

## **Memorandum of Agreement**

The Company and the Union agree to the following revisions to the parties' collective bargaining agreement ("CBA"), and any other pertinent supplemental agreements or understandings between the parties shall be revised to incorporate the agreements:

1. **Term of Agreement**

The term of the new Agreement will be from March 1, 2017 to February 29, 2020.

2. **General Wage Increase**

Members of Local 19 bargaining unit will receive a general wage increase of 3.00% effective March 1, 2017; 3.00% effective March 1, 2018; and 3.00% effective March 1, 2019.

3. **General Contract Items**

**Article II § 8:**

The Company will deduct, during the term of this Agreement, regular, monthly Union membership dues from the wages of each employee from whom the Company has received an individual, voluntary authorization for such deduction. Said authorization shall be irrevocable for a period of one year from the date of execution thereof by the employee, or until the termination date of this Agreement, whichever occurs sooner, but if not revoked in the following manner shall be automatically renewed from year to year. Employees may revoke their dues deduction authorization forms by sending written notice, by certified mail, return receipt requested, to the Managing Director, Labor Relations of the Company and to the President of the Local Union, postmarked within ten days following (i) the expiration of any yearly period subsequent to the date of authorization, or (ii) the date of termination of the applicable collective bargaining agreement between the Company and the Union, whichever occurs sooner. The Company will deduct the union dues bi-weekly, from each paycheck which is sufficient in amount for such deductions to be made therefrom, in the amounts specified in writing by the Union. The Company will remit immediately said deductions to the Financial Secretary of Local 19, together with a list of the names of the employees for whom deductions have been made, the amount deducted for each employee, and the names of any employees who have quit, been discharged, or otherwise terminated, or who have been hired, since the prior bi-weekly deductions were made.

**Article III § 7:**

In cases of promotion to higher job classifications within the bargaining unit, the factors to be considered shall be ability and service in accordance with Exhibit B. Where such factors among the employees under consideration are substantially equal, the employee highest on the seniority list will be the one promoted. Effective March 1, 2017, employees with disciplinary suspensions in the last 12 months or with last chance agreements issued in the last 12 months are ineligible for promotion. In case of promotion, if the employee who is highest on the seniority list is not selected, the employee shall be informed by the Company of the reason why he/she was not promoted. The Union will be furnished the names of employees not promoted in accordance with service. An employee demoted for inability to perform satisfactorily the work of his/her job classification shall not be eligible for promotion for the next 12 months.

**Article IV § 2:**

For the purpose of timekeeping, a work week shall begin and end at midnight, Friday night.

**Article IV § 13**

Overtime shall be paid at the rate of time and one-half for all hours an employee works in excess of his/her normal workday (e.g., for hours worked over 8 hours on any day when the employee is normally scheduled to work 8 hours; for hours worked over 10 hours on any day when the employee is normally scheduled to work 10 hours); and for hours worked over 40 hours in a basic work week, however, overtime shall not be paid more than once for the same hours worked. Exceptions to the foregoing:

(a) On holidays, time shall be paid for in accordance with the provisions of Section 24 of this Article.

(b) If the employee works overtime which has been allocated to the calendar day of his/her first regular day off, double time shall be paid for all overtime hours which are allocated to the calendar day of the employee's second regular day off in a week (as defined in Section 2 of Article IV).

An employee working a four (4) day basic schedule will be eligible for double time if the employee works overtime allocated to the third regular day off. The eligibility for double time exists if the employee has worked overtime allocated to both his/her first and second regular day off.

(c) Employee hours reported on disability and/or workers compensation are excluded from the 40 paid hours of the basic work week.

(d) Employees called back for work. (See Article IV, Section 18).

Overtime shall be computed to the nearest one-half hour.

**Article IV § 15:**

An employee who has worked (a) more than 16 hours continuously, or (b) at least six hours of overtime in the 12 hour period immediately preceding his/her basic workday will, upon release, be entitled to an eight (8) -hour rest period before returning to work. If a rest period, under the provisions of this section, extends into a basic workday, the employee will lose no time thereby. If the employee's required worktime under this provision extends into his/her next basic workday, the employee will be paid at his/her normal overtime rate until released for the rest period.

**Article IV § 18:**

The Company and the Union agree to add the following as 18(b):

Employees who are on dedicated standby shall carry and respond to an activated pager or cell phone at all times outside of their regularly scheduled working hours in order to respond to emergency calls. Employees will receive \$50 per day that they are assigned to designated standby and \$75 for each Company holiday that they are assigned to designated standby. If an employee who is on dedicated standby does not respond to or accept the call out, the employee will be subject to discipline and will forfeit that day's designated standby pay (either \$50 or \$75, as applicable).

At the Company's discretion, dedicated standby assignments will either be filled on a voluntary basis (in the same manner as overtime is assigned) or on a rotational basis by job classification (in the same manner that shifts are rotated).

The Company reserves the right to determine the number of employees that will be on dedicated standby, and the areas assigned. In addition to any predetermined shift crews, the Company will maintain a minimum of four Field Operations delivery crews on dedicated standby outside of any normal shift schedules.

The Company will notify employees of their dedicated standby assignment at least one (1) week prior to the beginning of that assignment, except in cases of emergency. Dedicated standby assignments will generally be for (7) days, but may be for longer or shorter periods of time, according to business need.

Employees may switch their dedicated standby assignment with other employees in the same job classification and the same location, as long as the employees provide at least 48-hours-notice to their supervisor, and the supervisor approves.

Employees who are on approved vacation or other approved leave will not be eligible for dedicated standby. If an employee who is assigned to dedicated standby becomes unavailable as a result of an excused absence, the Company will determine how to fill that dedicated standby assignment. The Company reserves the right to contact employees on the dedicated standby list prior to following the standard overtime call out procedures.

**Article IV § 23(c):**

(c) If an employee is eligible for a meal money allowance and can be released to eat, he/she shall be given an allowance of \$10.00 and shall eat on Company time. Such meal shall be paid for by the employee. The meal period will be of no more than 45 minutes in duration. If unable to be released from the job, the Company will give the employee a meal money allowance of \$10.00. When requested, food will be brought to the job, shall be paid for by the employee and shall be eaten on Company time.

**Article IV § 24:**

The Company and the Union agree to edit the following provision of Section 24 as follows:

The Christmas Eve holiday will be celebrated on December 23rd in the calendar years when Christmas Day falls on either a Saturday or a Sunday and December 26th when Christmas Day falls on a Monday.

**Article V § 8:**

The Company and the Union agree to revise the following provision of Section 8 as follows:

Examples of inappropriate articles of clothing that may not be worn at the workplace include:

- Shorts
- Flip-flops
- Articles of clothing that display wording, political statements or symbols that may be controversial or offensive by anyone in the workplace.
- Caps or baseball hats.

- Undergarments that are not hidden by outerwear.

**Article V § 9:**

The Company and Union agree to add the following sentence to Section 9:

Meter Readers will be reimbursed up to \$50.00 no more than twice per calendar year for the purchase of Company approved over-the-ankle-footwear.

**[NEW] Article V § 10:**

This Section applies to the job classifications and/or departments listed in Group A and Group B below.

