTO** will be in addition to and separate from the time spent in National Guard or reserve training sessions. Military pay includes base pay plus longevity and incentive pay, if applicable. The travel, uniform, quarters and subsistence allowances are not computed as pay. Before reservists receive any pay relative to military leave, they must submit to Employee Benefits:

1. A copy of their orders or a certificate of attendance, (with inclusive dates) and,
2. A certified notice of their basic rate of military pay.

ARTICLE VI UNION ACTIVITIES - CONTRACT WORK

Section 1. Any employee elected or appointed to an office in the IBEW Local 387, which requires all of his/her time, shall be placed on inactive status from the Company for the duration of the assignment. While working at Local 387, provided such employee does not engage in other employment, the individual would retain full bid back rights into the Company. Upon completion of his/her assignment at the Hall, the individual would be expected to actively pursue jobs for which he/she is qualified. Upon returning to the company, the employee would have his/her time bridged for purposes of pension and benefits in accordance with Plan provisions, excluding time served at the Hall. The employee would continue to accumulate union seniority while on assignment to the Hall.

Also any union employee who successfully bids into a Performance Review position shall retain his/her union seniority for bidding purposes for a period of eighteen (18) months. He/she would not accumulate additional union time while in the Performance Review position. (1/28/99)

Section 2. No employee shall engage in Union activities or business during working hours without first obtaining the express permission of his/her department supervisor. The Company will in no way discriminate against any committeemember for presenting a grievance or any

employee who from time to time may represent another employee or employees.

Section 3. The Company shall supply bulletin board space for the use of the Union in posting officially signed bulletins pertinent to local Union business and of a non-political nature.

Section 4. In case the Company shall contract any work which would be customarily performed by employees covered by this agreement such as construction of electric lines, installation of switchgear, substation equipment, powerhouse equipment, tree trimming; the Company, in the contract awarding such work, shall require of the contractor that when similar classifications are used, such work is to be done at base rates of pay no lower than the corresponding classification(s) base rates of pay as shown in the applicable wage schedules attached hereto. This will not apply to any excavation, trenching and conduit work which may be contracted at market rate. The Company shall give the Union the name of the contractor(s) receiving such contracts. (4/1/02)

In addition, each such contract shall require the contractor to agree to provide to Arizona Public Service Company, upon request, the necessary documents to verify compliance with the wage requirements outlined in this section.

In the event of a dispute over whether or not such a contractor is paying the proper scale, the Union may submit to the Company evidence which the Union believes shows the contractor not to be in compliance as to a particular job or jobs. Upon receipt of such evidence the Company, within ten (10) days thereafter, shall either accept the Union's evidence as adequate to show contractor non-compliance or reject the evidence as inadequate. The Company's decision shall be subject to appeal at the request of either the Union or the contractor to the referee. Such an appeal must be made within five (5) days after the Company has found the Union's evidence adequate or inadequate by the appealing Union or contractor giving written notice to the Company and to the other party. The referee shall consider the Union's evidence and such other evidence as a party may submit in summary and informal proceedings. The referee's ruling upholding or overruling the Company shall be made within sixty (60) days after submission of the appeal.

The referee's ruling shall be final. If Arizona Public Service Company accepts the Union's evidence of non-compliance or if the referee rules that the contractor is not in compliance, such contractor shall be precluded from bidding or contracting for similar work from the Company for three (3) months after the first offense, and, as to offenses which occur within any given five (5) year period, for six (6) months after a second offense, and for one (1) year after a third offense.

Contractors that provide APS with false information with regard to compliance will be precluded from bidding or contracting for similar work for one year.

It is the UNION'S and the COMPANY'S objective to minimize the necessity for using outside contractors and increase the amount of work that is ordinarily and customarily performed by bargaining unit employees.

Management will meet with the Business Manager or his designee and provide maximum opportunity for informed discussions, information sharing and reviewing the various alternatives before deciding whether or not to use outside contractors.

