

AGREEMENT
BETWEEN THE
INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS

LOCAL 1245



AND

DYNEGY INC.



AUGUST 7, 2007 through AUGUST 6, 2010

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PREAMBLE

This Agreement is effective the 07 day of August, 2007 by and between DYNEGY Inc., located at 1000 Louisiana Street, Suite 5800, Houston, Texas, hereinafter referred to as the "Company" and LOCAL UNION NO. 1245 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO, hereinafter referred to as the "Union."

WITNESSETH:

WHEREAS, it is the intent of the parties to set forth herein their Agreement covering rates of pay, wages, hours of employment and other conditions of employment; to promote efficiency, safety and productivity of employees and to provide for prompt and fair settlement of grievances;

NOW, THEREFORE, the parties do agree as follows:

ARTICLE 1 **GENERAL PURPOSE OF AGREEMENT**

1.1 The parties acknowledge that the California energy market is now deregulated, and one of the objectives of this Agreement is competitive operation in this new market. The general purpose of this Agreement is to set forth the hours of work, rates of pay, and conditions to be observed by the Company, Union, and employees and to provide orderly and harmonious procedures between the Company, Union, and employees. It is the further purpose of the Agreement to prevent interruption of work and to promote the efficient operation of business.

1.2 Any reference to gender contained within the provisions of this Agreement is inadvertent and is in no way intended by the parties, and should not be so construed, as making applicable such provisions to any one gender.

ARTICLE 2 **UNION SECURITY**

2.1 Every employee covered by this Agreement shall, not later than thirty (30) calendar days after the commencement of employment, as a condition of employment, tender to the Union: (a) an amount of money equal to the initiation fee uniformly charged by the Union to all employees who become BA members of the Union, unless the employee has, at any previous time, tendered such an amount of money to the Union; and (b) an amount of money equal to the monthly dues uniformly charged by the Union to all employees who are BA members of the Union. Thereafter, such employee shall tender to the Union an amount of money equal to the monthly dues uniformly charged by the Union to all employees who are BA members of the Union.

2.2 Upon request by Union, and no more often than monthly, Company shall provide Union a list of employees in bargaining unit classifications.

2.3 Any bargaining unit employee who is temporarily placed in a non-bargaining unit classification shall continue to be subject to the provisions of Section 2.1 above, for the duration of such temporary assignment. If an employee is temporarily assigned to a supervisory position, s/he shall be freed from all obligations of membership, with the exception of payment of dues, for the duration of the temporary assignment.

2.4 Union recognizes its obligation to inform bargaining unit members of the rights and obligations with respect to union membership, including, but not limited to, an explanation of financial core and proportionate share payer status.

ARTICLE 3
DUES CHECK-OFF

3.1 Company shall deduct from wages and pay over to the proper officers of Union membership dues of any employee as provided for in Section 2.1 above who individually and voluntarily authorizes such deductions in writing.

3.2 The Union shall indemnify the Company and hold it harmless against any and all suits, demands, and liability that may arise out of, or by reason of, any action that shall be taken by the Company for purposes of complying with the foregoing provisions of this Article 3 or in reliance on any authorization or list which shall be furnished to the Company by the Union under any of such provisions.

3.3 If the federal or state government rules that the check off authorization form, or right to terminate the same, as contained in this Agreement, violates federal or state law, then the same shall be considered deleted and the appropriate form and/or authorization shall be substituted in its place.

ARTICLE 4
UNION RECOGNITION AND WORK JURISDICTION

4.1 This Agreement shall cover an appropriate bargaining unit as set forth in Appendix A at the Company's Moss Landing Power Plant located at Highway 1 and Dolan Road in Moss Landing, California, its Morro Bay Power Plant located at 1290 Embarcadero Road in Morro Bay, California, and at its South Bay Power Plant located at 990 Bay Blvd. in Chula Vista, California (collectively referred to as "the Plants").

4.2 The Company recognizes the Union as the sole bargaining agent for the bargaining unit defined in Article 4.

ARTICLE 5
NOTICES BETWEEN THE UNION AND THE COMPANY

5.1 Notices hereunder shall be deemed to have been adequately given if served by certified mail upon the persons named below at the addresses indicated unless otherwise notified in writing.

Notice to the Union shall be addressed to:

IBEW - LOCAL #1245
Attn: Business Manager/Financial Secretary
3063 Orange Tree Circle
Vacaville CA 95687

Notice to the Company shall be addressed to:

DYNEGY Inc.
Attn: Director, Labor Relations
1000 Louisiana Street, Suite 5800
Houston, TX 77002

- 5.2 Either party may, in its sole discretion, designate in writing any new persons to receive said notices during the life of this Agreement.

ARTICLE 6
PROBATIONARY EMPLOYEES/LENGTH OF SERVICE

6.1 All employees covered by this Agreement are deemed probationary from their date of hire through their first 180 continuous calendar days of employment.

6.2 An employee's length of service shall begin on the employee's first date actually worked. Should two employees begin work on the same day, the individual with the lowest social security number shall be considered the first employee to begin working.

6.3 Employees who leave in good standing and are rehired at a later date will be considered a new hire. "Good standing" means that the employee was not terminated for cause. Any employee terminated for cause is not eligible for rehire at any Company facility.

6.4 Probationary employees are not eligible for certain benefits:

- (A) any use of accrued vacation, as enumerated in Article 12 of this Agreement;
- (B) any use of accrued of sick leave as enumerated in Article 14 of this Agreement
- (C) use of the grievance and arbitration procedures to contest discharge matters, as enumerated in Article 23 of this Agreement,

until they successfully complete their probationary period as set forth herein. The Company may grant any one or all of the above listed benefits to a probationary employee, provided such benefit shall be granted to all incumbent and future probationary employees.

ARTICLE 7
WAGES AND CLASSIFICATIONS

7.1 Effective upon the date of execution of this Agreement by the Union and the Company, employees covered by this Agreement will receive wages as set forth in the chart attached hereto as Appendix B.

7.2 There shall be no deductions from employees' pay covered by this Agreement except as provided in this Agreement or as required to: (1) repay outstanding loans made to an employee; (2) pay for medical premiums; (3) pay for charitable contributions designated by the employee; (4) pay for other deductions authorized by the employee and agreed to by the Company, or those deductions authorized in the manner prescribed by law (e.g., garnishments).

7.3 Wages shall be paid at biweekly intervals on Fridays for a two weeks' payroll period ending no more than ten (10) days prior to the pay date, provided if the regular pay date falls on a holiday payment shall be made on the preceding workday.

7.4 The Company and Union may agree to establish premiums to recruit and retain employees with special skills. The Union will not unreasonably withhold approval on these premiums.

ARTICLE 8
MANAGEMENT RIGHTS

8.1 The Company shall at all times, subject to the provisions of this Agreement and the law, retain the sole right to manage its business and direct the working force, including the rights to decide the number and location of plants, the equipment incidental to operation, the products to be manufactured, the method of manufacture, and the scheduling of production; to determine whether and to what extent the work required in its business shall be performed by employees covered by this Agreement; the right to lease or to sublease; the right to expand, sell, subcontract, move, establish new operations, transfer and/or terminate all or part of its operations; the right to establish and/or change hours of work including number of hours worked and/or work schedules; the right to select, hire and layoff employees and/or to determine the size, content, and composition of the required jobs within the Plants, including the right to set job requirements and judge performance; to cross-train employees; to reassign job tasks between employees without changing job classifications; to transfer employees and/or work between departments and classifications and to eliminate or create new jobs; to determine the levels of productivity, quality and efficiency; the right to discipline, suspend or discharge employees with just cause; the right to change or introduce any new or improved methods, materials, equipment or facilities; the right to promote; the right to initiate and/or discontinue employee recognition programs; the right to determine the methods, techniques and types of work or service to be performed, not performed, or work or service to be subcontracted; and the right to make and enforce reasonable rules and regulations as the Company may consider necessary for the operation of its business. The exercise of management rights in this Article is not subject to Grievance and Arbitration under Article 23.

8.2 The Company shall have the right to establish, implement and maintain a Drug Abuse Prevention and Alcohol Misuse Prevention Program. The program is described in Appendix E.

8.3 The management right involving the right to determine whether and to what extent the work required in its business shall be performed by the employees covered by this Agreement is not intended to reduce the size of the bargaining unit.

ARTICLE 9 **INTER-PLANT TRANSFERS**

9.1 The Company may temporarily transfer employees from one plant to the other for a period not to exceed thirty days or the duration of an outage. The employee will be reimbursed for reasonable and actual board and lodging, or actual travel time and mileage, which exceeds their normal commute travel time and mileage for each day the employee commutes to the temporary location. The reasonableness of such expenses shall be determined by the Company within its sole discretion. Mileage shall be paid at the allowable IRS rate. The Company will make reasonable efforts to accommodate the employee's preference without compromising employee safety.

9.2 The Company may offer employees covered by this Agreement transfers to regular full time or part time positions to any facility covered by this Agreement which is not their originating place of work. Employees will be selected for transfers as provided in Article 28. For all terms and conditions of employment under this Agreement, employees transferred to another facility will receive industry and service credit for all time worked and credited by the Company at the originating facility.

ARTICLE 10 **HOURS OF WORK**

10.1 The work week shall be seven (7) consecutive calendar days beginning at 6:00 a.m. on Monday and ending at 5:59 a.m. on the following Monday. The work day shall be any period of 24 consecutive hours beginning with the starting time of the employees' scheduled work period.

10.2 Except in cases where the Company adopts an alternative work schedule as noted below in this Article and in Article 10.3, the regular working hours will be 40 hours per week, not including a meal period of one-half (1/2) hour or less. Unless otherwise altered by the Company per the terms of this Agreement, non-shift employees shall work eight (8) hours per day, Monday through Friday, between the hours of 6:00 a.m. and 6:00 p.m. While it is the intent of the Company to maintain a normal schedule of weekly employment, this statement shall not be considered a guarantee of any minimum hours of work, or as a limitation of the number of hours which the Company may reasonably require an employee to work if the conditions necessitate additional hours of work, or any guarantee as to a specific schedule of work.

10.2.1 The Company may, in addition to the schedule noted above, schedule work shifts, without incurring a duty to bargain, in the following configurations:

- (A) Ten (10) hours per shift for four (4) days within a work week as set forth in Appendix D.
- (B) Twelve (12) hour shifts for three (3) days within a work week, followed by twelve (12) hour shifts for four (4) days within the next work week as set forth in Appendix D.

Unless an employee is a Shift Employee as defined in Section 10.4 below, work time shall not include meal periods of one-half (1/2) hour or less. This section shall not be construed as a guarantee of hours of work per day or per week, or a guarantee of days of work per week. The Company will provide forty-eight (48) hours' notice of any change in work schedule, provided that the Company will not change any individual employee's work schedule more than once a week.

10.3 Nothing contained herein shall be construed as preventing the restructuring of the normal work day or work week as deemed reasonable to provide service in the event of work stoppage, failure of utilities to provide electricity, water, or gas for reasons beyond the Company's control, failure of the sewer system, or interruptions of work caused by acts of God or any other reason beyond the control of the Company.

10.4 A Shift employee works a job that is staffed with a rotating twenty-four (24) hour per day shift, on a seven (7) day a week basis, including holidays. Because the nature of shift employees' work requires continuous monitoring of station conditions for safe and efficient operations, such employees cannot leave their work stations in order to take a meal break. Therefore these shift employees will be permitted to consume meals at their work stations and time to consume meals for shift employees shall be considered as time worked. Meals will be taken at the work station or as directed by the Supervisor. The Union acknowledges that by virtue of this Agreement the Company has notified all shift employees of the on duty meal requirement and all shift employees have agreed to this condition.

