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August 29, 2012

RECEIVED

AUG 29 2012

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Dear Mr. Derouen:

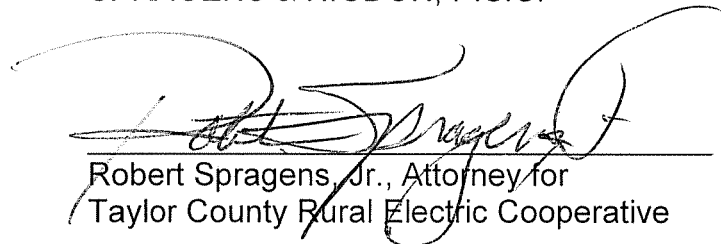
Re: Application of Taylor County Rural
Electric Cooperative Corporation
for an Adjustment of Rates;
Case No. 2012-00023

Please find enclosed the original and ten (10) copies of the Applicant's Responses to the "Commission Staff's First Request for Information to Taylor County Rural Electric Cooperative Corporation" dated February 6, 2012.

Please contact me at (270) 692-3141 or Barry Myers at (270) 465-4101 with any questions regarding this filing.

Respectfully submitted,

SPRAGENS & HIGDON, P.S.C.



Robert Spragens, Jr., Attorney for
Taylor County Rural Electric Cooperative

RS,JR:js
Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 29 2012

PUBLIC SERVICE
COMMISSION

In the Matter of Adjustment of Rates of


Taylor County Rural Electric Cooperative Corporation

Case No. 2012-00023

**APPLICANT'S RESPONSES TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

The applicant, Taylor County Rural Electric Cooperative Corporation, makes the following responses to the "Commission Staff's First Request for Information", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Barry Myers, John F. Patterson, and Jim Adkins.
2. Barry Myers, General Manager of Taylor County Rural Electric Cooperative Corporation, is the person supervising the preparation of the responses on behalf of the Applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.



Robert Spragens, Jr., Esq.
Spragens & Higdon, P.S.C.
Attorneys at Law
P.O. Box 681

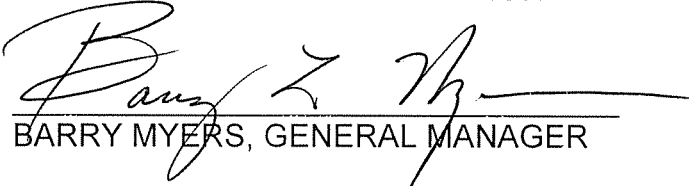
Lebanon, Kentucky 40033
Telephone: 270-692-4131

**Attorney for Taylor County Rural Electric
Cooperative Corporation**

The undersigned, Barry Myers, as General Manager of Taylor County Rural Electric Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: August 29, 2012

TAYLOR COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION


By: 
BARRY MYERS, GENERAL MANAGER

COMMONWEALTH OF KENTUCKY

COUNTY OF TAYLOR

Subscribed, sworn to, and acknowledged before me by Barry Myers, as General Manager for Taylor County Rural Electric Cooperative Corporation on behalf of said Corporation this 29th day of August, 2012.

My Commission Expires: 5/6/2013


Notary Public, Kentucky State At Large
Notary I.D. 395951

CERTIFICATE OF SERVICE

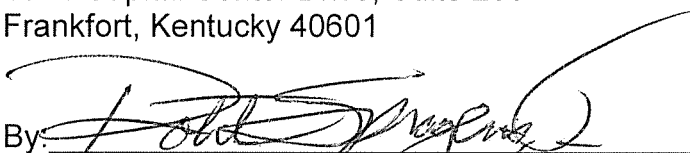
The undersigned counsel certifies that the foregoing responses have been served upon the following, this 29th day of August, 2012:

Original and Ten Copies

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Copy

Hon. Lawrence W. Cook
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

By: 
Robert Spragens, Jr., Attorney for Taylor
County Rural Electric Cooperative Corporation

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

1. Provide in comparative form, a detailed income statement, a statement of cash flows, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

Response

See Exhibit V of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

2. Provide Taylor County's rate of return on net investment rate base for the test year and 5 preceding calendar years. Include the date used to calculate each return.

Response

See Exhibit K of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

3. Provide Taylor County's times interest earned ratio and debt service coverage ratio, as calculated by the Rural Utilities Service ("RUS"), for the test year and the 5 preceding calendar years. Include the data used to calculate each ratio.

Response

See Exhibit K of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

4. Provide Kentucky's Electric Cooperatives Operating Expense and Statistical Comparisons for the most recent 2 years available.

Response

See Exhibit 19 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

5. Provide Taylor County's capital structure at the end of each of the periods shown in Format 5.

Response

See Exhibit Z of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

6. a. List all outstanding issues of long-term debt as of the end of the latest calendar year and the end of the test period together with the related information as shown in Format 6a. A separate schedule is to be provided for each time period. Report in column (k) of Format 6a, Schedule 2, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 6a, Schedule 2.

Response

See Exhibit 5 of the Application.

b. Provide an analysis of end-of-period short-term debt and a calculation of the average and end-of-period cost rates as shown in Format 6b.

Response

See Exhibit 5 of the Application

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

7. Provide a trial balance as of the last day of the test year showing account number, subaccount number, account title, subaccount title, and amount. The trial balance shall include all asset, liability, capital, income, and expense accounts used by Taylor County. All income statement accounts should show activity for 12 months. Show the balance in each control account and all underlying subaccounts per company books.

Response

See Exhibit Y of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

8. Provide a schedule as shown in Format 8, comparing the balances for each balance sheet account or subaccount included in Taylor County's chart of accounts for each month of the test year, to the same month of the 12-month period immediately preceding the test year.

Response

See Exhibit W of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

9. Provide a schedule as shown in Format 8, comparing the balances for each income statement account or subaccount included in Taylor County's chart of accounts for each month of the test year, to the same month of the 12-month period immediately preceding the test year. The amounts should reflect the income or expense activity for each month, rather than the cumulative balances as of the particular month.

Response

See Exhibit X of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

10. Provide the following information for each item of the electric property or plant held for future use at the end of the test year.

- a. Description of property.
- b. Location
- c. Date purchased
- d. Cost.
- e. Estimated date to be placed in service.
- f. Brief description of intended use.
- g. Current status of each project.

Response

Taylor County does not have property held for future use.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

11. List all non-utility property, related property taxes, and the accounts where amounts are recorded for the test period. Include a description of the property, the date purchased, and the cost.

Response

Taylor County does not have non-utility property.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

12. Provide all studies, including all applicable workpapers, that are the basis of jurisdictional plant allocations and expense account allocations.

Response

Not applicable.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

13. Provide Taylor County's current bylaws. Indicate any changes to the bylaws since Taylor County's most recent general rate case.

Response

See Exhibit U of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

14. Provide Taylor County's equity management plan. Indicate when the current plan was adopted and identify any changes made in the plan since the year utilized as the test year in Taylor County's last rate case. Provide a 5-year analysis of the amount of capital credits refunded to members under the plan and indicate the amounts related to general retirements and special retirements (i.e., estates of deceased patrons).

Response

See Exhibit 20 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

15. Provide Taylor County's written policies on the compensation of its attorneys, auditors, and all other professional service providers. Include a schedule of fees, per diems, and other compensation in effect during the test year. Include all agreements, contracts, memoranda of understanding, and any other documentation that explains the nature and type of reimbursement paid for professional services. Indicate if any changes occurred during the test year, the effective date of these changes, and the reason for these changes.

Response

See Exhibit 10 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

16. Provide Taylor County's policies specifying the compensation of directors and a schedule of standard directors' fees, per diems, and other compensation in effect during the test year. If changes occurred during the test year, indicate the effective date and the reason for the changes.

Response

See Exhibit 9 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

17. Provide the date, time, and a general description of the activities at the most recent annual members' meeting. Indicate the number of new board members elected. For the most recent meeting and the 5 previous annual members' meetings, provide the number of members in attendance, the number of members voting for new board members, and the total cost of the annual meeting.

