

AGREEMENT

THIS AGREEMENT, made and entered into by and between KENTUCKY POWER COMPANY, hereinafter referred to as the "Company", and LOCAL 978, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, hereinafter referred to as the "Union."

ARTICLE I RECOGNITION

SECTION 1. UNIT DEFINED

The Company hereby recognizes the Union as the representative for the purposes of collective bargaining within the meaning of the Labor-Management Relations Act, for all of the probationary and regular production and maintenance, technical and plant clerical employees employed by and headquartered at the Big Sandy Plant of the Company.

Specifically excluded, however, are all temporary, part-time, confidential, office clerical, administrative, professional employees, guards and supervisors as defined in the Act.

Unless the context indicates otherwise, the word "employee" or "employees" wherever used herein shall mean and refer only to those full-time regular and probationary employees now or hereafter in the employment of the Company in the job.

Whenever the masculine gender is used in the agreement, it shall be deemed to include the masculine and feminine gender unless otherwise indicated.

SECTION 2. LEGACY OF KNOWLEDGE

Employees who are covered by this Agreement may be allowed to participate in the Company's Legacy of Knowledge (LOK) Program. Participation in the LOK Program is not an entitlement or right automatically available to any eligible represented employee. The Company, at its sole discretion, shall determine when and if LOK positions exist and the selection of employees to participate in the LOK Program.

The Union and Company recognize that the terms and the conditions of employment for LOK participants are covered in the LOK Program. Employees selected to participate in the LOK Program will continue to be covered by the terms of the Agreement

during the period of the LOK assignment with the exceptions of those terms and conditions of employment covered in the LOK Program.

SECTION 3. DUES

(E) The Company shall have no obligation to collect Union dues for any pay period in which the employee received (after all other deductions) pay less than the amount of such dues. However, the Company will, upon written request of the employee, deduct all back dues from the employee's first paycheck or checks that are sufficient to cover such back dues.

SECTION 4. GRIEVANCE COMMITTEE

The Union Grievance Committee shall consist of not more than three (3) employees, with three (3) alternates, one of whom may be substituted for a regular member at any meeting. The names of the Grievance Committee shall be furnished to the Human Resources Manager of the plant. The Company agrees to recognize this Committee as the representative of the employees and to meet with this Committee. The duties of the Committee shall be to present to and adjust any and all matters with the Company referred to it in the designated manner. The right is reserved by the Union to change any or all of a Grievance Committee at any time deemed necessary, but the Union shall notify the Company of any change in membership of the Grievance Committee at least seven (7) calendar days before the date of any meeting. Meetings necessary for the disposition of grievances shall take place at reasonable times, having due regard to operating requirements. A total of two (2) employees (members of the Grievance Committee and other unit employees) shall not lose regular straight time pay while actually attending a Second Step or Third Step grievance meeting.

SECTION 5. ARBITRATOR AUTHORITY

The arbitrator shall have no authority to pass upon the Control Technicians-Junior, Equipment Operator-Junior or Stores Attendant-Junior job classification with less than one (1) year of Plant Seniority.

ARTICLE II SENIORITY

SECTION 1. ACQUISITION OF SENIORITY

The seniority of a regular employee who shall have completed six (6) months full-time employment shall be determined by the length of his service computed from the first day of his last hire as a full-time employee.

SECTION 2. TYPES OF SENIORITY

Length of service within a line of progression shall be deemed line of progression seniority.

Length of service with the Big Sandy Plant shall be deemed Plant seniority.

SECTION 3. LIST OF LINES OF PROGRESSION

In Big Sandy Plant, the following shall be deemed lines of progression for seniority:

- Maintenance
- Operations
- Control
- Performance
- Yard
- Stores
- Plant Clerical
- Custodian

SECTION 4. PROMOTIONS AND TRANSFERS

(A) When the Company desires to make promotions, transfers or to increase working forces in any line of progression as to jobs in the bargaining unit, the following factors shall be considered:

(1) Skill, efficiency, experience, ability, knowledge and training. In order to determine an employee's qualifications under

this factor the Company may require the employee to satisfactorily pass reasonable examinations.

- (2) Physical fitness.
- (3) Seniority, applied as follows:

First: Line of progression seniority in the line of progression where the vacancy exists.

Second: Plant seniority.

If an employee is deemed by the Company to be qualified for a job opening under the first two factors enumerated above, then seniority shall govern.

If two or more employees have the same line of progression seniority, then Plant seniority shall prevail.

(B) Line of progression seniority may be exercised for bidding upward or downward within the employee's line of progression.

(C) The line of progression seniority of an employee transferred from one line of progression to another, except for reasons of layoff and displacement as defined in Section 6 of this Article V, shall begin in the line of progression to which transferred as of the date of transfer, and shall continue to accumulate in the line of progression from which transferred for a period of thirty (30) calendar days from date of transfer, after which the employee shall have line of progression seniority only in the line of progression to which he was transferred.