The Company and Union agree that under State law a shift employee may individually revoke his or her agreement regarding on duty meal periods. In the case of such a revocation, the Employer will attempt to accommodate that employee by allowing that employee to remain on his or her existing shift with an off-duty meal period, although such an accommodation will not require the Employer to lengthen the employee's shift. In its sole discretion, the Employer may also attempt to accommodate the employee by placing the employee on a different shift, also with no requirement that the Employer lengthen the employee's shift. If neither accommodation is practical, the Employer may take an adverse employment action based upon business necessity. The Union agrees that the accommodation process described herein (including any adverse employment action which may result) is an exercise of a management right and is not subject to Grievance and Arbitration under Article 23 of this Agreement.

In the event State law is repealed or modified in a way that provides the Employer greater flexibility with regard to an employee revocation of a working meal period, the Employer shall have the right to take action as permitted by law.

10.5 Absent circumstances as set forth in Section 10.3, the Company shall not require an employee to work more than 16 hours without an 8 hour rest period, provided relief is available. If the rest period hours overlap the employee's regular work hours, the employee shall receive the straight time rate for all overlapping hours.

10.6 Each employee shall be allowed a ten-minute paid break to be taken at his or her work station in each half of a workday that equals four or more hours. Under no circumstances will rest periods become cumulative from day to day.

10.7 The parties agree that there may be circumstances where the Company needs individual employees to work schedules other than those provided in this Article 10. In such circumstances, employees may voluntarily work such schedules and the Union shall be notified of such schedules.

ARTICLE 11 **OVERTIME**

This section shall not be construed as a guarantee of hours of work per day or per week, or a guarantee of days of work per week.

11.1 Overtime is defined as (a) any time worked or traveling on company business outside of one's regular schedule; (b) any time worked on a paid holiday or previously approved time off with pay.

11.2 Overtime rates shall be paid under the following conditions:

- (A) If the Company schedules eight (8) hours per shift for five (5) days within a work week, the Company will pay one and one-half (1-1/2) times the regular hourly rate of pay for the ninth (9th) through twelfth (12th) hours, and twice the regular hourly rate of pay for any hours worked over twelve (12) in the shift.
- (B) If the Company schedules ten (10) hours per shift for four (4) days within a work week, the Company will pay one and one-half (1-1/2) times the regular hourly rate of pay for the eleventh (11th) and twelfth (12th) hours, and twice the regular hourly rate of pay for any hours worked over twelve (12) in the shift.
- (C) If the Company schedules twelve (12) hour shifts for three (3) days within a work week, followed by twelve (12) hour shifts for four (4) days within the next work week, the Company will pay one and one-half (1-1/2) times the regular hourly rate of pay within a regularly scheduled shift after forty (40) hours in a week, and twice the regular hourly rate of pay for hours worked over twelve (12) in a day or consecutively except for hours in a regularly scheduled shift.

(D) Extra Work Day Assignments:

- (1) If the Company assigns an extra day of eight (8) hours of work in a work week with a regularly scheduled shift of eight (8) hours per day for five (5) days within a work week, the Company will pay one and one-half (1-1/2) times the regular hourly rate of pay for hours worked on the extra day and twice the regular hourly rate of pay for hours worked over twelve (12) in the extra day.
- (2) If the Company assigns an extra day of ten (10) hours of work in a work week with a regularly scheduled shift of ten (10) hours per day for four (4) days within a work week, the Company will pay one and one-half (1-1/2) times the regular hourly rate of pay for hours worked on the extra day and twice the regular hourly rate of pay for hours worked over twelve (12) in the extra day.
- (3) If the Company assigns an extra day of twelve (12) hours of work in a work week with a regularly scheduled shift of twelve (12) hours per day for three (3) days within a work week, followed by four (4) days of twelve (12) hour shifts within the next work week, the Company will pay one and one-half (1-1/2) times the regular hourly rate of pay for hours worked on the extra day and twice the regular hourly rate of pay for hours worked over twelve (12) in the extra day.
- (4) If the Company assigns two or more extra days of work to a workweek of any length (5-8's, 4-10's, 3-4 12's), , or two consecutive extra days that traverse a workweek or pay period, the Company will pay twice the regular hourly rate of pay for all hours worked in the second and following extra days.

(E) Except as specifically set forth above, the Company shall pay the standard hourly base rate of pay for all hours worked under forty (40) in a week.

(F) Call Out Overtime:

- (1) Will be paid at one and one half times the employee's regular hourly rate of pay for the duration of the call out work. (Except as pursuant to 11.2.d.4)
- (2) The employee will receive actual travel time to the plant not to exceed two hours for call out overtime. Minimum travel time is 15 minutes.
- (3) The employee will receive a minimum of two (2) hours pay at one and one half times the employee's regular hourly rate of pay regardless of actual hours worked.

11.3 The Company shall have the right to distribute overtime in its sole discretion, but will make a good faith attempt to distribute overtime to persons with the lowest hours worked, where practical. Each employee is expected to be available to work overtime if

requested to do so. If overtime is an extension of the normal work day or occurs during a lunch period, it will normally be assigned to the employee who is doing the particular job at the particular work station needed for overtime operation. All overtime scheduling must have prior approval by the appropriate supervisor.

11.4 No pyramiding of overtime will be permitted, i.e., there shall not be payment of more than one premium rate for the same hours of overtime.

11.5 For the purpose of computing overtime pay, only time spent working or traveling on company business or time paid for jury duty shall be considered as hours worked. Paid time for sick leave, vacation, holidays, or other authorized absences are not considered as "hours worked" in computing overtime pay.

11.6 Lost time due to general leave, personal business, unexcused absence and lateness shall not be considered as hours worked. Hours worked on a Company recognized holiday shall be paid in accordance with this Article, in addition to the holiday pay received.

11.7 All overtime must be authorized by the employee's supervisor or management prior to working overtime hours except in the case of an emergency at which time the overtime may be authorized by the employee's supervisor after the emergency.

11.8 The Company shall furnish an appropriate meal when an employee is working overtime and is prevented from observing the normal meal practice and/or provide a meal for every five (5) hours of overtime work. Time to consume such meal shall be considered as time worked. In the event, the employee decides to forego the meal or the company elects not to provide such meal, the employee will be reimbursed \$14.00 and one-half hour pay at the overtime rate for such missed meal. The schedule below shall apply to overtime meals. The schedule will apply whether the employee is working a normal or an extra workday.

Meal Provision Schedule

- (A) 12-hour shift employees -- after 15 minutes of overtime and every 5 hours thereafter.
- (B) 10-hour shift employees – after 60 minutes of overtime and every 5 hours thereafter.
- (C) 8-hour shift or non-shift employees – after 90 minutes of overtime and every 5 hours thereafter.
- (D) Employees called out and told to immediately report will be entitled to a paid meal and every 5 hours of work thereafter.

In the event State law is repealed or modified in a way that provides the Employer greater flexibility with regard to providing meals, the Employer shall have the right to take action as permitted by law.

ARTICLE 12
VACATIONS

12.1 Provided that an employee successfully completes the probationary period enumerated in Article 6, the vacation year for service credit shall commence on the employee's date of hire and each subsequent anniversary date thereafter.

12.2 Regular, full-time employees are entitled to paid vacation per the restrictions contained in this Article. Vacation benefits will accrue on an annual basis. However, such accruals are not available for probationary employees use until they successfully complete their probationary period.

<u>YEARS OF SERVICE</u>	<u>ANNUAL ACCRUAL</u>
Through 4 th year of service	96 hours annually
5 th through 9 th year of service	128 hours annually
10 th through 19 th year of service	168 hours annually
20 th through 29 th year of service	208 hours annually
30 or more years of service	240 hours annually

12.3 An employee may only carry over 80 hours of vacation into the following Plan Year.

12.4 Except as warranted under Section 12.5 of this Article, employees shall not be permitted to accept vacation pay in lieu of vacation time off. Vacation pay shall be at the employee's standard hourly base rate of pay -- including shift differential -- at the time vacation is taken.

12.5 In order to facilitate service to the community, the Company may find it necessary to schedule an employee to work during his/her vacation period. In such cases, the employee will have the option of:

- (A) Receiving vacation pay for such time worked in addition to pay for the time actually worked by him/her, or
- (B) Having his or her vacation period rescheduled for another period subject to the other provisions of this Article.

12.6 No vacation time off will be allowed without the specific prior approval of the appropriate and designated management person. Vacations will be scheduled considering seniority and business necessity.

12.7 Except for an employee terminated within the probationary period, an employee who is separated from the Company's payroll for any reason before taking any accrued vacation to which he or she had become eligible prior to the time of separation, shall receive, at the time of separation, pay for the accrued portion of the employee's vacation under Articles 12.2 and 12.3 herein due the employee but not yet taken. Hours paid for vacation upon separation or vacation hours actually used by said employee will not be counted as hours worked for any purpose under this Agreement.

ARTICLE 13 **HOLIDAYS**

13.1 There shall be nine (9) designated paid holidays and three (3) floating holidays (24 paid hours) per calendar year during the term of this Agreement. The nine (9) designated paid holidays are set forth below as follows:

New Year's Day	Thanksgiving Day
President's Day	Day After Thanksgiving
Memorial Day	Christmas Eve or Day After Christmas (at
Independence Day	Company's discretion)
Labor Day	Christmas Day

In the event a holiday falls on a Saturday or Sunday, the Company will designate the previous Friday or the following Monday to be observed as the holiday. A floating holiday may be selected by the employee, so long as it is approved in advance by the Company. No floating holiday will be scheduled without the specific prior approval of the appropriate and designated management person. The final decision on scheduling a floating holiday is reserved exclusively to the Company in order to insure the orderly operation of the Plants.

13.2 Each employee shall receive eight (8) hours of holiday pay at the standard hourly base rate, including shift differential, for each of the above holidays, provided that the employee works his/her regularly scheduled one (1) work shift prior to and following the holiday or his/her supervisor in his or her sole discretion approves payment of holiday despite absence. The Company will permit those employees working a ten (10) or twelve (12) hour shift to use nine (9) partial day increments of vacation time or floating holiday time to supplement the standard eight (8) hour holiday pay up to the length of the normal work shift.

13.3 When a holiday occurs during an eligible employee's scheduled vacation, he/she shall be paid for the unworked holiday, however, the employee shall not be eligible for a paid vacation day on that holiday.

13.4 Employees who are scheduled to work on a holiday shall receive overtime pay at one and one-half (1-1/2) regularly hour rate of pay for any hours worked. In accordance with Article 13.2, qualifying employees will also receive 8 hours of holiday pay at their regular hourly rate of pay, including shift differential, and will not receive another day off for the missed holiday.

ARTICLE 14
SICK LEAVE

14.1 Employees will be credited with the number of accrued sick leave hours, remaining with Wood Operating Group as of 11:59PM August 6, 2007, up to a maximum of 520. Effective the date of employment with Dynegy Inc., employees will accrue four (4) hours of paid sick leave per completed pay period for the remainder of the year and each year thereafter. The yearly accrual is capped at 520 hours. Sick pay shall be paid at the employee's regular hourly rate of pay, including shift differential. Sick leave hours remaining at the end of the year will be rolled over to the following calendar year. At no time will the amount of accrued sick leave hours exceed 520.

Probationary employees will be allowed to accrue sick leave during their probationary period. However, they will not be allowed to take paid sick leave until the probationary period is successfully completed.

14.2 Accrued paid sick leave may only be used in the case of actual illness or injury of the employee or of a child, parent or spouse (as defined under California Labor Code Section 233) which results in the employee missing work. In addition, if the employee receives compensation for the time that the employee missed work due to injury or illness through other benefits provided by the Company, sick leave benefits will only be paid up to the amount necessary, when combined with the other benefits, to pay the employee for the hours of work that the employee missed. In no event may benefits be combined to pay the employee more than the employee would have earned if he or she had worked. Because paid sick leave is designed only to assist an employee who misses work due to an injury or illness, unused paid sick leave is not payable upon termination of employment.

14.3 The Company reserves the right to require acceptable documentation verifying that an injury or illness exists or existed, its beginning and ending dates, and/or the employee's ability to return to work. The Company also reserves the right to deny sick leave benefits in circumstances where it appears that the benefits are being abused or are excessive. An employee absent from work on sick leave must contact his/her supervisor every forty-eight hours regarding the progress of the illness and estimated time of return to work.