**Group A**

Field Operations (Physical)  
System Operations (Physical)  
Construction Operations (Physical)  
Asset Protection (Physical)  
Transmission (Physical)  
Field Collectors (Clerical)

**Group B**

Service Representatives (Clerical)  
Inventory Management (Physical)  
Meter Shop (Physical)  
Facilities (Physical)  
Storage (Physical)

All employees Group A and Group B will be required to wear Company uniforms. For incumbent employees in Group A, the Company will provide a startup clothing credit of \$700 for 2017 and a credit of \$500 in each subsequent calendar year during the term of this Agreement. For incumbent employees in Group B, the Company will provide a startup clothing credit of \$300 for 2017 and a credit of \$200 in each subsequent calendar year during the term of this Agreement. For new hires, the startup clothing credit will be provided in the year of hire and the ongoing, lower credit will be provided in each subsequent year. The clothing credit will be issued around June 1 annually, except that employees hired after the 2017 clothing credit is issued will receive their startup credit on the date of hire. The clothing credit will be accessible for 120 days from the date it is issued. Any unused credit is not carried over or paid out to employees. If employees fail to use the clothing

credit within this 120-day time period, they shall be responsible for purchasing their uniform (s) personally.

Except in extraordinary circumstances approved by the employee's supervisor, employees are solely responsible for the care, maintenance, and laundering of the Company uniform and uniform components. Uniforms must be kept clean and neat in appearance.

Employees are personally responsible for replacing any lost, stolen, or damaged uniforms, including purchasing uniform components personally, if no available clothing credits remain.

Any employee whose employment terminates during the probationary period will return any uniform components purchased with the clothing credit to the Company immediately upon separation.

The Company retains the right to establish, maintain and make reasonable modifications to a uniform policy, which shall govern standards for wearing uniforms and other apparel, personal grooming, and the color and general style of footwear, provided that modifications to the uniform policy will not result in additional cost to employees.

**Article VI § 7:**

For vacation purposes, a calendar week shall normally begin and end at midnight, Friday night.

**Article VI § 12:**

The Company and the Union agree to replace the current Section 12 with the following:

Employees will be covered by the same Southern Company Gas maternity leave, parental leave, adoption leave, and adoption reimbursement policies as Nicor Gas employees not covered by the collective bargaining agreement, provided that the Company shall retain the right to modify these policies.

**Article VI § 13:**

The Company and the Union agree to revise as follows: "In the event of termination by death, such vacation allowance shall be paid to the beneficiary of the deceased employee's life insurance policy."

**Article VI § 15:**

Reasonable time off as required shall be granted to a regular employee and part-time regular employee in case of the death of the employee's father, mother, sister, brother, wife, husband, child, step-child, step-parent, domestic partner, grandmother, grandfather, brother-in-law, sister-in-law, father-in-law, mother-in-law, grandchild, son-in-law, or daughter-in-law. Normally, not more than three (3) days of such time off between the death and burial will be granted without loss of basic hourly rate of pay.

**Article VI § 21:**

Effective January 1, 2018, the Company and the Union agree to delete the following:

Covered employees will be eligible to receive 40 hours of paid sick time per calendar year, and will be allowed to roll over up to a maximum of 40 hours of unused paid sick time to the following year, to a maximum total bank of 80 hours per year. Part time employees will be eligible to receive a prorated number of hours based on their regularly scheduled hours, and will be allowed to roll over a maximum of that prorated amount each year, to the maximum bank of twice their prorated amount.

**[NEW] Article VI § 22:**

Unless required by law, medical appointments scheduled during working hours will be unpaid, unless the employee requests to use available paid time off and such paid time off is approved, consistent with applicable paid time off procedures.

**Article VII, § 3:**

The Company and the Union agree to edit the provisions of Section 3 as follows:

The four (4) or five (5) hour requirement for upgrade eligibility will not apply to employees "called out" to perform work in a higher job classification and does not apply to Clerical call center employees. Clerical call center employees will receive upgrade pay for each hour of upgrade work performed up to five (5) hours and will receive a full day of upgrade pay once they perform at least six (6) hours of upgrade pay in a day.

Employees who have accepted a promotion and have been released to begin their formal training period will not be eligible for upgrade pay at any time during their training period or prior to their successful certification to the higher job classification. Employees assigned by the Company to lead a crew, or to be a lead person, remain eligible for upgrade under this Article.

**Article VII, § 9:**

Employees accepting promotions will receive an increase to the minimum rate of the promotional job classification when they pass any required certification test(s).

**Article VIII, § 5:**

Step 5 - - If the dispute or difference is not satisfactorily settled in Step 4, it may be referred, at the written request of either party, to an impartial arbitrator who shall be selected by mutual consent of the Company and the Union as soon as practicable after receipt of the request for arbitration. If the parties do not agree upon the selection of an arbitrator within 15 calendar days after receipt of the request for arbitration, the Federal Mediation and Conciliation Service (FMCS) shall be requested to furnish a list of five (5) arbitrators. The party requesting arbitration shall first strike the names of two persons from the list, and the other party shall then strike two names. The remaining name shall be the Arbitrator. The party demanding arbitration shall make its strikes from the arbitrator panel (or choose to reject the panel, if applicable) within 15 calendar days after receipt of the panel from FMCS. Failure to meet this deadline shall permit the other party to select its preferred arbitrator from the full panel. The Company and the Union will have the right to reject one panel for each grievance scheduled for Arbitration. The fees and expenses of the Arbitrator, and any other expenses agreed to by the parties prior to the arbitration, shall be shared equally by the Company and the Union. The Arbitrator shall have power and authority to arbitrate only those matters expressly made subject to arbitration by the terms of this Agreement, and shall rule only on the issues submitted to him in writing for arbitration. The Arbitrator shall have power only to interpret this Agreement and shall not have power to alter or amend it.

For purposes of identifying the disciplinary treatment of comparable situations during the grievance and arbitration process, the Company and the Union agree to reference only situations arising during the life of this 2017-2020 agreement.

**Article IX, § 4:**

As of January 1, 2018, the Company and the Union agree to delete Section 4(a), (b), (c), and (d) and to replace with terms consistent with the Benefits section of this MOA.

**Exhibit B, Clerical**

The Company and the Union agree to delete the current Section 1 and replace with the following:

For promotions, see Article III, Section 7.

The Company adds the following requirements under Section 5:

- The Service Office Clerk at Level 3 in the System Operations Department will be required to complete CC&B Training.
- Level 4 Clerical employees in the Accounting and/or Finance Departments are required to complete Principles of Accounting I and Accounting Principles II.
- Level 5 Clerical employees in the Accounting and/or Financing Departments are required to complete Principles of Accounting I, Accounting Principles II, and Microcomputer Accounting.
- In addition to current requirements, Level 6 Service Representatives will be required to be trained to locate Company facilities for design and analysis purposes. In addition to the current bid process, the Company may also select Level 6 Services Representatives from the following (which are not subject to the prerequisites):
  - Contact Center, Level 5 Senior Customer Care Specialist
  - Workload Administration, Level 5 Operations Representative
  - GIS and Asset Data, Level 5 Engineering Records Clerk
  - BQA, Level 5 Accounting Records Clerk and CIC Representative
  - Field Operations Construction, Level 5 Construction Clerk
- The Company agrees to promote the remaining Level 3 Clerical employees to Level 4 Clerical Employees in Billing Quality Assurance.