If, during the thirty (30) calendar day period, the employee returns at his own request or is returned by the Company to his former job classification, his line of progression seniority shall cease in the line of progression he leaves, and his line of progression seniority in the line of progression to which he returns shall be as if he had never left.

(D) In order that employees may know about jobs that are to be filled (other than by step-up or temporary assignment) in the Junior Clerk (Plant Clerical), Custodian, Control Technician-Junior, Equipment Operator-Junior, Performance & Industrial Hygiene Technician-Junior, Stores Attendant-Junior, Maintenance Machinist, Maintenance Mechanic-Senior, Maintenance Welder, Unit Operator, Coal Equipment Operator-Senior, Control Technician-Senior, or Performance & Industrial Hygiene Technician-Senior, or Stores Attendant-Senior job classifications, the Company will post a notice on appropriate bulletin boards indicating that such jobs are open for bid. These notices shall remain on the bulletin boards for ten (10) calendar days, not counting the day of posting. Employees, except for Custodians and Plant Clericals, may submit bids for these jobs to the Human Resources Manager during the period specified. (An employee having a Custodian or Plant Clerical job classification on May 1, 1997, may submit a bid to transfer to another line of progression. However, if such employee is transferred and then returns to his former Custodian or Plant Clerical classification, he may not submit other bids.) However, an Equipment Operator-Junior may not submit a bid to change lines of progression within such entrance job.

Within sixty (60) calendar days from the date of posting of a notice of a job vacancy, the Company will fill such vacancy provided a qualified employee has made application therefore, and provided the need to fill the vacancy still exists.

No posting of job classification vacancies shall be required with respect to a job classification to which an employee is entitled upon returning from:

- (1) Military service, or
- (2) A disability due to illness or injury, or
- (3) A leave of absence, or

(4) A vacation;

or to the filling of jobs temporarily for such reasons.

(E) An employee holding the job classification of Equipment Operator-Junior must acquire the qualifications necessary to perform the duties of the next higher job classification in the line of progression for which he was placed in the Equipment Operator-Junior classification (i.e., Coal Handler in Yard, Equipment Operator in Operations, or Maintenance Mechanic-Junior in Maintenance) within such time frame as determined by the Company. Similarly, an employee holding the job classification of Stores Attendant - Junior must acquire within such time frame as determined by the Company, the qualifications necessary to perform the duties of the Stores Attendant's job. An employee's failure to qualify during such period shall result in his removal from the job.

When an Equipment Operator-Junior is qualified to fill the Coal Handler, Equipment Operator, or Maintenance Mechanic-Junior job in his line of progression or when a Stores Attendant-Junior is qualified to fill the Stores Attendant job, his classification shall be so changed and the Company shall not be required to post a notice in accordance with Section (D) above.

(F) An employee holding the job classification of Coal Handler, Control Technician-Junior, Maintenance Mechanic-Junior or Performance & Industrial Hygiene Technician-Junior must acquire the qualifications necessary to perform the duties of the next higher job classification in his line of progression within such time frame as determined by the Company. An employee's failure to qualify during such period shall result in his removal from the job.

When a Coal Handler, Control Technician-Junior, Maintenance Mechanic-Junior or Performance & Industrial Hygiene Technician-Junior is qualified to fill the next higher job

classification in his line of progression, his job classification shall be so changed and the Company shall not be required to post a notice in accordance with Section (D) above.

SECTION 5. LOSS OF SENIORITY

A complete loss of seniority shall be suffered by an employee who:

- (A) Voluntarily terminates his employment.
- (B) Is discharged for just cause.
- (C) Fails to return to work as provided for under Section 8 of this Article II.
- (D) Is absent from work due to layoff in excess of the times specified in Section 7 of this Article V.

(E) Is absent from work other than for reasons of layoff for a period of one (1) year or more or for a period equal to the employee's length of service when such absence begins, whichever is less. In cases of absences due to illness or disability such times may be extended by leaves of absence. In case of military leaves of absence, periods of absence may be for longer periods than one (1) year, and the seniority for such employees will be governed by applicable federal or state laws.

(F) Overstays a leave of absence or violates any of the terms or conditions of a leave of absence granted.

SECTION 6. LAYOFF AND DISPLACEMENTS

(A) If it is necessary to reduce the number of regular employees in a line of progression, or to lay off regular employees in a line of progression other than the Plant Clerical line of progression, the following shall apply:

FIRST, starting with the job classification in which the reduction is to be made, the employee with the least line of progression seniority shall be removed

there from. He shall have the right to exercise his line of progression seniority in lower job classifications for which he can qualify in that line of progression or exercise his Plant seniority in entrance jobs for which he can qualify in other lines of progression.

SECOND, if the employee in the job classification in which the reduction is to be made does not elect to exercise either line of progression or Plant seniority as provided in the First Step above, then he shall be laid off.