14.4 The Company reserves the right to require employees to utilize up to two weeks (80 hours) of accrued paid vacation prior to utilizing the paid family leave benefit provided by California Unemployment Insurance Code section 3300, et. seq.

In the event State law is repealed or modified in a way that provides the Employer greater flexibility with regard to paid and unpaid sick leave, the Employer shall have the right to take action as permitted by law.

ARTICLE 15
FUNERAL ALLOWANCES

15.1 In the event of a death in the immediate family of said employee, s/he shall, upon request, be granted such time off with pay as is necessary to make arrangements for the funeral and/or attend same, up to three (3) regularly scheduled working days. These days may be scheduled beginning with the date of death and ending with the day after the funeral date. This provision does not apply if the death occurs while the employee is on leave of absence or layoff. If the death occurs during the employee's paid vacation and the employee complies with Article 15.3, s/he may substitute the funeral allowance for vacation days and take vacation days at a later date after proper notification and rescheduling of vacation days with his/her supervisor.

15.2 For the purpose of this provision, the immediate family shall only include the parents or step-parents and present spouse of the employee, as well as the employee's brother, sister, half-brother or -sister, step-brother or -sister, children, mother/father-in-law, brother/sister-in-law, uncle, aunt, grandparents and grandchildren. At the request of the Company, the employee shall furnish a death certificate and proof of relationship.

15.3 Funeral leave -- consisting of up to three (3) paid days of leave -- applies only in instances in which the employee attends the funeral, or is required to make funeral arrangements, but is not applicable for other purposes such as settling the estate of the deceased. In those instances where an employee is only mourning the death of a relative as defined above, and is neither attending the funeral, nor making funeral arrangements, said employee shall be eligible for up to one (1) paid day of leave, and two (2) unpaid days. At the request of the Company, the employee shall furnish written proof of travel to the funeral or written proof of involvement in the funeral arrangements.

15.4 An employee serving as an active pallbearer at the funeral for a fellow employee, or retired employee may be excused for the necessary time, not to exceed one (1) day, without loss of regular pay.

15.5 Employees will be compensated for time off as provided in Article 15.1 above. Payment shall be the employee's regularly scheduled work hours times the employee's standard hourly base rate of pay, including shift differential, except that in no case shall an employee receive more than thirty six (36) hours of pay.

15.6 Hours paid for funeral allowance will not be counted as hours worked for any purpose under this Agreement.

ARTICLE 16
JURY DUTY

16.1 Where an employee is unable to report for work on the employee's regular shift by reason of jury service, the employee will, upon furnishing written proof of such service, be paid the amount he would have been paid on his regular shift, including shift differential, however, such reimbursement shall not exceed a total of ten (10) working days of pay in a calendar year. Hours paid for jury duty will be counted as hours worked for overtime pay purposes only under this Agreement. Management in its sole discretion reserves the right to extend the paid time beyond ten days or not to deduct Jury Pay or shift differential based on individual circumstances.

It is incumbent that the employee notify the company as soon as possible upon receipt of notice. At the employees' request, and with management's approval, he/she may be transferred to the day shift for the duration of the service. During this period, any premium pay provisions as contained in Articles 10.2 and 20 are not applicable. If the employee chooses to remain on his/her assigned shift, the provisions in 16.2 (B) are applicable. This provision is not applicable if the jury service will occur during the employee's regularly scheduled day off.

16.2 The following is the interpretation to be applied to the application of Jury Pay as set forth herein:

Employees who are called for Jury Duty, or who serve on Jury Duty by being impaneled in a jury box and actively serving as a juror, shall be reimbursed for their regularly scheduled straight time pay lost (up to a maximum of twelve (12) hours), including shift differential, under the qualifications set forth below:

- (A) Employees who are placed on telephone standby will be required to call to the jury office at the earliest possible time to determine their status (report to court, don't report, remain on standby until another day or time, etc.). They will be expected to report to work until notice is made that they must report to the court.
- (B) When required to report and a conflict is presented with the work schedule, the following applies:

Day Shift employees who report for jury duty and who are then excused by the court prior to 12:00 noon shall return to work for the balance of their day shift and shall be paid straight time for any pay lost, including shift differential.

Night Shift employees who report for jury duty and are excused by the court prior to noon, shall report for their regular night shift work and shall not be eligible for any Jury Pay under this Article, subject to the following exception: If Night Shift employees are excused by the court prior to noon, but are scheduled to report for Jury Duty on the following day, then they shall not be required to work the night before the scheduled Jury Duty. Rather, they will be reimbursed their straight time pay lost (up to a maximum of twelve (12) hours), including shift differential.

Night Shift employees (except as provided in Paragraph B above) shall not be required to serve on Jury Duty in the daytime and work night shift or swing shift on the same calendar day without an 8 hour time off period but shall receive their regular straight time pay lost, including shift differential.

Night shift employees may be rescheduled to day shift when there is a long trial and the circumstances (length of trial, conflict with work schedule such that the combination thereof would present a hardship to the employee, etc.) require such. Cases will be reviewed on a case-by-case basis.

16.3 Employees will present proof of jury service, including time served.

16.4 Pay for Jury Duty shall not apply in any case where an employee voluntarily seeks Jury Duty.

16.5 “Special types of jury duty (federal grand jury with unusual reporting requirements, etc.) will be reviewed on a case-by-case basis, and management, in its sole discretion, may grant benefits greater than the ones provided here in for such service.

ARTICLE 17 **WITNESS DUTY**

17.1 The Company will provide bargaining unit employees with an unpaid leave of absence from work if they are subpoenaed to appear before a court of law or other civil proceeding as a witness. Employees must apply for such a leave by submitting written request together with a copy of the subpoena to their Supervisor promptly within two working days after they receive the subpoena.

17.2 If an employee receives a subpoena less than two working days prior to the date when testimony is sought, the employee shall provide notice of the requested leave as soon as possible. No paid time off will be provided unless approval is granted by the Company prior to the taking of the leave.

17.3 Where an employee is absent for witness duty, the hours noted as an excused absence will not be counted as hours worked for any purpose under this Agreement.

17.4 If an employee is asked by the Company to serve as a witness for the Company at a legal proceeding, said employee shall be paid the amount he would have been paid on his regular shift, including shift differential, for all time said employee is absent from the job preparing to testify or actually testifying in the matter. An employee absent due to service as a witness for the Company will be credited with “hours worked” for all time spent in this capacity.

ARTICLE 18
REPORTING ALLOWANCE

18.1 Reporting allowance is time for which an employee is paid, but during which no work is performed. It is “allowed” as provided in this Article.

18.2 An employee who is scheduled to work, and who reports for work on time, shall be paid not less than two (2) hours straight time pay at the standard hourly rate for the occupation for which the employee reported, unless the employee has been directed by the Company before the end of the employee’s previously scheduled shift. If there is no work in the occupation for which the employee reported, he/she may be assigned to other work. In order for an employee to qualify for the reporting allowance, he/she must perform work of any type, which the Company may offer for a minimum of two (2) hours.

18.3 Hours paid where no work is performed under the foregoing provisions shall not be included in the hours worked during the workday or workweek for the purposes of calculating overtime, shift differential, vacation, or other benefits provided in this Agreement, and, likewise, shall not be paid at overtime rates.

18.4 In the event that work cannot be provided due to work stoppage, failure of utilities to provide electricity, water, or gas for reasons beyond the Company’s control, failure of the sewer system, or interruptions of work caused by acts of God or any other reason beyond the control of the Company, the provisions of this Article do not apply.

18.5 Employees contacted at home shall be paid for the actual time, rounded up to the nearest quarter hour, engaged in each phone technical consultation.

ARTICLE 19
SHIFT DIFFERENTIAL PAY

Regular, full-time employees assigned to a rotating shift will be paid a one dollar and seventy cent (\$1.70) hourly premium for all hours worked. These premiums will not be included in the base rate of pay for overtime calculations.

ARTICLE 20
SAFETY

20.1 All employees shall comply with all safety rules and regulations established by the Company. The Company will issue reasonable safety rules and regulations.

20.2 If an employee has justifiable reason to believe that his safety and health are in danger due to an alleged unsafe condition, equipment or unsafe work habits of others, s/he shall inform his supervisor before proceeding with the job. The supervisor shall be responsible to determine what action or equipment, if any, is necessary to make the job safe or the job shall be

shut down. If unsure about the safety criteria the supervisor may involve others in the job analysis before rendering the decision.

20.3 On an annual basis, the Company will provide each employee a subsidy of \$125 for approved safety shoes and \$225 for approved safety prescription glasses.

ARTICLE 21
NO STRIKE - NO LOCKOUT

21.1 During the term of this Agreement, the Union, its agents, representatives, employees and persons acting in concert with it agree that they shall not incite, encourage, condone or participate in any strike, walkout, slowdown, sit down, stay-in, boycott, sympathy strike, sick-out, picketing, or other work stoppage, handbilling, where handbilling may interfere with current or future operations, or any other type of similar interference with respect to the Plants; and it is expressly agreed that any such action is a violation of this Agreement. Upon receipt of a written notice of a violation to the Union, the Union and its officers shall take immediate action and will use their best efforts to notify any Union officers, members, representatives or employees, or persons acting in concert with them, either individually or collectively, to cease and desist from any violation immediately and to return to work. Nothing in this Agreement shall be construed to limit or restrict the right of any of the parties to this Agreement to pursue any and all remedies available under law in the event of a violation of this provision. Any employees inciting, encouraging, or participating in any strike, walkout, slowdown, sit down, stay-in, boycott, sympathy strike, sick-out, picketing, or other work stoppage, handbilling, where handbilling may interfere with current or future operations, or any other type of similar interference with respect to the Plants, or other activity in violation of this Agreement are subject to discipline up to and including discharge.

21.2 In consideration of the foregoing, the Company agrees that it shall not lock out or cause to be locked out any employee covered under the provisions of this Agreement. The term "lockout" does not refer to the discharge, termination or layoff of employees by the Company, nor does "lockout" include the Company's decision to terminate or suspend work at either Plant or any portion of either Plant for reasons unrelated to economic pressure on the Union or its members.

21.3 The Parties agree that any dispute under this Article, except employee discharges pursuant to Article 22.1, shall be submitted to the following arbitration procedure:

- (A) The Grieving Party shall submit to an arbitrator designated in subsection (B) below a sworn declaration containing, in reasonable detail, the relevant facts of the events giving rise to the dispute, and alleging a threatened or existing breach of this Article that shall cause or is causing irreparable harm. This declaration shall be simultaneously served on the other Party.
- (B) The declaration required under subsection (A) shall be submitted to the first available arbitrator on the following list to consider the dispute:

If these arbitrators are all unavailable to consider and render orders within forty-eight (48) hours of submission of the declaration, the American Arbitration Association shall appoint an arbitrator with the closest available date to consider the matter.

- (C) The arbitrator shall have the authority, pending a full hearing, to issue interim, preliminary, or temporary orders as well as a final and binding decision following a hearing.
- (D) Any interim, temporary, preliminary or final decision or order from the arbitrator, as well as the ability to compel compliance with this procedure shall be enforceable by lawful judicial action by a court of competent jurisdiction

ARTICLE 22 **GRIEVANCE PROCEDURE**

22.1 Should either party allege a violation of this Agreement, an earnest effort shall be made to settle such matters promptly in accordance with this Grievance Procedure. Parties may not submit grievances on matters outside the scope of this Agreement.

22.2 Grievances of discharge must be asserted within five (5) working days of when the grieving party knew or should have known of the alleged violation, or else they are barred. All other types of grievances must be asserted within fifteen (15) calendar days of when the grieving party knew or should have known of the alleged violation, or else they are barred. The period shall commence to run on the day following the action complained of. In case of disciplinary action which results in a written warning, suspension or discharge, the Shop Steward will be present, if requested by the employee.