Prior to these meetings, the COMPANY will provide pertinent information to the Business Manager or his designee, for the purpose of identifying those cost effective activities that may be performed by bargaining unit employees before deciding whether or not to contract work, thorough consideration will be given to providing the opportunity for overtime for the department involved, Supplemental crews being used, either instead of or in conjunction with contracting. In addition, consideration will also be given to other alternatives of contracting which would permit greater utilization of APS Bargaining Unit employees within the requirements of the work to be performed and other restraints, such as the time in which the work must be completed.

Where time is a critical element in the job, preventing an information sharing meeting from taking place, the Business Manager will be notified regarding the need to contract work out. In addition, the COMPANY shall quickly as possible thereafter, arrange a meeting with the Business Manager or his designee, to thoroughly explain why the decision was made prior to discussion.

In the event the COMPANY shall contract any work which would be customarily performed by employees covered by this agreement, the COMPANY, in the contract awarding of such work, shall require of the contractor, that when similar classifications are used, such work is to be done at base rates of pay no lower than the corresponding classifications as shown in the applicable Wage Schedules attached hereto.

Any contractor found to be in willful non-compliance with this agreement shall be removed from the job immediately and shall be precluded from bidding or contracting for similar work from the COMPANY for a period of one (1) year.

Anyone contracting bargaining unit work shall be required to comply with all existing safety rules and practices.

The contracting of work shall not be construed for any purpose whatsoever as an abandonment by the UNION of its right to perform similar work now or in the future by the Bargaining Unit.

The COMPANY and the UNION will meet semi-annually to review the contract activities of the COMPANY. The COMPANY will provide the UNION with all pertinent internal audit information prior to the meeting. (4/1/93)

ARTICLE VII GRIEVANCES AND ARBITRATION

Section 1. A grievance for the purpose of this Agreement shall be considered as any complaint on the part of an employee or employees regarding the treatment he/she receives from fellow employees, foremen, or Company representatives, dissatisfaction with working conditions, or any action on the part of the Company or Company representatives which he/she considers to be a breach of this Agreement. Disputes over wages and wage scales shall not be deemed a grievance.

Section 2. The following procedure will apply as to the resolution of grievances:

(1) Any employee(s) or his/her authorized representative who believes he/she has been aggrieved, shall bring the matter to the attention of his/her immediate supervisor within sixty (60) calendar days after the alleged violation. This first step meeting shall be attended by the employee(s) and/or their authorized representative of the Union and the immediate supervisor. The immediate supervisor shall give in writing, an answer within two (2) working days after the meeting. In the event that the Company's first step answer is unsatisfactory, the Union shall, within forty-five (45) days, request in writing, the grievance be moved into the second step.

(2) The grievance is then put in writing on forms supplied by the Union and signed and presented to the Company.

A meeting shall be established within five (5) working days and is between the employee(s) involved and/or authorized representative of the Union and an authorized representative of the Human Resource Client Services Department and an authorized representative of the departmental management. The Company will provide a written answer to the grievance within five (5) working days after the second step meeting.

If the grievance is not settled, the Union will advise the Company in writing within five (5) working days and the grievance will progress to the third step:

(3) The grievance shall then be considered at a meeting to be held within ten (10) working days between no more than three (3) appropriate Company executives, one of whom shall be the Manager of Human Resource Client Services and no more than three (3) Union representatives, one of whom shall be the Business Manager of the Union or his/her assistant. The Company will give its answer in writing within five (5) working days of the meeting.

If the grievance is not settled within ten (10) working days from the date that the third step meeting is initially held, either party may refer the grievance to arbitration.

Section 3. Any grievance which cannot be adjusted under the provisions of this Article, and any difference that may arise between the Company and the Union concerning the overall application or interpretation of this Agreement or any provisions hereof (as distinguished from its application, or grievances of individual employees or group of employees) which the representatives of the Union and the Company are unable to settle, including differences concerning amendments to this Agreement at any termination date, may be referred to arbitration.

