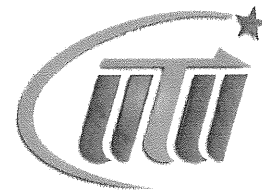


# *united transportation union*

*District 1 - Association of General Chairpersons*

R.S. Knutson      *Chairperson*  
P.E. Emert        *Vice Chairperson*  
G.T. Casey        *Secretary*  
L.P. King, Jr.     *Treasurer*



April 1, 2008

Mr. M.B. Futhey, Jr.  
International President, UTU  
14600 Detroit Avenue  
Cleveland, OH 44107-4250

**Re: Endorsement Of Tentative UTU National Agreement**

Dear Sir and Brother,

On behalf of the above Association, we would like to extend our appreciation for the presentation given by you and the members of the UTU national negotiating team concerning the tentative national agreement at our meeting on March 25, 2008. As you observed, the General Chairmen in attendance expressed by a unanimous show of hands their desire to submit the agreement to the membership for ratification.

It should further be noted that following the presentation, the Association entered Executive Session at which time an unopposed motion was entertained wherein "endorsing" the tentative agreement. Therefore, please accept this as the Association's endorsement and our recommendation for ratification.

Fraternally,

A handwritten signature in cursive script, appearing to read 'R.S. Knutson', is written over a horizontal line.

R.S. Knutson  
Chairperson

cc: A.Martin III, UTU Assistant President  
K.N. Thompson, UTU GS&T  
District 1 Association Members

M. B. FUTHEY JR.  
International President

ARTHUR MARTIN III  
Assistant President

KIM N. THOMPSON  
General Secretary and Treasurer



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April 2, 2008

U. S. Chairpersons  
General Committees of Adjustment  
Involved in National Handling

Re: Agreed upon Questions & Answers

Dear Chairpersons:

Enclosed is the final series of the Questions and Answers interpretation of the Tentative National Rail Agreement.

These Questions and Answers are agreed upon between the UTU Negotiating Committee and representatives of the National Carriers Conference Committee.

Fraternally yours,

A handwritten signature in black ink that reads "M. B. Futhey Jr." with a stylized flourish at the end.

M. B. Futhey Jr.  
International President

cc: A. Martin, Assistant President  
K. N. Thompson, General Secretary & Treasurer  
U.S. Rail Vice Presidents

## **Questions On 2008 Proposed UTU National Agreement**

*(Note: These questions apply to both Document A and Document B, except Article V – Expenses Away From Home – does not apply to Document B.)*

### **ARTICLE I – WAGES**

#### **Section 7**

Q1. Will the retroactive wage increases be applied to the basic daily and overmile rates of pay, overtime, trip rates, penalty claim payments and arbitraries or special allowances expressed in time or miles that are subject to increase?

A1. Yes.

Q2. Will the retroactive wage payments made to employees include previous vacation payments, PL days and all other contractual pay entitlements?

A2. Yes.

Q3. Will General Wage Increases be applied to current entry rates?

A3. Yes. The pay rates and any other applicable elements of compensation to which entry rates are applied will be subject to the application of the General Wage Increases as provided in Article I.

Q4. Will an employee who has been dismissed/suspended between July 1, 2005 and the effective date of this Agreement, who is subsequently reinstated/suspension removed or overturned, with all rights unimpaired and pay for all time and benefits lost, have the retroactive pay increases applied to his/her payment for time lost?

A4. Yes.

Q5. Will GWI's, including retroactive back payments, be applied to training payments made to employees in locomotive engineer training programs where the UTU holds the applicable agreement on the property and such application is not specifically excluded by such agreement?

A5. Yes.

Q6. Will GWI's, including retroactive back payments, be applied to training payments made to employees in yardmaster training programs on properties where the UTU represents yardmasters?

A6. This will be addressed in the same manner as in the past on each individual carrier.

Q7. If an employee has worked subsequent to June 30, 2005 under another national agreement (and received retroactive pay for such work) and as a trainman under this Agreement, is that employee entitled to retroactive pay under this Agreement for his/her trainmen work?

A7. Yes, if otherwise eligible and provided there is no duplication.

Q8. Will RR Tier I & RR Tier II taxes, as well as applicable federal, state and local taxes, be applied to the retroactive pay received in 2008?

A8. Yes, as required by applicable law.