Response

See Exhibit P of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

18. Provide the following:

a. A schedule showing, by customer class (i.e., residential, commercial, industrial, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each class. Provide a detailed explanation of the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

b. A schedule showing how the increase or decrease in (a) above was further distributed to each rate charge (i.e., customer or facility charge, kWh charge, etc.). Explain in detail the methodology or basis used to allocate the increase or decrease.

c. If the rate schedule contains a demand charge, describe in detail how the proposed demand charge was determined. Provide all calculations, assumptions, workpapers, methodologies, etc. used in the development of the proposed demand charge.

d. If the rate schedule contains a monthly customer charge, describe in detail how the proposed customer charge was determined. Provide all calculations, assumptions, workpapers, methodologies, etc. used in the development of the proposed customer charge.

e. A reconciliation of the Fuel Adjustment Clause ("FAC") revenue and expense for the test year. The net result of this adjustment should remove all FAC revenue and expense from test-year revenue and expense.

f. A reconciliation of the Environmental Surcharge ("ES") revenue and expense for the test year. The net result of this adjustment should remove all ES revenue and expense from test-year revenue and expense.

Response

See Exhibit G and J of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

19. For each rate schedule (rate class), provide the following information for the test year:
- a. Number of customers.
 - b. Kilowatt-hour sales.
 - c. Rate schedule's percent of Taylor County's total kilowatt-hour sales.
 - d. Monthly peak KW demands for the rate schedule.
 - e. Total revenue collected.
 - f. Rate schedule's percent of Taylor County's total revenues.

Response

See Exhibit J of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

20. Provide a schedule of purchased power costs for the test year and the 12-month period immediately preceding the test year, by vendor, separated into demand and energy components. Include kW and kWh purchased. Indicate any estimates used and explain their use in detail.

Response

See Exhibit 16 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

21. Describe how the test-year capitalization rate was determined. If differing rates were used for specific expenses (i.e., payroll, transportation clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed charges to the test-year capitalization rate and how they were determined.

Response

See attached.

No changes are proposed to the test year allocations.

Taylor County Rural Electric Cooperative
Case No. 2012-00023
Capitalization Policies

| | | <u>Benefits Distribution</u> |
|----|--------------------------------------|----------------------------------|
| 9 | 107.20 Construction work in progress | 178,040 |
| 10 | 108.80 Retirement work in progress | 58,169 |
| 11 | 163.00 Stores | 24,279 |
| 12 | 184.10 Transportation | 22,251 |
| 13 | 242.32 Employee sick leave/vacation | 0 |
| 14 | 398.00 Non operating accounts | 45 |
| 15 | 580.00 Supervision, operations | 7,813 |
| 16 | 583.00 Overhead line | 14,195 |
| 17 | 586.00 Meter | 85,004 |
| 18 | 587.00 Installations | 2,086 |
| 19 | 588.00 Miscellaneous distribution | 42,165 |
| 20 | 590.00 Supervision, maintenance | 24,968 |
| 21 | 593.00 Maintenance | 112,182 |
| 22 | 595.00 Transformers | 4,824 |
| 23 | 597.00 Meters | 346 |
| 24 | 598.00 Miscellaneous maintenance | 14,447 |
| 25 | 902.00 Meter reading | 11,311 |
| 26 | 903.00 Consumer records | 101,563 |
| 27 | 920.00 Administrative | 152,744 |
| 28 | 930.00 Miscellaneous | 100,646 |
| 29 | 935.00 Maintenance general plant | <u>2,795</u> |
| 30 | | |
| 31 | Total | <u>959,873</u> |

Benefits include the following:

| | | |
|----|-------------------------------|------------------|
| 34 | Medical insurance | 1,054,312 |
| 35 | Life and disability insurance | 14,228 |
| 36 | Savings plan 401(k) | 273,978 |
| 37 | Payroll taxes | <u>215,929</u> |
| 38 | | |
| 39 | | <u>1,558,447</u> |

Taylor County accumulates all benefits, then allocates these to accounts based on the labor distribution for the month. The above is the actual allocation for the test year for

43 the above benefits

44

45 The total number of employees is 52, with an average benefit cost of
\$21,815.

46

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

22. Provide the following:

a. A schedule of salaries and wages for the test year and each of the 3 calendar years preceding the test year as shown in format 22a. For each time period, provide the amount of overtime pay.

b. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the 5 preceding calendar years.

Response

See Exhibit 1 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

23. Provide the following payroll information for each employee:
- a. The actual regular hours worked during the test year.
 - b. The actual overtime hours worked during the test year.
 - c. The test year end wage rate for each employee and the date of the last increase.
 - d. A calculation of the percent of increase granted during the test year.

The information shall identify all the employees as either salaried or hourly, and also as either full-time, part-time, or temporary. Employee numbers or other identifiers may be used instead of employee names. Include an explanation of how the overtime pay rate is determined. All employees terminated during the test year shall be identified (along with the month in which the termination occurred), as well as those employees who replaced terminated employees or were otherwise added to the payroll during the test year. If Taylor County has more than 100 employees, the above information may be provided by employee classification.

Response

See Exhibit 1 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

24. Provide the following payroll tax information:
- a. The base wages and salaries used to calculate the taxes, with an explanation of how the base wages and salaries were determined.
 - b. The tax rates in effect at test-year-end.

Response

See Exhibit 2 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

25. Provide the following tax data for the test year:
- a. A schedule of franchise fees paid to cities, towns or municipalities during the test year, including the basis of these fees.
 - b. An analysis of operating taxes imposed by Kentucky as shown in Format 25b.

Response

See Exhibit 4 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

26. Provide a statement of electric plant in service, per company books, for the test year. This data shall be presented as shown in Format 26.

Response

See Exhibit 3 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

27. Provide a schedule of all employee benefits available to Taylor County's employees. Include the number of employees at test-year-end covered under each benefit, the test year end actual cost of each benefit, the amount of the cost capitalized, the amount of the cost expensed, and the account numbers in which the capitalized or expensed costs were recorded.

Response

See Exhibit 21 of this response.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

28. Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and 2 preceding calendar years. Include the percentage annual increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each executive officer, and to whom each executive officer reports. Also, for employees elected to executive officer status during the test year, provide the salaries, for the test year, for those persons whom they replaced.

Response

See Exhibit 1 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

29. Provide a detailed analysis of advertising expenditures during the test year. Include a breakdown of Account No. 913, Advertising Expenses, as shown in Format 29, and show any advertising expenditures included in other expense accounts. Specify the purpose and expected benefit of each expenditure.

Response

See Exhibit 11 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

30. Provide an analysis of Account No. 930, Miscellaneous General Expenses, for the test year. Include a complete breakdown of this account as shown in Format 30. Include all detailed workpapers supporting this analysis. At a minimum, the workpapers shall show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and a brief description of each expenditure. Detailed analysis is not required for amounts less than \$100 provided the items are grouped by classes as shown in Format 30.

Response

See Exhibit 11 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

31. Provide an analysis of Account No. 426, Other Income Deductions, for the test period. This analysis shall show a complete breakdown of this account as shown in Format 31, and further provide all detailed supporting workpapers. At a minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$250 provided the items are grouped by classes as shown in Format 31.

Response

See Exhibit 11 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

32. Provide the name and personal mailing address of each member of Taylor County's board of directors. Identify the members who represent the cooperative on the board of directors of East Kentucky Power Cooperative, Inc. ("East Kentucky"). If, during the course of these proceedings, any changes occur in board membership, update your response to this request.

Response

See Exhibit 9 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

33. Provide a detailed analysis of the total compensation paid to each member of the board of directors during the test year, including all fees, fringe benefits, and expenses, with a description of the type of meetings, seminars, etc. attended by each member. Identify any compensation to Taylor County's board of directors for serving on East Kentucky's board of directors. Do any of the listed expenses in this analysis include the costs for a director's spouse? If yes, list expenses for the director's spouses separately.

Response

See Exhibit 9 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

34. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 34. Include detailed workpapers supporting this analysis which show the payee, dollar amount, reference (i.e., voucher no. etc.), account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Identify all rate case work by case number.

Response

See Exhibit 10 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

35. Provide the following information concerning the costs for the preparation of this case:
- a. A detailed schedule of costs incurred to date. Include the date of the transaction, check number or other document reference, the vendor, amount, a description of the services performed, and the account number in which the expenditure was recorded. Indicate any costs incurred for this case during the test year. Include copies of invoices received from the vendors.
 - b. An itemized estimate of the total cost to be incurred, detailed explanation of how the estimate was determined, and all supporting workpapers and calculations.
 - c. Monthly updates of the actual costs incurred during the course of this proceeding, in the manner prescribed above.