- The Company agrees to promote five (5) Level 4A Senior Customer Care Specialists in the Contact Center to Level 5 based on seniority effective upon ratification of the 2017 contract.
- For the duration of the CBA, the Company agrees to maintain ten (10) Level 4A/5 Senior Customer Care Specialists; one (1) Level 6 position in the Call Center; thirteen (13) Level 4 positions in Billing Quality Assurance; and five (5) Level 5 positions in Billing Quality Assurance.
- For the duration of the CBA, the Company agrees to maintain the current level of Clerical Service Representatives.

6. All qualified Customer Care Specialists may volunteer, on a seniority basis, to fill in a Spanish-speaking queue that will manage calls from Spanish and non-Spanish speaking callers. The Company will designate the number of positions for the Spanish language queue based on its determination of business needs and call volumes, and retains discretion to increase or decrease the number of available positions in the queue at any time. To be eligible for volunteering for and remaining in the Spanish language queue, a Customer Care Specialist must demonstrate the ability to speak Spanish, have adequate language skills to converse with customers, and continue to meet performance standards to the Company's satisfaction. Additionally, each Customer Care Specialist must commit to remain in the Spanish language queue for at least one year. If there are inadequate resources from the existing pool of volunteers, the Company would then be able to hire new employees to fill the queue; these newly hired employees will remain in the Spanish queue indefinitely or until they otherwise promote or reassign consistent with the CBA.

Customer Care Specialists in the Spanish language queue will receive a premium of \$1.00 for all hours while in the pool, regardless of the types of calls handled. Spanish language queue staffing will be independent of all non-Spanish queues staffing in regard to shifts, hours of work, and breaks. Removal from the Spanish queue will make affected employees ineligible for the \$1.00 premium for all hours, and will return them to normal provisions regarding shifts, hours of work, and breaks.

**NEW § 7 (Transferred from existing MOU)**

7. Clerical employees are strictly prohibited from accessing, adjusting, or manipulating their own gas account information, or any other information of their own, in any Company customer information system. This includes, but is not limited to, the Credit, Billing, Scheduling, Remittance, Accounts Payable/Receivable, Procurement and Damage Prevention systems. Clerical employees who are not expressly authorized to access an account (including, but not limited to, co-worker accounts or co-worker information) as part of their job assignments in any Company customer information system are strictly prohibited from doing so. Clerical employees will be required to read and to acknowledge a form to this effect.

Clerical employees who are found to be in violation of this section will be subject to termination of employment. The discharge of an employee found in violation of this section will not be subject to the provisions of Article VIII (grievance procedure). The Union and the Company agree that the only issue subject to Article VIII is whether an employee violated any of the terms of this section. If so determined by an arbitrator, the arbitrator shall have no power to modify the disciplinary penalty imposed.

**Exhibit B, Physical**

The Company and the Union agree to amend the promotional sequence as reflected in Exhibit 1 to this MOA and as to be incorporated into Exhibit B of the CBA. Additionally, the Company and the Union agree to replace the existing Exhibit B (Physical) of the CBA with the following:

1. Each line of promotion and demotion shall be applied by service time on a company-wide basis, except as noted. The lines of promotion and demotion as of the ratification date of the parties' 2017-2020 CBA shall be maintained unless changed by mutual consent of the Company and the Union.
2. Part-time employees promoting to full-time positions will be promoted based on their seniority with other employees in their previous full-time job classification.

3. A vacancy in the Helper classification shall be filled by:

A voluntary lateral transfer of a Helper provided the employee has at least 24 months in his/her present Helper assignment, and has not been offered a promotional opportunity (excluding \*X). The 24-month restriction may be waived by mutual consent. When there is more than one lateral in a department, the Company and the Union will work out the timing of the laterals.

4. The Company will develop training programs for promotion to all classifications. Additionally, the Company will suggest independent courses, which the employees may pursue to aid in their promotional development. Such courses, if approved, would qualify for in-company tuition refund program.
5. Employees being considered for promotion will be given a training and qualifying period as provided under Article III, Section 11. Extensions may be granted by mutual consent.
6. Testing agreed to by the Company and the Union will be implemented for Meter Readers and Helpers hired after 2007 promoting to a mechanic level job classification or equivalent.
7. Selection of Utility Inspector (Operations) and Utility Inspector (Asset Protection):

The Company will maintain a minimum of 24 total Utility Inspectors for the duration of this Agreement. Even though the number of actual Utility Inspectors may exceed 24 at any point in time, the Company is not obligated to keep more than 24 positions filled under this article.

When the Company fills an opening in either of the Utility Inspector classifications, it will come from employees currently in classifications listed in the promotional series as found in Exhibit B (Physical) of the CBA. In addition to other applicable promotional requirements in the CBA, to be eligible to participate in this promotional series, employees must take and pass qualification testing. Materials will be made available for the employees to review in advance of such testing. The Company will have the right to choose any employee who has completed at least 18 years of service, and successfully passes the testing. The selection of an employee, made according to the criteria set forth in this CBA, will not be subject to the grievance procedure. An employee passed up under the bidding process outlined in the CBA will, upon inquiry, be informed by the company of the reason why he/she was not promoted.

## 8. Automated Meter Reading/Automated Meter Infrastructure

The Company and the Union agree that the Company has the right to implement or cease implementing, in whole or in part, automated meter reading/automated meter infrastructure (AMR/AMI), and has the exclusive discretion to determine the content, scope, timing, and duration of such program.

## 9. Utility Specialist

In connection with the establishment of AMR/AMI, the Company has the right to create (or eliminate) a new entry level Field Operations AMR/AMI Utility Specialist classification (“Utility Specialist”), and to determine the job duties to be performed by such classification, in its exclusive discretion. The general job duties of a Utility Specialist shall include but not be limited to the following:

- Read Meters
- Change batteries (ERT)
- Change ERTs
- Atmospheric Corrosion Checks
- Corrosion Pipe to Soil Reads
- Direct Observations
- Turn Offs
- Inside Leak Surveys
- Leak Survey
- Painting
- Special Meter Reads/Verifications

Except where the parties have expressly and specifically agreed otherwise, the Utility Specialist job classification shall be the equivalent of the leak survey specialist job classification in the terms of the CBA and in all other agreements and understandings between the Company and the Union, including but not limited to wage rates and for other benefits and compensation purposes. While the Company’s present intention is to grandfather current Meter Readers/Helpers and to allow them to remain in such

job classification if they desire to do so, the Company shall have the right to retrain existing Meter Readers/Helpers as Utility Specialists, and to lay them off consistent with the CBA, if they do not successfully complete retraining. The Company shall advise the Union when the Meter Reader/Helper job classification no longer exists. Should the Company decide to eliminate the Utility Specialist job classification, it may replace it with another entry level classification.

Notwithstanding the foregoing and any other provision of the CBA or any other agreements or understandings between the Company and the Union, the Company shall have the right to hire directly into the Utility Specialist job classification.

#### 10. Distribution Plastic Laborer

The existing Distribution Plastic Laborer classification shall be the classification immediately above the Utility Specialist in the CBA Physical Bargaining Unit promotion sequence, and except where the Company and the Union have expressly and specifically agreed otherwise, the terms of the CBA and in all other agreements and understandings between the Company and the Union shall be conformed to reflect the positioning/sequencing of the Distribution Plastic Laborer job classification in relation to the Utility Specialist job classification.