Section 4. Arbitration may be initiated by either the Union or the Company under the provisions of Section 3 of this Article, as the case may be, by presenting a written demand for arbitration with a brief statement of the facts and of the question to be arbitrated. The Union and the Company shall proceed immediately with the selection of the arbitrator by selecting sequentially from the following list of arbitrators: **(7/31/03)**

**Sara Adler
Gary Axon
George Fleischli
Richard Bloch
John Fletcher
Joseph F. Gentile
Byron Yaffe
Michael Rappaport
Patrick E. Zembower
Jane R. Wilkinson**

That arbitrator selected shall be promptly notified and the hearing shall be scheduled within sixty (60) days of the selection of the arbitrator. If the arbitrator selected cannot be scheduled to hear the case within sixty (60) days, the next arbitrator on the list will become the arbitrator. This selection shall apply to all issues except Interest Arbitration. In the event that either party invokes the interest arbitration clause, those arbitrators connected with that process shall be selected by exchanging lists of arbitrators until a single arbitrator is mutually agreed upon by the Union and the Company.

The Company and the Union agree to expedite the arbitration process and shall so inform the arbitrator the parties desire a decision within thirty (30) days of submission of post hearing briefs, which shall be filed two (2) weeks after receipt of transcript.

Section 5. No employee shall be discharged until he/she first shall have been placed on terminal suspension. During the first five (5) working days of the suspension, the Union may request a meeting at the third step of the grievance procedure. This meeting shall be held as soon as practical but in no event later than five (5) days from the date of the request unless mutually agreed. The Company shall notify the Union within two (2) working days after the meeting as to whether the suspension is converted to discharge or what other action shall be taken. Within five (5) working days of being notified by the

Company of its final action, the Union may file a grievance and initiate arbitration.

Section 6. All decisions of the arbitrator shall be in writing, signed by the arbitrator and any such decision shall be final and binding upon both parties to this Agreement and on any employees whose grievance has been submitted to such arbitration.

Section 7. Each party shall bear the expense of preparing its own case. The expense of the arbitrator and incidental expenses mutually agreed to in advance by the parties, shall be borne equally by the parties.

Section 8. Any relevant information required and requested by the Union to process a grievance or required to process any disputed issue shall be furnished by the Company in a timely manner.

ARTICLE VIII MANAGEMENT

Section 1. The management of the Company and the direction of its working force, including the right to hire, suspend or discharge for proper cause, together with the right to relieve an employee from duty because of lack of work or other legitimate reason, is vested exclusively in the Company, except as the same may be expressly affected by any of the provisions of this Agreement.

Section 2. Letter of discipline or warning which does not contain notice of suspension will be active for not longer than two (2) years provided there are no recurrences of the same type of problem. Letter of discipline which includes a suspension notice will be active for a period of not longer than five (5) years provided there are no recurrences of the same type of problem.

ARTICLE IX JURISDICTION - TRANSFERS - GENERAL

Section 1. The Union recognizes that Company employees of one classification, as an incident to their primary duties, are required to perform certain functions and do certain work which might strictly and customarily be performed by an employee of another classification or by an employee covered by the jurisdiction of other unions and other crafts with which the Company may have an agreement covering classifications other than those shown in Wage Schedules attached hereto. The Union agrees that it shall not constitute a breach of this Agreement or the basis of any grievance by an employee or employees, or by the Union, if, in the customary performance of his/her work, and as a party thereof, an employee in any classification covered by this Agreement is required to do or perform work ordinarily performed by a member of any other craft or other union with which the Company may have an agreement covering classifications other than those shown in Wage Schedules attached hereto, or if an employee of any classification not covered by this Agreement is required to do or perform work ordinarily performed by one of the classifications covered hereby. Therefore, and notwithstanding, any provision of this Agreement, the management of the Company may assign work to the employee covered by this Agreement or to employees not covered by this Agreement and require the performance by them of the same duties as have heretofore customarily been assigned to and performed by

such employees of their respective classifications in the past, regardless of whether such work is strictly within their classification or not.

