

RATES OF PAY

RULE 2: RATES OF PAY

- a) The following rates of pay will apply to Engineers operating in passenger and pool freight service:

NOTE 1: See current prevailing rate tables.

NOTE 2: Non-trip rated freight service shall qualify for the local rate of pay in accordance with Rule 23 of this Agreement.

.... Reference System Agreement Without Fireman Payment 1996

- 1) Pay rules providing for additional pay when working without a fireman and that pay's relationship to working with a reduced train crew are amended as follows:
- 2) Union Pacific Eastern District and Western Region (South Central, Western Pacific, Idaho and Oregon shall have the \$6.00 payment rolled into the basic rate.
- 3) Union Pacific Upper Lines, Chicago and Eastern Illinois and Southern Region shall have the \$4.00 payment increased to \$6.00 and rolled into the basic rate.
- 4) The respective six (6) cents and four (4) cents per over mile payment shall continue as previously handled.
- 5) The \$6.00 and \$4.00 payments and/or reduced crew equalization payments are eliminated.

NOTE 1: The Union Pacific – CNW area will have no adjustment made as the payments were previously rolled in.

NOTE 2: This does not affect the payment of \$15 and 15 cents per over mile or the payment of \$2.75 and 45 minutes.

NOTE 3: For the purpose of officially classifying locomotives, the Company will post notices at all terminals showing actual weight-on-drivers of all locomotives in service.

NOTE 4: For the purpose of computing pay, any service performed by an Engineer shall be applied to the date on which he/she is required to report for duty.

.... Reference System Agreement Weight On Drivers 1996

- 1) The minimum weight in through freight service will be 1,200,000 Lbs. (representing three locomotive units). The actual weight of all locomotive units

utilized will continue to be determined by the carrier and such weight will apply in instances where the total weight exceeds 1,200,000 lbs.

NOTE: Distributed Power Units (DPU) will be included in the calculation of total weight on drivers under this Agreement.

- 2) The minimum weight as set forth in Section 1 above applies only for Locomotive Engineers operating in through freight service.
- 3) Effective on the effective date of this agreement, the parties agree to establish an Average Weight Committee, to develop and implement a new system that will eliminate the necessity of determining actual unit weights to determine the proper rate of pay. The Committee will be guided by the following concept:

After a joint review involving timekeeping records, the parties will establish the average weight of locomotives utilized on the system in through freight service. Thereafter, in through freight service, this average weight will apply to each unit above three units in a locomotive consist.

.... Reference Pay Simplification [2003 Arbitrated National Agreement Article V]

PART A – GENERAL

Section 1 - General

The parties have agreed that the current pay system should be simplified. In agreeing upon a new pay system the following principles shall apply:

- (a) The new pay system will neither create nor result in additional pay-related costs for a carrier, nor gains for its employees, nor losses for pre October 31, 1985 employees, except insofar as those employees acquiring seniority in train or engine service subsequent to October 31, 1985 who, coincident with the establishment of Trip Rates pursuant to this Article, will have their Trip Rates calculated based upon elements of pay for which they were not eligible prior to the date of this Agreement. Except as otherwise provided herein, pay elements not specifically identified in Part B, Section 5 will continue to be covered by existing rules and will not be impacted by this Article (b). The provisions of the new pay system will have no effect on work rules except where a pay element is incorporated in a Trip Rate.
- (b) Any pay element incorporated in a Trip Rate established hereunder will not be used to support a claim for that pay element relating to that trip, and carrier shall not be required to respond to any such claim.

Section 2 - Mutual Cooperation

The parties recognize that successful implementation of this Article is dependent upon the mutual cooperation of all involved. Therefore, a Joint Committee shall be established on each carrier party to this Agreement consisting of an equal number of organization and management 10 participants. To the extent possible,

the Committee shall consist of representatives from that property who participated in the negotiations leading to this Agreement. The initial responsibility of the Committee shall be to explain the intent of this Article to the affected employees and managers so that there will be a clear and consistent understanding as to the Article's purpose and intent.

