

CPR-TCRC (RTE) 2004 Memorandum of Settlement
Questions & Answers

3) Pension

Consent

Q1 I want to quit at age 54 and 11 months and take my pension as a lump sum payment. With the re-introduction of consent, can the Company refuse to pay a lump sum amount?

A1 No.

Q2 Under the new rules, can the Company withhold consent if I apply for pension at 54 years of age with 31 years of service? If refused, will I get a payment of \$70,000?

A2 In such a case, consent does not apply. To be able to grant or withhold consent, an employee must be 55 years of age with 85 points and a minimum of 25 years of service. To be eligible for the \$70,000 payment, the Company must withhold consent. Consequently, in the case above, there would be no payment.

Q3 Does the consent letter impact disability pensions?

A3 No.

Q4 When reinstating the consent provision for unreduced early retirement benefits, what does it mean when it states that it is “subject to statutory grand-fathering of accrued benefits”?

A4 Simply this means that the benefits owed to employees as of the date of reinstatement of consent (December 30, 2004) remain in place. An example is provided below.

Example

As at December 1, 2004, an employee is 54 years old with 31 years of service. On January 15, 2005, the employee resigns.

Without grandfathering, the employee would not be able to take a pension but would be required to wait until age 55. At that time, such a pension would be actuarially reduced for 10 years (approximately 60%) using the 1.7% formula.

With grandfathering, the employee is eligible for their grandfathered benefits. Grandfathered benefits are the benefits in place as at December 30, 2004. In this case, the employee would be able to take an unreduced pension using the 1.6% formula applied to their pensionable service to December 30, 2004, commencing at age 55. Alternatively, the employee would be able to take a pension commencing at age 54, actuarially reduced for one year.

Q5 I am 52 years of age with 31 years of service as at Dec 31, 2004 and want to retire at 53 years of age on Dec 31, 2005. What would be my options under the current agreement versus under the new agreement.

A5 Under the current rules, you would have the following options:

- a) You could apply for reduced pension. Under this option, you would receive a pension benefit based on 32 years of service with the 1.6% pension formula and current benefits. Your pension would then be actuarially reduced by two years at approximately 6% per year.
- b) Lump sum payment based on 1.6% formula and 32 years of service.

Under the new rules, you would have the following options.

- a) You could still apply for a reduced pension due to grandfathering based on the benefits as at Dec 31, 2004. Under this option, you would receive a pension benefit based on 31 years of service with the pension formula and benefits as at Dec 31/04 of 1.6% below the YMPE. Your pension would then be actuarially reduced by two years at approximately 6% per year. Additionally, you would receive the amount of pension equivalent in value to your employee contributions during 2005 including interest.
- b) Lump sum payment based on 1.6% formula and 31 years of service, plus your employee contributions during 2005 including interest.

Alternatively, if you waited until age 55, under the proposed rules you would receive a pension based on 35 years of service and the new pension formula of 1.7% below the YMPE. There would be no actuarial reduction.

Q6 Will the consent cheque count for pensionable earnings?

A6 No.

Q7 I am 55 years of age with 30 years of service as of April 1, 2005 and I am considering resigning instead of applying for my pension in order to take a severance buy out. What impact will this have on my pension, if any, and what would be my options?

A7 Resigning from the Company instead of applying for your pension would have an impact on your pension options. If you resign the consent rule does not apply and cannot be granted. Note: Options under the pension plan rules continue to exist.

Checkerboard

Q8 What is Checkerboard?

A8 Checkerboard is a method of administering pension plan benefits for employees who transfer between different organizations in the Company during the course of their career. This means actually transferring between organizations that have

different pension plan provisions, not a transfer that has taken place because of a transfer of bargaining rights between unions.

Q9 How does Checkerboard work?