#### 11. Operations Technicians

In addition to performing the roles and responsibilities of an Operations Mechanic, the following additional responsibilities will be a proper assignment for an Operations Technician:

- Leak equipment calibration
- Pin gauge calibration
- Setting/observing/removing gauges, e.g., survey gauges
- Turn-Ons/Turn-Offs
- Setting/observing/removing system charts
- Leak repair by standard process and by utilizing anaerobic sealant
- Fix Factors
- Differentials

- System valve inspections
- Single regulator commercial industrial inspections (excludes Rockwell 243 and Fisher 99 regulators)
- Installing/revising meter sets
- TC Head exchange and maintenance
- On the job mentoring of Operations employees

All current and future Operations Technicians shall be trained and qualified to perform the above work assignments. Successful completion of training and certification including all of the responsibilities above shall be a requirement for all future Operations Technicians.

In situations where Operations Technicians are scheduled to perform their responsibilities referenced above, during planned and scheduled overtime, the Company will offer System Operations employees from the reporting center where the overtime work is being performed the opportunity to work overtime first, except when such overtime work is incidental to the Operations Technicians' entire day of planned overtime. Also excluded from such overtime work opportunities are (1) incidental overtime job assignments; and (2) incidental extended day job assignments, when an Operations Technician works overtime during his/her regular schedule.

An Operations Technician will not be called out to perform the responsibilities referenced above until all eligible System Operations employees have been offered the overtime opportunity first, consistent with existing call out practice. If an Operations Technician is already out in the field, he/she is to be available to respond or to assist in the Company's exclusive discretion.

In addition to the existing four (4) Operations Technicians, the Company will create and maintain ten (10) Operations Technicians for the duration of the CBA.

The Company will not upgrade or assign Operations Mechanics to perform Operations Technicians work referenced above.

The Company agrees to maintain eighty (80) System Operation employees for the duration of the CBA.

## 12. Crew Leaders

When the Company determines it is necessary to fill vacancies in a Crew Leader job classification, such vacancies will be filled by employees currently in job classifications listed in the promotional series as found in Exhibit B (Physical) of the CBA. The Company will have the right to select as a Crew Leader any employee, provided that the selection of the successful candidate(s) will be made in the Company's discretion from candidate(s) whose seniority date is within five (5) years of the highest seniority candidate for that particular vacancy (e.g., if a higher seniority candidate has been selected for another Crew Leader vacancy, the Company will then consider candidates within five (5) years of the next highest seniority candidate for the particular vacancy). The selection of an employee pursuant to the criteria set forth in this section will not be subject to the parties' grievance procedure, set forth in Article VIII of the CBA. An employee not selected for a Crew Leader position will, upon request of the Union, be informed by the Company as to why he/she was not selected.

In addition to other applicable promotional requirements in the CBA, to be eligible to participate in the Crew Leader promotional series, after selection, employees must take and pass qualification testing established by the Company in its discretion. Materials will be made available for the employees to review in advance of such testing.

The Company agrees to offer and to promote a total of ten (10) Crew Leader positions among the Field Operations, Construction Operations, Storage, and Fleet Departments. This includes the creation of a new Crew Leader position(s) in the Construction Department. The Company and the Union agree that the Crew Leader position in the aforementioned departments will become a right of selection position for these and all future Crew Leader positions in these departments as provided for in this section.

13. The Company will maintain a minimum of 10% of the System Operations Department (Physical) workforce as Senior Specialist (S5) for the duration of the CBA.
14. Upon ratification of the CBA, the incumbent Sr. Controller (S3) employees will have the first opportunity for any S4 (Specialist) and S5 (Sr. Specialist) promotions for the duration of this CBA.
15. Any employee not currently in the System Operations Department line of promotion and demotion who chooses to promote into the System Operations Department will be required to have three (3) years of System Operations Department seniority in order to be eligible for a Sr. Specialist (S5) promotion.

16. The S1 (System Laborer) and S2 (System Controller) System Operations job classifications will not be eligible for promotional opportunities to the S5 (Sr. Specialist) job classification.

**Exhibit C, Memorandums of Agreement:**

**SCHEDULE OF FLOATING HOLIDAYS: UNION EMPLOYEES  
(CALENDAR YEAR IN WHICH EMPLOYMENT BEGINS)**

The Company and the Union agree to make the following changes to this memorandum:

Employees on the payroll as of August 1<sup>st</sup> who were hired after June 1<sup>st</sup> – 2 floating holidays.

Employees added to the payroll after August 1<sup>st</sup> are not eligible for any floating holidays during that calendar year.

**[NEW] Self-Contained Breathing Apparatus**

The Union and the Company agree that, effective upon ratification, all employees promoted or otherwise transferred into the following job classifications are required to become and remain certified to use a self-contained breathing apparatus:

Field Operations Delivery:

- Crew Leader
- Arc Welder
- Technician
- Mechanic

System Operations (including Transmission):

- Sr. System Specialist (S5)
- System Specialist (S4)
- Sr. System Controller (S3)
- System Controller (S2)

Storage:

- Crew Leader
- Arc Welder
- Technician
- Mechanic

Reasonable accommodations will be made as necessary in accordance with applicable law(s).

Employees already in the aforementioned job classifications prior to ratification of this CBA must make a good-faith effort to become certified to use a self-contained breathing apparatus at the next available certification opportunity, as determined by the Company, and must remain certified thereafter. Reasonable accommodations will be made as necessary in accordance with applicable law(s).

This memorandum of agreement supersedes the Company and the Union's Memorandum on Respiratory Protection Equipment dated August 3, 1998.

### **[NEW] Drive-Cam Program**

The Company and the Union agree to implement a risk-based Drive-Cam Program. The Company reserves the right to assign active event recorders to employee vehicles based on the following criteria and for the following lengths of time.

- Meter Reading, Utility Specialists, and all Helpers: 100% deployment and unlimited duration.
- Any employee newly promoted or new to driving a dedicated Company vehicle will be assigned an active Drive-Cam device for 12 months from the onset of their driving duties.
- Any employee determined to have been at-fault for a motor vehicle accident will be assigned an active Drive-Cam for 12 months from the date of the accident. Any subsequent at-fault events will restart the 12 month clock.
- Any employee who receives a vehicle safety related discipline of Written or above will be assigned a Drive-Cam device for up to 12 months from the date of the event, and any subsequent qualifying discipline will restart the 12 month clock.
- Any employee who receives a "Red Light" camera violation will be assigned a Drive-Cam device for 12 months.
- Any employee who has more than 1 at-fault motor vehicle accident within a rolling five (5) year calendar period of time will be assigned a Drive-Cam device until such time as they go 36 months without a subsequent vehicle safety violation.

### **[NEW Progressive Disciplinary Policy]**

Generally, disciplinary action will follow the following progressive steps:

- Verbal Warning for a first offense;
- Written Warning for a second offense;
- Suspension (up to 1 day) for a third offense;
- Suspension (up to 3 days) for a fourth offense;
- Suspension (up to 10 days) for a fifth offense;
- Termination for a sixth offense.

Incidents warranting discipline need not be of similar nature to justify moving through the progressive disciplinary process, and there may be circumstances in which one or more disciplinary steps are bypassed, depending on the nature of the offense and the number of occurrences. Discipline is subject to the proper cause standard.