PART B - THROUGH FREIGHT SERVICE

Section 1 - General

A new pay system shall be implemented as provided in this Part for all employees covered by this Agreement working in through freight (assigned and unassigned) service.

Section 2 - Trip Rates

- (c) Each carrier shall develop Trip Rates for Starts in through freight service runs/pools. The Trip Rates shall incorporate the pay elements specified in Section 5 except as otherwise agreed by the parties or determined by the Disputes Committee established in Section 6 hereof. Once Trip Rates become effective for runs/pools, pay elements incorporated in such Trip Rates will not be used to support any claims for those pay elements relating to that trip. Pay elements not included in Trip Rates will continue to be covered by existing rules.
- (d) A Trip Rate shall be developed for each separate run/pool except as otherwise provided in Section 9.

Section 3 - Computation of Trip Rates

- (a) Trip Rates for through freight service runs/pools shall be derived as follows:
 - (1) add together all earnings attributable to the elements of pay to be incorporated in the Trip Rate actually paid to the employees (including extra employees) whose seniority in train service was established on or before October 31, 1985 ("Pre-85 Employees") for all through freight Starts involving service performed on such runs/pools during the Test Period;
 - (2) divide the earnings derived from the calculation in (1) above by the total through freight Starts made during the Test Period by the Pre-85 Employees (including extra employees) who performed service;
 - (3) the Trip Rate for each Start on such run/pool for all employees (including extra employees) shall be the dollar amount derived by the calculation set forth in (2);

- (4) the earnings described in paragraph (1) above shall include all compensation attributable to the Starts described in paragraph (2) above and subsection (b) below.
- (b) For purposes solely of this Article, the term "Start" shall mean a fully compensated trip performed by the pool/run (including extra employees), including other trips such as deadhead, hours of service relief, and turnaround service directly related to and performed by the pool/run.
- (c) Test Period. The parties agree that the differences in the prevailing operating conditions on each Carrier signatory to this Agreement warrant the establishment of Test Periods being developed on an individual railroad basis, pool/run by pool/run. The objective in developing Test Periods will be to establish a measurement which reflects a 12-month period of "normalized operations." Normalized operations as defined and used herein will mean an operating pattern which is not adversely affected by the implementation of a major transaction such as an acquisition, control or merger involving two or more Carriers or any other unusual or extenuating circumstances. The Carrier will bear by a preponderance of the evidence the burden of substantiating its reasons for selecting the Test Periods proposed for runs/pools.

Section 4 - Computation and Application Adjustments

- (a) In the computation and application of the Trip Rates described in Section 3 above, the adjustments set forth in subsection (b) and (c) shall be made, where appropriate:
- (b) Computation Adjustments:
 - (1) If and to the extent that General Wage Increases and Cost of Living Adjustments (except as to pay elements which are not currently subject to wage adjustments) become effective during a Test Period, appropriate computation adjustments shall be made, but there shall be no duplication or pyramiding;
 - (2) Trip Rates shall be subject to adjustment for General Wage Increases and Cost of Living Adjustments (except as to pay elements which are not currently subject to wage adjustments) that become effective during the period from close of the Test Period to the effective date of the Trip Rate, but there shall be no duplication or pyramiding.
- (c) Application Adjustments:
 - (1) General Wage Increases and Cost of Living Adjustments (except as to pay elements which are not currently subject to wage adjustments) that become effective on or after the effective date of a Trip Rate shall be applied, but there shall be no duplication or pyramiding.

- (2) Trip Rates applicable to employees covered by rules adjusting compensation based on the employee's length of service with the carrier (such as Article IV, Section 5 of the November 7, 1991 BLE Implementing Document) shall be adjusted by such rules.
- (d) Each Trip Rate established pursuant to this Article shall be used solely to compensate employees for a Start in the involved run/pool. The Trip Rate shall not modify existing rules governing payment for personal leave, vacation, etc.