A9 Upon retirement, Checkerboard results in applying each such organization's current pension formula to all blocks of service that an employee is deemed to accumulate during the course of their career with such organization. For example, a person enters the service as a maintenance of way employee on January 1, 1998 and they remain there for four years before transferring to the running trades. Upon retirement, without checkerboard in place the value of the employee's pension for service while in the maintenance of way department would be based on the formula that was in place at the time when the maintenance of way service was accrued. In other words, the four years could be at a 1.3% pension formula even though the union for maintenance of way employees and the TCRC may both have subsequently negotiated pension improvements. With Checkerboard in place, the four years while in the maintenance of way department would be based on the formula that applies to maintenance of way employees at the time the employee retires.

Q10 Why did the parties agree to implement Checkerboard?

A10 Prior to 1998, all employees in the Company had common pension provisions. Subsequent to that point, different provisions have been implemented for various unions and management. Key dates were established to manage diversity between the different organizations. Checkerboard was agreed to because of a need to ensure that employees who transfer between organizations within the Company over the course of their career are not disadvantaged upon retirement.

Q11 What are the key dates and how do they work?

A11 On an employee's key date all past service is deemed to be associated with the organization they are within. For example, a running trades employee with three years service in the Maintenance of Way department between 1980 and 1983, and who subsequently transfers to the running trades, will have all past service deemed to be TCRC service because the employee was working in the running trades on the TCRC key date of January 1, 1999.

The key dates for each group are as follows:

Group	Key Date
CAW	Jan. 1, 1998
<i>TCRC</i>	<i>Jan. 1, 1999</i>

USWA	Mar. 1, 1999
IBEW	Apr. 1, 1999
CPPA	Jan. 1, 2000
RCTC	Jan. 1, 2000
TCRC (MoW)	Jan. 1, 2001

Q12 If I have split Company service (i.e. worked for the Company, left for three years and hired on again) will Checkerboard impact me?

A12 No, checkerboard will have no impact on this aspect of your pension

General

Q13 I went on bridging in 2003 and retire on April 1, 2005. Will the new provisions in the agreement apply?

A13 Yes. Your pension will be based on the 1.7% formula. You will be eligible for the HSA provision as well as for the \$7,000 life insurance benefit. As well, given that your pension will be higher, the lump sum payment or top-up payment will be reduced accordingly.

4) Benefits

Weekly Indemnity

Q1 Due to the fact that to reduce waiting lines for surgeries including day surgery many clinics have opened up facilities in their own clinic to perform day surgery. Is payment of WIB from the first day after Day Surgery in effect if it is done at a Clinic that is set up for such purposes but it is not a hospital?

A1 Yes.

Health Spending Account

Q2 Can I buy out of country coverage with money allotted through the HSA?

A2 Yes. One of the advantages of the HSA is that you can purchase the type of medical coverage that is right for your needs.

Q3 Can we open up (legally) the option for HSA for existing pensioners?

A3 This item can be explored as part of the review of the HSA.

Q4 In regards to the new HSA, if my spouse has a benefit plan which covers a portion of the costs, can I direct funds from my HSA to make up the difference?

A4 Yes.

- Q5 If I retire July 1 with 34 years and 3 months of service, what is my annual allotment and when do I receive the payment? Does the HSA payment commence on that month and run annually from July or is it prorated until the end of the first year and then goes from January 1 to December 31?
- A5 Your annual allotment would be \$1122 (\$33 x 34 years of service). When you retire, given that you are retired for only half of the year, you would receive \$561 in your HSA upon retirement. In January the following year, you would receive the entire allotment of \$1122 which would be paid in January every year thereafter.
- Q6 In calculating my annual allotment under the HCSA, what does years of service refer to?
- A6 Years of pensionable service.