Response

See Exhibit 12 of the Application. Taylor County will provide updates as each months activity is available.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

36. Provide the estimated dates for draw downs of unadvanced loan funds at test-year-end and the proposed uses of these funds.

Response

Taylor County has no immediate plans to advance loan funds.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

37. Provide a list of depreciation expenses using Format 37.

Response

See Exhibit 3 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

38. Are the depreciation rates reflected in this filing identical to those most recently approved by the Commission?

- a. If yes, identify the case in which they were approved.
- b. If no, provide the depreciation study that supports the rates reflected in this filing.

Response

- a. No
- b. The depreciation study is attached as Exhibit 21 to the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

39. Provide information for plotting the depreciation guideline curves in accordance with RUS Bulletin 183-1, as shown in Format 39.

Response

See Exhibit 3 of the Application.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

40. For each charitable and political contribution (in cash or services), provide the amount, recipient, and specific account charged.

Response

There were none during the test year.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

41. Describe Taylor County's lobbying activities and provide a schedule showing the name and salary of each lobbyist; all company-paid or reimbursed expenses or allowances; and the account charged for all personnel for whom a principal function is lobbying, on the local, state, or national level. Indicate whether the lobbyist is an employee or an independent contractor. If any amounts are allocated, show a calculation of the factor used to allocate each amount.

Response

Taylor County does not engage in lobbying activities.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

42. Provide complete details of the financial reporting and rate-making treatment of Taylor County's pension costs.

Response

Taylor County has a 401(k) pension plan. The treatment is the same for financial reporting as rate-making purposes.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

43. Provide complete details of Taylor County's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 106, including;

- a. The date Taylor County adopted or plans to adopt SFAS No. 106.
- b. All accounting entries made or to be made at the date of adoption.
- c. All actuarial studies and other documents used to determine the level of SFAS No. 106 cost recorded or to be recorded by Taylor County.

Response

- a. Taylor County adopted SFAS No. 106 in January, 1994.
- b.

| | | |
|--|--------|-------------|
| Employee benefits | 926.00 | \$1,004,728 |
| Accum postretire benefits | 22830 | \$1,004,728 |
| Initially record adoption of SFAS No. 106. | | |

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

44. Provide complete details of Taylor County's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 112, including;

- a. The date Taylor County adopted or plans to adopt SFAS No. 112.
- b. All accounting entries made or to be made at the date of adoption.
- c. All actuarial studies and other documents used to determine the level of SFAS No. 112 cost recorded or to be recorded by Taylor County.

Response

SFAS No. 112 does not apply to Taylor County.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

45. Provide complete details of Taylor County's financial reporting and ratemaking treatment of SFAS No. 143, "Accounting for Asset Retirement Obligations."

- a. The date Taylor County adopted or plans to adopt SFAS No. 143.
- b. All accounting entries made or to be made at the date of adoption.
- c. All actuarial studies and other documents used to determine the level of SFAS No. 143 cost recorded or to be recorded by Taylor County.
- d. A schedule comparing the depreciation rates utilized by Taylor County prior to and after adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.

Response

SFAS No. 143 does not apply to Taylor County.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

46. Provide complete details of Taylor County's financial reporting and ratemaking treatment of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans."

- a. The date Taylor County adopted or plans to adopt SFAS No. 158.
- b. All accounting entries made or to be made at the date of adoption.
- c. All actuarial studies and other documents used to determine the level of SFAS No. 158 cost recorded or to be recorded by Taylor County.

Response

- a. Adopted December 31, 2007
- b. Debit Account 215.30, Accumulated Other Comp Income and Credit Account 228.30, Accumulated Provision for Pensions and Benefits in the amount of \$3,202,753.
- c. This amount is included with the calculations for FAS 106.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

47. Provide any information as soon as it is known, describing any events occurring after test year that would have a material effect on net operating income, rate base, and cost of capital that is not incorporated in the filed testimony and exhibits.

Response

None are known at this time.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

48. Provide all current labor contracts and the most recent contracts in effect prior to the current contracts.

Response

The union contracts are attached as:

Exhibit 48-1 December 1, 2011 through November 30, 2014
Exhibit 48-2 December 1, 2008 through November 30, 2011
Exhibit 48-3 December 1, 2005 through November 30, 2008

AGREEMENT

BETWEEN

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

AND

LOCAL UNION NO. 89
GENERAL DRIVERS, WAREHOUSEMEN AND HELPERS
AFFILIATED WITH
INTERNATIONAL BROTHERHOOD OF
TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN & HELPERS OF AMERICA

(Construction and Maintenance)

Effective December 1, 2011 through November 30, 2014

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ARTICLE I

This Agreement is made and entered into this 1st day of December, 2011, by and between Taylor County Rural Electric Cooperative Corporation, hereinafter referred to as the Cooperative, and Local Union No. 89, General Drivers, Warehousemen and Helpers, affiliated with International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, hereinafter called the Union.

ARTICLE II

PREAMBLE

Statement of Principles and Union Responsibilities

The Union recognizes its responsibilities as the exclusive bargaining agent for the employees covered by this Agreement, and realizes that in order to provide maximum opportunities for continuing employment, good working conditions and good wages, the Cooperative must be in a strong marketing position, which means that it must produce quality services and products and be able to sell them at the lowest possible costs and otherwise be able to operate its business efficiently, economically and competitively. The Union therefore agrees that it will support the Cooperative's efforts to assure a fair day's work by the employees for a fair day's pay. The Union will support the Cooperative in its efforts to improve services, preserve equipment, prevent accidents and strengthen good will between the Cooperative and its employees, as well as with its suppliers and customers. The Union further recognizes that the Cooperative has certain definite and stringent obligations and responsibilities to its customers, suppliers, Public Service Commission and Rural Utilities Service ("RUS") and the Union agrees that it will fully cooperate with the Cooperative in the performance and discharge of these obligations and responsibilities.

ARTICLE III

Recognition

The Cooperative recognizes the Union as the exclusive bargaining representative for all construction and maintenance employees employed from and at its Campbellsville, Kentucky, location, including mechanics, tree trimmers, laborers, linemen, instrument men, staking engineer helper, servicemen, groundmen, maintenance men, right-of-way helpers, warehousemen, truck drivers and tractor drivers, but excluding all office clerical employees, professional employees, guards and supervisors as defined in the Act, as amended. It is the intention of the parties hereto that the bargaining unit covered by this Agreement shall be as established by the National Labor Relations Board in its "Certification of Representative" dated November 14, 1978, in Case No. 9-RC-12607, and this Article is included herein solely for the purpose of discharging the Cooperative's obligation under the law to recognize the Union.

In the event the Cooperative is sold to a private investor notice of such sale will be given to the Union not later than the day of the closing of such sale.

ARTICLE IV

Management Prerogatives

The operation, control and management of the Cooperative's facilities and operations, and all business and activities of the Cooperative in connection therewith which are covered or affected by this Agreement, and the supervision and direction of the working forces at such facilities, operations and business are and shall continue to be solely and exclusively the functions and prerogatives of the management of the Cooperative.

All of the rights, functions and prerogatives of management which the Cooperative had prior to entering into this Agreement with the Union are reserved and retained exclusively to the

Cooperative, unless changed or modified by one or more explicit provisions of this Agreement. Specifically but without limiting or affecting the generality of the foregoing, it is distinctly understood and agreed that the Cooperative has the sole right to: Determine the nature and extent of the business to be carried on by the Cooperative, determine the suppliers and customers with whom it will deal, and the prices at which and terms upon which its materials, equipment and supplies will be purchased, leased or otherwise acquired and its services and products will be sold; determine the size and composition of the working force covered by this Agreement, and assignment of work, and policies affecting the hiring of new employees; layoff, discipline and discharge employees for cause; and determine the qualifications of employees, including the right to terminate the services of employees without limitation during their probationary period; establish and enforce quality, production, construction, and service standards for its employees, services and products; establish new departments; discontinue existing departments; introduce new and improved equipment, facilities and service methods; change, combine, establish or discontinue jobs or operations; determine when and if vacancies in the working force shall be filled; determine the means and methods by which production and services will be made; determine the hours of operation, discontinue temporarily or permanently, in whole or in part, any operations of the business of the Cooperative covered or affected by this Agreement.