THIRD, if the employee in the job classification in which the reduction is to be made exercises his seniority in accordance with the First Step above, then employees affected may exercise their line of progression and Plant seniority in a like manner with regard to: (1) lower job classifications within the line of progression; and (2) entrance jobs in other lines of progression.

FOURTH, following the changes resulting from steps First and Third above, the excess employees shall be laid off.

(B) If it is necessary to reduce the number of regular employees or to lay off regular employees in the Plant Clerical line of progression, reductions shall be based on merit/performance. Employees affected shall have the right to exercise their Plant seniority in entrance jobs in other lines of progression for which qualified, or be laid off.

(C) Entrance jobs for the purpose of interpreting and applying the provisions of subsections 6 (A) and (B) above are deemed to be:

Equipment Operator-Junior
Control Technician-Junior
Performance and Industrial Hygiene Technician-Junior
Stores Attendant-Junior

Custodian
Junior Clerk

(D) An employee transferred to another job classification in accordance with the terms of this Section shall receive (1) the top rate of pay of the classification to which transferred provided his personal rate is equal to or exceeds the top rate of the new classification, or (2) the rate immediately below his personal rate provided his personal rate is less than the top rate of the new classification, or (3) the beginning rate of the new classification provided his personal rate is less than the beginning rate of the new classification.

(E) If a laid off employee, who has seniority, accepts work with the Company of a temporary nature, his seniority and recall rights shall not be extended or changed thereby.

(F) For the purposes of this Section 6, an employee who transfers from one line of progression to another in exercising his seniority under subsections 6 (A) or (B) shall retain his line of progression seniority in the line of progression from which transferred for the same periods of time based on length of service as defined under Section 7 of this Article II covering retention of seniority by employees who are laid off. Such retained seniority shall be limited to the seniority accumulated up to the time of transfer, and he shall begin accumulating seniority in the line of progression to which transferred beginning on the date of transfer. Likewise, such employee shall be entitled to consideration for jobs which may become vacant in his former line of progression in the same manner as employees who were actually laid off as defined in Section 8 of this Article II.

(G) An employee who accepts a demotion in his line of progression through these layoff procedures shall have seniority which will transcend the seniority of all other employees for the purpose of promotion to the classification from which he was demoted.

SECTION 7. SENIORITY AFTER LAYOFF

If a regular employee is laid off, he shall retain his seniority in accordance with the following:

(A) An employee with six (6) months to one (1) year of service will retain his seniority for six (6) months.

(B) An employee with one (1) year to two (2) years of service will retain his seniority for one (1) year.

(C) An employee with two (2) or more years of service will retain his seniority for two (2) years.

SECTION 8. RECALL

In recalling laid off employees, they shall be returned to work according to Plant seniority if they are available, able and qualified to return to work. If an employee who has been laid off fails to report within ten (10) calendar days after notice is sent by United States Registered Mail Return Receipt Requested, he shall be considered dismissed from the employ of the Company and the next employee in seniority shall be called.

In sending notices hereunder to an employee, the Company shall be entitled to rely on the last address of the employee given by him to the Company in writing. The employee shall give the Company notice of any change in address and obtain from the Company a written receipt of such notice.

SECTION 9. EMPLOYEE LEAVING BARGAINING UNIT

When an employee is promoted or transferred to a supervisory or other position not covered by this Agreement, he will cease to be represented by the Union. Such employee may be returned by the Company, within ninety (90) days, to his former job classification or an

equivalent job classification within the bargaining unit without loss of seniority accumulated before and after such promotion or transfer.

Further, such employee may be returned by the Company, to his former job classification or an equivalent job classification within the bargaining unit at any time after ninety (90) days without loss of seniority accumulated before such promotion or transfer.

This Section 9 is not applicable to temporary promotions and transfers to supervisory, or other positions not covered by this Agreement. During such temporary periods of assignment the employee remains in the bargaining unit, maintains all rights conferred by the working agreement, and continues to accumulate seniority during the assignment.

SECTION 10. PURPOSE OF SENIORITY

For purposes of this agreement, seniority shall be a factor in promotions, transfers, layoff and displacements, recall, returning to the bargaining unit, demotion and vacation selection, but for no other purpose.

SECTION 11. SENIORITY LISTS

(A) The Company agrees to post in an accessible place seniority lists as of the effective date of this Agreement. A copy of the list will be sent to the Union. Such list shall show:

- Employee's name
- Job classification
- Line of progression seniority
- Plant seniority

(B) Any employee aggrieved by any seniority list posted by the Company must file any grievance within thirty (30) calendar days after the seniority list is posted.

SECTION 12. SENIORITY DURING ILLNESS OR INJURY

Except as limited by Section 5 (E) of this Article, any employee of the Company covered by this Agreement who is injured or who becomes ill shall continue to accumulate seniority and service during his absence due to such injury or illness, and shall be reinstated, upon recovery, to his former job with full seniority rights, provided he is physically and otherwise qualified to do the work.