Section 5 - National Pay Elements

- (a) The following pay elements shall be incorporated in each Trip Rate except as otherwise agreed by the parties or determined by the Disputes Panel established in Section 6 of this Part:
 - (1) payments attributable to mileage or time;
 - (2) payments attributable to terminal/departure/yard runarounds;
 - (3) payments attributable to conversion of the employee's assignment to local freight rates;
 - (4) payments made, pursuant to agreement, to employees in lieu of being afforded meal periods, and penalty payments made to employees attributable to violations of rules relating to employees eating en route in through freight service (this does not apply to non-taxable meal allowances);
 - (5) payments made to an employee resulting from being required, in accordance with existing agreements, to "step up" in the employee's pool, which for this purpose shall mean taking a turn in such pool earlier than would otherwise be the case due to other sources of supply being exhausted;
 - (6) payments attributable to initial terminal delay;
 - (7) payments attributable to final terminal delay;
 - (8) payments attributable to deadheading;
 - (9) payments attributable to terminal switching (initial, intermediate and final).
- (b) In the establishment of Trip Rates for runs/pools pursuant to this Article, the parties may mutually agree to modify the National Pay Elements specified above, and/or to include additional pay elements, with respect to such Trip Rates. Pay elements not expressly included in Trip Rates will continue to be covered by existing rule.

Section 6 - National Disputes Committee

A National Disputes Committee (“Disputes Committee”) is established for the purpose of resolving any disputes that may arise under this Article. Such Committee shall consist of the President of the BLE and the Chairman of the NCCC, and a neutral Chairman selected by the parties or, absent agreement, appointed by the National Mediation Board. Each partisan member may select others to serve on the Committee at his/her discretion. If the partisan members of the Committee are unable to agree on resolution of any dispute within ten (10) days after convening, the matter will be referred to the neutral Chairman for resolution. The neutral Chairman will resolve the dispute within ten (10) days after referral of the matter. Each party shall bear its own costs and shall equally share the fees and expenses of the neutral. Any resolution by the Committee or by the neutral shall be final and binding and shall be enforceable and re-viewable under Section 3 of the Railway Labor Act.

Section 7 - New Runs/ Pools

Trip Rates for new runs/pools that existing agreements permit to be established may be so established based on Trip Rates for comparable runs/pools. Any dispute regarding such matters may be referred by either party to the Disputes Committee.

Section 8 - Material Changes

Trip Rates established pursuant to this Article shall be established in such a manner as to make them stable. If subsequent material changes occur that significantly affect a run/pool, the Trip Rate for such run/pool shall be adjusted to fairly reflect the changed circumstances occasioned by the material change. If the parties cannot agree on such adjustment, the matter may be referred by either party to the Disputes Committee. The burden of proof by a preponderance of the evidence shall rest on the party that contends that a material change that significantly affects a run/pool has occurred.

Section 9 – Implementation

(a) Runs/Pools. Trip Rates for runs/pools shall be implemented as follows:

Carrier will serve notice on the authorized Organization representative(s) that will include the following information:

- (1) Identification of runs/pools involved;
- (2) Test Period Proposed (consistent with Section 3(c))
- (3) Proposed Trip Rate(s) for the runs/pools, together with a summary of the underlying data supporting computation, based solely on incorporation of National Pay Elements set forth in Section 5 above;