Section 2. Notwithstanding anything to the contrary, the provisions of Article IV and any other provisions of this Agreement relating to seniority shall apply only to employees included in the classifications covered by Wage Schedules attached hereto and said seniority provisions shall be applied according to Article IV for employees in classifications covered by Wage Schedules and attached hereto. Either temporary or permanent transfers of any of the employees of the Company, based on the seniority provisions of this Agreement may be made from one department to another, or from one classification to another in the Company, when in the discretion of the management such transfers are required; provided however, that transfer of classification of any journeyman or apprentice shall not be made without his/her consent, except for apprentices the provisions of the Apprenticeship Training Plan shall apply.

ARTICLE X WAGE AND SALARY SCHEDULES

Section 1. There is attached hereto, hereby referred to, made a part hereof, Wage and Salary Schedules for employees in all classifications covered by this Agreement, and it shall be in force during the term of this Agreement.

ARTICLE XI DURATION

Section 1. This Agreement shall be in full force and effect from **APRIL 1, 2005**, and shall remain in force until **APRIL 1, 2010**, and thereafter until either party hereto shall give to the other party sixty (60) days written notice of desire for change, amendment or termination, except that either party may open the Agreement for wage negotiations on any anniversary date of the Agreement by giving to the other party sixty (60) days written notice prior to any such anniversary date of the Agreement. During such sixty (60) day period, conferences shall be held by and between the parties hereto with a view to arriving at further agreement, and this Agreement shall remain in full force and in effect during such period of negotiations, as well as during the period of arbitration provided in Article VII, should any amendment be submitted for arbitration as therein provided. It is distinctly understood and agreed that all

previous agreements and understandings, if any, and all negotiations, whether oral or written, by and between the Company and the Union, are superseded by this Agreement. (4/1/05)

ARTICLE XII CONFLICTING LAW

Section 1 - It is the intention of the parties that no provisions of this Agreement shall be in conflict with any law of the United States of America or the States of Arizona or New Mexico; but, if any article, section, clause or provision of this Agreement shall be in conflict with, or contrary to, any such law, or be for any other reason invalid, such conflict or invalidity shall not affect any other article, section, clause or provision of this Agreement, which can be given effect without such conflicting or invalid provision. In the event that any provision of this Agreement is found to be invalid as a matter of law, either party may request the other in writing to reopen said conflicting provision for further negotiations.

APPENDIX

CREW-FOREMAN & HEAD METER READER CLASSIFICATIONS

(1) The present type of four **(4)** person crews will continue to be required in various areas of the Company. The foreman of these crews will not be utilized in the crew-foreman job unless they bid and are subsequently selected.

When a crew is temporarily split up, a journeyman will be flagged as a crew-foreman to be in charge of one of the units and the regular foreman may supervise the other unit.

(2) Conversion to the crew-foreman type of crew will be done in an orderly fashion, giving full consideration to existing personnel, workload and available equipment.

(3) Layoff of employees will not result from the direct use of the smaller work units.

(4) Any crew member may be required to drive line trucks, but in the event incumbent journeymen are not capable of driving, they will not be penalized when bidding crew-foreman positions.

(5) The crew-foreman on electric crews will maintain physical fitness to ascend or descend poles, structures,

ladders or any other apparatus that crew members are required to use in performance of their duties.

(6) Pay differentials for crew-foreman are as follows:

Crew-foreman, Crews 1/6 - **4%** over Journeyman Lineman

Crew-foreman, Crews TH - 8% over Journeyman Lineman

Crew-foreman, Hotstick 1/6 - **4%** over Hotstick Lineman

Crew-foreman, Hotstick TH - 8% over Hotstick Lineman

Crew-foreman, E.L.C. 1/6 - **4%** over Sr. Tree Trimmer

Crew-foreman, E.L.C. TH - 8% over Sr. Tree Trimmer

Crew-foreman, Fabrication Shop 1/6 - **4%** over Metal Fabricator

Crew-foreman, Fabrication Shop TH - 8% over Metal Fabricator

Head Meter 1/6 - **4%** over Meter Reader Special

Head Meter Reader TH - 8% over Meter Reader Special

BACK-FILLING

When employees utilize farm tractor type equipment for back-filling work, they will be flagged to the equipment operator III classification.