ARTICLE III WORKING CONDITIONS

SECTION 1. OVERTIME PAYMENTS

(A) When an employee is regularly scheduled to work in excess of forty (40) hours in a work week, the assigned regularly scheduled hours exceeding forty (40) shall be regarded as overtime hours for which the employee shall receive one-and-one-half (1½) times his regular straight-time rate, provided that he actually works the scheduled overtime hours exceeding forty (40) and has worked or received pay for the first forty (40) regularly scheduled straight-time hours during the same work week.

(B) An employee shall be paid double his regular straight-time rate of pay for hours worked on his second scheduled day off within the work week except when Sunday is the employee's first scheduled day off. When Sunday is the employee's first scheduled day off, the hours worked on such Sunday shall be paid at double the employee's regular straight-time rate of pay, and the hours worked on his second and all other scheduled days off shall be paid at one and one-half (1 & 1/2) times his regular straight-time rate of pay.

(C) When an employee works sixteen (16) consecutive hours and continues to work, he shall be paid at two (2) times his regular straight-time rate of pay for all hours worked in excess of the first sixteen (16) hours. However, this provision shall not apply to any hours for which the employee is paid this double time rate under any other provisions of this agreement.

No employee shall receive overtime pay for both weekly and daily overtime for the same overtime work.

In no event shall an employee receive more than double his regular straight-time rate for any hours worked.

(D) When employees are required to remain at a particular place on call during their scheduled hours off such shall be considered as hours worked. The practice of employees notifying the Company of the availability for obtaining emergency work shall not be considered as being on call.

(E) Overtime work is sometimes scheduled in advance rather than by call-out. If an employee reports for prearranged overtime work and he has not been notified not to report, the Company may elect to assign one (1) hour of work or pay one (1) hours pay at the applicable overtime rate.

SECTION 2. SHIFT PREMIUM

(A) Shift Premium

The Company will pay in addition to the regular straight-time rates a shift differential to employees on scheduled shifts in accordance with the following:

First Shift - Where the majority of the scheduled hours worked are between 8:00 a.m. and 4:00 p.m.

Second Shift - Where the majority of the scheduled hours worked are between 4:00 p.m. and 12:00 p.m.

Third Shift - Where the majority of the scheduled hours worked are between 12:00 p.m. and 8.00 a.m.

Shift premium will not apply in connection with overtime worked by employees assigned to the First Shift.

Employees regularly assigned to a day shift who are temporarily assigned to a second or third scheduled shift will be paid the premium applicable to the shift to which temporarily assigned.

SECTION 3. SCHEDULE AND SHIFT MODIFICATION

For the purpose of clarification, the following definitions apply:

- (A) "Schedule Change" shall mean a change in days of a work week.
- (B) "Shift Change" shall mean a change in hours within a work day which results in the previously scheduled starting and/or quitting times being adjusted by more than two (2) hours.

When an employee's shift is not changed, but his previously scheduled starting and/or quitting times are adjusted with less than eight (8) hours notice, he will be paid rate and one-half for time worked outside of his previously scheduled hours.

Overtime assignments shall not constitute either a schedule change or a shift change.

In all operations where schedules include Saturdays and Sundays, such schedules to the extent that it is reasonable and practicable to do so, shall be rotated in such manner as to equalize Saturday and Sunday work among the employees involved.

If an employee has his shift and/or schedule changed with less than twenty-hour (24) hours' notice before the beginning of the changed shift and/or schedule, he shall be paid one and one-half (1 & 1/2) times his regular straight-time rate including applicable shift premiums for the hours worked on the first day of such changed shift and/or schedule. If the employee continues to work on such changed shift and/or schedule on any succeeding days, he shall be paid regular straight-time rate plus applicable shift premium for the remainder of the hours worked on such changed shift and/or schedule.

If twenty-four (24) hours or more notice is given before the changed shift and/or schedule is to begin, an employee whose shift and/or schedule is so changed shall be paid his regular straight-time rate including applicable shift premium during the time he works on such changed shift and/or schedule.

In changing from the previously scheduled weekly shift and/or schedule to a changed shift and/or schedule with less than eight (8) hours intervening between shifts, an employee shall receive one and one-half (1 & 1/2) times his regular straight-time rate including applicable shift premium for hours worked in excess of the number of regularly scheduled hours worked on his previous shift payable at his regular straight-time rate within any twenty-four (24) hour period.

By mutual agreement between employees, and with the supervisor's approval, employees in the same job classification may be permitted to interchange work days or hours within a work week; however, in such cases, the Company shall not be required to pay either employee involved overtime rates for hours worked as provided in Section 1 of this Article III.

SECTION 4. CALL OUT

An employee called out to work outside his regular schedule between the hours of 6:00 a.m. and midnight will be paid a minimum of two (2) hours at the applicable overtime rate.