Health & Welfare

- Q7 How will the provision relating to payment up to the cost of a generic drug be administered?
- A7 If an employee purchases a generic drug, they will be compensated 80% of the cost as per the plan. If an employee chooses to purchase a brand name drug, they will be compensated up to the cost of 80% of the generic drug, if the generic drug is less expensive. For example, if in a small town with only one pharmacy the employee requests a generic drug and such a drug is not available, when making a claim, the employee must submit a note from the pharmacist indicating that the employee did request a generic substitute but none is available. In such a case, the employee will be compensated 80% of the cost of the brand name drug. It is incumbent upon the employee to request the generic drug where less expensive than the brand name. Additionally, it should be noted that all provincial plans require that pharmacies provide the generic drug in lieu of the brand name drugs. Consequently, there should be very few circumstances where the appropriate brand name drug is not available. For clarity, a generic drug is defined as a drug which is identical or equivalent to a brand name drug in dosage, strength, route of administration, quality, performance characteristics, and intended use to a corresponding patent brand name drug.

Retirement Life Insurance

- Q8 Can this policy be cashed-in by the employee shortly after retirement, or is it only payable to the beneficiary at the time of the employee's death?
- A8 It is only payable to the beneficiary at the time of the employee's death.

5) Layoff & recall

Q1 Can the 15 day recall be rescinded once given?

A1 No. Once given, it cannot be rescinded unless both parties agree, there are special circumstances, and no one else is detrimentally impacted by the recall being rescinded.

Q2 I am laid off at my home terminal (A), and I get recalled to work at another home terminal (B) on my district under the senior may/junior must clause. A week later, can I be required to work at another home terminal (C) on my district?

A2 The only way that you may be required to work at terminal (C) is if after that one week of being recalled, you are no longer needed in terminal (B) consequently, the provisions of the layoff/recall article may be applied. If you continue to be required in terminal (B) or you are past your minimum 35 day period, you cannot be required to work in terminal (C). In such a circumstance, terminal (C) must either look to other terminals on the district where there are surplus employees working within their 35 day period or call upon a laid off employee using the senior may/junior must rule.

Q3 If I am provided a notice of lay off and then it is rescinded, must it be done in writing?

A3 Yes. Depending upon circumstances employees may be called as well.

Q4 In February, ten (10) employees were recalled. On April 11, three (3) additional recalled employees commenced work. One week later due to a unforeseen downturn in traffic, six (6) employees will need to be laid off effective May 2. How does the process work?

A4 Ten day written notices would be provided to the six junior employees. Effective May 2, the three employees recalled in February would be laid off. As the three employees recalled on April 11 cannot be laid off until the end of 35 days (May 15) they must be retained until that date. Given they are surplus employees for three weeks and technically laid off, they cannot be used for productive work. As such for that period they may only be set up on a B9 board, added as an extra person to an assignment, or perform any required familiarization or training either at the home terminal or outpost terminal. They may not be used to fill required positions at the home/out post terminal. If there is a shortage of employees at another terminal on the district, they may be required to work at that location or, if no shortage, required to familiarize at another location on the district. Additionally, by mutual agreement, they may also familiarize at a location off district.

Q5 How will the 15 day recall process work?

A5 As per current practice, a minimum of 15 days prior to being recalled employees will be contacted via phone by local management or the CMC and advised of their recall. At the same time a registered letter will be sent to the employee advising them of their recall. Should management require employees sooner than 15 days, this option will be provided to senior employees first.

Q6 How will the 10 day notification of layoff process work?

A6 Similar to above, a minimum of 10 days prior to layoff, employees will be contacted via phone by local management or the CMC and advised of their layoff. At the same time a letter will be sent to the employee advising them of their layoff. (Note – If the employee agrees, the written notice may be provided to the employee at work.)

6) Heldaway

Q1 I am called for a run through train. When does my heldaway calculation cease?

A1 When you take control of your train. For a run through train, you will be expected to take control of your train as soon as it arrives at the change off location, assuming that the change off location is at the report location. (i.e. when the train stops at the change off location.

Q2 I am ordered for a run through train at 1800 and am on heldaway at 1700. The train pulls in at the East end of the yard at 1830 and the report location is at the west end of the yard. I get into a taxi and arrive at the locomotives at 1845 and change off with the inbound crew. When does my heldaway calculation cease?

A2 When you take control of the train at 1845.

Q3 I am called for a train and my locomotives are off the shop track. When does my heldaway calculation cease?