The Company and the Union recognize that certain types of offenses may result in immediate termination of employment, including but not limited to the following: knowingly and willingly falsifying company records; insubordination; suspension or revocation of the employee's driver's license where driving is a requirement of the job; the use of or positive test involving drugs and/or alcohol; theft; physical and/or verbal assault and/or harassment.

The Company and the Union agree that all active discipline other than last chance agreements, discipline for one of the specific offenses mentioned above, and suspensions issued after March 1, 2017, will be considered inactive for purposes of progressive disciplinary action.

### **STATEMENTS COVERING ITEMS OF UNDERSTANDING RE: TWO PERSONS ON STEEL AND PROMOTIONAL SEQUENCE**

The Company and the Union agree to delete the following sentence: "Promotions will be based on ability, qualifications and service" and to replace with the following: For promotions, see Article III, Section 7.

**REVISIONS TO FLEET MANAGEMENT DEPARTMENT REQUIREMENTS  
AND THE RELATED PROMOTIONAL SEQUENCE**

Revised March 4, 1997; Revised March 1, 2004; Revised March 1, 2017

The Company and the Union agree to revise the portion of Section C related to Technicians as follows:

**Technicians:** Must pass Nicor Technician certification and all 8 A.S.E. certification tests. Must A.S.E. recertify every five years. Failure to recertify after two attempts will result in demotion. Tool allowance and uniform service will continue to be provided as long as the minimum requirements of the mechanic classification are met. It is possible for a Technician to be demoted to a helper and lose the tool allowance and uniform service. Upgrade to Crew Leader will be the Senior Technician who has A.S.E. certified as a Master Mechanic.

**[NEW] MEMORANDUM OF AGREEMENT**

**RE: MEASUREMENT DEPARTMENT PERSONNEL TRANSITION TO NON-BARGAINING**

Effective upon ratification of the 2017-2020 CBA, the Company and the Union agree that the Measurement Department (Meter Shop) personnel will be transitioned into non-bargaining unit positions as follows:

1. The three (3) existing Meter Shop Mechanics will be promoted to Meter Shop Technicians as soon as practicable following ratification of the CBA, provided that they successfully pass the current certification test for Meter Shop Technicians. In the event that a Meter Shop Mechanic fails such test, he/she will remain a Meter Shop Mechanic but will be provided a one-time opportunity during the term of the current CBA to lateral to a Mechanic level position elsewhere in the Company, which has an equivalent hourly rate of pay, in accordance with Exhibit B (Physical) of the CBA. Any lateral opportunity will be subject to the same training, testing, and certification procedures that exist for any other employee who otherwise would have promoted into the same position.
2. The two (2) existing Meter Shop Technicians will be promoted to Senior Technicians (or similarly titled position, as determined by the Company) in the Measurement Department as soon as practicable following ratification of the CBA. The pay rate and pension band for such Senior Technician positions will be equivalent to the Utility Inspector hourly rate of pay. No additional certification will be required for these promotions.
3. The promotional sequence within the Measurement Department (Meter Shop) is closed. The current four (4) Helpers may promote out of the Measurement

Department to other available positions for which they are qualified, consistent with the promotional sequences for Helpers as outlined in Exhibit B (Physical) of the CBA.

Future vacancies within the Measurement Department (Meter Shop) will be filled by non-bargaining unit employees.

**MEMORANDUM OF AGREEMENT  
FIELD OPERATIONS PROJECTS MARCH 1, 2014, REVISED MARCH 1, 2017**

The Company and the Union agree to make the following revisions (deleting the reference to pension bands):

The Company will create the new job classification of Senior Operations Cross Tie Mechanic; this job classification will be paid at the Senior Operations Mechanic wage rate, and employees promoted into this classification will be trained and certified as Senior Operations Mechanics.

**MEMORANDUM OF AGREEMENT  
RE: PER DIEM ALLOWANCE**

Revised March 1, 2017

The following agreement has been reached, effective March 1, 1997, between the Company and Union Local 19, regarding the per diem allowance provisions and other ground rules that affect employees required to be away from home overnight or longer.

1.	Per diem allowance will be granted as follows:	Amount of Allowance
a.	Day of departure from regular reporting center.	\$40
b.	Day of return to regular reporting center which can be basic work day or an RDO.	\$40
c.	All other days while away from home.	\$50

- d. On the day of departure or return, the allowance will be \$50 if the departure or return is two (2) or more hours before or after the employee's scheduled regular hours. The application of these per diem ground rules will supersede any meal allowance provisions contained in Article IV, Section 23 (a) of the Collective Bargaining Agreement. However, in cases involving extended overtime, the meal allowance provisions of Article VI, Section 23 (b) will become effective after working seven (7) hours immediately following the employee's scheduled regular hours.

Should an employee who has worked overtime be ineligible for a meal allowance because of the previous provisions, the time reporting form should indicate "meal furnished" to eliminate duplication of payment by Payroll Accounting.

2. Employees may be scheduled for overtime work while assigned out of town (example: scheduled ten (10)-hour days for five (5) or six (6) workdays). In cases involving inclement weather, employees will be paid for the hours in their basic workday, and any overtime hours scheduled to precede the regular work day. Pay for overtime following the regular workday will be based on hours actually worked.
3. The per diem allowance will cover all incidental expenses.

**MEMORANDUM OF UNDERSTANDING  
Between Union Local 19 (IBEW) and Nicor Gas Company  
Dated February 9, 1971, REVISED March 1, 2017**

This Memorandum sets forth the understanding reached between the parties during the course of the 1971 contract negotiations regarding the implementation of overtime equalization provisions stated in Article IV, Section 17.

The parties agreed and will comply with the following.

1. When employees are improperly bypassed in the assignment of overtime:
  - a. The company will not be obligated to pay for work not performed.
  - b. The bypassed employee(s)\* will be offered an opportunity to work an equivalent number of overtime hours within 30 calendar days.
  - c. The number of employees eligible for consideration under items 1(b) is limited to the number that worked the original assignment.
2. The bi-weekly computer overtime lists will be used as the basis for all call-out procedures.

3. Where items 1 and 2 conflict with existing procedures they will be superseded by this Memorandum.

\*The bypassed employee is the first employee improperly bypassed with the fewest accumulated overtime hours per the overtime list, excluding any employee who was contacted for the overtime opportunity and was unresponsive and/or declined. In the event that an employee is bypassed for overtime, the first employee bypassed will be given the opportunity to work the equivalent number of hours worked. If the first employee that was bypassed declines the opportunity, the remaining bypassed employee(s) (if any) will be asked up to the employee that responded initially.