The Cooperative shall also have the right from time to time to make and enforce such reasonable rules, procedures and regulations applicable to employees covered by this Agreement for the purpose of maintaining order, safety, effective operations and control; to enforce, change, abolish or modify such existing rules, procedures and regulations applicable to employees covered by this Agreement, as it may from time to time deem necessary or advisable, after advance notice thereof to the Union and employees, which shall be subject to the grievance and

arbitration procedure of this Agreement. The Cooperative shall also have the right to require compliance with such rules, procedures and regulations by employees until an Arbitrator sets aside the rule, procedure or regulation as a result of the grievance and arbitration procedure or the parties mutually agree to set aside the rule, regulation or procedure without arbitration.

ARTICLE V

Subcontracting

It is understood by the Cooperative and the Union that for the Cooperative to satisfy the demands of its customers and to successfully operate the business, contracting and/or subcontracting of work is necessary from time to time. It is therefore agreed by the Union that the Cooperative may, within its exclusive discretion, engage contractors for all construction, manufacturing, service and operations functions, and any and all other functions which it, in its exclusive discretion, deems necessary and desirable. The Cooperative will not subcontract work under this provision that would cause the layoff of employees.

ARTICLE VI

Supervisory and Other Excluded Personnel

Notwithstanding any of the provisions of this Agreement, there shall be no limitation or restriction upon the nature, extent and kind of work which Supervisory and Management personnel may perform, nor shall there be any limitation or restriction as to the times or occasions on which Supervisory and Management personnel may perform such work. The Cooperative will not utilize this Article in such a way as to displace any employee covered by this Agreement.

ARTICLE VII

Discipline and Discharge

SECTION 1.

The Cooperative shall have the right to discharge employees during their probationary period without cause and without recourse by the Union or by such probationary employee to the grievance procedure of this Agreement.

SECTION 2.

The Cooperative shall have the right to discipline or discharge employees for “just cause”. While it is the policy of the Cooperative to warn employees for minor infractions before taking disciplinary action or discharging them, it is distinctly understood and agreed that certain offenses, such as, but not by any means limited to the following, shall be considered “just cause” and cause for immediate discharge, without warning: Dishonesty; insubordination; fighting while on the Cooperative’s premises or on duty; smoking in fuel pump areas; failure or refusal to wear or utilize any safety equipment provided and required by the Cooperative or to follow any safety procedure prescribed by the Cooperative; horseplay of such a nature as to be capable of causing personal injury or property damage; drinking alcoholic beverages or being under the influence of alcoholic beverages while on the Cooperative’s premises or on duty; being in possession of or using or being under the influence of narcotics (unless prescribed by the employee’s physician and the employee is following the physician’s directions on dosages, etc.), marijuana or hallucinatory drugs; proven falsification of the Cooperative’s records or reports; willful damage to tools, equipment or other Cooperative property; failure to immediately report involvement in an accident while on duty or on the Cooperative’s premises; or participation in any activity prohibited by the Article of this Agreement entitled “No Strike No Lockout”.

SECTION 3.

It is understood and agreed that employees have a responsibility to be regular and punctual in their work attendance and that habitual or repeated tardiness or absenteeism or failure to report to work promptly, and other minor offenses will be cause for disciplinary action, including discharge. The procedure will be as follows: (1) first offense: verbal warning; (2) second offense: written warning; (3) third offense: three (3) day suspension; and (4) fourth offense: subject to discharge.

It is expressly agreed (a) that the Cooperative, in its discretion, may decide not to discharge an employee for the fourth (4th) offense, and (b) that the Cooperative's failure in any case or cases to strictly enforce the above procedure, shall not be a precedent and shall not constitute a waiver of the Cooperative's right to enforce such procedure in any other case.

SECTION 4.

It is agreed that in the event an employee is given any disciplinary action, including a warning notice, a copy of the warning notice will be given to the employee, one (1) copy to the Union and one (1) copy will be retained in the employee's personnel file. A warning notice or notices for any cause may constitute a basis for discharge for any subsequent infraction and it is understood and recognized by the parties hereto that the infractions specified in Section 2 of this Article shall be cause for immediate discharge without warning. It is further understood and recognized that in any event it shall be cause for discharge if an employee is given four (4) warning notices for any cause or combination of causes within a "rolling" twelve (12) month period. Disciplinary warnings outside this "rolling" twelve (12) month period will not be used for disciplinary purposes. All disciplinary warnings and discharges shall be subject to the grievance procedure.

ARTICLE VIII

Union Security and Checkoff

SECTION 1. Union Security.

All present employees who are members of the Union on the effective date of this Agreement shall remain members of the Union in good standing as a condition of continued employment. All present employees who are not members of the Union and all employees who are hired hereafter shall become and remain members in good standing of the Union as a condition of continued employment on and after the thirty-first (31st) day following the beginning of their employment or on and after the thirty-first (31st) day following the effective date of this Agreement, whichever is the later. Becoming and remaining a member in good standing shall require the tendering of the initiation fee and periodic dues uniformly required as a condition of acquiring or retaining membership in the Union.

SECTION 2. Checkoff.

The Cooperative agrees to deduct each month, from the paychecks of all employees who are covered by this Agreement, all periodic dues and initiation fees owing to the Union by the employees, provided, however, that such employees shall have signed and submitted a written authorization for such action on the part of the Cooperative; such written authorization shall conform to and be in accordance with all applicable Federal and State laws.

All monies deducted by the Cooperative shall be forwarded to the Secretary-Treasurer of the Union.

It is understood and agreed that any monies collected by the Cooperative for the Union will be taken out of the paycheck for the first pay period of the month and remitted to the Union before the 30th day of the same month.

The Cooperative will recognize authorizations for deductions from wages, if in compliance with State and Federal law, to be transmitted to the Union. No such authorization shall be recognized if in violation of State or Federal law. No deduction shall be made which is prohibited by applicable law. This provision is subject to whatever shop rule is promulgated by the Cooperative with respect to garnishments or other wage deductions.

SECTION 3.

In consideration of the adoption by the Cooperative of the Union Security and Checkoff provisions, the Union agrees to indemnify and hold the Cooperative harmless from and against any and all liability or loss as a result of any action brought by any employee or employees on account of claimed illegal payments, suspension or discharge under the provisions of Article VIII of this Agreement, above described, including reasonable attorneys' fees and court costs.

SECTION 4.

It is understood and agreed that the Cooperative shall not be obligated or required to discharge an employee or otherwise take any action with respect to any employee for such employee's alleged failure to make payments as required and provided for hereunder unless the Union shall have first given the Cooperative and such employee ten (10) days written notice of such employee's alleged default, and an opportunity within said ten (10) day period to pay all sums due and owing by such employee under the provisions of this Agreement.

SECTION 5.

If for any reason an employee does not work during the first pay period of any month in which the checkoff is made, the Cooperative shall make deductions for the above purpose from such employee's wages out of the next succeeding pay period in which he works.

ARTICLE IX

No Strike-No Lockout

The Union agrees that during the term of this Agreement neither the Union, its officers, agents or members shall authorize, instigate, aid, condone or engage in any work stoppage, strike of any kind or description, including so-called sympathy strikes, or otherwise interrupt, impede or restrict services of the Cooperative or engage in any activity which would tend to cause an interruption or delay in the accomplishment of the work and business of the Cooperative.

The Union further agrees that during the term of this Agreement the Union, its officers, agents or members will not honor or recognize any picket line or picketing in any form, including recognition of picket lines or picketing out of so-called sympathy, by any union at the Cooperative, or any facility or operation of the Cooperative, regardless of where it is located.

Any employee who engages in any conduct prohibited by this Article, or who fails or refuses to comply with any provision of this Article, shall be subject to appropriate discipline, including discharge, without warning, by the Cooperative. In the event an employee is discharged for violation of the provisions of this Article, he may resort to the grievance and arbitration procedures set forth herein. The arbitrator shall, however, be limited to determining the single issue of whether or not the employee did, in fact, participate in or promote such action and the employee(s) affected will have the burden of conclusively showing his (their) non-participation in and not having promoted such actions. Further, the Cooperative shall be under no obligation to bargain with the Union concerning employees who are on strike or concerning the subject of any strike so long as the strike continues.

