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January 10, 2005

International Officers and
Chairpersons
General Committees of Adjustment
United Transportation Union
Railroads in the United States

Re: Trip Rates

Dear Officers and Chairpersons:

Enclosed for your information and file is a copy of a recent decision rendered by the National Disputes Committee established pursuant to Article V, Part B, Section 6 of the August 20, 2002 Agreement between the National Carriers Conference Committee and the United Transportation Union. This decision resolves disputes involving the correct methodologies to employ when computing the trip rate element identified in Article V, Part B, Section 5(a)(5) and is particularly instructive in part quoted below:

“The negotiating record and language of Article V, Part B, Section 3(a)91) clearly confirms the parties intent to amalgamate” . . . all earnings attributable to the elements of pay to be incorporated in the Trip Rate . . .” Earnings elements not included in a Trip Rate are axiomatically excluded and the compensation previously associated with such unincorporated elements remain payable over and above the amount of an established Trip Rate, under the terms and conditions in effect immediately prior to implementation of the subject Trip Rate. When an employee is entitled to receive earnings derived from pay elements that were not incorporated into a Trip Rate computed under provisions of Article V, Part B, Section 5(a), for example the overtime wages calculated and paid to individuals for a day’s work, such earnings will be paid in addition to the amount of the employee’s regular Trip Rate compensation. See Q&A 23 under Article V. This principle applies equally in circumstances where local rules/agreements entitle an employee to receive “difference in Pay” or “loss of earnings” payments based on a comparison between the wages actually paid to an individual and compensation given to a different person for other services. Such “make whole” (payments) are not required to be included within the framework of a Trip Rate except by agreement between the parties.

The questions at issue arose over the manner in which Trip Rates were to be computed on the Union Pacific (Eastern District). The issue involved was whether and, if appropriate, how certain payments under a Union Pacific (Eastern District) rule for an employee “stepped up” or “used off assignment” from a freight pool assignment are to be factored into calculation of a trip rate.



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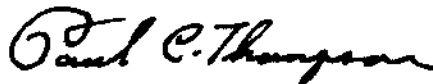
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Due to the fact that UP did not have the ability to accurately identify and isolate the “step up” penalty from other payments made under the rule on the property so as to reflect only those payments pursuant to Article V, Part B, Section 5 (a) (5) made during the test period, such payments are not to be included in the Trip Rate and will continue to be paid in the same manner as existed prior to the adoption of the Trip Rate(s) involved.

This information may be helpful as you continue discussions on the property with regard to Trip Rate implementation.

With kind regards, I remain

Fraternally yours,



Paul C. Thompson
International President

Enclosure (1)

cc: R. L. Marceau, Assistant President
D. L. Hakey, Vice President – Administration

PCT:JW:dlw