**AGREEMENT REGARDING TRANSFERS FROM CLERICAL TO METER READING**  
REVISED MARCH 1, 2017

Employees\* in the Clerical bargaining unit from Clerical levels 1, 2, 2A and 3 may apply for and accept meter reader positions in the Physical bargaining unit meter reading under the following conditions:

- Employees must have 1 ½ years of service in their current Clerical position.
- If an employee's current rate of pay is greater than the maximum current meter reader rate of pay, the employee's rate of pay will be reduced to the maximum of the meter reader job classification.
- If an employee's current rate of pay is below the maximum of the meter reader job classification, the employee's rate of pay will be slotted into the appropriate time and rate step (rounded down) of the meter reader job classification.
- Employees will have a one-time opportunity to transfer to the meter reader job classification.
- Employees will be required to pass Meter Pro training. If an employee is unable to successfully pass Meter Pro training, they will be placed back into the Clerical unit at their previous Clerical job level. The employee may be placed in their previous position and location if any opening exists. Otherwise, the employee may be placed in any location and in any equivalent position per the Excess Clerical Employee Ground Rules, dated July 12, 1984, and revised July 19, 1991, March 1, 2009, March 1, 2014, and revised March 1, 2017, located in Exhibit C.
- Employees will be required to complete a 90-day qualifying period after they successfully pass Meter Pro training. Employees are ineligible to promote for one (1) year after passing Meter Pro training. Employees who are unsuccessful will be given 30 days to return to their previous position. After 30 days, the employee will not be eligible to return to the Clerical bargaining unit and employment will be terminated. An employee's qualifying period may be extended by mutual agreement.

- The discharge of an employee in their qualifying period will not be subject to the provisions of Article VIII.

This program will expire on March 1, 2020 unless extended in writing by mutual agreement between the Company and the Union.

\* “Employee” or “Employees” as referenced in this Agreement Regarding Transfers from Clerical to Meter Reading refers to those employee(s) who started in the Clerical bargaining unit of Nicor Gas and have or are in the process of transferring to a meter reader position in the Physical bargaining unit of Nicor Gas.

**PROCEDURES FOR TESTING CANDIDATES  
FOR JOBS REQUIRING CERTIFICATION  
(Dated March 31, 1975)  
(Revised February 1, 1985, July 1, 1997, March 1, 2000,  
March 1, 2004, March 1, 2009, March 1, 2014, and March 1, 2017)**

On a semi-annual basis, management will determine, based on workload, whether any vacancies will exist in any classification. If a vacancy exists, the following procedures will apply:

1. Contacts for job vacancies in all classifications will be made by the Human Resource Department.
2. Entry level employees (Helpers, Meter Readers, Utility Specialists) who accept a given vacancy will have the first five (5) working days in the department where the vacancy exists to elect to continue with the training and certification process. Should the candidate decide during this initial time period to return to his/her original job classification, the employee will be ineligible to fill the same vacancy for one (1) year.
3. Depending on a candidate’s existing position, and whether they are entering the job classifications listed below, an evaluation of the candidate’s skills will be assessed. Candidates training will be administered based on their individual skill needs.
4. Candidates will be given an appropriate training and certification period. Training will consist of a combination of classroom training, field training, and voluntary home assignments based on the individual’s needs. The training and certification periods for classifications requiring certification are:

<b><u>Job Classification</u></b>	<b><u>Time Period</u></b>
Crew Leader (all classifications)	12 continuous weeks
Utility Inspector (Operations)	18 continuous weeks
Utility Inspector (Asset Protection)	18 continuous weeks
Sr. Distribution Plastic Operator	To Be Determined
Senior Specialist (S5)	20 continuous weeks
Distribution Technician (not requiring CDL training)	18 continuous weeks
Distribution Technician (requiring CDL training)	21 continuous weeks
Fleet Management Technician	20 continuous weeks
Storage Technician	20 continuous weeks
Specialist – (S4)	21 continuous weeks
Distribution Plastic Operator (requiring CDL training)	23 continuous weeks
Distribution Plastic Operator (not requiring CDL training)	20 continuous weeks
Watch & Protect Locator	11 continuous weeks
Senior Operations Mechanic	11 continuous weeks
Senior Operations Cross-Tie Mechanic	11 continuous weeks
Senior Controller (S3)	11 continuous weeks
Distribution Mechanic (requiring CDL training)	35 continuous weeks
Distribution Mechanic (not requiring CDL training)	32 continuous weeks

Fleet Management Mechanic	20 continuous weeks
Operations Mechanic	25 continuous weeks
Storage Mechanic – Phase I	16 continuous weeks
Phase II	14 continuous weeks
Controller – (S2)	13 continuous weeks
General Facility Property Mechanic	TBD continuous weeks
Senior Facility/Property Mechanic	TBD continuous weeks
Utility Facility/Property Mechanic	TBD continuous weeks
Distribution Plastic Laborer	18 continuous weeks
Leak Survey Specialist	11 continuous weeks
System Laborer (S1) – Utility Specialist	12 continuous weeks
Arc Welder	11 continuous weeks

The candidate may complete his/her certification any time within the scheduled training period, provided the time is mutually agreeable to both the employee and the Company. For positions with modular training, the certification for each module must be completed within specified timeframes and prior to proceeding to the next module. The candidate shall request a certification date no less than 15 days from the end of the scheduled training period or module. If the employee fails to be certified on his/her first attempt, he/she will be given a second opportunity within the scheduled period.

- Any employee, above entry level, who returns to his/her original job classification, will be ineligible to fill any vacancy for one (1) year.
- Certification tests will be administered by management personnel selected by the Training Department. The certification will be audited from time to time by the Union.

7. When an employee is certified, he/she will be granted a promotional increase in accordance with the terms of the CBA.
8. After an employee has been certified, the provisions of Article III, Section 10 (90 day training and qualifying period) shall become effective.
9. Employees who accept a promotion and are not released within 60 days will receive a payment of \$100.00 upon certification. In addition, employees will be paid an additional \$50 for every 30 days they are delayed from the initial 60 days upon certification.

**MEMORANDUM OF UNDERSTANDING  
PART-TIME PROVISIONS**

**Dated March 4, 1997, Revised March 1, 2000, Revised March 1, 2017**

The Company and the Union agree to revise Section F (1) as follows:

Overtime shall be paid in accordance with Article IV, Section 3.

The Company and the Union agree to amend Section H as follows:

Part-time regular employees are eligible for benefits as described in and subject to the terms of the applicable Southern Company Gas benefit plans.

**MEMORANDUM OF UNDERSTANDING  
FIELD OPERATIONS CONSTRUCTION INCENTIVE PROGRAM – TRAINING CREWS**

**Dated August 2, 1999, revised March 1, 2009, revised March 1, 2017**

According to its terms, this memorandum expired as of March 1, 2017.

**EXCESS CLERICAL EMPLOYEE GROUND RULES, Exhibit II**

**Dated July 12, 1984, Revised July 19, 1991, Revised March 1, 2009, Revised March 1, 2014, and  
Revised March 1, 2017**

The Company and the Union agree to delete the reference to pension bands in the first paragraph as of January 1, 2018.

**REVISED MEMORANDUM OF UNDERSTANDING**  
**Between System Local 19 and Nicor Gas**  
**Dated February 1, 1974, Revised February 1, 1985, March 1, 2000, March 1, 2004,**  
**and March 1, 2017**

The Company and the Union agree to edit the title of this memorandum for clarity to: “Revised Memorandum of Understanding Regarding Employees Disabled from Working.”

The Company and the Union agree to revise Section 5 as follows:

For the remainder of 2017, an employee placed in a lower job classification and administered under the provision of Article VII, Section 5 will receive pension credit for all time spent in the higher job classification based on the pension band in effect at the time of retirement. This section is inapplicable after January 1, 2018, as pension bands will be eliminated.