Neither the violation of any provision of this Agreement nor the commission of any act constituting an unfair labor practice or otherwise made unlawful by any federal, state or local law

shall excuse the Union, its officers, agents or members from their obligations in the provisions of this Article.

The provisions of this Article shall not be appealable to the grievance procedure either for the purpose of assessing damages or securing a specific performance, such matters of law being determinable and enforceable only in the courts.

The Cooperative shall not lock out members of the Union during the term of this Agreement.

ARTICLE X

Probationary Employees

All new or rehired employees shall be placed on probation and shall be classified as temporary help during the first ninety (90) calendar days of their employment with the Cooperative. During such ninety (90) calendar day probationary period the Cooperative may discharge or otherwise discipline, lay off, transfer or assign such employees with or without cause, and such actions shall not be subject to the grievance procedure.

Probationary employees who complete their probationary period will be classed as regular employees and their date of hire shall be from the first day of hiring.

ARTICLE XI

Rates for New Job Classifications

Recognizing that during the term of this Agreement the Cooperative may install new equipment or change work methods resulting in the creation of new job classifications, the Cooperative shall establish rates for such new classifications in line with the Cooperative's wage scale for like work and notify the Union's representative in writing. If after ten (10) days neither party questions the rate established for the new classification, it shall become the established rate

for the job; otherwise, the establishment of such rate shall be a matter for negotiation. If the parties negotiate and are unable to reach an agreement, the rate as established by the Cooperative shall stand until this Agreement expires if less than twelve (12) months until this Agreement expires and then shall be subject for renegotiation. If more than twelve (12) months from the expiration of this Agreement, then the dispute shall be subject to the Grievance-Arbitration Procedure set out elsewhere in this Agreement.

ARTICLE XII

Hours of Work and Overtime

SECTION 1.

An employee's regular work week shall be forty (40) hours and shall start at the beginning of his shift on Monday, subject to change by the Cooperative when requirements dictate, but shall not be less than eight (8) hours, excluding a one (1) hour lunch break. In addition, employees shall receive two (2) ten (10) minute breaks during a full eight (8) hour shift.

The work week shall begin at 12:01 a.m. Sunday and end at Midnight the following Saturday.

SECTION 2.

When overtime is required, the employees in the classification or who are assigned on the job where the overtime exists shall be required to work the overtime assigned.

SECTION 3.

Overtime at the rate of time and one-half (1-1/2) shall be paid for all hours actually worked in excess of forty (40) hours in any one work week. Time off for sick leave, actual hours served on Jury Duty under Article XVIII, and Holidays as set forth in Article XX, only shall be

considered hours worked (8 hours per day) for purposes of this provision. Overtime under this Section shall be computed on a weekly basis.

SECTION 4.

No premium or overtime pay set out in this Agreement shall be pyramided.

SECTION 5.

An employee required, on a temporary basis, to report to a work place other than his regularly required work place, will not be required to travel on his own time for a period longer than the travel time to his regular reporting work place.

ARTICLE XIII

Reporting and Call-Out Pay

SECTION 1.

When an employee reports for work at his regular starting time on a scheduled work day, he will be guaranteed eight (8) hours straight time pay at his regular hourly rate of pay, provided, however, that this provision shall not apply in case of strikes or other work stoppages, disciplinary suspension of an employee, acts of God or any other cause beyond the Cooperative's control.

SECTION 2.

When an employee has completed his regular shift and left the Cooperative's premises, but is called in to work more than two (2) hours prior to the beginning of his next regularly scheduled shift, he will be guaranteed three (3) hours work at his regular straight-time hourly rate of pay. This guarantee shall only apply once each work day (24-hour period). Other hours actually worked on additional "call-outs" will be compensated at the employee's regular straight-time hourly rate.

Call-Out is mandatory and will be performed in the following way: One Serviceman will be on-call (the "On-Call Serviceman") for service calls from 12:01 a.m. Monday through Midnight Sunday (the "on-call week") for all counties in the Cooperative's service area. The Servicemen will serve as the On-Call Serviceman on a rotating basis based on seniority, beginning with the most senior Serviceman.

The Cooperative will provide a dispatching service for purposes of call-out. The dispatcher will follow the steps below:

Step 1 – The dispatching service will call the Serviceman in the county where the outage or service is required. If the dispatcher cannot get in contact with that Serviceman immediately, then go to Step 2.

Step 2 – The dispatching service will contact the On-Call Serviceman for that on-call week. If the On-Call Serviceman can get another Serviceman or First Class Lineman who is closer to the outage or in the county where the outage exists, then that Serviceman or First Class Lineman will perform the work involved. The On-Call Serviceman cannot use more than thirty (30) minutes in an effort to find such person who is closer or in the county where the outage exists.

Step 3 – If the outage is not covered by either Step 1 or Step 2, the On-Call Serviceman must perform the work himself and, if required, may call another qualified employee for help.

The On-Call Serviceman for each week will receive one (1) hour of pay at time and one-half (1-½) for each day served during the on-call week. If the On-Call Serviceman obtains another Serviceman or First Class Lineman to perform the work as set forth in Step 2, then the Serviceman or First Class Lineman who performs the work will only receive the "guaranteed"

three (3) hours straight time set forth above, unless the time to perform the work actually exceeds three (3) hours.

The On-Call Serviceman can trade his on-call week with another Serviceman and, in such case, the On-Call Serviceman must advise his immediate Supervisor or, in his absence, the Manager, of the replacement Serviceman at least one (1) regularly scheduled work day before the on-call week begins, except in the case of an emergency as determined by the Superintendent or, in his absence, the Manager on a particular day during the on-call week, less than such notice will be sufficient.

No employee shall be required to take time off to avoid the payment of overtime.

SECTION 3.

An employee on vacation who is "called-out" to work shall have the right to refuse such "call-out". If the employee on vacation reports for work, he shall be paid time and one-half (1-1/2) the regular hourly rate for hours actually worked in addition to his regular vacation pay.

SECTION 4.

If a Serviceman is on vacation and a First Class Lineman is called-out to replace him under Article XIII, Section 2, then such First Class Lineman will receive the Serviceman's hourly rate as set forth in Article XXVI, Section 4, or his "red circle" rate, whichever is higher. The call-out will be under the same terms and conditions as are set forth in Article XIII, Section 2.

ARTICLE XIV

Grievance Procedure

SECTION 1.

A grievance as referred to in this Agreement is a dispute arising from the interpretation or application of one or more specific provisions of this Agreement. Grievances shall be processed in accordance with the procedures set forth below.

STEP 1. The aggrieved employee shall present his grievance to his Supervisor within three (3) days after the cause of such grievance becomes known or could reasonably be expected to have been known. If he has been prevented from presenting the grievance within this time limit because of an excused absence, the days of excused absence shall be excluded in computing the time limit. The aggrieved employee may be accompanied by his Union Steward.

STEP 2. If the grievance is not settled in Step 1, it may be appealed by presenting the grievance in writing within five (5) days to the Superintendent, who shall meet with the aggrieved employee. The aggrieved employee may be accompanied by his Union Steward.

STEP 3. If the grievance is not settled in Step 2, it may be appealed by the Union within ten (10) days to the Manager (or the person acting in his capacity in the event of his absence) who shall arrange to meet with the Union's Assistant to the President and the aggrieved employee and his Union Steward.

STEP 4. If the grievance is not satisfactorily settled in Step 3 and if the grievance is otherwise arbitrable under this Agreement, it may be referred to arbitration in strict accordance with the provisions of this Agreement pertaining to arbitration, provided that if the Union fails to notify the Cooperative in writing by Registered Mail within ten (10) days after the Cooperative gives its answer in writing to a grievance at Step 3 of the grievance procedure of the Union's

desire to arbitrate the grievance, then the Union shall be conclusively presumed to have accepted the Cooperative's answer and said grievance shall not thereafter be arbitrable.

SECTION 2.