SECTION II

This section was a part of the 1976 Labor Agreement and was deleted with the understanding that it would be placed as an addendum to the job description book and is still in full force and effect until modified by negotiations.

1. **Foreman.** Any foreman must be able to qualify as a "journeyman" in the particular branch of the trade in which he/she is employed. When a foreman is supervising a crew of employees composed of more than one (1) journeyman classification, he/she will be qualified as a journeyman in one of such journeyman classifications under his/her supervision. However a maintenance foreman in a power plant or building maintenance, Phoenix area, must be able to qualify in at least one maintenance classification receiving journeyman rate of pay. (4/1/90)

1a. **Crew-foreman, Crews.** An employee who is in charge of a crew of not more than four employees, including theirself, engaged in the construction and maintenance of electrical facilities. He/She shall be qualified as a lineman or electrician journeyman and shall work on the crew in that capacity as well as direct the activities of the crew.

1b. **Crew-foreman, Electric Line Clearance.** An employee who in charge of a crew of not more than four (4) employees, including theirself, engaged in clearing

electrical lines and other facilities by trimming trees, removing trees and other growth as required. He/She shall be qualified as a tree trimmer and shall work on the crew in that capacity as well as direct the activities of the crew.

2. **Journeyman.** The term "journeyman" as used in this Agreement shall mean an employee who has served his/her apprenticeship or equivalent training, and is qualified as a journeyman as determined by the Union and the Company.

3. **Apprentice.** An "apprentice" is an employee who is learning a trade under the apprenticeship training plan, mutually agreed to between the Company and the Union, and hereto made a part of this Agreement.

4. **Groundman.** The term "groundman" shall mean a lineman's helper whose work shall be confined to ground work and who shall not be permitted to climb or work with lineman's tools. The Company agrees to furnish sufficient groundman to the crews for the efficient handling of the work, including a senior groundman on each crew whenever practical.

5. **Helper - Electrical and Mechanical.** "Electrical and/or mechanical helper" shall mean a helper in electrical and/or mechanical work, whose work shall not be confined to the ground but who shall not be permitted to climb poles. He/She shall be permitted to assist journeymen from

ladders, platforms, scaffolds and similar locations. Such helpers shall not do meter testing, regulating or repairing or such work which normally requires the skill and experience of a journeyman.

6. **Truckdrivers** shall be rated Class A, Class B and Class C.

(a) "CLASS A TRUCKDRIVERS" shall mean those employees operating line trucks, winch and boom equipped, of a size and capacity larger than pickups, who have as part of their responsibility the duty of keeping and maintaining records with respect to the time of the employees, materials and supplies, and other such Company records. The classification shall also include operators of traction units with tandem axle trailers of thirty-five (35') or over, and those drivers who are driving trucks and operating the hydro-lift in conjunction with their duties.

(b) "CLASS B TRUCKDRIVERS" shall mean those employees driving trucks of a size larger than pickups and trucks or traction units with trailer not included in Class A, which employees have as part of their responsibility the duty of keeping and maintaining records with respect to the time of the employees, materials and supplies, and other such Company records. Class B truckdrivers will also mean those employees driving line trucks included in Class A, who do not have as part of their responsibility the duty

of keeping and maintaining records with respect to the time of the employees, materials and supplies and other such Company records.

(c) "CLASS C TRUCKDRIVERS" shall mean those employees who have the primary duties of driving pickup trucks (larger than Class 09 mid-size pickup trucks) for delivery of employees, material and supplies to work locations and do not drive incidental to employment in other duties and are not required as part of their responsibility to keep and maintain records with respect to the time of the employees, materials and supplies, and such other Company records, but shall perform other duties when assigned.

DRUG/ALCOHOL POLICY

The Drug/Alcohol policy shall be made a part of this Agreement, a copy of which is attached hereto.