

**ENERGY MARKETING AND DISTRIBUTION
MEMORANDUM OF UNDERSTANDING REGARDING
RESOLUTION OF LU-59
MAY 17, 1995**

The Union and Management have met to discuss a resolution to LU-59. As a result of those meetings, the parties have agreed to the resolution which follows:

Temporary Area Leader

When Management finds it necessary to use Local 223 represented employes to function as Temporary Area Leaders, the following procedure will be used:

1. EM&D will post or canvass for a Temporary Area Leader at those locations with union represented employes where there is an anticipated need for such a job.
2. Management will decide who will be selected for the Temporary Area Leader position and put all selected employes in a pool. If a Local 223 represented employe in the pool is assigned as a Temporary Area Leader, the employe will be rotated out of the Temporary Area Leader position every 45 consecutive working days or sooner. Such an assignment may exceed 45 working days only if the parties agree to such an extension.

Temporary Instructor/Planner

Should Management find it necessary to regularly use Local 223 represented employes to temporarily perform the duties of an Instructor or Planner, the following procedure will be used:

1. On a trial basis, at each location where there is an anticipated need to regularly have a union represented employe assume the responsibilities of an Instructor or Planner, a Temporary Instructor/Planner classification will be established.
2. Management and the Union will agree on the basic qualifications for the Temporary Instructor/Planner.

3. Once the qualifications are agreed to, the Temporary Instructor/Planner will be canvassed for or posted at each of the affected locations. A committee composed of an equal number of Management and Union members will review all applicants and determine who will be selected for the Temporary Instructor/Planner.
4. If an applicant receives a majority vote from the Union/Management Selection Committee, he or she will be placed in the Temporary Instructor/Planner pool. If it is a tie vote, Management's vote will decide whether the employe is in the pool or not.
5. When Management finds it necessary to use a union represented employe to perform the duties of a Temporary Instructor/Planner, Management will first offer the job to the senior, qualified employe in the pool. It is understood that at times, qualified may mean expertise or demonstrated skills in the job to be performed.
6. Because the Temporary Instructor/Planner will be considered a Local 223 represented classification when it is being performed by a Local 223 member, all provisions of the Agreement between the parties, including accumulation of seniority, will apply.
7. If Management does not believe an employe is adequately performing the job of Temporary Instructor/Planner, they will discuss the matter with the Union. If, in Management's opinion, the employe's performance continues to be less than satisfactory, the employe will be removed from the Temporary Instructor/Planner pool, subject to the Union's right to grieve (including arbitration) that Management's decision to do so was arbitrary, capricious or discriminatory.

DURATION OF MEMORANDUM

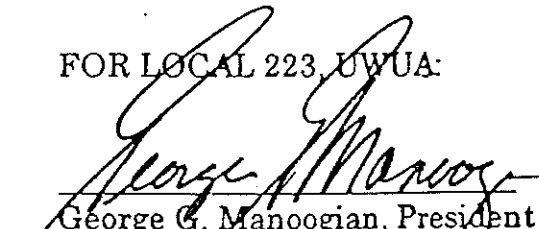
During the next six months, any problems (including an undue number of tie votes by the Joint Selection Committee or inconsistencies in step up pay) which arise as a result of this Memorandum of Understanding will be immediately discussed at a meeting of the Union/Management Team creating this agreement. If such problems are not mutually resolved, either party may dissolve this agreement.

RESOLUTION OF EM&D RELATED GRIEVANCES

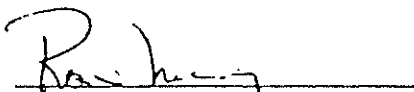
All grievances involving the issue of accumulating seniority while stepped up to a supervisory position will be resolved as follows:

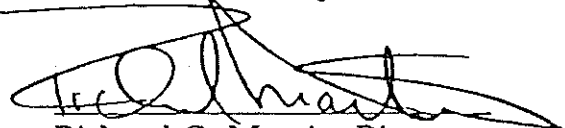
1. Marshall Tinsall who has been stepped up to a supervisory job for an extended period of time will be permanently placed in his temporary supervisory job.
2. James Hammond who has been stepped up to a Planner - Planning and Design job for an extended period of time will be permanently placed in his temporary Planner - Planning and Design job.
3. Any Local 223 represented employe who has been stepped up to a temporary supervisory job in excess of six consecutive months during the term of the current Agreement will have their seniority adjusted. It will be adjusted by reducing the employe's current seniority by all days worked as a temporary supervisor in excess of six consecutive months. The Union will notify Management of anyone they believe has been stepped up to a Supervisor in excess of six months by July 1, 1995.
4. The Union will withdraw LU-59 and SS-1316.

FOR LOCAL 223, UWUA:


George G. Manoogian, President
Local 223, UWUA, AFL-CIO

FOR THE COMPANY:


Ron May, Manager
Service Center Operations


Richard G. Martin, Director
Labor Relations