The grievance procedure is subject to the following rules and conditions:

(a) A settlement satisfactory to the Union at any step in the grievance procedure shall be binding on it and the employee or employees making the complaint.

(b) Saturdays, Sundays and holidays are excluded in computing the time limits specified in this Article.

(c) All meetings conducted pursuant to the provisions of Step 1, Step 2, Step 3 and Step 4 of this Article, unless otherwise mutually agreed, shall be conducted at times when the aggrieved employee and others, including the Steward, are not regularly scheduled to work. For employees in the Construction and Maintenance Unit, such meetings may also take place beginning at 4:30 p.m. or during the last one-half (1/2) hour of their shift, whichever is applicable. Neither party shall have more than a total of three (3) persons present, including the aggrieved employee, except, by mutual consent, the parties may agree to a greater number.

(d) Employees will not leave their work to investigate, present or discuss grievances without prior permission from their supervisor.

(e) This grievance procedure constitutes the sole and exclusive means of resolving controversies. Pending the raising, processing and/or settlement of a grievance, all employees will continue to work in a normal manner, and there shall be no slowdown, stoppage or other interference with work or plant operation as discussed and set forth elsewhere in this Agreement.

(f) Infrequently, due to the nature of the subject matter, the Cooperative or the Union may request that early steps of the grievance procedure be waived. In such cases certain steps of the grievance procedure may be waived provided there is mutual agreement by the Cooperative and the Union to do so.

(g) Any time the Cooperative offers a settlement with regard to any grievance, there will be a Union Official present. "Union Official" shall mean the employee's Steward or the Union's Assistant to the President. A settlement reached with the Steward will not set a precedent, unless the Union's Assistant to the President is aware of the settlement.

(h) Any grievance of any kind which has been presented under the grievance procedure set forth herein which is not appealed to the next step within the applicable time specified above and any grievance which has not been presented under the grievance procedure set forth herein within the time period for presentation of grievances shall be considered settled and shall not be subject to further discussion or appeal.

SECTION 3.

The Cooperative shall not be required or obligated under the terms of this Agreement or otherwise to submit to arbitration any claim or cause of action which it may have or assert on account of any alleged violation of this Agreement by the Union or any employee or employees covered by this Agreement. The Cooperative shall have the right to sue at law or in equity in any court of competent jurisdiction, Federal or state, to enforce this Agreement and to recover for any breach or violation thereof.

SECTION 4.

No grievance shall be arbitrable unless it involves an allegation of the type set out in Section 1, which allegation shall be designated in writing by the Union to the Cooperative no

later than the time such grievance is appealed to Step 2 of the grievance procedure set forth herein.

No grievance may be filed or considered which is based in whole or in part on an occurrence happening prior to or after the term of this Agreement.

SECTION 5.

The provisions of this Agreement covering grievance procedure and arbitration are completely unrelated to and independent of the provisions of the Article of this Agreement entitled "No Strike-No Lockout" clause. In the event the Cooperative claims that a grievance filed hereunder is not arbitrable, whether or not such claim be ultimately sustained, such claim shall not in any way affect or excuse the Union or any employee or employees covered by this Agreement from the provisions of the Article entitled "No Strike-No Lockout" and their respective obligations and duties thereunder.

SECTION 6.

In the event any grievance which is otherwise arbitrable under the terms of this Agreement shall be arbitrated, selection of an arbitrator shall first be attempted by the Union and the Cooperative attempting to agree on an arbitrator, and, if they cannot agree upon a selection, the Federal Mediation and Conciliation Service shall be asked to furnish a panel consisting of at least seven (7) names of arbitrators. The Union and the Cooperative shall select a single arbitrator from the panel by alternately striking a name until such time as only one (1) name remains. The Cooperative and the Union will alternate in striking the first name from the list. The Cooperative will strike the first name in the first arbitration case and the Union will strike the first name in the second arbitration case, etc.

SECTION 7.

No more than one grievance shall be submitted to any one arbitrator unless the Cooperative and the Union agree otherwise in writing. The Arbitrators selected shall have power to receive relevant testimony from the parties to the dispute and hear such witnesses as they may desire to present. The parties may, if they so desire, be represented by counsel in all proceedings held before the Arbitrator. The Cooperative shall bear the costs of preparing and presenting its case to the Arbitrator and the Union shall bear the costs of preparing and presenting its case to the Arbitrator. All other expenses of arbitration, such as, but not limited to the Arbitrator's fee, and the hiring of a space in which the arbitration proceedings are held, shall be divided equally between the Cooperative and the Union.

SECTION 8.

The function of the Arbitrator shall be of a judicial, rather than a legislative, nature. The Arbitrator shall not have authority to add to, ignore or modify any of the terms or provisions of this Agreement. The Arbitrator shall not substitute his judgment for the Cooperative's judgment and where matters of judgment are involved he shall be limited to deciding whether or not the Cooperative acted arbitrarily, capriciously or in bad faith. The Arbitrator shall not decide issues which are not directly involved in the case submitted to him. In any discharge or disciplinary suspension case where the Arbitrator decides that the aggrieved employee should be awarded any back pay, the Cooperative shall be entitled to full credit on such awards for the employee's gross interim earnings, unemployment compensation benefits, worker's compensation benefits received or receivable and any other compensation he receives from any form of employment during the period he was not working for the Cooperative. Subject to the foregoing

qualifications and limitations, the Arbitrator's award shall be final and binding upon the Cooperative, the Union and the aggrieved employee or employees.

SECTION 9.

Only the Union shall have the right to prosecute grievances under this Agreement and only the Union shall have the right to take to arbitration any grievance which is otherwise arbitrable under this Agreement. If the Union fails, refuses or declines to prosecute a grievance on behalf of an employee, or on behalf of a group of employees hereunder, such employee or employees who filed such grievance or on whose behalf it has been filed shall be conclusively bound thereby and both the Union and the aggrieved employee or employees shall thereafter be prohibited from reviving or further prosecuting said grievance.

ARTICLE XV

Access to Facilities and Properties of the Cooperative

An authorized officer or agent of the Union, the name of whom shall be furnished to the Cooperative in writing, shall have access to the Cooperative's establishment during working hours for the purpose of investigating grievances and for any other legitimate purpose in connection with the administration of this Agreement, provided he notifies the Manager of the Cooperative beforehand. The Union hereby agrees that its agents and representatives will not cause any interruption of the Cooperative's working schedule or interfere with the work of employees or otherwise abuse these visitation privileges when on its premises. In the event of a change of agents, the Cooperative will be immediately notified in writing.

ARTICLE XVI

Seniority

SECTION 1.

Seniority of employees covered by this Agreement shall be determined by the Cooperative on the basis of length of continuous service with the Cooperative from the last date of hire.

SECTION 2.

An employee's seniority, qualifications, physical condition, ability, skill and adaptability to perform the work involved, as determined by the Cooperative, shall apply in the case of layoff, recall from layoff, and promotions. It is agreed that in the case of layoff no employee, regardless of his seniority, may displace any other employee unless he is at that time able to satisfactorily perform the work of the employee being displaced. An employee who displaces another employee pursuant to the provisions of this Section shall be paid at the hourly rate of pay for that job classification. When the working force is being increased after a layoff the Cooperative will apply the same standards as it originally applied for layoff when the employees are being recalled.

SECTION 3.

In the case of layoff, all probationary, seasonal, part-time and casual employees shall be laid off before any employees who have established seniority are affected.

SECTION 4.

The Cooperative will give employees one (1) week notice prior to layoff.

SECTION 5.

Seniority, qualifications, physical condition, ability, skill, adaptability to perform the work involved, as determined by the Cooperative, shall be the controlling factors in promotion of employees, and where in the Cooperative's judgment, these factors are relatively equal between two (2) or more employees, seniority will control.

SECTION 6.

All job vacancies in jobs which the Cooperative decides to fill will be posted for bid at least three (3) full working days, at all three (3) locations. Until the Cooperative has selected an employee to permanently fill such job vacancy the vacant job may be filled in any manner the Cooperative sees fit. The Cooperative will take final action with respect to all job openings within two (2) weeks after the posting is taken down. Employees shall be permitted to bid only on jobs which are higher than the job classification which they are in at the time and a successful job bidder shall not bid again for any posted job for six (6) months. If no employee in the unit who bids on the job is selected, using the criteria set out in this Section 6, then the Cooperative may hire a new employee from outside the work force.