- (4) Any proposed modifications to the National Pay Elements and/or additional pay elements to be incorporated with respect to the proposed Trip Rate(s) for the runs/pools, and a summary of the underlying data supporting computation of such Trip Rate(s).
- (b) The parties shall meet within thirty (30) days after service of the carrier notice to discuss the carrier proposal and any related proposals made by the Organization. At the request of the Organization, carrier will provide opportunity to review all relevant carrier data supporting the proposed Trip Rate computations.
- (c) Trip Rates for the runs/pools shall become effective as follows:
 - (1) On the date agreed to by the parties;
 - (2) Absent agreement or a written referral to the Disputes Committee, thirty (30) days after service of the Carrier notice, where Trip Rate is based solely on incorporation of the National Pay Elements; or
 - (3) Where the matter has been referred to the Disputes Committee, on the effective date of such Committee's resolution of the dispute.
- (d) If the parties are unable, despite best efforts, to reach agreement on implementation of a Trip Rate for a run/pool, either party may refer the dispute to the Disputes Committee. The burden of proof by a preponderance of the evidence shall rest on the party that proposes implementation.
- (e) If either party concludes that implementing a Trip Rate for a run/pool is inappropriate, it shall promptly notify the other party of its conclusion. The parties shall meet and make a reasonable effort to resolve the matter after review and discussion of all relevant information. If the parties are unable to resolve the matter despite their best efforts, either side may refer the matter to the Disputes Committee. The burden of proof by a preponderance of the evidence shall rest on the party that proposes not to implement a Trip Rate with respect to the run/pool involved.
- (f) The parties mutually intend to work diligently with the ultimate objective of developing Trip Rates for through freight runs/pools. If either party believes that the rate of progress in developing Trip Rates is insufficient, it may refer the matter to the Disputes Committee, and it shall bear the burden of proof by a preponderance of the evidence.
- (g) Trip Rates for runs/pools should be implemented as expeditiously as possible, but in any event, all of them shall be implemented no later than thirty (30) months after the date of this Agreement, unless the parties otherwise agree or the Dispute Committee otherwise decides.
- (h) In the event that Trip Rates are not implemented for runs/pools on a carrier by the date specified in subsection (g) above, effective the next

day thereafter the dual basis of pay shall be eliminated with respect to post October 31, 1985 employees on such runs/pools (including extra employees) and such employees will be paid on the same basis as Pre-85 Employees represented by BLE with respect to the national pay elements identified in Section 5 of this Part, provided, however, that where the carrier has taken all actions required in this Part to implement Trip Rates with respect to the above-referenced runs/pools as described in this Section and the trip rate issue(s) is/are in the dispute resolution process described in this Article, such runs/pools will be governed solely by the outcome of such dispute resolution process.

PART C - OTHER CLASSES OF SERVICE

Trip rates will be established for other classes of road service (road switchers, local freight, etc.) consistent with the terms, conditions, principles and guidelines as currently established in this Article and consistent with each class of service.

.... Reference Entry Rates [2003 Arbitrated National Agreement Article VI]

SERVICE SCALE

Section 1

Any employee who is subject, on June 30, 2004, to Article IV, Section 5 of the November 7, 1991 BLE Implementing Document shall be compensated, on and after July 1, 2004, at the full rate of the position when working as a Locomotive Engineer.

Section 2

Local rules that adjust compensation for employees based on length of service on carriers that are not covered by the aforementioned Article IV, Section 5 are hereby amended in the same manner as provided in Section 1.

Section 3

Each carrier covered by this Article shall establish a Service Scale that shall be applicable to all employees whose seniority in engine or train service is established on or after July 1, 2004. Such Service Scale shall conform to the rules in effect on such carrier on June 30, 2004 that adjust employee compensation based on length of service (including the aforementioned Article IV, Section 5 where and to the extent applicable). The carrier shall make arrangements with the applicable organization representative(s) for a process to review such preexisting rules prior to establishment of the Service Scale.

.... Reference Rate Progression - New Hires [1986 Arbitrated National Award Article IV Section 6]

In any class of service or job classification, rates of pay, additives, and other applicable elements of compensation for an employee whose seniority in engine or train service is established on or after November 1, 1985, will be 75% of the rate for present employees and will increase in increments of 5 percentage points for each year of active service in engine and/or train service until the new employee's rate is equal to that of present employees. A year of active service shall consist of a period of 365 calendar days in which the employee performs a total of 80 or more tours of duty.