An employee called out to work outside his regular schedule between the hours of midnight and 6:00 a.m. will be paid a minimum of three (3) hours at the applicable overtime rate.

In case more than one call-out occurs within the minimum period, the employee will receive pay at the applicable rate for the applicable minimum period, or actual hours worked, whichever is greater.

If the minimum period overlaps into the employee's scheduled hours of work, he will be paid at the applicable rate only for that portion of the minimum period which preceded his scheduled starting time.

Call out pay shall not apply in cases where an employee has not left the Company property, and such employee shall not lose pay for the time elapsed between the end of his

previous work period and the start of the off schedule work, providing the employee reports for the off schedule work assignment within 30 minutes of the end of his previous work period.

SECTION 5. TEMPORARY WORK ASSIGNMENTS

If an employee, whose classification provides for time step increases based on hours worked, is temporarily assigned to a job in a classification having a higher maximum rate than his regular straight-time rate of pay, he shall, when assigned one (1) hour or more continuously in such classification, be paid the minimum rate of the higher classification, or his regular straight-time rate of pay for each hour so assigned in the higher classification, whichever is higher. The employee will be credited with hours worked in such classification. When he has accumulated a sufficient number of hours of credit in such classification, he will be entitled to the regular progression steps, if any, in the applicable rate range, in such future temporary assignments.

Where a temporary assignment to a higher rated job covers a full day before and a full day after a holiday, the 8 hours holiday pay provided shall be based on the rate paid on the employee's last day worked previous to the holiday.

SECTION 6. CREDIT FOR TIME WORKED IN TEMPORARY CLASSIFICATION

When an employee whose classification provides for time step increases based on hours worked is promoted to a higher job classification which he has filled temporarily in the past, he shall be given credit for hours so worked temporarily, toward the time steps, if any, of such new higher job classification.

SECTION 7. WAGE INCREASES WITHIN CLASSIFICATION

Wage increases within the rate ranges of job classifications covered hereby shall be applied as set forth in wage schedules agreed to under the Master Agreement.

Those increases granted on the basis of (1) hours worked (including overtime hours), or (2) time in classification shall become effective on the day he completes the specified requirement if such completion occurs during the first half of his regular shift; or on the day following, if the requirement is met during the second half of his regular shift. No increase shall become effective while an employee is absent due to illness or injury.

SECTION 8. RATE OF PAY FOR NEW OR CHANGED JOB CLASSIFICATIONS OR NEW SCHEDULES

(A) If new job classifications are created or if the duties of any job classifications are substantially changed during the period of this agreement, the wage rates for such new or changed job classifications shall be established by the Company in proper relationship to other existing job rates in the bargaining unit, and the Union shall be promptly notified of such established rates.

(B) If the Company and the Union cannot agree on the new rate, the union may resort to the grievance and arbitration procedure provided in the Master Agreement for final determination of the proper rate of pay for such job to be determined upon the basis hereinbefore provided.

SECTION 9. DISTRIBUTION OF OVERTIME

To the extent that it is reasonable and practicable to do so, the Company will endeavor to equitably distribute overtime assignments over reasonable periods of time among employees within a given job classification within each line of progression.

If overtime is assigned to the wrong classification, the qualified employee in the proper classification who has the lowest accumulated overtime shall be provided make-up overtime equal to the number of hours of the misassignment. Such make-up overtime shall consist of work which would not otherwise have been performed on an overtime basis, and shall be scheduled at a time agreeable to the Company and the employee.

In no event shall the remedy for a violation of this Section be pay for time not worked.

Overtime records, cumulated on a weekly basis, will be posted on a weekly basis as soon as practicable after preparation and the Union will be furnished with a copy thereof.

SECTION 10. MEAL ALLOWANCE

An employee is responsible for providing his own meals during his regularly scheduled hours of work and during prearranged overtime (including work assigned on a regular day off). He shall be entitled to a meal(s) during an overtime assignment only insofar as he has had insufficient notice of the assignment and only to the extent specifically provided below:

(A) For the purpose of meal entitlement, an employee has insufficient notice of an overtime assignment where he has been given less than two (2) hours' notice before the start of an overtime assignment or, in the case of a holdover overtime assignment, less than two (2) hours' notice prior to the start of the regularly scheduled shift from which he is held over.

(B) When an employee has had insufficient notice of an overtime assignment, he will be entitled to a meal at Company expense after working more than two (2) hours or immediately prior to his regularly scheduled shift, whichever occurs first. Should the overtime work

continue, additional meals will be provided at approximate six (6) hour intervals after the end of the previous meal entitlement, except that no meal will be provided during the hours of an employee's regularly scheduled shift.

(C) When an employee is entitled to a meal, the Company may elect to either provide the meal or pay a Ten Dollar (\$10) meal allowance in lieu thereof.