For purposes of bidding on positions in the Lineman classification (Groundman or Apprentice Lineman), it shall be a prerequisite that the employee(s) who is (are) awarded the job will be required as a condition of retaining the job to successfully complete a course of study in Electrical Theory previously approved by the Cooperative, if available. This course of study must be successfully completed within twelve (12) months of the award of the job. If the employee successfully completes the required course of study within the time limitations imposed, the Cooperative will reimburse the employee for the cost incurred for the course.

There will be no bidding within the Serviceman or Construction Department classifications.

The progression within the Lineman classification will be as follows:

| | |
|----------------------|---------------|
| Apprentice | Two (2) Years |
| Third Class Lineman | One (1) Year |
| Second Class Lineman | One (1) Year |

Promotion within the Lineman classification will be at the discretion of the Cooperative.

For purposes of bidding on positions in the Meter Department classification, it shall be a prerequisite that the employee(s) who is (are) awarded the job will be required as a condition of retaining the job to be "certified" by the Public Service Commission, and other appropriate regulatory agencies, within ninety (90) days of the award of the job. If the employee successfully completes the required course of study within the time limitations imposed, the Cooperative will reimburse the employee for the cost incurred for the course.

An employee who bids on and is awarded a job and who, within ten (10) working days, voluntarily decides they do not desire to stay in that job shall be disqualified from bidding on another job for twelve (12) months.

SECTION 7.

An employee shall lose his seniority and his status as an employee shall cease for any of the following reasons:

- (a) If an employee quits or is discharged.
- (b) If an employee is in layoff status for more than eighteen (18) months.

(c) If an employee, after having been laid off, fails to report for work within three (3) working days when notified by the Cooperative by certified mail or telegram sent to the employee's last address appearing on the Cooperative's records.

(d) If an employee is absent from work for two (2) days without reporting to the supervisor.

(e) If an employee is retired.

SECTION 8.

Seasonal, temporary, part-time and casual employees are excluded from the bargaining unit covered by this Agreement and are not entitled to any of the benefits and privileges provided for in this Agreement. The Cooperative will give the Union notice when such employees are hired, but shall be under no further obligation with respect to the Union for these employees.

SECTION 9.

If, and when, employees in the bargaining unit covered by this Agreement are promoted or transferred to jobs outside the bargaining unit they will retain and accumulate seniority for a period of twelve (12) months, during which period such employees will have the right to return to a job in the bargaining unit, provided they have the seniority therefor. At the end of said twelve (12) month period, if the employee remains in the job outside of the bargaining unit he will lose all seniority rights under this Agreement.

SECTION 10.

The seniority list shall be made up by the Cooperative within thirty (30) days after the date of this Agreement. A copy shall be furnished to the Assistant Business Agent or his representative and a copy posted on the Bulletin Board. This list shall be open for correction for a period of thirty (30) days thereafter and if an employee does not make a protest in writing to

the Cooperative, with a copy to the Union within such thirty (30) day period after posting of such list, his seniority shall be as shown on the list. The seniority list shall be brought up-to-date on November 1 of each year thereafter.

SECTION 11.

In the event an employee becomes physically disabled from a work-related injury and can no longer perform the work in his classification (certified as such by his attending physician, and subject to confirmation by a physician selected by the Cooperative) he may request a transfer, if an opening exists at that time, to a lower classification of work, provided he is at that time able to satisfactorily perform the work of the lower classification. The employee will be paid at the rate of the classification to which he transfers. This provision shall only apply to employees with five (5) or more years of service with the Cooperative and only one (1) such transfer may be made.

SECTION 12.

For purposes of determining promotions the following shall apply:

1. Serviceman
First Class Lineman

2. Apprentice Lineman
Groundman
Right-of-Way Crew
Laborer
Meter Department
Garage
Warehouse

3. Meter Department
Staking Engineer
Engineering Aid
Right-of-Way Crew
Laborer
Groundman

4. Garage
Right-of-Way Crew
Laborer
5. Warehouse
Right-of-Way Crew
Laborer

SECTION 13.

In the event a job vacancy is posted in accordance with Section 6 of this Article and no employees bid on the job and the Cooperative decides not to fill the vacancy by hiring a new employee from outside the work force, then the Cooperative may assign employees to the position on a permanent basis, so long as the employees so assigned are not required to make a geographic move of their residences.

ARTICLE XVII

Leave Program

SECTION 1.

“Leave,” as the term is used in this Agreement, shall mean time off taken by an employee who has accumulated leave time for purposes of illness or maternity condition, and shall be used only for such purposes.

Each employee covered by this Agreement shall be entitled to receive one (1) day of leave for each full month of employment. Only leave actually earned prior to the date utilized may be compensable. Leave will not be earned and no entitlement shall be granted for periods of time an employee is not actually working, including time on leave. An employee may accumulate an unlimited amount of leave time. Pay shall only be provided for actual illness and only as set forth in this Agreement.

Medical leave shall be made available to employees following one (1) full year of employment and such leave will be in accordance with the provisions of and regulations issued in accordance with the Family and Medical Leave Act of 1993. Following exhaustion of all accumulated leave time, an employee on Family and Medical Leave will be required to use fifty percent (50%) of vacation entitlement (not including the one (1) week carry over) during such leave. Such vacation will be used beginning on the first day of leave under the Family and Medical Leave Act of 1993 and shall continue until fifty percent (50%) of such vacation entitlement has been paid.

SECTION 2.

(a) Illness of Employee. Pay will be provided to an employee who has accumulated leave for leave due to illness. In order to be entitled to pay for leave due to illness, an employee may be required, as a condition of such payment, to submit, for each day of absence, a written statement signed by his attending physician attesting to the illness of the employee and which shows his recommendation that the employee absent himself from work because of such illness. In addition, an employee must notify his immediate supervisor before his shift begins of the necessity for absence due to such illness, except in rare instances when the employee is completely physically unable to give the required notice. An employee who has been absent from work for a maximum of fifteen (15) days because of illness or other disability, must notify and advise his Superintendent regarding the anticipated duration of his absence.

(b) Illness of Employee's Spouse or Children. As of January 1 of each year of this Agreement, employees will be permitted to take up to sixteen (16) hours of their then accumulated sick leave per year for illness of the employee's spouse or children living in the

employee's home. The employee must present to the Cooperative a Physician's Statement certifying the illness of the employee's spouse or child living in the employee's home.

SECTION 3. Funerals.

An employee who has completed his probationary period will be permitted leave of absence with pay at his regular rate for regularly scheduled work hours lost to a maximum of three (3) regularly scheduled work days lost (to a maximum of eight (8) hours per day) in case of death in his immediate family (i.e., legal spouse, mother, father, son or daughter) provided such days fall on the employee's regularly scheduled work days and are taken during the period between the day of death and the day after the funeral or memorial service in lieu of funeral, and provided further that the employee is prepared to offer valid proof of death and relationship upon request. Under the same conditions, an employee will be permitted to take up to three (3) regularly scheduled work days for the employee's step-parents, mother-in-law, father-in-law, son-in-law and daughter-in-law, such days to be deducted from the employee's sick leave account. In addition, and subject to the same conditions, an employee will be permitted leave of absence with pay at his regular rate for regularly scheduled work hours lost for a maximum of one (1) regularly scheduled work day lost (to a maximum of eight (8) hours) in case of death of his sister, brother, grandchildren or grandparents. An employee may take an additional two (2) regularly scheduled work days off in the case of death of his sister, brother, grandchildren or grandparents, said days to be deducted from the employee's sick leave account. An employee may, under the same conditions as set forth above, take up to two (2) regularly scheduled work days off in the case of the death of the employee's brother-in-law and sister-in-law, said days to be deducted from the employee's sick leave account.

Only in the case of the death of one of the relatives set forth above whose funeral is more than 200 miles from the employee's regularly required work place will an employee be permitted to take such days off between the day of death and the day after the funeral.

SECTION 4.

Any employee found to have falsified the reasons for leave or who has abused the leave provision by falsification or misrepresentation shall thereupon be subject to disciplinary action, including discharge. In addition, such employee will restore to the Cooperative amounts paid to him to which he was not entitled unless otherwise mutually agreed upon between the Cooperative and the Union in the settlement of a grievance, or if an Arbitrator rules otherwise.

