

Memorandum of Understanding

**Bonneville Power Administration
And
Columbia Power Trades Council**

Subject: Implementation of Interest Arbitration Award for 2012 Term Negotiations

The Bonneville Power Administration and the Columbia Power Trades Council (CPTC) are in receipt of the interest arbitration award from arbitrator Timothy D.W. Williams dated February 15, 2013. The parties have reviewed the award and agree the interest arbitration award should be implemented as follows:

1. Term of the CPTC/BPA Collective Bargaining Agreement: The term of the agreement is four years commencing on March 1, 2012 and expiring on February 29, 2016. BPA and the CPTC will amend paragraph 2.02 of the BPA/CPTC agreement to reflect the award of the interest arbitrator.
2. General Wage Adjustments (effective dates): The general wage adjustments are effective on the first day of the first pay period on or after March 1st of each year (i.e., contract year).
3. Wage Adjustment for 2012 and disposition of Benefits Offset Payments: The application of interest arbitration award for the 2012 BPA/CPTC contract year requires: 1) there be no retroactive wage adjustment; and 2) wages actually paid up to the start of the second year of the agreement (i.e., March 2013) be continued without change.

On page 29 of the interest arbitration award, the arbitrator directed the parties to implement a wage increase and change in benefits offset for BPA/CPTC 2012 contract year; March 2012 a wage increase of .7% and a reduction of the Benefits Offset payment by one-third to 2.11% would be put in place.

The parties agree that the intent of the arbitrator in fashioning the award in this manner is to establish base wage rates for 2012 to be used in calculating wage rate adjustments for future years. The wage adjustment for 2012 of .7% and change in benefits offset amount of 2.11% are merely to move compensation from benefits offset to wages "on paper" and to reflect the change in the BPA/CPTC term and supplementary agreements to provide a base rate to calculate 2013 and future year wage rates. The parties agree that interpretation is supported by the arbitrator's explicit direction noted above that there is no retroactive wage adjustment, and no change in actual total compensation paid until March 10, 2013 (first day of the first full pay period following March 1, 2013).

The BPA/CPTC Supplement 14 wage schedule will be modified to show a 0.7% wage adjustment for 2012; the wage rate adjustment will not be implemented, and the wage schedule will be footnoted as appropriate referencing the arbitration decision.

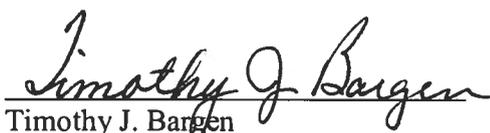
To comply with the explicit instructions of the arbitrator's award, the amount of the benefits offset paid to employees shall be 3.16% for the 2012 contract year (i.e., the 2.11% benefits offset payment in the award will not be implemented). This amount shall be paid to each employee with a permanent appointment and shall be paid as a differential (i.e., not considered part of basic pay for any purpose) on an hourly basis for each hour of straight-time pay received. The percentage will be applied to the basic rate of pay shown on the employee's most recent SF-50, Notice of Personnel Action. The benefits offset payment will end effective March 10, 2013.

4. Wage Adjustment and Benefits Offset for 2013: The wage rate adjusted for 2013 will be 2.5% or computed using the survey average formula, whichever is greater. The appropriate percentage increase will be applied to the 2012 wage rate (i.e., 2011 base wage rate plus 0.7% increase) reflected in the Supplement 14 wage schedule. As noted above, BPA will not pay a benefits offset payment beginning March 10, 2013 (i.e., first day of the first full pay period on or after March 1, 2013).
5. Avista Wage Rate Used in Simple Survey Average Calculation: BPA and CPTC will average the lineman and electrician rates of pay for Avista, and use the composite rate for the utility in calculating the simple survey average for determining general wage adjustments.
6. Wage Adjustments for 2014 and 2015: Wage adjustments for 2014 and 2015, respectively, shall equal the amount computed on the basis of the simple average of the journeyman lineman/electrician wage rate of the six surveyed utilities (Avista, Pacific Power (Local 125), Portland General Electric, Seattle City Light, Snohomish County PUD, and Chelan County PUD). The percentage amount needed to increase the BPA journeyman lineman/electrician wage rate to equal the survey average will be computed and the resulting total increase will be applied to all crafts except as otherwise negotiated (e.g., pay savings, etc.).

Supplement 14 of the BPA/CPTC collective bargaining agreement will be modified to reflect the arbitrator's award as described above.

7. Surveyed Utilities – Benefits Offset/Joint Survey: BPA and the CPTC will use the six surveyed utilities in Supplement 14-1 to negotiate any Council benefits offset proposal and conduct the joint survey for the next term agreement to be negotiated.

Agreed to this day March 4, 2013.



Timothy J. Borgen
Acting Labor Relations Officer
Bonneville Power Administration



Travis Eri
Executive Secretary
Columbia Power Trades Council