(D) Where the Company provides an overtime meal before an employee is released from work, the time allowed to eat the meal (a maximum of thirty minutes) shall be deemed time worked. Provided, however, that no time shall be paid to eat a meal that is provided after the employee is released from work.

SECTION 11. HEALTH AND SAFETY

The Union will cooperate with the Company by encouraging its members to observe the Company's safety rules and practices and by informing the Company of safety hazards or unsafe practices.

SECTION 12. TOOLS AND EQUIPMENT

The Company will furnish all necessary tools to employees. Suitable rain protection equipment is to be furnished to employees required to work outdoors. When tools and equipment are issued, the employee will be held responsible for their return in good condition, reasonable wear and loss excepted.

Work gloves (the material and style of which shall be determined by the Company) shall be furnished to employees whose regular assignment of work, in the judgment of the Company, include: (1) the handling of tools or materials, or (2) the handling of equipment at such temperatures as may reasonably require the wearing of gloves. Gloves will be replaced as needed upon receipt by the Company of the worn gloves as evidence of need for replacement.

SECTION 13. REST PERIOD

An employee who is required to work sixteen (16) hours within any twenty-four (24) hour period shall be entitled to an eight (8) hour rest period. Such rest period shall begin (a) upon release from work, (b) at the beginning of a regularly scheduled shift, or (c) at the time during the regularly scheduled shift when an employee completes sixteen (16) hours of work in a twenty-four (24) hour period, whichever is earlier. If any part of this eight (8) hour rest period falls within his regular scheduled hours, he shall suffer no loss in regular straight-time pay for such hours which are not worked. Should an employee be required to work any part of this eight (8) hour rest period which falls within a regularly scheduled shift, he shall receive his regular straight-time rate for having worked such hours in this period, in addition to the regular rate to which he would have been entitled under this provision, had he not been required to work.

Meal periods, paid or unpaid, shall be included in computations of the sixteen-hour eligibility requirement under this section.

The pay provisions of this rest period clause shall not apply to any hours scheduled or worked on a recognized holiday or to any hours scheduled or worked that are subject to overtime premium.

Hours worked which have been considered in determining eligibility for a rest period granted, shall not be considered again for any subsequent entitlement.

SECTION 14. WORKING AWAY FROM THE PLANT

When an employee is assigned to work at a location other than Big Sandy Plant, the employee may be required to provide his own transportation and travel on his own time to the temporary reporting location. An employee who performs work at a location away from the Plant at Management's direction may be reimbursed for his travel expenses as follows:

(A) Where the travel is to an AEP facility listed in the "Daily Expense Allowance Chart" attached to the Wage and Travel Pay Agreement, the employee will be eligible for the daily allowance shown in the chart.

(B) Where the travel is to a facility not included in the "Daily Expense Allowance Chart" attached to the Wage and Travel Pay Agreement, the daily expense allowance shall be established by the Company and the Union shall be promptly notified of the new allowance amount. If the Company and the local Union cannot agree on the allowance amount established by the Company, the final determination of such allowance shall be deferred until the next negotiation in which travel expense allowances are open for negotiation.

ARTICLE IV HOLIDAYS

SECTION 1. PAY FOR HOLIDAYS NOT WORKED

All full-time employees not normally required to work on recognized holidays will be paid for holiday time on the following basis:

(A) When a holiday falls within the normal work schedule of the employee and is not worked, the employee will be paid for eight (8) hours at his regular straight-time rate.

(B) When a holiday is observed on any employee's scheduled day off and such regular day off is not a Saturday or a Sunday the Company will pay such employee for eight (8) hours at his regular straight-time rate for such holiday.

(C) Employees whose regular schedule includes Saturday and/or Sunday shall observe all holidays, regardless of the day of the week on the actual calendar day on which the holiday falls.

(D) An employee who has been notified to work on a holiday and does not work, unless excused by the Company, shall receive no pay for that day.

(E) An employee who has an unexcused absence on his scheduled work day immediately preceding or immediately following a holiday will receive no pay for such holiday.

(F) No employee shall receive holiday pay (or a day off with eight (8) hours pay in lieu thereof) if, on any one of said holidays, he:

- (1) Was unable to work because of illness or injury, or
- (2) Was on leave of absence, or
- (3) Was absent from work due to a labor dispute.

(G) When an employee who is regularly scheduled to work in excess of eight (8) hours per work day is excused from scheduled work on a Company recognized holiday, he may convert unpaid time off on such holiday to paid time off (for example, four (4) hours in the case of a twelve (12) hour work day) by utilizing Personal Day Off Holiday or vacation time.

SECTION 2. PAY FOR HOLIDAYS WORKED

An employee required to work on a day observed as a holiday shall be paid eight (8) hours at his regular straight-time rate of pay as holiday pay, and in addition, shall receive pay for work performed on that day on the following basis:

(A) Hours worked by the employee after his scheduled starting time and prior to his scheduled quitting time in accordance with his work schedule for that day shall be paid at one and one-half (1 & 1/2) times his regular straight-time rate of pay unless a higher rate is applicable.