A3 Your heldaway will cease upon reporting for duty unless you are delayed waiting to be informed of the locomotive(s) in your consist or your locomotives are not available, e.g.. they haven't been released by the Mechanical Department in which case your heldaway will cease when you are informed of the locomotive(s) in your consist and they have been released by the Mechanical Department.

Q4 I am on a Conductor-only crew and am off duty at 0100. I am called for a run through train at 1000, the train is delayed and does not arrive until 1130 at which time I take control. Can I claim heldaway ten hours from the end of my previous tour of duty from 1100-1130?

A4 Yes. Calculation of heldaway continues until you take control of your train.

Q5 I am on held away at 1500 and called for 1600, my train shows up at 1630 and I take control, however there is a broken rail and I wait in the yard for two hours. When does my heldaway cease?

A5 Calculation of heldaway ceases when you take control of your train in this case at 1630.

Q6 Does my knowledge of the broken rail above mean that I do not have to take control of the train at 1630?

A6 No. You are still required to take control of the train.

Q7 I am on held away at 1700 and called for a train at 1800. At 1745 the crew dispatcher cancels me and I get ordered again at 2300. Do I continue on held away as if it was not interrupted?

A7 Yes, calculation of held away is not interrupted by a called and cancelled when you have not commenced work under the called & cancelled article.

Q8 I am on heldaway and called for 0930. My train fails to arrive at the regular change off location which is an expanded crew change point and is stopped one siding out. I am told at 1030 to run long and relieve/retrieve my train. When does my heldaway calculation end?

A8 Your heldaway ceases when you get into the cab to DH to retrieve your train.

Q9 Does the new heldaway provision impact the rules concerning called & cancelled?

A9 No. The called & cancelled provision remains the same.

Q 10 Is it possible for the Locomotive Engineer and Conductor on the same crew to have their heldaway calculation cease at different times?

A 10 Yes in the following circumstance. In the situation where a crew is normally transported to their train and the Company elects to send one crew member ahead of the other, heldaway ceases independently for each crew member upon their personal arrival at the train. In circumstances where power is off the shop track (Q&A 3) or where a run through train stops at the change off location and the crew is not normally transported to the head end (Q&A 1) the heldaway calculation for both crew members stops at the same time.

7) Annual Vacation

Q1 If I book unfit at 2200 and okay at 1100 the next day will I be charged a day towards the calculation for annual vacation.

A1 No as you were available for over 12 hours on each day this will not go against any annual vacation calculation.

Q2 Yard – book rest past regular assignment, is this against for AV?

A2 Rest does not count as unavailability.

8) Seniority

Q1 Can a person move into the terminal from another district and take a RCLS severance, or retirement package?

A1 No as per letter of December 9, 2004

Q2 Can the bulletins for jobs and crew changes in other districts be posted on a web site so that employees can explore their options?

A2 This will be reviewed as part of the joint union-management CMA committee

10) Training

Familiarization

Q1 Does a person qualified in RCLS who works as an Engineer for a year get a refresher on RCLS as per familiarization?

A1 There is no requirement in the c.a. for familiarization in such a scenario. However, depending upon circumstances, i.e. the length of time an employee worked with RCLS prior to being set up as an Engineer or the length of time since they have worked with the equipment, familiarization may be provided on a local basis.

Coaching Training

Q3 When taking the Coaching training for the Conductor program, how will I be paid? Can I book rest?

A3 Employees taking the Coaching program in unassigned service will be paid lost wages for each day attending the program with a minimum of 8 hours at the other than RQ training rates. Employees in assigned service will be paid their daily rate for each day in the coaching program. If attending the Coaching program on their days off, they will be paid 8 hours at the other than RQ training rate. All employees taking the Coaching program will be entitled to book up to 12 hours rest at the end of the program. Those who book rest in unassigned service shall hold in their turn. Arrangements will be made to ensure that employees have 8 hours rest prior to the training program.

Field Placement Co-ordinator

Q4 How will the Field Placement Co-ordinator (FPC) be paid?