.... Reference Rate Progression Adjustment For Promotion [1996 National Arbitrated Award, Article VIII]

Section 1

- (a) An employee who is subject to national rules concerning rate progression on the effective date of this Article shall have his/her position on the rate progression scale adjusted to the next higher level upon promotion to Engineer. An employee covered by this Agreement who is subject to Article IV, Section 5 of the 1991 National Implementing Document (Rate Progression-New Hires) on the effective date of this Article shall have his/her position on the rate progression scale adjusted to the next higher level on such effective date.
- (b) The next adjustment to an employee's position on the rate progression scale after the adjustment specified in subsection (a) of this Section shall be made when such employee completes one year of "active service" (as defined by the aforementioned Article IV, Section 5) measured from the date on which that employee would have attained the position on the rate progression scale provided pursuant to subsection (a) of this Section.

Section 2

Local rate progression rules applicable on a carrier that is not covered by the aforementioned Article IV, Section 5 are hereby amended in the same manner as provided in Section 1.

Section 3

This Article shall become effective ten (10) days after the date of this Agreement and is not intended to restrict any of the existing rights of a carrier except as specifically provided herein.

PAY DIFFERENTIAL AND SPECIAL ALLOWANCES

.... Reference SPECIAL PAY DIFFERENTIAL [1991 P.E.B. 219 National Award Article V]

Section 1 – Payment

- (a) Effective July 29, 1991, a differential of \$12.00 per basic day in freight and yard service, and 12 cents per mile for miles in excess of the number of miles encompassed in the basic day in freight service, will be payable to eligible Engineers working assignments without a fireman provided the conditions described below are met.
- (b) Effective January 1, 1995, such differential will be increased to \$15.00 per basic day, and to 15 cents per mile for miles in excess of the number of miles encompassed in the basic day.

Section 2 – Conditions

- (a) Under the applicable agreement governing the consist of train crews:
 - (1) a member of the train crew is entitled to receive a productivity fund payment, or per-trip payment in lieu thereof, and
 - (2) the carrier is required to make a productivity fund payment for that trip or tour of duty.
 - (b) The Engineer must have:
 - (1) an Engineer's seniority date no later than the date that determines eligibility for "protected employees" receiving productivity fund payments in that territory, or
 - (2) been a "protected employee" under a crew consist agreement, and was subsequently promoted to Engineer on the same railroad.
 - (c) This Article is not applicable on a carrier that has an agreement with the organization adjusting the compensation of Engineers in response to the change in compensation relationships between Engineers and other members of the crew brought about by crew consist agreements unless the appropriate BLE General Chairman elects to adopt this Article in lieu of the pay adjustments (including personal leave days) provided in such agreement. Such election must be exercised on or before December 20, 1991. If such election is made, the provisions of this Article will become effective on that property on January 1, 1992, however, such local agreements concerning matters other than pay adjustments shall be retained.
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.... **Reference Engineer Certification Pay [Arbitration Award 564 March, 1997]**

Because the Rail Safety Improvement Act of 1988 imposed additional responsibility on Locomotive Engineers this Arbitration Board finds that for each calendar day worked certified Engineers in yard and/or road service shall receive an allowance of \$5.00. This certification allowance shall not be offset by any changes in switching allowances, initial terminal delay, final terminal delay or terminal runaround penalties. This certification allowance shall remain in effect until a successor collective bargaining agreement or until the parties mutually agree to do otherwise.

The following sections (formerly Rule 2, parts c-g) are retained but not reproduced herein:

- c) Miscellaneous Rates of Pay (1-4)
- d) Electric Service (1-3)
- e) New Type of Locomotive
- f) When Two or More Locomotives Are Used
- g) Called to Work – Changed to Deadhead