Q9. Since employees have paid tax on COLA money received, how will the tax on retroactive back pay be calculated?

A9. In a manner that will ensure that the same income is not subject to duplicate taxation.

## **ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM**

### **Section 1**

Q1. Are alternative compensation arrangements an option on each individual rail carrier?

A1. Yes. Either party may propose alternative compensation arrangements for consideration by the other party. Neither party may be compelled to agree to any proposal made under this Article.

## **ARTICLE III – COST-OF-LIVING PAYMENTS**

### **Part A, Section 1**

Q1. Are COLAs under the 2002 National UTU Agreement being replaced by higher General Wage Increases under this Agreement?

A1. Yes.

Q2. Will each Carrier afford their employees individual full disclosure statements reflecting GWI increases credited as well as retroactive COLA payments and Health & Welfare cost sharing amounts offset against their retroactive back pay?

A2. In the past, carriers have generally not provided individual statements or this level of detail. The carriers have agreed, however, to the following arrangements: any employee may make a written request for information, through his/her General Chairperson, regarding his/her retroactive pay computation within thirty (30) days after receipt of such pay. A carrier representative will respond to such requests.

Q3. Will protective payments be offset in the same manner as COLA and H&W payments when calculating retroactive back pay, or will retroactive back pay be calculated the same as the example, but paid as a signing bonus thereby having no offset for prior protective payments?

A3. Both protective payments and earnings are raised in connection with retroactive pay application. Those protective payments are not paid as a signing bonus.

Q4. If retroactive pay is reduced/offset by protection payments, would the offset be figured on a monthly basis or averaged over the entire retroactive pay period?

A4. On a monthly basis.

**Part A, Section 2**

Q1. What does "any local counterpart" reference?

A1. Any local version of the national UTU COLA arrangements described in Article III, Part A, Section 1.

**Part B, Section 1**

Q1. When referencing retaining our COLA, is that referring to future COLA adjustments beginning in 2011?

A1. Yes.

Q2. Once COLAs resume on January 1, 2011, will they be applied every six (6) months until a new contract is implemented?

A2. Yes.

Q3. If the CPI is above 3 percent, how is the COLA calculated? Please give an example.

A3. This computation is set forth in Part B, Section 1(b)(iii) and (iv) of this Agreement. Example:

If the CPI increase from the base month of March 2011 was 4%, in the determination of the COLA effective July 1, 2012, (i) the measurement period would be the 12-month period from March 2011, and (ii) the amount of CPI increase taken into account would be the portion of such increase in excess of 3% of the March 2011 index (subject to a 6% cap).

Q4. Is the COLA methodology in Part B, Section 1 the same as the methodology in the 2002 UTU National Agreement?

A4. Yes.

## **ARTICLE IV – HEALTH & WELFARE**

### **Part A**

Q1. How will the Health and Welfare package affect hospital association members?

A1. The national Health and Welfare package makes no changes to existing hospital association arrangements.

### **Part A, Section 2 (a)**

Q1. What is meant by “white space”?

A1. This Section defines that term as “any geographic area where the MMCP is not currently offered and United Healthcare, Aetna, or Highmark BlueCross Blue Shield has a medical care network.”

Q2. Will employees residing in “white space” locations have the opportunity to receive MMCP coverage?

A2. Yes.

Q3. Do employees who do not reside in a network area nonetheless have an option to enroll in MMCP?

A3. Yes.

**Part A, Section 2 (b)**

Q1. If I live in a “white space”, will it be mandatory that I enroll in the MMCP or will I be able to choose my health care provider as I do now?

A1. Employees who live in a white space may choose between MMCP or CHCB coverage, subject to any agreement the parties may make pursuant to Section 2(b).

Q2. Are we to understand that everyone will be enrolled in a MMCP health plan and lose the option of a CHCB unless MMCP is not available in their area?

A2. See A1 at Part A, Section 2(b) above.

**Part A, Section 2(c)**

Q1. If an MMCP-covered employee travels from his city of residence, will he be entitled to receive in-network benefits from his MMCP provider’s point-of-service network in another location?

A1. Yes.

**Part A, Section 2 (d)**

Q1. Is the Basic Health Care benefit option under Article IV, Section 3 of the November 6, 2003 UTU National Health & Welfare Agreement eliminated?

A1. Yes.

