



Dennis Pierce
General Chairman
BNSF(CB&Q/GN/NP/SP&S)-MRL

Austin Morrison
General Chairman
BNSF (C&S/CRI&P/FWD)

Rick Gibbons
General Chairman
BNSF (SLSF)-MNA

Brotherhood of Locomotive Engineers and Trainmen

IBT Rail Conference

To: All Local Chairmen, Former BN

November 20, 2006

File: SPD Adjustments

Dear Sirs and Brothers:

Attached you will find recent correspondence between the former BN General Committees and BNSF concerning the proper values for the "Special Pay Differentials" established in Article XV of the 1996 Local/National Agreement dated June 1, 1996.

As background, BNSF recently advised that discrepancies in the SPD values were discovered during an internal audit. Our research into the application of the GWI and COLA increases since 1996 showed that the lower Local, Road Switcher, Yard SPD had been artificially increased in 2001. In addition, we discovered that the methodology that BLE and BNSF had agreed to use in the application of COLA's in 2000 (Geiger Circular attached) had not been followed. As you will note from the attached letter from General Director Hughes, the corrected values of the two SPD's are now lower that what has been paid to date.

It is never our first choice to see any pay rate reduced, but we cannot escape the fact that the proper application of the various GWI's and COLA's does result in the lower corrected rate for both SPD's. While the SPD rates will change for all starts going forward from November 16, 2006, BNSF has agreed not to go back and recalculate any adjustments before that date.

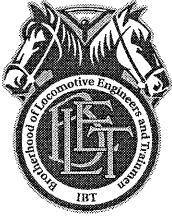
Please add this correspondence to your files and post it so that your membership is aware of the changes.

Fraternally,

BLET General Chairman

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Ms. Marka Hughes
General Director, Labor Relations
TY&E Compensation Systems
BNSF Railway
P.O. Box 961030
Ft. Worth, TX 76161-0030

November 20, 2006
File: Special Pay Differential

Dear Ms. Hughes:

This is in reference to your letter dated November 16, 2006, concerning adjustments to the "Special Pay Differential" established in Article XV of the 1996 Local/National Agreement dated June 1, 1996.

We are in agreement with the corrected SPD values shown in your letter, but do feel that it is important to confirm our conversation in conference on December 15, 2006 wherein we agreed on the methodology used to calculate those adjusted values. As part of our conference, we discussed the application of previous GWI's and COLA's to the SPD's, specifically addressing the methods that BNSF and BLET had previously utilized to make those adjustments. Accordingly, the values shown on your latest letter reflect that methodology for COLA adjustments and we are noting it below:

Through Freight SPD- Divide daily COLA value by the minimum through freight rate (pre COLA) to calculate the corresponding "COLA percentage value" to be applied to the SPD.

Local, Road Switcher, Yard SPD- Divide daily COLA value by the minimum five day yard rate (pre COLA) to calculate the corresponding "COLA percentage value" to be applied to the SPD.

We also discussed the proper amount of the SPD that can be used as an offset to Extra Board Guarantee. Pursuant to our 1996 agreement, the difference between the lower Local, Road Switcher and Yard SPD and the higher Through Freight SPD can be used to offset extra board guarantee, but only for those starts where the engineer was allowed the higher SPD. As you have noted, that difference has widened as the SPD's increased and the current difference amount to be used as an offset for those being paid the higher SPD is \$11.12.

BLET also agreed to expeditiously distribute information to the field and to that end we are copying both your letter and our reply to all former BN Local Chairman. Also per our conversations in conference, the corrected SPD values will be paid for all starts going forward from November 16, 2006, but there will be no regrossing or recalculation of the SPD for starts prior to that date.

Sincerely,



BLET General Chairman



BLET General Chairman



BLET General Chairman



Marka Louise Hughes
 General Director – TY&E
 Compensation Systems

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November 16, 2006

Dennis Pierce
 801 Cherry St. #1010 Unit 8
 Ft. Worth, TX 76102

Austin Morrison
 7637 Canyon Dr.
 Amarillo, TX 79110

Rick Gibbons
 Box 28066
 Kansas City, MO 64188-0066

Gentlemen:

As we discussed, during a routine audit in TY&E Compensation Systems, we discovered a number of issues with the way we have been handling the former BN locomotive engineers' Special Pay Differential established in Article XV of the 1996 Local National Agreement dated June 1, 1996.

First, we found an error when we calculated the January 2001 COLA increase. Attached is a table indicating the current and the corrected PD payments for each wage increase since the implementation of the agreement. You can see where we miscalculated the COLA increases on January 1, 2001, where we increased the low PD by \$1.05 while increasing the high PD by \$.203, causing an overpayment. Following this error in January of 2001, we continued to make COLA and GWI adjustments on the incorrect calculation.

Second, we discovered that we were using an incorrect formula for increasing the PD payments with COLA adjustments that caused additional overpayments. The formula error was built into the system when we converted the former BN RTE timekeeping system to the current system. The correct increase is calculated by dividing the daily COLA by the previous basic daily rate with the zero weight on drivers. The correct formula is used to show the correct COLA increases in the table and will be used going forward.

Third, we found that we were using an incorrect offset against engineer extra board guarantee payments. The guarantee offset should be calculated using the difference between the high SPD and low SPD. Prior to November 16, 2006, we were using a frozen \$9.32 amount to offset guarantee rather than the correct offset of \$11.12.

Here is a recap of the PD payment issues and engineer extra board guarantee offset including the July 1, 2006 COLA:

<u>Service</u>	<u>Current PD</u>	<u>Correct PD</u>	<u>Overpayment/start</u>
Through freight start	\$33.19	\$33.04	\$.15
Local, road switcher, yard	\$23.87	\$21.92	\$1.95
Guarantee offset	\$ 9.32	\$11.12	\$1.80

We have made the corrections in the system to stop the overpayments; to pay the engineers' PD payments correctly going forward from November 16, 2006. These changes will be shown in the last half of November 2006 payroll.

If you have any questions about this correction, please contact George Wong 785-676-5178 or Cristen White 785-676-5177 in TYECS Topeka.

Respectfully,

CC: Milton Siegele Wendell Bell Gene Shire
 Randy Luther George Wong Cristen White



M. W. GEIGER, JR.
GENERAL CHAIRMAN



Brotherhood of Locomotive Engineers

GENERAL COMMITTEE OF ADJUSTMENT
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4237 ORCHARD DRIVE
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**ALL LOCAL CHAIRMEN
BNSF NORTHLINES**

July 13, 2000
File: Pay Rates
COLA July 1, 2000

Dear Sirs and Brothers:

This is in response to recent requests concerning application of the recent cost of living allowance (COLA) to the various rates of pay. Attached you will find rate sheets prepared specifically for the former BN portion of BNSF. In addition, you will find the new rates for Guaranteed Extra Boards, Special Pay Differential and ReCertification Training Pay attached as well.

As we have received several requests as to the proper application of the rate increase to Special Pay Differentials, we are including a brief description of how COLA's are applied. The \$.15 COLA was applied on an hourly basis to all classes of service, resulting in a daily rate adjustment of \$1.20 for all classes of service. The percentage impact of this \$1.20 on the five day yard rate (.75%) was then applied to the other than Through Freight SPD (previously \$19.82), resulting in a \$.14 increase. The percentage impact of the \$1.20 on the through freight rate (.85%) was then applied to the Through freight SPD (previously \$29.88), resulting in a \$.25 increase. Both of the new rates are listed on the attachment along with the other items listed above. Please contact the Office if any further questions arise.

Fraternally,

M.W. Geiger, Jr.
General Chairman

DRP