**[NEW] Memorandum of Understanding**  
**Service Technician Residency Requirement**

March 1, 2017

1. Nicor Gas (“Company”) and IBEW Local 19 (“Union”) agree to supplement the parties’ Collective Bargaining Agreement, “Exhibit B” Physical Lines of Promotion and Demotion as stated herein. This agreement applies to any Resident Technician position the Company deems necessary to perform Field Operations work activities including emergency leak response. The Company will post the position as an Operations Technician, and include a residency requirement, in accordance with “Exhibit B” Physical Lines of Promotion and Demotion.
2. The position will have a residency requirement. The successful candidate will be required either to live within a designated Service Territory (as defined by the Company) or within a reasonable distance from the designated service territory, as determined and approved by the Company (Residency Requirement).
3. Should the successful candidate not already meet the Residency Requirement at the time he/she accepts the promotion, he/she will have nine (9) months from the date of promotion to permanently relocate to the identified Service Territory. Any relocation is at the employee’s expense.
4. Should the successful candidate be unable to meet the Residency Requirement within nine (9) months (for any reason whatsoever), he/she will be demoted in accordance with the Collective Bargaining Agreement, and be ineligible for any promotion for two (2) years from the date of demotion.

5. If the successful candidate has met the Residency Requirement, and later chooses to move out of the designated Service Territory (or approved location), for any reason other than a promotion within the Company, his/her employment will end, and there shall be no grievance, and the provisions of Article VIII shall not apply .
6. The Resident Operations Technician will receive the first call for all after hour emergency call outs within the designated Service Territory
7. The Resident Operations Technician position requires a significant after-hours call response performance expectation at all times that the employee is not on an approved leave. Failure to reasonably meet this performance expectation may be cause for discipline, up to and including termination of employment.

4. **General Items**

***Uniform Policy:***

The language below will be part of the Company's initial uniform policy established pursuant to its rights under Article V § 10:

The Company considers Nicor Gas uniforms to be an important way for employees to portray a professional image to our customers and to other members of the public. These guidelines will help establish that image. To that end, employees must adhere to the following:

- Uniforms must be kept clean and neat in appearance.
- Employees shall not wear any additional item(s) on the Company uniform.
- Employees are prohibited from modifying Company logos on their uniforms in any way.
- Employees may choose to wear their Company uniform outside of normal working hours if an employee is attending a Company event.
- The Company acknowledges that employees may stop at local shops or businesses on their way to or from work while wearing their Company uniform; however, the Company does not condone the wearing of Company uniforms to social or other non-work events or places.

The Company reserves the right to modify these guidelines at any time.

## 5. Additional Terms

- The Company and the Union agree that payroll deductions for an employee's personal utility bill will no longer be made. Employees are responsible for paying their personal Nicor Gas utility bill (if applicable) as any member of the public would make such payments.
- For emergency response after hours call out and planned overtime, the Morris and Joliet overtime list will be combined as soon as practical upon ratification of this agreement.
- The Union and Company agree that all ASE's must be obtained prior to accepting a promotion.
- Existing agreements or understandings between the Company and the Union excluding specific employee(s) from being eligible for a general wage increase remain in existence.
- The Company and the Union agree to promote the current Controller (S2) located at the Ottawa reporting center to a Sr. Controller (S3) as soon as practicable upon ratification of the CBA.
- The Union agrees to drop Grievance No. 37-16-19.

## 6. Benefits

### Health & Welfare Benefits

**Insurance.** For the remainder of 2017, employees will continue to be covered by the same medical, life, dental, vision and disability insurance plans, subject to their terms and conditions, in effect on February 28, 2017. Effective January 1, 2018, employees will become covered by the same Southern Company Gas medical, life, dental, vision and disability benefit plans available to similarly situated Nicor Gas employees not covered by the collective bargaining agreement, including the Company's reservation of plan rights. Consistent with the Company's reservation of plan rights, the Company shall retain the right to modify these plans, so long as such modifications also apply to similarly situated Nicor Gas employees who are not covered by the collective bargaining agreement, and so long as it maintains the following cost-sharing structure in 2018 and 2019 for its medical insurance plans only. Beginning in plan year 2020, employees' cost-sharing percentages will be equal to similarly situated Nicor Gas employees not covered by the collective bargaining agreement. The percentages listed in the below chart for 2020 are estimated percentages only and subject to change in the Company's discretion. To the extent any provisions are

not specifically and explicitly agreed to in this MOA, the terms of these plans shall apply and govern.

- a. Core Plan (as defined by and as may be changed by the Company in its discretion):

Plan Year	Single		Premium Categories with Dependents <sup>1</sup>	
	Company	Employee	Company	Employee
2018	61%	39%	58%	42%
2019	70%	30%	66%	34%
Beginning 2020 <sup>2</sup>	80%	20%	74%	26%

- b. For the duration of the collective bargaining agreement, HMO IL will remain at its current levels: 61% company/39% employee for single coverage and 55% company/45% employee for all premium categories with dependents.
- c. For any other medical insurance plans with premiums greater than the Core Plan, the Company will contribute the same dollar amount it contributes for the Core Plan, and the employee will pay the balance of the premium. For any other medical insurance plans with premiums lower than the Core Plan, the Company will contribute the same dollar amount it contributes for the Core Plan (up to 100% of the total premium), and the employee will pay the balance of the premium.
- d. The parties have specifically agreed that orthodontia family coverage, as per the terms of the dental plan and which may change consistent with the Company’s reservation of plan rights, shall be available for an additional cost per month for family coverage, to be determined by the Company and subject to modification during the CBA term.

The parties expect that, at the end of 2017, funds will remain in the trust created for purposes of providing benefits under the Employee Benefit Association (“EBA”) plan. Because the EBA plan will no longer pay benefits for claims incurred after 2017, the Company and the Union agree to bargain in good faith regarding the manner in which the remaining funds in the trust will be utilized. The funds will remain in the EBA trust until the conclusion of those negotiations, which shall be no later than September 1, 2017. Should the parties fail to reach an agreement by September 1, 2017, the Company thereafter has the right to purchase supplemental disability benefits of its discretion for the benefit of bargaining unit employees.

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<sup>1</sup> Premium categories with dependents are the following: (1) employee and spouse; (2) employee and children; and (3) employee and family.

**Retiree Benefits.** For the remainder of 2017, individuals eligible for retiree medical and/or life insurance benefits will continue to be covered by the same retiree medical and life insurance plans in effect on February 28, 2017. Effective January 1, 2018, individuals eligible for retiree medical, dental, and/or life insurance benefits will have access to the Southern Company Gas retiree medical, dental, and life insurance plans to the extent consistent with their terms, including the Company's reservation of plan rights (e.g., to modify the plan terms). For retirements occurring during the term of this CBA, eligibility rules and cost sharing levels and caps remain unchanged. The Medicare supplement plan in effect as of February 28, 2017, will continue in effect throughout the duration of this collective bargaining agreement. To the extent any provisions are not specifically and explicitly agreed to in this MOA, the terms of those plans shall apply and govern.

**Sick Leave.** The Union and the Company expressly waive the requirements of the Cook County and City of Chicago Earned Sick Leave Ordinances and any future amendments or revisions. This waiver shall survive the expiration of the collective bargaining agreement and continue in effect until such waiver is expressly terminated by a written agreement of the parties.

For the remainder of 2017, the amount of sick leave provided to employees will continue to be governed by the relevant terms found in Article VI § 21 and Article VII § 7 of the 2014-2017 collective bargaining agreement.