22.3 A Steward may investigate and attempt to adjust a pending request, complaint or grievance. The Company and Union will determine those employees to be present at any scheduled meetings by and between the Company and the Union during the time the employee's grievance is discussed, provided the meeting(s) do not interfere with operations.

22.4 Any grievance affecting the hourly rate of an employee which is settled in favor of the employee shall not be retroactive to a date earlier than sixty (60) days prior to the date the grievance was presented to the Company in writing in Step 1 of this procedure. It is agreed that no grievance shall be valid unless appealed within the time provided herein. Where the grievance has not been appealed as provided herein, it shall be considered settled on the basis of the last answer given by the Company. If the Company fails to respond in accordance with the time limits set forth herein, the Union may appeal it to the next step.

22.5 The Steps of the Grievance Procedure shall be as follows:

- (A) Step One: Subject to Section 23.2, any employee or his/her designated Steward, having a complaint under the terms of this Agreement shall explain the matter to his/her supervisor. The employee may request the supervisor to summon the Steward. An attempt will be made to settle the grievance at this stage. Failing to

resolve the grievance, it will be reduced to writing and submitted by the Union within five (5) working days to the Plant Manager or Human Resources Manager. The Union will notify the Company of all grievances by submitting the form in Appendix F. Subsequently, the Company shall date, sign and return to the Union's Business Representative a copy of a Grievance within five (5) working days.

- (B) Step Two: The Union and the Company's Human Resources Manager or his/her designee shall discuss the grievance within ten (10) working days from the date of receipt of the Step 2 grievance. Within ten (10) working days after the meeting between Company and Union, the Company shall answer in writing to the Union. Within ten (10) working days after receipt of the Company's answer, the Union may refer the matter to Step 3.
- (C) Step Three: Either party may request the Federal Mediation and Conciliation Service to provide a list of no less than seven (7) qualified arbitrators by separately submitting the request directly to the FMCS. Either party may reject a list in its entirety on one occasion. Within five (5) working days of receipt of such list, the individuals to represent the parties at the arbitration hearing and one other individual appointed by each party shall confer to select an arbitrator by alternatively striking a name from the list until one name remains who shall be the arbitrator. The parties shall flip a coin to determine who strikes the first name. The date to be set for the arbitration shall be one which is mutually agreed to by and among the arbitrator, the Union and the Company. At this Step, the parties will also attempt to resolve the issue in a manner that is satisfactory to both parties. If an agreeable settlement is not reached, the parties will jointly advise the arbitrator of the following agreed upon steps which s/he is to follow in the rendering of his/her decision:
 - (1) The decision of the arbitrator shall be in writing and shall be final and binding upon the parties. The burden of proof for any decision shall be by a preponderance of the evidence.
 - (2) Back pay remedies shall be limited to a maximum of no more than ten (10) months retroactive pay, unless it is shown that the Company willfully and deliberately violated the Agreement.
 - (3) The arbitrator shall have no power or authority to add to or subtract from or modify in any way the terms and conditions of this Agreement. Where discipline is at issue, the arbitrator shall only have the power to adjudicate the issue of "just cause."
 - (4) All fees and expenses of the arbitrator shall be shared equally by the Company and the Union.

22.6 Failure to timely raise, file or appeal any grievance within the time limits set forth above will result in the grievance being waived; provided, however, that the time limits set forth above may be extended by the mutual written agreement of the parties.

ARTICLE 23
NO DISCRIMINATION

23.1 The Company shall not discriminate against any employee because of membership in or activity on behalf of the Union. The Union shall not discriminate against, coerce, or intimidate any employee because of non-membership in the Union.

23.2 The parties agree that employees are entitled to equal employment opportunity and the parties will not discriminate against qualified employees or applicants by reason of his or her race, creed, religion, color, sex, national origin, age, disability, veteran status, marital status, perceived or actual sexual orientation or citizenship status, as these terms are defined and interpreted under the provisions of the following statutes, as amended: Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Vietnam Veterans Readjustment Act of 1974, the Family and Medical Leave Act, the California Family Rights Act, the Immigration Reform and Control Act of 1986, and any other applicable federal/state/local laws governing discrimination.

23.3 The Company and the Union agree that no employee should be subjected to unlawful harassment on any basis prohibited by law, including sexual or racial harassment.

23.4 The Union acknowledges its obligation to inform its members, officers, and agents of their obligations to abide by the laws, regulations and policies which prohibit discrimination, intimidation, or harassment. The Union further acknowledges its obligation to train its officers, agents and stewards to be sensitive to the requirements of this Article.

23.5 The Union recognizes that bargaining unit employees must comply with the Company's non-discrimination policy and its policy against harassment. The Union also recognizes that, should the Company determine that an employee is in violation of the non-discrimination or harassment policy, the employee will be subject to disciplinary action up to and including discharge.

23.6 The parties further agree that any alleged discrimination or harassment covered by this Article may be subject, upon the mutual agreement of the parties and the grievant, to the grievance procedures set forth in the collective bargaining agreement, and that in electing this remedy, the parties hereby waive any rights they may have to trial by jury in regard to arbitrable or non-arbitrable claims, including without limitation any right to trial by jury as to the making, existence, validity or enforceability of the agreement to arbitrate.

23.7 If, pursuant to any court or administrative order or settlement of a lawsuit or charge under any anti-discrimination law, the Company must change or provide terms and conditions of employment inconsistent with this Agreement, the parties agree that said Court order or settlement terms shall supersede the provisions of this Agreement.

23.8 The parties agree that the Company may provide reasonable accommodation to the known physical or mental limitations of an otherwise qualified disabled employee or applicant pursuant to state and/or federal disability laws. The parties agree to meet and confer regarding the accommodation and, if they cannot agree, the Company may implement any reasonable accommodation.

23.9 The Company and the Union agree to comply with the applicable requirements of the Family and Medical Leave Act of 1993 and similar applicable laws when and so long as such laws are in effect. Such actions shall not be considered a violation of any provision of this Agreement, notwithstanding any other provisions of this Agreement, nor shall such actions be used as evidence of precedent or past practice in any subsequent situation.

ARTICLE 24 **UNION STEWARDS**

24.1 For the purpose of representation within a facility, the Union shall be entitled to select a reasonable and adequate number of stewards, who shall restrict their activities to the handling of grievances and other legitimate Union business, and who shall be allowed a reasonable amount of time for this purpose.

24.2 Each steward shall be a regular full-time member of the bargaining unit and shall perform the work assigned by the Company.

24.3 Stewards shall not be recognized by the Company until the Union has notified the Company's Human Resources department in writing of the selection.

24.4 Stewards shall not conduct Union business during their regular working hours without obtaining prior approval from a supervisor.

ARTICLE 25 **UNION REPRESENTATIVES AND ACCESS**

25.1 A written list of the Union Business Representatives assigned to service this Agreement shall be furnished to the Company immediately after their designation and the Union shall notify the Company of any changes in the list which occur from time to time.

25.2 Duly authorized Business Representatives of the Union shall be permitted at reasonable times to enter the Plants covered by this Agreement for the purpose of transacting Union business and observing conditions under which employees are employed.

25.3 The Business Representative must first secure approval from the proper Company representative upon entering a facility, and the Business Representative may not unduly interfere with employees' work at any time.

25.4 Company may make reasonable designation of controlled-access areas.

25.5 Company shall designate a portion of an existing bulletin board at each site to be used by the Union for posting of official notices of meetings and similar matters relating to official Union business. The Union shall not post any material that involves labor disputes, internal Union debates on elections, or any material that is derogatory to any Company employee, the Company, or its affiliates, customers or suppliers.

ARTICLE 26
TEMPORARY EMPLOYMENT

26.1 The Company will provide the Union hiring hall forty-eight (48) hours advance notice of the need to hire a temporary employee for a work schedule in excess of five (5) work days. All temporary employees will be “at will”.

26.2 When notifying the Union of the need for a temporary employee, the Company may:

- (A) Call employees by name without paying any fee or penalty.
- (B) Send a letter to the Union specifically requesting that the Union not send a particular individual in response to the referral request without paying any fee or penalty.

26.3 The Union will have up to forty-eight (48) hours to refer applicants for employment to the Company.

26.4 The Company retains the right to reject any applicant. Should an applicant be rejected, the applicant will receive four (4) hours’ pay per Appendix B.

26.5 If the Company rejects all referred applicants or if the Union cannot refer a qualified applicant, the Company may hire an applicant from any source.

26.6 Temporary employees hired under this Article shall be paid at the wage rates reflected in Appendix B for actual work performed for the Company. The Company will also pay a fixed fee of \$8.22/hour per employee in lieu of the employee’s receipt of Company benefits as provided in this Agreement, provided that:

- (A) said fee may increase only once in a calendar year;
- (B) the cap on any annual fee increase is 3%; and
- (C) the Company will not be required to pay any fee that is less favorable than what other employers are charged for using temporary employees from the Union’s hiring hall.

26.7 Should the Company desire to employ an individual on a temporary basis for five (5) consecutive work days or less, the Company need not use the aforementioned hiring hall process contained in this Article, but shall instead be allowed to direct hire.

26.8 Temporary employees employed on the Company's payroll will not have to serve a probationary period if such employees were on payroll 181 or more days within a two year period.

ARTICLE 27
SENIORITY/LONGEVITY OF SERVICE/LAYOFFS

27.1 For purposes of layoff, transfers, job classification changes within the bargaining units, the Company may select employees on the basis of skills, performance and ability. If skills, performance and ability are substantially equal, then the employee with the greatest service will be selected by the Company. "Service" means continuous service in the Company's employ and shall not be interrupted by authorized time off of one (1) year or less. Unauthorized time off which results in discipline may not be counted for service credit. A termination from employment, voluntary or involuntary, eliminates all service. Notwithstanding the above, former employees who are rehired by the Company within twelve (12) months of their last active date of employment shall have their service bridged.

27.2 Employees shall have the right to be recalled for up to twelve (12) months after a layoff. Recalled employees shall be rehired in the reverse order of layoff, provided such employees are qualified for the vacant positions.

ARTICLE 28
OTHER BENEFITS AND COVERAGES

28.1 Other benefits are enumerated in Appendix C. The terms of the benefit plan documents shall be controlling.

28.2 The Company may change carriers or administrators for any benefits covered by this Article in its sole discretion, provided that the Company provides comparable benefits. "Comparable benefits" does not include the exact same access to particular medical providers or facilities. The Company will provide reasonable advance notice of any such change, and shall provide the Union with the opportunity to meet and confer prior to making any such change.

28.3 The Company will provide benefit plans in which employees shall share the cost of certain benefits (Medical, Dental and Vision). The Company will pay 80% of premium costs for employee coverage and 80% of premium costs for dependent coverage for the Medical, Dental and Vision Plans. To the extent provided by law, the Company will provide that employee costs will come from pretax income.

28.4 The Company will provide Health Care and Dependent Care Reimbursement Accounts and allow employees to contribute up to \$5,000 annual maximum pre-tax contribution (subject IRS limits) for medical and dependent care spending accounts.

28.5 The Company will provide basic life and AD&D insurance coverage equal to one times annual base pay, rounded up to the next \$1,000, at no cost to the employee. The employee will be eligible to elect supplemental life and AD&D insurance in amounts equal to

one to five (1 to 5) times the employees' annual base salary. Depending on the employees' base salary, maximum coverage is \$450,000, without providing evidence of insurability. If enrolled in supplemental, the employee may enroll for coverage for their spouse and/or child(ren).

28.6 The Company will provide Long Term Disability coverage at no cost to the employee if the employee becomes totally disabled (Defined by the Plan) for longer than 90 days. The Plan pays 60% of the employee's monthly base salary for as long as the employee remains disabled.

28.7 The Company will provide Tuition Reimbursement for the following types of courses or education:

- The classes that an employee may take do not need to be for college credit or part of degree program. They should relate to the employee's current job or a future position for which s/he can be reasonably expected to qualify, subject to management approval. The Company will reimburse full-time employees for 100% of covered expenses, which include tuition, registration, lab and shop fee for:
- Programs offered during off-hours by an accredited university, college, business or trade school, leading to an undergraduate or graduate degree.
- Individual study courses related to current or future work assignments.
- To be eligible for reimbursement, the employee must pass the course with a grade of "C" or better or with a "Pass" in a pass/fail system. There is a lifetime maximum reimbursement of \$15,000 per employee.