A4 FPCs will be paid the equivalent of their previous year's earnings plus 5% subject to the guidelines below. As an S7 graded employee, FPCs will be paid at a minimum of 80% of an S7 (currently \$64,296/year) up to 100% of an S7

(currently \$80,369/year). In circumstances where an employee earns more than 100% of an S-7 grade, a higher rate may be established subject to the approval of the respective General Manager. In no case may this exceed 120% of the grade. It should be noted that these amounts reflect the salary plan in effect in 2004 and are adjusted annually.

13) Expanded Crew Change Point

- Q1** A train of grain empties is run long at a home terminal and staged one siding out with the power. I am called in turn service to deadhead out to the siding, deliver the train to the elevator and deadhead back to the home terminal. There is no fixed mileage for this turn. How will I be paid?
- A1** In a scenario where no fixed mileage is established, according to the MOA the dual method of pay will apply. That said, where agreed upon locally, the parties can establish a fixed mileage where it makes sense.
- Q2** Will the local run long agreement stay in place or will it be cancelled?
- A2** The ratification of the MOA will not mean the cancellation of the local run long agreements. The local run long agreements will remain in place subject to the terms and conditions of the agreement.
- Q3** Can I be called to deadhead to the AFHT in TCS and then be run long at the beginning of my working tour of duty?
- A3** No.
- Q4** Can I be called to deadhead to the AFHT in TCS work a train home and be run long at the end of my working tour of duty?
- A4** As per Q&A 17, prior to implementation, the feasibility of using a TCS crew to run long at the end of a tour of duty will be determined on a local basis.
- Q5** Is the Sparwood Run Through agreement an expanded crew change location agreement?
- A5** The Sparwood Run Through agreement is not an expanded crew change location as per the language of the MOA. As per Q&A 19, however, should the expanded crew change location be implemented, it will not impact the Sparwood coal train agreement.
- Q6** If I am in the run long portion of my tour of duty and go to siding A, is lifting power at siding B considered as work in the run long portion of the trip?

A6 Yes. If a person goes to siding A and there are power moves required at siding B this is considered work in the run long portion of the trip and a crew will not be required to lift/setoff power or cars. However, if power must be lifted at siding A this is not considered work in the run long portion an crews will be required to perform such work. As well, if the train initiates at siding B for a run long then power could be lifted at siding B.

Q7 The term territory in the Q and A's and New article on Expanded crew change point, what exactly does "territory" refer to?

A7 This would refer to the subdivision the crew is working on.

Q8 If run long at the end of the tour of duty, and requested to protect a train at the AFHT under the TCS rule, what OMTS applies for the estimated time of arrival of the train the crew is on, the first OMTS upon arrival at the AFHT or the OMTS at the AFHT upon return from the run long portion of the trip.

A8 The two hour window would be in effect when the crew returns to the OMTS upon completion of the run long portion.

Q9 A westbound crew on Sub A runs long on train 101 and will stage the train west of the crew change point at Siding 1. This crew had previously committed to protect eastbound train 102. An eastbound train off Sub B runs East on train 102. This crew had committed to protect train 101. Both crews arrive at Siding 1 at about the same time. Can these crews swap trains?

A9 No. The expanded crew change provision requires that when run long, the crew either return with their power or deadhead to the objective terminal, not with another train.

Q10 If a yard crew comes out to relieve me when I run short, I am entitled to the fixed mileage?

A10 No. A yard crew is potentially a crew that is off of your own territory. Yard crews can run outside of switching limits up to 15 miles or up to 20 miles where first siding is within 20 miles.

18) Rest

Q1 I'm called in straight-away service at the away-from-home terminal. The train is delayed and I am cancelled after 2 hours and then immediately re-ordered for straight-away service. What can I do in these instances?

A1 There is no change to the collective agreement in this regard in the MOA. That said, where there is an issue of sharp practice, the matter can be raised with your local chair to be reviewed by the appropriate General Chairman and General Manager.