Effective January 1, 2018, employees will be covered by the same Southern Company Gas sick leave policy as similarly situated Nicor Gas employees who are not covered by the collective bargaining agreement, provided that the Company shall retain the right to modify the policy, so long as such modification also applies to such non-bargaining unit employees.

For purposes of transitioning from one sick leave program to the other, employees may carry over a maximum of 80 hours of unused sick leave from 2017 to 2018, which will then be considered Basic Sick Pay benefits under the Southern Company Gas sick leave policy. In addition to any sick leave that is carried over, employees who were employed before January 1, 2018, will be given 80 hours of Basic Sick Pay benefits under the Southern Company Gas sick leave policy in accordance with the policy; the remaining sick leave benefits will be Extended Sick Pay benefits, available in accordance with the terms of the Southern Company time off policy.

**Long-Term Disability.** For the remainder of 2017, employees will continue to be covered by the same long-term disability plan, subject to its terms and conditions, in effect on February 28, 2017. Effective January 1, 2018, for claims incurred on or after January 1, 2018, employees will be covered by the same Southern Company Gas long-term disability plan available to similarly situated Nicor Gas employees not covered by the collective bargaining agreement, including the Company's reservation of plan rights. Consistent with its reservation of plan rights, the Company shall retain the right to modify these plans, so long as such modifications also apply to similarly situated Nicor Gas employees who are not covered by

the collective bargaining agreement. To the extent any provisions are not specifically and explicitly agreed to in this MOA, the terms of these plans shall apply and govern. For claims incurred after January 1, 2018, under the terms of the Southern Company Gas long-term disability plan, employees approved for long-term disability benefits will remain active employees for the same length of time as similarly situated Nicor Gas employees not covered by the collective bargaining agreement (currently up to twenty-four (24) months).

## **Retirement Benefits**

### **Defined Benefit Plan Benefits**

The parties agree to the following:

Effective immediately upon ratification, the Union will have no right to representation on the Southern Company Gas Administrative and Investment Committees and no right of representation on the Nicor Gas Benefit Administration Committee. Except for that change, until January 1, 2018, the terms of the AGL Resources Inc. Retirement Plan – Attachment C for Nicor Companies Union Retirement Plan (“Attachment C”) will remain the same as they were on February 28, 2017.

1. Effective January 1, 2018:

- a. The AGL Resources Inc. Retirement Plan (“Pension Plan”) will be merged into The Southern Company Pension Plan, and eligible employees will become participants in that plan, according to its terms including the Company’s reservation of plan rights, e.g., to modify the plan terms, so long as such modifications also apply to similarly situated Nicor Gas employees not covered by the collective bargaining agreement. To the extent any provisions are not specifically and explicitly agreed to in this MOA, the terms of the Southern Company Pension Plan shall apply and govern.
- b. Early retirement supplements (“ERS”) will be available to any employee who is under age 55 prior to January 1, 2018, as long as they retire before February 28, 2020, consistent with the terms of Attachment C (e.g., age 55 with 10 years of service and actively participating under Attachment C as of December 31, 2017). Employees eligible for benefits under Attachment C who reach age 55 prior to January 1, 2018, (“grandfathered employees”) will remain eligible for ERS in effect as of February 28, 2017, as reflected on Page 42 of the 2014-2017 collective bargaining agreement, including if they retire after February 28, 2020. The ERS program and ERS benefits will no longer be available for any other employee who is not grandfathered and who retires after February 28, 2020. Such elimination of the ERS program and ERS benefits shall be permanent after February 28, 2020, for any other retirees.

- c. All benefit accruals (defined as single life annuity deferred to Normal Retirement Age) for eligible union employees under the terms of the Pension Plan will be permanently frozen as of December 31, 2017. Frozen benefits will be calculated under the terms of the Pension Plan in effect as of December 31, 2017, except for the provision related to the “24-Month Rule” as defined in the Section 3.1 (c) of Attachment C. The “24-Month Rule” will be eliminated and the higher Pension Band will be applied to all service accrued by the participant regardless of the period of time that the participant was in the job classification with the higher Pension Band for purposes of calculating the frozen benefits as of December 31, 2017. The elimination of the “24-Month Rule” does not change how any movement(s) to job classifications with a lower Pension Band impacts the calculation of the accrued pension benefits under Attachment C.
- d. Active employees eligible to actively accrue benefits under Attachment C as of December 31, 2017, will accrue pension benefits under the Career Average Earnings formula as follows:
  - i. 1 percent of eligible compensation for each Plan year; plus
  - ii. ½ percent of eligible compensation in excess of ½ of the Social Security wage base for each Plan Year.

The eligible compensation will be defined as the actual base pay.

These employees will remain fully vested in their total pension benefit.

- e. Active employees not eligible to actively accrue benefits under Attachment C as of December 31, 2017, will become participants under The Southern Company Pension Plan and will accrue pension benefits under the Cash Balance formula. Each Plan Year the participant’s Cash Balance account will be credited with:
  - 1. Pay Credits: notional deposits equal to 5.5% of eligible compensation; and
  - 2. Interest Credits: notional interest on the balance (based on Treasury rates)

The eligible compensation will be defined as the actual base pay.

Employees accruing a pension benefit under the Cash Balance formula will need to have completed three (3) years of vesting service in order to be fully vested in their pension benefits. For purposes of calculating years of vesting service, the employment history with Nicor Gas will be honored in accordance with the provisions of the merged plan.

- f. All vested pension benefits accrued by employees covered by the collective bargaining agreement under The Southern Company Pension Plan will continue to be offered as a lump sum upon any qualifying separation of service (e.g. retirement, termination, death), in addition to other forms of payment available under the plan.

### **Defined Contribution Plan Benefits**

The parties agree to the following:

1. Effective immediately upon ratification, the Union will have no right to representation on the Southern Company Gas Administrative and Investment Committees and no right of representation on the Nicor Gas Benefit Administration Committee. Except for that change, until January 1, 2018, the terms of the Nicor Gas Thrift Plan will remain the same as they were on February 28, 2017.
2. Effective January 1, 2018:
  - a. The Nicor Gas Thrift Plan will be merged into The Southern Company Employee Savings Plan, and eligible employees will become participants in that plan, according to its terms, including the Company's reservation of plan rights, e.g., to modify the plan terms, so long as such modifications also apply to similarly situated Nicor Gas employees who are not covered by the collective bargaining agreement. To the extent any provisions are not specifically and explicitly agreed to in this MOA, the terms of The Southern Company Employee Savings Plan shall apply and govern.
  - b. Except for the 2017 Plan Year, the Company will cease making Retirement Growth Award contributions to employees' 401(k) accounts as defined under the terms of the Nicor Gas Thrift Plan. The 2017 Plan Year Retirement Growth Award contributions will be made by the Company in February 2018.
  - c. The Company will match 100% of the first 4% of employee contributions plus 55% of the next 2% of employee contributions. Contributions and match are calculated on base pay only.
  - d. All employees eligible for The Southern Company Employee Savings Plan will be fully vested in their Company matching and non-elective contributions pursuant to the terms and conditions of the plan.

**Dated:** \_\_\_\_\_, 2017

**For Nicor Gas:**

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Melvin Williams  
President

**For IBEW Local 19**

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Chris Harris  
President, IBEW Local 19