Q2. Are employees still entitled to opt out of coverage pursuant to Article IV, Section 2 (k) of the November 6, 2003 UTU National Health & Welfare Agreement and receive \$100 per month?

A2. Yes.

Q3. If an employee was formerly covered under the Basic Health Care benefit option, will they be permitted to "opt out" of coverage under Article IV, Section 2 (k) of the November 6, 2003 UTU National Health & Welfare Agreement upon elimination of the Basic Health Care benefit program?

A3. Not at that time. Employees eligible for that option will be given the opportunity to opt out during the Fall open enrollment period for calendar year 2009.

Q4. Will those employees who have opted out of their insurance be required to again opt out, or will their current election remain in place?

A4. The current election will remain in effect for 2008.

**Part A, Section 2 (e)**

Q1. A member's spouse has been deaf since birth. Will she be covered for a cochlear implant or will she be excluded because her hearing loss happened in the womb?

A1. Preexisting conditions are not excluded.

**Part A, Section 2 (f)**

Q1. Does this Agreement change in any way qualifying requirements for dental and vision coverage?

A1. Yes, but only to the limited extent provided in Article IV, Section 3(f).

**Part A, Section 3 (a)(1)**

Q1. Will subsequent visits to the same obstetrician or gynecologist, for treatment of the same pregnancy, now require a payment for each visit?

A1. No.

Q2. What will the co-pay be for an office visit to an in-network Urologist or Cardiologist?

A2. \$35.00 per office visit.

Q3. Will there be a list generated of specialized providers requiring the \$35.00 co-pay?

A3. No. If a provider is not one of the five types listed, the higher office visit co-pay will apply. Those five are: general practice, pediatrics, obstetrics-gynecology, family practice, and internal medicine.

**Part A, Section 3 (a)(2)**

Q1. What is considered to be an "Urgent Care Center"?

A1. In general, a medical facility designed to offer immediate evaluation and treatment of health conditions that do not require hospital or hospital emergency room treatment.

**Part A, Section 3 (c) (1), (2), (3), (4), (5)**

Q1. Under the UTU/NCCC H&W Agreement will the 21 day limit on pharmacy prescriptions be extended to 30 days?

A1. No, applicable existing rules are not changed by this Agreement.

**Part A, Section 3 (c) (d)**

Q1. What is meant by "Administrator's Formulary?"

A1. A listing of prescription drugs maintained by the Program Administrator that have been determined to be safe and effective to address various medical conditions. The list includes preferred and non-preferred brand name drugs.

Q2. Where will the Program Administrator's Formulary be published and available for reference?

A2. Employees and their dependents may search the Program Administrator's Formulary for specific drugs by accessing the Administrator's website, which is [www.medco.com](http://www.medco.com). Members may also contact the Administrator's customer service representatives for information and to order a member guide to the Plan's drug benefit program. That number is: 1-800-842-0070.

Q3. How many Program Administrators will there be?

A3. The Agreement does not alter applicable existing arrangements, under which there is a single Program Administrator. Medco Health Solutions, Inc. ("Medco") administers the Plan's Managed Pharmacy Services Benefit.

Q4. Will employees have a choice of selecting a Program Administrator which lists their required medications on the formulary?

A4. No. Medco is the designated Program Administrator.

Q5. Who decides which drugs are included in the Administrator's Formulary?

A5. An Advisory Group to the Program Administrator that is independent of Medco (Pharmacy & Therapeutics Committee "P&T Committee") and is comprised of eight nationally recognized medical and pharmacy-practice experts.

Q6. Can drugs be added to the Formulary?

A6. Yes, but only pursuant to determinations made by the P&T Committee.

Q7. When drugs are added to the Formulary, how will the members be notified?

A7. No specific communications are given to members when a drug is added to the Formulary pursuant to actions by the P&T Committee. See Q&A 2 above.

**Part A, Section 3 (c) (4)**

Q1. If my physician orders a brand name (non-generic) Program Administrator's Formulary drug, and specifies that it should be "dispensed as written", will I be required to pay the difference between the cost of the generic equivalent of that drug and the brand name price?

A1. No. At retail, the difference in cost between generic and brand name drugs applies only when the patient requests a brand name drug. At mail order, there is a difference in co-pay for brand name drugs, but the patient is not responsible for the difference in cost.