28.8 The Company will provide Business Travel Accident Insurance generally equal to six (6) times your annual base salary in the event of injury or death while traveling on company business.

28.9 The Company will provide severance pursuant to the Dynegy Inc. Severance Pay Plan. Employees covered under this agreement will not be required to relocate outside of the State of California.

ARTICLE 29 **401(k) PLAN**

29.1 401(k) Savings Plan

On the first day of employment employees will be eligible to participate in the Plan. Employees may save 1% to 100% of their base pay through this plan on a pre-tax and/or post-tax basis, subject to IRS and plan limitations. The Company matches 100% of the first 5% of base pay on the pre-tax amount that is contributed by the employee to the Plan. Post-tax contributions are not matched. Employees are always fully vested in employee pre-tax and after-tax contributions.

The Employee gains ownership of the Employer Matching Contribution based on years of service with the Company. The Plan has a vesting schedule of 25% per year, 100% at 4 years of service with the Company. The terms of the benefit plan documents shall be controlling.

29.2 Portable Retirement Benefit Plan

On the first day of employment employees will be eligible to participate in the Plan. The Portable Retirement Benefit Plan (PRB), which is fully funded by the Company, provides an annual contribution of 6% of base pay on the participant's behalf.

The Employee gains ownership of the PRB Contribution based on years of service with the Company. The Plan has a vesting schedule of 25% per year, 100% at 4 years of service with the Company. The terms of the benefit plan documents shall be controlling.

29.3 The Company may change carriers or administrators for any benefits covered by this Article in its sole discretion, provided that the Company provides comparable benefits. "Comparable benefits" does not include the exact same access to particular purchases or investments under the plan.

ARTICLE 30 **COMPANY/UNION MEETINGS**

30.1 Quarterly joint labor-management meetings may, at the parties' option, be regularly scheduled for the purposes of improving communications and promoting harmony and cooperation between Company and Union through discussions of matters of policy and operation which are of mutual interest. The Union may select a reasonable number of its members to attend the meetings. The attendance of Union members at these meetings shall not affect the orderly operation of the Plants.

30.2 Agenda items will be submitted to the Company's Human Resources Manager at Morro Bay together with a list of employees attending for the Union at least two weeks prior to the date of the next quarterly meeting. An agenda will be prepared from the items submitted and sent to the Union as soon as possible thereafter.

ARTICLE 31 **SAVINGS CLAUSE**

31.1 In the event any clause or provision of this Agreement is ruled an "unfair labor practice" by the National Labor Relations Board or should become invalid by reason of present or future legislation, regulation, or decision by any court or other tribunal with jurisdiction, the remainder of this Agreement or the application of such provision to other persons or circumstances shall not be affected. In such event, the parties shall meet within thirty (30) days to negotiate a substitute provision which will, as nearly as possible, reflect the intent of the suspended clause in a lawful manner. In any event, the No Strike -- No Lockout provisions contained in Article 22 shall remain in effect for the term of this Agreement as to any issue which might be addressed by negotiations commenced pursuant to this Article.

ARTICLE 32
INTEGRITY OF AGREEMENT

The parties acknowledge the dynamic and changing environment for legislative and administrative regulation of the Employer's industry, the energy industry. It is in the mutual interests of the parties by entering this Agreement to stabilize terms and conditions of employment despite the legislative and regulatory environment. The parties do not intend to deprive each other of the rights, privileges and mutual obligations of this Agreement by utilization of legislative and/or administrative processes. If the Union takes actions in legislative and/or administrative arenas that the Employer believes will deprive the Employer or its employees of the rights, privileges, and/or mutual obligations of this Agreement, the Union agrees to bargain in good faith with the Employer over the effects of the Union's actions. In the event the parties cannot resolve the Employer's concerns through bargaining, the Employer may seek relief through arbitration under Article 23 or through an action in any other forum with appropriate jurisdiction, at the Employer's option, to seek modification, reformation, or recession of the Agreement, in whole or in part, to address the Union's actions. The Employer does not have to exhaust the grievance procedure or complete bargaining prior to seeking relief in any forum of appropriate jurisdiction. Under this provision, neither party waives the constitutional right to engage in legislative and/or administrative processes. Effects bargaining, or any ensuing action under this provision, are only intended to preserve the parties' rights, privileges and/or mutual obligations covered by this Agreement. The provisions of Article 22 (No-Strike) will apply throughout resolution of any issue under this Article.

ARTICLE 33
DURATION OF AGREEMENT

33.1 This Agreement is executed on August 7, 2007, and it shall remain in full force and effect for three (3) years through August 6, 2010 and from year to year thereafter unless either party serves written notice of their desire to amend, modify or terminate this Agreement at least sixty (60)-days prior to the anniversary date. The Company and the Union may mutually agree to amend or add to any provision of this Agreement during its term, provided that any such amendment or modification must be in writing executed by the duly authorized representatives of each party and any oral modification or amendment shall have no force or effect.

IN WITNESS WHEREOF DYNEGY INC and IBEW LOCAL 1245 have each caused this agreement to be executed in its name and behalf, by its proper officials thereunto duly authorized the year and day first above written.

**INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245**

DYNEGY, INC.

BY:

BY:

Dennis K. Seyfer
Assistant Business Manager

Caroline Holder
Director of Labor Relations

Date:

Date:

BY:

BY:

Tom Dalzell
Business Manager

Daniel P. Thompson
Vice President, Western Operations

Date:

APPENDIX A

The bargaining unit is defined as all regular full-time, regular part-time, and temporary operations and maintenance employees in the Power Plant Technician job classification employed by the Company at its existing Moss Landing, Morro Bay and South Bay Power Plants as defined in Article 4 above and at the new units currently in development at those sites.

SPECIFICALLY EXCLUDED ARE: All other employees, including confidential, professional, supervisory, managerial, clerical, casual employees and guards. Casual employees are temporary employees assigned to work five (5) consecutive work days or less.

APPENDIX B

<u>Job Classification</u>	<u>Pay Rates EFF 8/7/07</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Power Plant Technician					
	Assistant Power Plant Tech	\$15.60*	\$20.04	\$21.32	\$22.62
	Power Plant Tech I	\$27.14	\$28.42	\$29.72	\$31.01
	Power Plant Tech II	\$32.29	\$33.58	\$34.88	\$36.19
	Power Plant Tech III			\$36.83	\$37.86
	Power Plant Tech IV			\$38.90	\$39.94

*Not to exceed six months of employment.

<u>Job Classification</u>	<u>Pay Rates EFF 08/07/08</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Power Plant Technician	Assistant Power Plant Tech	\$16.23	\$20.85	\$22.18	\$23.53
	Power Plant Tech I	\$28.23	\$29.56	\$30.91	\$32.26
	Power Plant Tech II	\$33.59	\$34.93	\$36.28	\$37.64
	Power Plant Tech III			\$38.31	\$39.38
	Power Plant Tech IV			\$40.46	\$41.54

*Not to exceed six months of employment.

<u>Job Classification</u>	<u>Pay Rates EFF 08/07/09</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Power Plant Technician	Assistant Power Plant Tech	\$16.72	\$21.48	\$22.85	\$24.24
	Power Plant Tech I	\$29.08	\$30.45	\$31.84	\$33.23
	Power Plant Tech II	\$34.60	\$35.98	\$37.37	\$38.77
	Power Plant Tech III			\$39.46	\$40.57
	Power Plant Tech IV			\$41.68	\$42.79

*Not to exceed six months of employment.

B.1 The Company will provide employees wage increases to the regular straight time rates above as follows: 4%effective August 7, 2007; 4%effective August 7, 2008; 3% effective August 7, 2009.

B.2 Employees other than those in the Assistant Power Plant Tech pay rate may progress:

- (A) horizontally across the above pay chart based upon accomplishment of skill blocks, ability, and performance.
- (B) vertically down the above pay chart based upon accomplishment of skill blocks, ability, performance, and business needs.

Grouping skills into blocks to show accomplishment for the purpose of this Appendix B will be developed jointly by the Union and the Company.. The Company retains the right to set job requirements and judge performance.

B.3 Assistant Power Plant Technicians shall be eligible to move to the higher pay rate of Step 2 after six months of employment, to Step 3 after one (1) year of employment and then to Step 4 after 18 months of employment. Each preceding progression is subject to performance and Article 6.

APPENDIX C

The Company shall provide the following benefits per the terms listed below. The Company may change carriers or administrators for benefits covered by this agreement provided the Company follows the provisions of [Article] 29.2: benefits must be comparable and the Company must meet and confer with the Union. In all cases, terms of the benefit plan documents shall be controlling.

Medical Plan (per Article 29)

- 80% of premiums for employee coverage and 80% of the premiums for dependents shall be paid by the Company from August 7, 2007 and thereafter.
- The plans available for the unit shall be as follows:
 - At the Morro Bay Power Plant: PPO,.
 - At the Moss Landing Power Plant: PPO.
 - At the South Bay Power Plant: PPO
- The maximum coverage shall be at least \$2,000,000 per employee.

Health Care and Dependent Care Accounts

- Employees may contribute up to \$5,000 annual maximum pre-tax contribution (subject to IRS limits) for medical and dependent care spending accounts.

Dental Plan

- 80% of premiums for employee coverage and 80% of the premiums for dependents shall be paid by the Company from August 7, 2007 and thereafter.

Vision Service Plan

- The Company shall pay 80% of the premium.

Life/AD&D Insurance

- The Company shall pay for a life insurance/AD&D policy equal to one times base pay, rounded to the nearest \$1000 for all employees.
- Employees may purchase additional supplemental life insurance for self and eligible dependents if enrolled in supplemental coverage.

Long-Term Disability Insurance

- This insurance shall be coordinated with Social Security, Worker's Compensation and state disability insurance.
- Employees must wait 90 days following the qualifying event before they may be eligible for coverage.
- Coverage shall extend to age 65 as long as totally permanently disabled; maximum of 24 months for disability (when unable to do own job).
- Employees shall be paid at a rate of 60% of pay under this coverage.

Tuition Reimbursement

- The classes that an employee may take do not need to be for college credit or part of degree program. They should relate to the employee's current job or a future position for which s/he can be reasonably expected to qualify, subject to management approval. The Company will reimburse full-time employees for 100% of covered expenses, which include tuition, registration, lab and shop fee for:
 - Programs offered during off-hours by an accredited university, college, business or trade school, leading to an undergraduate or graduate degree.
 - Individual study courses related to current or future work assignments.
- To be eligible for reimbursement, the employee must pass the course with a grade of "C" or better or with a "Pass" in a pass/fail system. There is a lifetime maximum reimbursement of \$15,000 per employee.

Workforce Reduction Severance Benefit

- As provided in the Dynegy Inc. Severance Pay Plan
- The parties agree that they have bargained over the effects of a workforce reduction for employees covered by this Agreement and, as a consequence, they have no further obligation to bargain over the effects of a workforce reduction during the term of the Agreement.