(B) Hours worked by the employee shall, after his scheduled quitting time and/or prior to his scheduled starting time in accordance with his work schedule for that day, be paid at double his regular straight-time rate of pay.

(C) In applying paragraphs (a) and (b) of this Section 3 when the holiday worked is observed on a employee's scheduled day off, "work schedule for that day" shall mean the work schedule of the employee on his last day of work previous to the holiday.

(D) An employee whose normal regular schedule includes work weeks of over forty (40) hours shall not lose weekly overtime pay for hours worked in excess of forty (40) hours in such work week solely by reason of the day on which a holiday falls.

SECTION 3. PERSONAL DAYS OFF

Each regular employee will be granted three (3) Personal Days Off (eight (8) hours each; total of 24 hours) during each calendar year on the following basis:

(A) If more employees request their Personal Day Off on a specific day than can be accommodated within the work group, requests will be honored in the order in which they were received.

(B) An employee observing his Personal Day Off will be paid for eight (8) hours at his regular straight-time rate for such day, provided:

(1) If the employee has been notified to work on his Personal Day Off and does not work, unless excused by the Company, he shall receive no pay for that day.

(2) An employee who has an unexcused absence on his scheduled work day immediately preceding or immediately following his Personal Day Off, will receive no pay for such day.

(3) If, on the day observed as the Personal Day Off, the employee:

(a) Was unable to work because of illness or injury, or

(b) Was on leave of absence, or

(c) Was absent from work due to a labor dispute, he will receive no pay for such day.

(C) An employee required to work on a day scheduled to be observed as his Personal Day Off shall be paid eight (8) hours at his regular straight-time rate of pay, and in addition shall receive pay for work performed on that day on the following basis:

(1) Hours worked by the employee after his scheduled starting time and prior to his scheduled quitting time in accordance with his work schedule for that day shall be paid at one and one-half (1 & 1/2) times his regular straight-time rate of pay.

(2) Hours worked by the employee shall, after his scheduled quitting time and/or prior to his scheduled starting time in accordance with his work schedule for that day, be paid at double his regular straight-time rate of pay.

(D) In the event an employee terminates his employment with the Company and he had not observed his Personal Days Off prior to his date of termination, he shall be deemed to have forfeited such Personal Days Off and no additional compensation will be paid in lieu thereof.

**ARTICLE V
VACATIONS**

5.1 For purposes of this Article V, continuous service shall include credit for prior periods of employment as a probationary, regular or part-time employee who was regularly scheduled to work twenty (20) or more hours per week with Kentucky Power Company and/or any other American Electric Power System affiliated Company.

5.2 (A) Vacation entitlement shall be as set forth in the following table:

| <u>Service Requirement</u> | <u>Hours of Vacation</u> |
|--|--|
| In the calendar year of hire: | 8 hours for each full month of service with a maximum of 80 hours. |
| On January 1st of the calendar year in which the following service will be obtained: | |
| 1 year of service | 80 hours |
| 2 years of service | 88 hours |
| 3 years of service | 96 hours |
| 4 years of service | 104 hours |
| 5 - 6 years of service | 120 hours |
| 7 - 8 years of service | 128 hours |
| 9 - 10 years of service | 136 hours |
| 11 - 12 years of service | 144 hours |
| 13 - 14 years of service | 152 hours |
| 15 - 23 years of service | 160 hours |
| 24 years of service | 200 hours |

(B) Vacation for employees rehired and credited with prior employment as set forth in Section 5.1 above shall be in accordance with the table in Section 5.2 (A) above except that entitlement in the year of rehire will be pro-rated for the remaining months of the year rounded up to the next whole hour. However, the pro-rated vacation allowance for a rehired employee shall not be less than that of a new employee hired on the same date.

5.2.1 In the calendar year of hire, rehire, or return from leave of absence, or layoff, if an employee is employed on or before the 15th of a month, the month will be counted as a full month for determining vacation entitlement in the following month. If an employee is hired or returns from leave of absence, or layoff on or after the 16th of a month, the month would not be counted.

5.2.2 Vacation pay shall be at the employee's regular straight-time rate.

5.3 Vacation to which an employee is entitled during any calendar year must be taken during the calendar year, with two (2) exceptions:

5.3.1 If an employee is required by the Company to postpone his scheduled vacation so that it cannot be rescheduled during the remainder of the year, the Company will either (1) pay such employee at his regular straight-time rate for such vacation or (2) schedule such vacation during the following year.

5.3.2 An employee with 23 years of service or less may defer up to eighty (80) hours of vacation entitlement from year-to-year into a deferral bank; however, the deferral bank cannot exceed a maximum of eighty (80) hours. An employee with 24 years of service or more may defer up to one-half (1/2) of his vacation entitlement from year to year; however, the deferral bank cannot exceed a maximum of one hundred (100) hours. Such deferral bank vacation entitlement is subject to the same scheduling criteria as regular vacation entitlement as provided under the other Sections of this Article V.

