

PAY FOR PERFORMANCE PROGRAM
Local 369 - Draft Proposal for discussion 8/27/09

This is a compensation program based upon the SEMASS operations achieving certain goals in the areas of production, Safety, Health, and Environmental Performance. Under this program, the achievement of the defined goals will trigger a specified annual performance payment. (PP)

There is a potential for each eligible full-time employee to earn up to 6.5% of all hourly wages in performance payments during each year of the program. There is the opportunity to earn two performance payments during each year of the program.

- (1) One half of the Safety and Health Performance bonus will be paid in the first pay period of September based on January through June safety results. The first half safety bonus will be a maximum (1.5 %) of January through June eligible wages.
- (2) The full year production bonus maximum (3.5 %) and full year environmental bonus maximum (1.5 %) will be paid based on full year January through December eligible wages. The 2nd half safety bonus will be a maximum (1.5 %) of July through December eligible wages. Production, Environmental and 2nd half Safety bonus will be paid in the first pay period of March in the next calendar year.

The performance goals and associated payments are set forth below:

Goals:

Production Goal

To qualify for performance payment the SEMASS facility must either:

- (1) Generate a minimum of 7,200,000 klbs of steam during the calendar year.
- (2) Or Tonnage exceeds 900, 000 during the calendar year.

3.5% production bonus

Safety and Health

Performance Goal

- Performance payment is based on the following incident index:

40	30	20	10	0	Incident Index (II)
0.0%	<u>0.375%</u>	<u>0.75%</u>	<u>1.25%</u>	<u>1.5%</u>	PP earned

Environmental Compliance

To qualify for the environmental performance payment the SEMSS facility must

- Maintain full compliance with all permits (ie the facility must not incur any enforcement action or NOV by any regulatory body including MADEP or EPA enforcement)
- Successfully pass all Stack Tests
- Not incur more than two reportable CEMs events

Performance Goal

Each reportable event = 6 points			
Each reportable exempt event = 1 point			
16 or higher	15 to 5	5 or lower	points
0%	<u>0.375%</u>	<u>0.75%</u>	PP earned

<u>15%</u> or less	<u>16% to 34%</u>	<u>35%</u> or more	Emissions Index reduction
0%	<u>0.375%</u>	<u>0.75%</u>	PP earned

<u>Example: SEMASS Emission Reduction Bonus Calculations</u>				
	Units	3-YR AVG⁽¹⁾	Bench-mark⁽²⁾	Emissions Index (3)
Dioxin	ng/dscm @ 7% O ₂	3.0	15	20%
Mercury	ug/dscm @ 7%O ₂	2.8	50	6%
Particulate	mg/dscm @ 7% O ₂	3.2	25	13%
HCl	ppm	13.1	29	34%
SOx	ppm	37.7	29	130%
NOx	ppm	138.6	205	68%
				45%
1	Average of last 3 stack tests			
2	Emission limits based on 2006 MACT			
3	SEMASS Benchmark			
4	NOx and SOx will be based on the actual emissions recorded by the CEMs system rather than the stack test, and based on monthly average during bonus period.			

To determine bonus payment during each year bonus is payable the most resent three average stack tests will utilized, however the benchmark from 2006 MACT are fixed for the term of the agreement.