APPENDIX D

Work Schedules:

5 – 8's

- M – F Start times between 0600 – 0900
- Or
- Current Rotating 5 – 8's
- Or
- W (Week 1) – F (Week 2) – 10 – 8's

4 – 10's

- M – Th Start times between 0600 – 0900 and/or 1630 – 1930
- Or
- Tu – F Start times between 0600 – 0900 and/or 1630 – 1930
- Or
- W – Sa Start times between 0600 – 0900 and/or 1630 – 1930

3 – 4 12's

- Period 1 - M – Th start times between 0600 – 0900
 - Period 2 - F – M start times between 1800 – 2100
 - Period 3 - F – Su start times between 0600 – 0900
 - Period 4 - Tu – Th start times between 1800 – 2100
 - Rotates with 4 shifts
- Or
- Period 1 - M – Th start times between 0600 – 0900
 - Period 2 - M – W start times between 0600 – 0900

With Alternating shifts

- Period 1 - M – Th start times between 1800 – 2100
- Period 2 - M – W start times between 1800 – 2100

APPENDIX E

**SUBSTANCE ABUSE
MEMORANDUM OF UNDERSTANDING**

**Morro Bay, Moss Landing, and South Bay
California Plants**

Dynegy Inc.

and

International Brotherhood of Electrical Workers

Local 1245

**SUBSTANCE ABUSE
MEMORANDUM OF UNDERSTANDING**

This MEMORANDUM OF UNDERSTANDING (“MOU”), made and entered into this 10th day of October 2000, by and between DYNEGY INC., hereinafter referred to as the “COMPANY” or as the “EMPLOYER”, and the INTERNATIONAL BROTHERHOOD of ELECTRICAL WORKERS LOCAL UNION NO. 1245, hereinafter referred to as the “UNION.” This MOU shall be applicable to all Company employees covered by the collective bargaining agreement executed by the parties on August 7, 2007..

SECTION 1.

PREAMBLE – POLICY ON ALCOHOL ABUSE AND USE OF ILLEGAL DRUGS

WITNESSETH:

WHEREAS, employees are an employer’s most valuable resource and their health and safety is therefore a serious concern;

WHEREAS, neither the Company nor the Union will tolerate any drug or alcohol use which imperils the health and well being of their employees or members or which threatens the Company’s business;

WHEREAS, all Company employees have the right to work in an alcohol and drug-free environment and to work with persons free from the effects of alcohol and drugs.

THEREFORE, the Company and the Union are committed to maintaining a safe and healthy workplace free from the influence of alcohol and drugs. Employees are expected to report to work and remain at work free from said influences. This Substance Abuse MOU reflects the aforementioned commitment and expectations.

SECTION 2. STATEMENT OF PRINCIPLES

The Company, the Union and the Company’s employees have a legitimate interest in workplace safety and job performance.

The Company and the Union are vitally concerned about the well being and safety of the employees, both the Company and the Union’s most valuable asset.

The Company and the Union will endeavor to explain all aspects of the substance abuse program to all employees and shall take reasonable steps to maintain confidentiality of test results.

The Company will educate and inform the employees about the health consequences of drug and alcohol abuse. The Company will make a copy of this policy available to all employees covered by this MOU by posting said policy at the workplace.

It is the responsibility of each employee to seek assistance from the Employee Assistance Program (EAP) before the employee's alcohol or drug problem leads to corrective action up to and including discharge.

An employee's decision to seek voluntary help from the Employee Assistance Program (EAP) shall not be used as a basis for corrective action against the employee, however, continued attendance, work, or behavioral problems which arise, even during the course of an employee's participation in an EAP, may result in corrective action up to and including discharge.

In order for the employee's decision to enter the EAP to be considered voluntary, the employee must enter the EAP prior to referral by the Company for an alcohol or drug test which renders a "positive" test result.

Results of positive drug tests shall be considered confidential.

No alcohol test may be administered, urine sample obtained or any drug test conducted without the written consent of the person being tested. The Company will provide the employee with a FORM A "Agreement/Refusal to Submit to Drug And/Or Alcohol Testing" and a FORM B "Authorization For Release Of Medical Information." The parties' agreement to engage in testing only with each employee's consent does not waive the Company's right to take corrective action against an individual employee, who, under the terms of Section 5 of this Agreement authorizing drug tests, refuses to submit to an authorized drug test.

SECTION 3. PROHIBITIONS

The Company reserves the right to take appropriate corrective action against any employee who violates the Company's substance abuse policy, up to and including discharge, consistent with the parties' collective bargaining agreement and this policy.

The Company's policy prohibits the following:

(A) Use, possession, manufacture, distribution, dispensation or sale of illegal drugs or drug paraphernalia on Company premises or Company business, in Company-supplied vehicles, or during working hours;

(B) Unauthorized use or possession, or any manufacture, distribution, dispensation or sale of a controlled substance on Company premises or Company business, in Company-supplied vehicles, or during working hours;

(C) Unauthorized use, manufacture, distribution, dispensation or possession or any sale of alcohol on Company premises or Company business, in Company-supplied vehicles, or during working hours;

(D) Storing in a locker, desk, automobile or other repository on Company premises any illegal drug, drug paraphernalia, any controlled substance whose use is unauthorized, or any alcohol;

(E) Testing positive for an unauthorized controlled substance, illegal drug or being under the influence of alcohol on Company premises or Company business, in Company supplied vehicles, or during working hours. Being “under the influence” of alcohol is defined as at or above a blood alcohol content of .04. Testing positive for an unauthorized controlled substance or illegal drug is defined as testing positive at or above the specified ng/ml level as defined in Section 7 below.

(F) Use of alcohol off Company premises that adversely affects the employee’s work performance, his own or others’ safety at work, or the Company’s regard or reputation in the community;

(G) Diluting, substituting or adulterating any urine sample submitted for testing;

(H) Refusing consent to testing or to submit a sample for testing when requested by management;

(I) Refusing to submit to an inspection when requested by management;

(J) Failing to adhere to the requirements of any drug or alcohol treatment or counseling program in which the employee is enrolled;

(K) Conviction under any criminal drug or alcohol-related statute. For the purposes of this policy, “conviction” shall not include (i.e., employees are not required to provide the Company with information regarding these situations):

(1) convictions which resulted in participation in a pretrial or posttrial diversion program; or

(2) convictions which took place two or more years ago for violations of Sections 11357(b) or (c) or 11360 (c) of the Health & Safety Code as they relate to marijuana; or

(3) convictions for which the record has been judicially expunged, sealed or eradicated (e.g., certain juvenile offense records); and

(4) misdemeanor convictions for which probation has been completed and the case has been judicially dismissed.

(L) Failure to notify the Company of any conviction under any criminal drug or alcohol-related statute -- as defined under subsection (K) above -- within five days of the conviction;

(M) Failure to report to the employee’s supervisor the potential for impairment due to the use of a prescribed drug which may alter the employee’s behavior or physical or mental ability. Employees undergoing prescribed medical treatment with any drug which may alter their behavior or physical or mental ability must report the potential for impairment to their Supervisor, who will place the employee in contact with the Company-assigned doctor. The doctor shall advise the Company whether it should temporarily change the employee’s job

assignment during the treatment period. In such cases, the Company may, but shall have no obligation to, provide an alternative work assignment;

(N) Failure to keep prescribed medicine in its original container. Employees must keep all prescribed medicine in its original container, which identifies the drug, date of prescription, and prescribing doctor;

(O) Refusing to sign a statement agreeing to abide by the Company's Alcohol and Drug Abuse Policy (FORM A);

(P) Refusal to complete a Medical Questionnaire and Consent Form (FORM B);

(Q) Refusal to complete the Toxicology Chain of Custody Form after submission of a specimen.

(R) The Company also acknowledges the following:

(1) Positive alcohol or drug tests: As stated more fully in Section 8 below, the mere act of testing "positive" for alcohol or for an unauthorized controlled substance or illegal drug shall not, *in and of itself*, be considered a terminable offense. However, the Company reserves the right to take appropriate corrective action for employee actions at the workplace which violate its general rules of conduct.

(2) Off-Duty Conduct: The Company specifically reserves the right to take appropriate corrective action against an employee who abuses alcohol or possesses, uses, manufactures, distributes, dispenses or sells illegal drugs off Company premises, where the Company reasonably perceives that such conduct adversely affects Company operations, or the Company's regard or reputation in the community.

SECTION 4. DEFINITIONS USED IN THIS POLICY

"Substance" -- alcohol or drugs.

"Alcohol" -- A colorless, volatile and flammable liquid that is the intoxicating agent in fermented and distilled liquors, including, but not limited to, beer, wine, and liquor.

"A Positive Test for Alcohol or an Illegal Drug" -Means to have the presence of alcohol, an illegal drug, or a drug metabolite in an employee's system as determined by appropriate testing of a bodily specimen that is equal to or greater than the levels specified below for the confirmation test. This shall be referred to as a "positive level" or "prohibitive level."

"Illegal Drug (or drug)" -- Means a controlled substance as defined by Section 802(6) of Title 21 of the United States Code, the possession of which is unlawful under Chapter 23 of that Title. The term "illegal drugs" does not mean the use of a controlled substance pursuant to a valid prescription or other uses authorized by law.

"Drugs" -- Means any substance taken into the body, other than alcohol, which may impair one's mental faculties and/or physical performance.

“Drug Paraphernalia” – Is defined pursuant to the definition contained in the Uniform Controlled Substances Act, as adopted in the State of California under Health & Safety Code Section 11014.5, as amended.

“Alcohol Test” -- A test which involves the use of a breath analysis device or the submission of a blood sample to determine the blood-alcohol level of the tested individual. The testing mechanisms may be altered consistent with established scientific practices.

“Drug Test” -- A multiple-step test which involves an immunoassay screening method approved by the Food and Drug Administration and, upon a positive test result, a confirmation by the use of a Gas Chromatography and Mass Spectroscopy (GC/MS) as outlined in the Alcohol and Drug Program Specimen collection and Testing Guidelines. The testing mechanisms may be altered consistent with established scientific practices.

Drugs for which the Company will test include:

- Amphetamine (Uppers)
- Barbiturates (Downers)
- Benzodiazepines (Valium)
- Cocaine
- Marijuana
- Opiates (Opium)
- Phencyclidine (PCP)
- Nethaqualone (Quaaludes)
- Alcohol
- Heroin

“Dilute, substitute or adulterate” – Are defined pursuant to the definitions contained in the National Laboratory Certification Program’s (“NLCP”) Program Documents #35 and #37, as amended.

“Company Property” -- Includes, but is not limited to, all personal property on Company premises, machinery, land (including parking lots), intellectual property (e.g., computer files and the like), and buildings owned or leased by the Company.

“Company Rules” -- Includes work rules and safety regulations either enumerated in the Collective Bargaining Agreement between the parties or any subsequent rules or regulations issued separately by the Company to the employees.

“Company-Supplied Vehicle” -- Includes, but is not limited to mobile equipment, fork lifts, automobiles, trucks, or vans owned or leased by the Company, or personal vehicles used by an employee in the course of Company business.

“Corrective action” -- Means adverse employment actions taken against an employee such as a warning or discharge.

“Under the influence” -- Means, for the purposes of this policy, that the employee is affected by a drug or alcohol or the combination of a drug and alcohol in any detectable

manner. The symptoms of influence are not confined to those consistent with misbehavior, nor to obvious impairment of physical or mental ability, such as slurred speech or difficulty in maintaining balance.

SECTION 5. EMPLOYEE ASSISTANCE PROGRAM (EAP)

The Company will provide an Employee Assistance Program (EAP) for an employee who voluntarily comes forward and seeks Company assistance prior to any discovery by the Company that the employee has a drug or alcohol related problem.

This program may also be available to employees who test positive as indicated in Section 8, Positive Drug or Alcohol Test Results. The EAP will be available on the following terms:

(A) An employee who believes he or she has developed an addiction to, dependency upon, or otherwise has a problem with alcohol or drugs is strongly encouraged to seek assistance. Assistance may be sought by contacting the EAP Coordinator.

(B) Requests for assistance will be treated with the utmost confidence and only those persons, as determined by the Company, with a strict "need to know" will be made aware of the request.

(C) The Company and the Union (if the Union is notified about the test) agree to not disclose the identities of all individuals who are tested and all test results shall remain confidential, applying the strict "need to know" standard noted above in subsection (B).

(D) Rehabilitation is the responsibility of the employee. The Company, however, will assist in referral to an Employee Assistance Program. An employee seeking medical attention for alcoholism or drug dependence/addiction will receive certain medical benefits for which the employee is eligible pursuant to the applicable health and welfare benefit plan.