**Part B, Section 1**

Q1. Will the Health & Welfare cost sharing contributions made by employees that are members of hospital associations be any different from those of other employees under this Agreement?

A1. The Agreement does not change applicable existing rules, which do not make any distinction on that basis. See also Side Letter #4.

**Part B, Section 1(a)**

Q1. Will employees who opted out of Health and Welfare under the 2002 National Agreement be offset for Health & Welfare cost sharing against retroactive wages?

A1. There will be no such offset for any month for which an employee was not obligated to make a cost-sharing contribution.

**Part B, Section 1 (c)**

Q1. Under Article 4, Part B, Section 1 subparagraph C the 15% of the Carrier's monthly payment rate for 2010 is \$220, and the January 1, 2009 rate was \$210 (15% of the Carrier's monthly payment rate for 2009). What would the employee cost-sharing contribution amount be for 2010?

A1. \$210.00

Q2. Under Article 4, Part B, Section 1 subparagraph C the 15% of the Carrier's monthly payment rate for 2010 is \$220, and the January 1, 2009 rate was \$190. What would the employee cost-sharing contribution amount be for 2010?

A2. \$200.00

Q3. Under Article 4, Part B, Section 1 subparagraph C, the 15% of the Carrier's monthly payment rate for 2010 is \$195, and the January 1, 2009 rate was \$190. What would the employee cost-sharing contribution amount be for 2010?

A3. \$195.00

Q4. Will the caps set forth in Article IV – H&W, Part B, Section 1(c) be eliminated on January 1, 2011 according to Part C of the same article?

A4. The employee cost-sharing amount in effect at that time will be subject to adjustment as provided in Part C, Section 1, pursuant to the same methodology contained in the 2002 UTU National Agreement.

**Part B, Section 1 (d)**

Q1. Is the "15% of the Carrier's Monthly Payment Rate" schedule set up to address each employee's individual Health Plan premium or is it based on an aggregate of the total amount paid by the employer per month and then divided by the number of employees covered under the plan?

A1. The methodology utilizes aggregate data.

Q2. If the "15% of the Carrier's Monthly Payment Rate" schedule is based on an aggregate of the total amount paid by the employer per month and then divided by the number of employees covered under the plan, wouldn't a single member with no dependents actually be paying more than 15% of his plan and a member with five (5) dependents be paying less than 15% of their plan?

A2 The employee cost-sharing contribution amount is the same for each covered employee. The employer's contribution to the Plan is also the same for each Plan-covered employee.

**Part B, Section 1 (e)**

Q1. Will there actually be a reduction for the Employee Monthly Cost-Sharing Contribution for 2007 and 2008?

A1. Such amount will be \$166.25 per month for both 2007 and 2008, which constitutes a decrease for 2008.

Q2. What will the employee be required to pay in H&W Cost-Sharing at implementation of this agreement?

A2. \$166.25 per month.

**Part B, Section 3**

Q1 Does the Agreement alter existing rules governing when an employee is required to make a cost-sharing contribution or when a carrier is obligated to make a Plan contribution on his/her behalf?

A1. No.

Q2. When is an employee required to make a monthly cost-sharing contribution?

A2. For each month that his/her employer is required to make a contribution to the Plan on his/her behalf for foreign-to-occupation (off-duty) health benefits coverage for the employee and/or his/her dependents.

Q3. Was the Carrier allowed to double-dip by recovering all the COLA that was paid out in previous years, including the amounts offset against previous COLA payments and applied towards Health and Welfare that employees never saw in their pay check?

A3. No.

**Part C, Section 1 (a)**

Q1. After the Agreement moratorium expires, and employees begin to receive COLA increases once again, will the H&W Cost-Sharing payments increase also?

A1. Yes, see Q&A 4 under Part B, Section 1(c), but only if the carriers' payment rate increases.

Q2. Article IV, Part C, Section 1(a) states that after January 1, 2011, we will once again see increases in our Employee Monthly Cost-Sharing Contribution Amount. Is there a cap on these employee cost sharing payments subsequent to January 1, 2011?

A2. Yes, the same cap that is now applicable under the current UTU National Agreement.

**Part C, Section 3**

Q1. Does Article IV, Part C, Section 3 mean the carrier will institute programs that will pay the employee's share of H&W costs?

A1. No.

**ARTICLE V – EXPENSES AWAY FROM HOME**

Q1. Will the \$2.00 meal allowance increase apply to each meal allowance payment if the employee is entitled to two or more meal allowances?