5.4 When an employee retires, is removed from the payroll, terminates his employment, or is laid off, the Company will either give the employee his vacation that he would be entitled to take during that year prior to the termination of his employment or, in lieu of vacation, pay to the employee as of the date of termination of his employment, the amount of

vacation pay that the employee would have received if he had taken his vacation during the period of his employment with the Company.

5.5 When an employee dies or retires from the Company, the Company will pay the beneficiary or the employee at the time of death or retirement for the pro rata part of his vacation he has earned during the year in which he dies or retires. The provisions of this section 5.5 only apply to employees who were AEP employees prior to January 1, 2000, and are not applicable to any employee who became an AEP employee or was hired after January 1, 2000.

5.6 Vacation entitlement for an employee returning from a Leave of Absence of Layoff shall be based on the total years of service in the year of return from leave or layoff in accordance with the table in Section 5.2 (A). However, the entitlement for vacation in the year of return will be pro-rated for the remaining months of the year rounded up to the next whole hour. In no case will the pro-rated vacation entitlement for an employee returning from leave/layoff be less than that of a new employee hired on the same date.

5.7 Any employee who makes request, therefore, will receive his vacation pay immediately prior to his vacation period, provided such request is made ten (10) calendar days prior to such vacation period. When emergency has prevented the employee from giving ten (10) calendar days' advance notice the Company will endeavor to make advance payment.

5.8 If any employee is required to return from his vacation prior to its expiration date, he shall be reimbursed for all out-of-pocket expenses in connection with such recall and allotted an additional vacation period for the unexpired portion thereof.

5.9 Employees will be granted their vacations at the time they desire as far as is practical, however, length of service, number of employees off duty at one time, shift assignment and workload will be taken into account in scheduling vacations. The employee senior in service

shall have first choice of one vacation period and then go to the bottom of the service list until other employees, in the order of their service, have had one choice. Employees who request and are permitted to split their vacations shall repeat the above process for second and third choice, however, any employee submitting his preference before March 1st shall have preference over any request submitted after March 1st and the Company shall verify preferences received by March 1st no later than April 1. Any request received after March 1st shall be considered in order received. Employees who have not scheduled their vacation by June 1 will have their vacation periods assigned by the Company.

5.10 Any employee having more than one (1) week's vacation will be permitted to divide his vacation insofar as is practical.

5.11 If one of the nine (9) regular holidays falls during the vacation of any employee, on one of the days that he normally would have been scheduled to work, or on one of the days for which the employee would have received holiday pay under Article III, he will be entitled to an extra eight (8) hours of vacation with pay for eight (8) hours at the regular straight-time rate at a time convenient to the Company or equivalent vacation pay at the option of the Company. If the employee should for any reason leave the employ of the Company prior to the scheduling of such extra day, the Company will pay the employee for such extra day eight (8) hours vacation pay at his regular job rate.

ARTICLE VI WAIVER OF BARGAINING

It is the intent of the parties that the provisions of this Agreement will supersede all prior agreements and understandings, oral or written, expressed or implied, between such parties and shall govern their entire relationship and shall be the sole source of any and all rights or claims which may be asserted in arbitration hereunder or otherwise.

The Union for the life of this Agreement hereby waives any rights to request to negotiate, or to negotiate or to bargain with respect to any matters contained in this Agreement, except as otherwise provided herein.

If any state or federal legislation, court decision or government regulation invalidates any article or section of the Agreement, all other articles and sections not invalidated shall remain in full force and effect. Within thirty calendar days, the Company and Union shall meet to negotiate new contract language to replace the article or sections which have been invalidated.

The CBA front cover shall contain the IBEW logo.

**ARTICLE VII
WAGES/PERIOD OF CONTRACT**

SECTION 1. WAGE & TRAVEL PAY AGREEMENT

The parties hereto have agreed to a Wage and Travel Pay Agreement with attached wage rate schedules apart from this Agreement (which are in writing and bear their signatures).

SECTION 2. DURATION OF THIS AGREEMENT

This Agreement is in full force and effect beginning at 12:01 a.m. on the day following the date which the IBEW Master Agreement and all thirty-three IBEW Local Agreements have been ratified.

SECTION 3. SALARIED PAY PLAN

The parties hereto have agreed that employees in plant clerical classifications shall be included in the American Electric Power Salary Plan for Nonexempt Salaried Clerical, Secretarial & Technical Employees.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals
this _____ day of _____, 2012.

KENTUCKY POWER COMPANY
BIG SANDY PLANT

LOCAL 978, INTERNATIONAL
BROTHERHOOD OF ELECTRICAL
WORKERS

Labor Relations Manager

Business Manager

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