(E) During and after treatment, and subject to any leave of absence and attendance rules issued by the Company, employees shall be permitted to take an unpaid medical leave of absence to participate in the designated EAP. The medical leave will be for a maximum of 30 days and will be extended up to an additional 30 days with evidence acceptable to the Company of continuing satisfactory treatment and participation in the Company's EAP. The time off shall be considered to be a non-industrial illness for purposes of allowing the employee to qualify for State Disability Insurance Benefits. All other benefits will continue in effect.

(F) Where an employee voluntarily seeks help from the EAP, and is assessed by the EAP Counselor as requiring treatment, the employee must cooperate with the EAP staff in carrying out its responsibility to coordinate the treatment and follow-up process. In such cases, the EAP shall inform the Company of the self-referral and the employee's failure to cooperate with the EAP's recommended course of action. Refusal to cooperate will be viewed as insubordination, and the employee will be subject to discharge.

SECTION 6. IDENTIFICATION OF SUBSTANCE ABUSE

Testing will occur when State or Federal regulations require such testing or:

(A) Screening in the Event of an Accident or Unusual Incident -- The Company and the Union recognize that certain accidents or unsafe acts may be the result of employee error and such employee error may be caused by drug or alcohol usage. Therefore, in an effort to eliminate future accidents and ensure the safety of the workplace, the Company shall have the right to conduct drug and alcohol screening of any employee likely involved in the accident or unusual incident when the following circumstances exist:

- (1) An accident has occurred which has resulted in: (a) fatality or injury to a person; or (b) damage to Company property as defined above in Section 4; or
- (2) An action has taken place which, but for timely intervention by another, would have resulted in: (a) a fatality or an injury to a person; or (b) damage to Company property as defined above in Section 4; or
- (3) An employee is observed in the performance of any unsafe act which could give rise to: (a) a fatality or an injury to a person; or (b) damage to Company property as defined above in Section 4.

Any of the above circumstances must be promptly reported to the Plant Manager or his/her designee. If the Plant Manager or his/her designee finds that employee error was potentially the cause of one of the three above-cited circumstances, s/he may direct that any employee who was potentially involved in said error may be screened for the presence of drugs. Such screening shall be performed in accordance with Section 7 of this policy.

Subject to other appropriate corrective action which may be taken by the Company as the result of the accident or unusual incident, the Company shall treat the “positive” test in accordance with Sections 8(B) or 8(C) of this policy, and allow the employee to be referred to an EAP.

(B) Reasonable Suspicion of Drug/Alcohol Use or Impairment by Observation of Supervisors -- When a Supervisor has a reasonable suspicion that an employee is intoxicated or under the influence of drugs or alcohol, or in possession of drugs or alcohol in violation of Section 3 of this policy, the Company may require the employee to go to a medical facility to provide a specimen for laboratory analysis. Such screening shall be performed in accordance with Section 7 of this policy.

“Reasonable Suspicion” means a belief based upon objective and observable facts that would lead a reasonable person to suspect that: (1) an employee is under the influence of drugs and/or alcohol while on the job; or (2) an employee’s work performance or on-the-job behavior may have been affected in some way by alcohol or drugs; or (3) an employee has otherwise violated this policy, *i.e.*, is in possession of illegal drugs or alcohol. Whether the Company has reasonable suspicion to believe that an employee is “under the influence” may be established by a layperson’s opinion.

Subject to other appropriate corrective action which may be taken by the Company, the Company shall treat the "positive" test in accordance with Sections 8(B) or 8(C) of this policy, and allow the employee to be referred to an EAP.

(C) Random Testing following drug/alcohol treatment -- In accordance with the procedures described below, The employer will randomly test an employee up to 12 times per year in the five (5) calendar years following an employee's release from a drug/alcohol rehabilitation program, in accordance with Section 7 of this policy.

SECTION 7. DRUG TESTING PROCEDURE

The Company intends that drug and alcohol collection services will be conducted by a local provider which meets all of the standard state and federal requirements. A medical doctor will serve as a Medical Review Officer ("MRO") and shall be involved in the communication and review of all test results.

(A) Specimen Collection --

When a case arises under Section 6 of this Agreement, the Company may require the employee to go to a medical facility and provide a blood/breath and/or urine specimen for laboratory analysis. The employee will be escorted to the medical facility and will be paid for the remainder of that day. For alcohol testing, except in cases where the employee is unconscious and unable to make an election, the employee shall retain the right to elect which type of sample –blood or breath—shall be provided. When an employee is tested for a controlled substance, s/he shall be required to provide a urine specimen (blood or breath samples are not required). Pursuant to the provisions of Section 6, the Company reserves the right to request testing for the presence of both drugs and/or alcohol in cases where use of both substances is at issue. As noted in more detail below, where a sample cannot be collected, relevant medical reports or other documents may be used in lieu of a sample in order to establish a "positive" test result.

The employee will be placed on leave of absence until results of the test are available. If test results are negative, the employee will be immediately reinstated and receive full reimbursement for any lost wages or benefits.

For employees who are injured but not hospitalized, regular collection procedures shall apply. However, if an employee is conscious, but hospitalized, the Company shall request the hospital or medical facility to obtain the appropriate sample (as identified in this MOU). The Company shall provide the facility with a copy of the collection procedures and relevant required forms as set forth in this MOU. In an exceptional event where the employee to be tested is unconscious and hospitalized, the health care provider will make a medical evaluation to determine if a sample can be collected. Only urine or breath samples may be collected from an unconscious employee. Where the health care provider determines that a sample cannot be collected, the hospital or medical facility shall be authorized by the employee or the employee's designee to release all relevant reports and other documents that would enable the MRO to determine if any controlled substances or alcohol were in the employee's system at the time of the incident.

When an employee is asked to submit to drug and/or alcohol testing, he or she shall be informed of the reasons that he or she is being asked to submit to the test. The employee shall be informed that refusal to submit to testing may constitute a presumption of intoxication and will be considered insubordination, subjecting the employee to discharge. It is understood that said presumption will be raised in the event the Company has reasonable suspicion for testing in the first place. The employee's refusal should be in writing: Form A to be provided for by the Company. If the employee refuses to be tested, he or she will be subject to immediate discharge.

If the employee consents to the testing, he or she shall sign consent forms authorizing a specimen of urine and a release of the results of the medical facility testing to the Company's designated Medical Review Officer. Confirmation of a "positive" result will be made available to the Company and its designees on a "need to know" basis. A copy shall be given to the medical facility.

If the employee agrees to the test, a supervisor or designated Company representative shall transport the employee to the designated medical facility, remaining with the employee at all times. The employee must report to the testing site as soon as possible, but no later than one (1) hour after being requested to do so. Refusal to report for a test within the time limit will result in immediate discharge.

All specimens used for drug/alcohol screening will be collected by competent medical personnel at a medical facility designated by the Company.

Employees on physician-prescribed medication should notify their immediate supervisor if that particular medication could affect or is affecting work performance, safety, or behavioral mannerisms. If any other type of medication (non-physician prescribed) could affect or is affecting an employee's work performance, safety, or behavioral mannerisms, the employee should immediately notify his or her immediate supervisor. Prior notification in all cases is essential to avoid any misunderstandings.

In connection with the collection of specimens, and in order to assure accurate results, employees may be asked by the medical personnel administering the test to list those drugs which they have consumed in the recent past. All such information shall be treated confidentially, shall be used for no purpose other than analysis, shall not be disseminated to the Company, and shall not become a part of the employee's personnel file.

Medical facility personnel will maintain proper control over the specimen to ensure chain of custody.

A Company representative shall escort the employee to the medical facility. At the time a specimen is collected, the employee shall be given a copy of the specimen collection procedures. A chain of possession form shall be completed by the medical facility personnel during the specimen collection and attached to and mailed with the specimens.

Unless otherwise noted, Substance Abuse and Mental Health Services Administration (SAMHSA)-approved collection and chain of possession procedures shall apply.

Said procedures may be modified per SAMSHA amendments, or to comply with other applicable laws and regulations.

Observed urine collection shall be done only if there is reason to believe a particular individual may alter or substitute the specimen to be provided.

Employees may, upon request, designate a portion of the specimen under a seal, signed by the employee, which may be used for independent laboratory analysis at a SAMSHA-accredited laboratory, at their own expense. Employees shall be informed, at the commencement of the testing process, of their right to obtain such a sample portion.

(B) Laboratory Testing For Alcohol and Drug Use - All testing of samples will be performed by competent laboratory personnel at an SAMSHA-accredited medical facility to be selected by the Company.

Alcohol testing by breath analysis shall be conducted in keeping with standards established and used for Department of Transportation alcohol testing. If said breath analysis is conducted in keeping with these standards, the Union shall not challenge the general reliability of breath analysis at any grievance procedure involved the affected employee.

All blood specimens shall only be screened for the presence of alcohol and shall not be screened for the presence of other diseases or antibodies.

All urine specimens shall be screened in accordance with medically accepted immunoassay procedures. For the purposes of this Agreement, a test result shall be considered "positive" when it is tested by using gas chromatography/mass spectrometry (GC/MS) confirmatory test and exceeds cutoff levels set forth in the U.S. Department of Health and Human Services Guidelines for the Workplace Drug Testing Programs, published in the Federal Register on June 9, 1994 (as amended effective December 1, 1998). (See attachment to this MOU.) However, if during the life of this Agreement the U.S. Department of Health and Human Services shall issue different cutoff values for GC/MS confirmatory procedures, those different cutoff values shall apply herein.

Upon completion of the testing, the laboratory will transmit to the Company's designated MRO, the written results of the tests that test positive, which shall be made available to the employee.

(C) Alcohol Testing -- Under this policy any employee who tests "positive" for alcohol (i.e. -- possessing a blood alcohol content of .04 or higher) shall be deemed conclusively to be "under the influence" of alcohol.

SECTION 8. POSITIVE DRUG OR ALCOHOL TEST RESULTS

(A) A Positive Test Result -- No drug test positive-result administered pursuant to this Policy shall be considered a reportable event unless such result obtained by the FDA-accepted immunoassay procedures is confirmed by re-testing the urine sample using the GC/MS test method. No alcohol test positive result shall be considered a reportable event unless such

result is confirmed in keeping with standards established and used for Department of Transportation alcohol testing.

Any sample that is not so confirmed will not be considered as the basis for any employer action, and any record of such an unconfirmed test will be erased from the employee's file.

If the laboratory informs the MRO that an employee has tested "positive" for the presence of drugs or alcohol, and the test result has been confirmed, the MRO will then have twenty-four (24) hours from said notice to make reasonable attempts to contact the employee to inform him/her of the "positive" test result.

If the MRO and the employee make contact, the MRO will inquire whether the employee has any information which would explain the test result and why the result should not be deemed a confirmed "positive" (including, but not limited to, providing the MRO with bona fide verification of a current valid prescription which may have caused the positive result; however, said prescription must be in the employee's name). The employee will have twenty-four (24) hours to provide this information. Should the employee provide an explanation that satisfies the MRO, the "positive" test result will not be viewed as a confirmed "positive." In such cases, the Company will not be notified about the original "positive" test result.

If the MRO does not receive a satisfactory explanation from the employee within the required time period, or if the MRO determines that the employee's proffered explanation should not exonerate the employee from the "positive" test result, the MRO will inform the Company of the confirmed "positive." The Company will immediately suspend the employee pending investigation.

Within five working days after receipt of notification of a "positive" confirmed test result, the Company will inform the affected employee in writing: (a) of the confirmed "positive" test result; (b) that the employee may request and receive from the Company a copy of the test result report; (c) that the employee may, within five working days after receipt of notice of the "positive" confirmed test result, submit additional information to the MRO explaining the test result and why the result should not be deemed a confirmed "positive" (including, but not limited to, providing the MRO with bona fide verification of a current valid prescription which may have caused the positive result; however, said prescription must be in the employee's name); and (d) that, within 72 hours from the time the notice of the positive confirmed test result was mailed or otherwise delivered to the employee, the employee may have the urine specimen that produced the confirmed positive test result re-tested at the employee's expense. If the employee chooses to have the urine specimen that produced the confirmed positive test result re-tested, it must be done at a Substance Abuse and Mental Health Services Administration (SAMHSA)-certified lab that has been approved by the Company. Within 15 days of its receipt of an employee's explanation of a positive confirmed test result that is deemed unsatisfactory by the Company, the Company will provide to the employee a written explanation of its reasons for deeming the employee's explanation unsatisfactory, together with the positive confirmed test report. Copies of the employee's explanation and the Company's explanation will be placed in the employee's confidential medical records.