A1. Yes. This Article provides for a \$2.00 increase to the amount of the meal allowance payment due under Article II, Section 2 of the June 25, 1964 National Agreement (as amended). It is not intended to otherwise alter the manner or circumstances in which such meal allowance is to be paid.

**ARTICLE VI (Document A) – Article V (Document B) – DUES CHECK-OFF AGREEMENTS**

NONE

**ARTICLE VII (Document A) Article VI (Document B) – INFORMATION, DATA AND FINANCIAL INTERACTIONS**

**Section 1**

Q1. Will direct deposit become mandatory with ratification of this Agreement?

A1. Yes.

Q2. Would all compensation and payments received from the Carrier be subject to automatic payment by direct deposit?

A2. Yes.

Q3. If an employee does not utilize a bank account for his/her financial transactions, is he/she required to obtain a bank account to which funds due from the Carrier may be directly deposited?

A3. Yes.

Q4. Does the Carrier have the right to recover an overpayment from the employee's bank account after the pay date without the employee's authorization?

A4. No.

**Section 2**

Q1. Can part time General Committees voluntarily be included in modernized interaction with the Carrier?

A1. Yes.

Q2. Does Article VII, Section 2 include appeals and claims docketing?

A2. No, unless otherwise mutually agreed between the parties.

**ARTICLE VIII (Document A only) – GENERAL PROVISIONS**

NONE

**SIDE LETTER #2**

Q1. Are retroactive pay increases only applicable to employees who hired before June 30, 2005?

A1. No.

Q2. Will employees who retired subsequent to June 30, 2005 be entitled to back pay as provided for in Article I, Sections 1, 2 and 3 of both Documents A and B of this Agreement?

A2. Yes.

Q3. Will retirees be notified of the retroactive payment, or will a direct deposit take place without announcement?

A3. There will be no special notification to retirees.

**SIDE LETTER #6**

Q1. Will the retroactive pay due an employee be combined with a regular payroll period payment or paid by a separate payment?

A1. It is anticipated that this will be addressed on each affected carrier in the same manner as in the past.

Q2. According to figures on page 36 we owe \$126.57 (average employee) in back H&W payments, how can this be? We have had increases in H&W from both our pay and COLA increases.

A2. The employee monthly cost-sharing contribution amount actually paid, during certain of the periods involved, is less than the new monthly cost-sharing contribution amount established under the new agreement.

Q3. In the Attachment A example, why does the COLA credit in Section 2 reference .46 cents of COLA per hour when we actually received only .31 cents per hour COLA?

A3. The example shows the cumulative amount of the COLA paid to that point for the period indicated.

Q4. How will retroactive contributions for Health & Welfare be backed out and applied against General Wage Increases?

A4. The retroactive pay received by an employee will be net of the pay increases less the retroactive H&W cost-sharing contributions and COLA payment offsets.

**SIDE LETTER #8**

Q1. Would it be safe to say that “worst case scenario” for the UTU would be for the arbitrator to rule in favor of past National Agreement practices such as Article VI in AA #559 (adjust current employees to next higher level on effective date) or Article VI of 2002 Agreement (full rate to any employee hired before effective date)?

A1. The arbitrator is charged with resolving the parties’ dispute over the interpretation and application of the contractual language at issue.

Q2. Will there be any change in how entry rates are applied if this agreement is ratified?

A2. See A1 above.

Q3. How does Side Letter #8 address Side Letter #2 of the August 20, 2002 National Agreement?

A3. See A1 above.

Q4. How soon can the membership expect movement on the entry rate issue?

A4. The Side Letter provides that the Special Board of Adjustment that will decide this dispute will be established within thirty days after the date of the new agreement.

Q5. Does arbitration of the service scale issue on the International level preclude individual General Committees from reaching mutual agreements on their property, either before or after the arbitration, that exceed the national standard?

A5. No.

Q6. Will the results of the arbitration pursuant to this Side Letter be final and binding on both parties?

A6. Yes.

**Document B (yardmaster) only questions:**

**Article I**

Q1. Will Yardmasters have the option to have their retroactive portion of the GWI's placed into their 401K Plan?

A1. Where applicable, this will be addressed on each affected carrier in the same manner as in the past, subject to applicable law and Plan rules.