(B) Consequences of a “Positive” Alcohol Test --

In the case of a first time “positive” result on an alcohol test, without evidence of use or possession during scheduled hours, including breaks, meal periods, and when there has not been a prior positive drug test, the Company may remove the employee from service without pay and require the employee to immediately report to the Company designated Employee Assistance Program for assessment and counseling.

In cases where the employee is referred to the EAP, the EAP will assess the employee and recommend to the Company whether to refer him/her to a recovery program. If the EAP recommends referral to a recovery program, and the Company concurs, the employee will be referred to said program. Where the EAP recommends referral to a recovery program, the Company will not unreasonably withhold its consent to such a referral.

The EAP staff will notify management when the employee is able to return to work following alcohol treatment or is not cooperating with the treatment and follow-up process. Employees will be allowed to return to their positions only pursuant to the terms set forth under subsection 8(D) below. Until documentation acceptable to management is provided, the Company may, but shall have no obligation to, provide a work assignment.

Where an employee with a prior “positive” drug test subsequently tests “positive” for alcohol, the Company’s standard policy is to discharge the employee. It is understood that the Company, in its *sole discretion*, may choose to take other action where special circumstances are present.

(C) Consequences of a “Positive” Drug Test --

In the case of a first time “positive” result on a drug test, without evidence of use or possession during scheduled hours, including breaks, meal periods, and when there has not been a prior alcohol positive in the past eight (8) years, the Company may remove the employee from service without pay and require the employee to immediately report to the Company designated Employee Assistance Program for assessment and counseling.

In cases where the employee is referred to the EAP, the EAP will assess the employee and recommend to the Company whether to refer him/her to a recovery program. If the EAP recommends referral to a recovery program, and the Company concurs, the employee will be referred to said program. Where the EAP recommends referral to a recovery program, the Company will not unreasonably withhold its consent to such a referral.

The EAP staff will notify management when the employee is able to return to work following drug treatment or is not cooperating with the treatment and follow-up process. Employees will be allowed to return to their positions only pursuant to the terms set forth under subsection 8(D) below. Until documentation acceptable to management is provided, the Company may, but shall have no obligation to, provide a work assignment.

Where an employee with a current “positive” alcohol test subsequently tests “positive” for drugs, the Company’s standard policy is to discharge the employee. It is

understood that the Company, in its *sole discretion*, may choose to take other action where special circumstances are present.

(D) Employee Assistance Program – If the Company and the EAP Counselor agree that the employee should enter a qualified recovery program, which will be covered by the Company’s insurance, the Company will require the employee to sign a conditional reinstatement agreement summary confirming his or her willingness to participate in that program.

If in the aforementioned meeting the employee declines to abide by the determination made by the EAP Counselor, or refuses to be referred to the recovery program, the employee shall be subject to corrective action up to and including discharge.

If referred to a recovery program, the employee must cooperate with the EAP staff in carrying out its responsibility to coordinate the treatment and follow-up process. Refusal to cooperate will be viewed as insubordination, and the employee will be subject to discharge.

Upon successful conclusion of a program, the employee will be reinstated to his or her job, provided he/she satisfies the conditions set forth below. During the next five (5) years following the employee’s reinstatement, the Company may require the employee to submit to up to twelve (12) random drug or alcohol screening tests per year. If the employee does not successfully complete the recovery program, he or she will be subject to discharge.

Upon completion of a recovery program or other program designated by the EAP counselor, the employee may return to work but only when the following conditions of employment are satisfied:

- (1) The EAP Counselor has certified that the employee has successfully completed the recovery program.
- (2) The employee will be subject to up to twelve (12) unannounced and unscheduled alcohol and/or drug tests per calendar year as determined by the Plant Manager and/or his/her designee for five (5) years following the first confirmed positive. The employee will continue to work while awaiting test results. If the employee is being tested under “reasonable suspicion,” then the provisions under section 6(B) of the Identification of Substance Abuse shall apply.
- (3) The employee agrees to abstain from ingesting any substance deemed by the MRO to violate the employee’s ongoing recovery program.
- (4) The employee must agree in writing to conditions #1 through #3 above. The refusal of an employee to agree in writing to the conditions stated above upon return to work will be considered insubordination and they will be subject to corrective action up to and including discharge.

If any employee again tests “positive” for either alcohol or drugs, either during Company-required counseling or after completion of such counseling, such “positive” shall be

considered just cause for termination of said counseling and termination of employment, subject to the following exception: An employee will have a “positive” alcohol test result voided for disciplinary purposes, eight (8) years after the occurrence provided there has been no additional “positive” alcohol test during the eight (8) years and the employee has cooperated fully with management.

Notwithstanding the above, being subject to the effects of alcohol or an illegal drug will not excuse an employee’s misconduct which violates any Company rule. For example, an assault committed while subject to the effects of alcohol or an illegal drug will subject the employee to corrective action up to and including discharge for misconduct.

SECTION 9. CONFIDENTIALITY

All information, interviews, reports, statements, memoranda, and drug test results, written or otherwise, received by the Company as a result of its Drug Testing Program are confidential communications and will not be placed in any employee’s personnel file. Rather, such information, if maintained at all, it will be maintained in the employee's confidential medical record. Unless required by law or court order to do so, the Company will not release such information to third persons without the written direction of the employee. However, the Company may use such information as evidence, if relevant, in proceedings relating to a discharged employee's entitlement to unemployment compensation benefits or workers compensation benefits, or in other legal proceedings involving the discharged employee and the Company. The Company reserves the right to disclose such information to its attorneys and/or other persons on a strict “need to know” basis, as required by the business interests of the Company. Release of such information under any other circumstances shall be solely pursuant to the written direction of the person tested, which direction will contain, as a minimum:

- a. the name of the person who is authorized to obtain the information;
- b. the purpose of the disclosure;
- c. the precise information to be disclosed;
- d. the duration of the direction; and
- e. the signature of the person authorizing release of the information.

SECTION 10. INSPECTIONS

Whenever the employer reasonably suspects that: (1) an employee’s work performance or on the job behavior may have been affected in any way by alcohol or drugs or (2) an employee has sold, purchased, used or possessed alcohol, drugs or drug paraphernalia on Company premises, the Company may search the employee’s locker, desk or other Company property under the control of the employee, as well as the employee himself or herself and the employee’s personal effects.

Whenever the employer reasonably suspects that an employee is engaging in substance abuse misconduct in the employee's automobile on Company property, the Company may search the employee's automobile while it resides on said property.

SECTION 11. TERM

This MOU shall remain in full force and effect through February 6, 2006 (the expiration date of the parties' CBA) and from year to year thereafter unless either party serves written notice of their desire to amend, modify or terminate this MOU at least sixty (60)-days prior to the anniversary date. The Company and the Union may mutually agree to amend or add to any provision of this MOU during its term, provided that any such amendment or modification must be in writing executed by the duly authorized representatives of each party and any oral modification or amendment shall have no force or effect.

IN WITNESS WHEREOF DYNEGY INC. and IBEW LOCAL 1245 have each caused this agreement to be executed in its name and behalf, by its proper officials thereunto duly authorized the year and day first above written.

DYNEGY, INC.

**INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS
LOCAL UNION 1245**

By: _____

Caroline Holder
Director of Labor Relations

By: _____

Tom Dalzell
Business Manager

Date: _____

Date: _____

DYNEGY INC.

AGREEMENT TO SUBMIT TO DRUG AND/OR ALCOHOL TESTING

I acknowledge that I have been requested to submit to drug and/or alcohol testing.

I understand that the testing is voluntary on my part, that I may refuse to submit, and that such refusal means I may either voluntarily terminate my employment or such action will be considered insubordination with resultant corrective action up to and including discharge.

I further understand, without waiving any rights I may have to challenge the test results, that the fact or a confirmed-positive test result may be released to the Company.

With full knowledge of the foregoing, I hereby [PLEASE CIRCLE ONE: agree/refuse] to submit to drug and/or alcohol testing by a SAMHSA-accredited medical laboratory.

Date: _____
Employee Signature

Date: _____
Immediate Supervisor/Manager

Date: _____
Witness

DYNEGY INC.

AUTHORIZATION FOR RELEASE OF MEDICAL INFORMATION

I acknowledge that I have been requested by the Company to submit to drug and/or alcohol testing to be administered by _____, a hospital, clinic and/or laboratory designated and chosen by the Company.

I hereby authorize the medical clinic and/or laboratory to disclose all pertinent medical information and laboratory results to the Company’s designated Medical Review Officer. Other Company-designees may also receive results on a “need to know” basis. The release by this organization of the information and results, and the utilization of the information and results by the Company shall be for the limited purpose of providing the Company an opportunity to evaluate my fitness to perform my job. This organization is only authorized to release the information and results for a period of no more than 120 days from the date of signature below.

This information shall include laboratory, scientific and other reports and/or chemicals which are causal factors for my condition; diagnosis and prognosis as related to this drug and/or alcohol test.

I acknowledge that executing this authorization is voluntary and that I have the right to receive a copy of this authorization if I so request.

Date: _____
_____ Employee Signature

Date: _____
_____ Immediate Supervisor/Manager

Date: _____
_____ Witness

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION
(SAMHSA)

DRUG TESTING PANEL

<u>Drug or Drug Class</u>	<u>Screening Method</u>	<u>Screening Level*</u>	<u>Confirmation Method</u>	<u>Confirmation Level**</u>
Marijuana Metabolites: 9-THC-9-COOH	EMIT	50 ng/ml	GC/MS	15 ng/ml
Cocaine Metabolites: Benzoyllecgonine	EMIT	300 ng/ml	GC/MS	150 ng/ml
Opiate Metabolites: Morphine*** Codeine	EMIT	2,000 ng/ml	GC/MS	2,000 ng/ml
Phencyclidine	EMIT	25 ng/ml	GC/MS	25 ng/ml
Amphetamines Amphetamine Methamphetamine****	EMIT	1,000 ng/ml	GC/MS	500 ng/ml

EMIT = Enzyme Multiplied Immunoassay Techniques
GC/MS = Gas Chromatography/Mass Spectrometry
ng/ml = Nanograms/milliliter

*- The EMIT screening level refers to the concentration of the specific member of the drug class used to calibrate and define the minimum positive screening test.

** - The confirmation level is the minimum level of drug that will be reported as positive.

*** - When morphine concentration exceeds 2,000 ng/ml, tests shall be conducted for 6-Acetylmorphine at a confirmation level of 10 ng/ml.

**** - For methamphetamine, specimen must also contain amphetamine at a concentration of 200 ng/ml.

APPENDIX F

Steward's Worksheet For Article 23

GRIEVANT

Name: _____ Date: _____

Classification: _____ Power Plant: _____

Work Phone/Pager: _____ Home Phone: _____

Shop Steward Name: _____ Date of Violation: _____

Article('s) Violated: _____ Discharged: YES NO

Note discharges must be acted on within 5 working days all others have 15 calendar days.

Description: _____

Remedy Requested: _____

STEP ONE Steward/Employee meeting with supervisor Date: _____

Results: _____

STEP ONE (Continued)

SHOP STEWARD WRITE UP SUBMITTED TO AND REVIEWED BY:

_____ Date: _____
Business Representative

SUBMITTED TO HUMAN RESOURCES MANAGER OR HIS/HER DESIGNEE:

_____ Date: _____

_____ Date: _____

Company Signature – must be signed and returned to Union’s Business Representative within 5 working days.

Business Representative will administer Step Two of Article 23.