ARTICLE XVIII

Jury Duty

An employee who is required to serve and perform jury duty shall be compensated by the Cooperative in the amount of the difference between his regular rate for regularly scheduled work hours lost (to a maximum of eight (8) hours per day) and the amount received as juror's fees, provided he is prepared to offer valid proof of such jury duty and the amount received as juror's fees upon request by the Cooperative. An employee will be permitted to retain the "expense fee" received for serving Jury Duty. Whenever the employee is excused by the Court from such jury duty two (2) hours or more before his normal shift ends on a scheduled work day, he shall advise his immediate supervisor as promptly as possible and stand ready to report directly to work if requested by the Cooperative. The receipt of notice to report for jury duty must be reported immediately to his immediate supervisor.

In addition, and subject to the same conditions as stated above, an employee who is subpoenaed to appear in court and does appear as a defendant growing out of the Cooperative's

business, a co-defendant with the Cooperative or as a witness on behalf of the Cooperative shall receive the difference between his regular rate for regular scheduled work hours lost and the amount received as a witness fee.

ARTICLE XIX

Military Service

Employees inducted into the Armed Forces of the United States shall be re-employed according to the provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994. Any and all benefits under this Agreement which require working as a condition of earning such benefits and such other benefits as Health, Medical and other insurance and the retirement plan shall not be due such employees, unless specifically required by statute.

ARTICLE XX

Holidays

SECTION 1.

Members of the bargaining unit shall be paid eight (8) hours pay at their regular straight time rate for:

| | |
|-----------------------------------|----------------------------|
| New Years Day | Labor Day |
| Good Friday | Thanksgiving Day |
| Memorial Day | Day After Thanksgiving Day |
| Independence Day (4th of July) | Christmas Eve |
| | Christmas Day |

SECTION 2.

To receive holiday pay employees must have worked the full day immediately preceding the holiday and the full day immediately after the holiday. An employee will be considered to

have worked the full day before the holiday if he is up to fifteen (15) minutes late reporting to work. The requirement that employees must have worked the full day immediately preceding and the full day immediately after the holiday shall be waived only when the absence is caused by being on scheduled vacation, jury duty, funeral leave, or injury sustained while working for the Cooperative and the injury is compensable under Worker's Compensation statutes and the injury occurred within thirty (30) days of the day for which eligibility is required. If an employee is on Sick Leave the day before or the day after a holiday, then such employee may receive Sick Leave under Article XVII, Leave Program, Sections 1 and 2, for the day of the holiday, but shall not receive holiday pay.

SECTION 3.

In addition to the above allowance, employees will be compensated for hours actually worked on the holidays at time and one-half (1-1/2) for hours actually worked between 8:00 a.m. and 5:00 p.m. and double time for hours actually worked before 8:00 a.m. and after 5:00 p.m.

SECTION 4.

Holidays falling on Saturday shall be recognized on Friday and holidays falling on Sunday shall be recognized on Monday.

SECTION 5.

If a holiday set forth in Section 1 falls within an employee's scheduled vacation, then the employee will receive an additional day of vacation, which will be at the employee's option added to the end of such scheduled vacation or at the beginning of such scheduled vacation.

ARTICLE XXI

Vacation

SECTION 1.

Employees shall receive paid vacations as follows:

| | | |
|---|---|--|
| After one (1) year of employment | - | One (1) week |
| After two (2) years of employment | - | Two (2) weeks |
| After ten (10) years of employment | - | Three (3) weeks |
| After twenty-one (21) years of employment | - | Three (3) weeks plus one (1) day |
| After twenty-two (22) years of employment | - | Three (3) weeks plus two (2) days |
| After twenty-three (23) years of employment | - | Three (3) weeks plus three (3) days |
| After twenty-four (24) years of employment | - | Three (3) weeks plus four (4) days |
| After twenty-five (25) years of employment | - | Four (4) weeks |
| After thirty (30) years of employment | - | Five (5) weeks |

In computing length of employment for the purposes of vacation, the employee's length of employment with the Cooperative, including prior service, will be counted.

SECTION 2.

In order to be eligible for vacation as set forth above, an employee will be required to actually work the minimum number of hours set forth below during the twelve (12) month period immediately preceding the eligibility dates:

| | |
|-----------------------|------|
| 1,500 hours | 100% |
| 1,450 hours | 75% |
| 1,400 hours | 50% |
| 1,350 hours | 25% |
| Less than 1,350 hours | 0% |

In order for an employee who retires before his anniversary date of employment to be eligible for vacation as set forth above, on a pro rata basis, he will be required to actually work the minimum number of hours set forth below during the period between his last anniversary date and his date of retirement.

80% of available hours--100% of pro rata vacation.

75% of available hours--75% of pro rata vacation.

70% of available hours--50% of pro rata vacation.

65% of available hours--25% of pro rata vacation.

Less than 65% of available hours--0%.

Actual hours spent on Jury Duty will be counted as hours "actually worked" for the purpose of meeting the minimum number of hours set forth above.

SECTION 3.

The Cooperative shall post vacation schedules on or before January 1 of each year. Each employee must designate his vacation period on such schedule not later than February 1 of each year. In the event two (2) or more employees designate the same vacation period on such schedule, then the employee with the longest period of continuous service from the last date of hire shall have preference. In designating the schedule of the periods in which vacations may be taken, such schedules shall be prepared in a manner consistent with the orderly and efficient operation of the Cooperative, as determined by it. If an employee who has designated a vacation period desires to change it, he may, if it is mutually agreed to by the Cooperative, change the period of vacation to a time when no other employee is scheduled or is otherwise convenient, as determined by the Cooperative.

In the instance of an employee with one (1) week of vacation, they may take such vacation in one (1) day increments. In the instance of employees with two (2) week vacation periods, they may take one (1) week in increments of one (1) full day or one-half (1/2) days. In the instance of employees with three (3), four (4) and five (5) week vacation periods, they may take one (1) week in increments of one (1) day and one (1) week in increments of one-half (1/2) days. If an employee chooses the option of taking vacation in one (1) day or one-half (1/2) day

increments as set forth, he must give at least two (2) days notice before each increment and must receive permission from his Department Head. If mutually convenient and agreeable between the Cooperative and the employee, the two (2) day notice may be waived.

SECTION 4.

Vacations are not cumulative and they shall be taken during the twelve (12) month period between January 1 and December 31 of each year. Vacation days earned, but not taken during such period, shall be forfeited by the employee and no pay will be provided to the employee for any days of vacation not taken, except employees shall be permitted to carry over one (1) week of vacation, but shall not in any one (1) year have more than six (6) weeks of vacation (earned and carried over). In the event an employee is off work because of a compensable injury under Worker's Compensation statutes, such employee will be given credit for service consistent with the yearly vacation entitlement set forth in Section 1. An employee who is off work because of a compensable injury under the Worker's Compensation Statute will be given credit for hours worked for earning vacation under Article XX1, Section 2, for up to seventy-five (75) working days (maximum of 600 hours) they are off work because of a compensable injury under the Worker's Compensation Statute.

An employee who voluntarily or involuntarily terminates employment with the Cooperative shall be paid for all accumulated vacation, on a prorated basis, as of the date of termination. Vacation days used in excess of the prorated accumulated days of entitlement before termination will be deducted from the employee's final pay at the time of termination.

ARTICLE XXII

Group Insurance

SECTION 1.

(a) The Cooperative agrees to continue in effect for the duration of this Agreement the Blue Access (PPO) Option 2 with RX Option G Insurance Program submitted to the Union during negotiations for this Agreement so as to make it available to all regular full-time employees who have completed their probationary period. For employees hired on or before November 30, 2005 and who are actively employed on November 30, 2005, the Cooperative agrees to pay the full premium, including increases for family and single coverage.

(b) Employees hired on and after December 1, 2005 will have health insurance provided to them on an employee-only basis. If such employee desires to add a spouse and/or dependents, then such employee will pay the difference in premium between the employee-only and the premium for adding a spouse and/or dependents.

(c) Further, such Employees hired on and after December 1, 2005 shall have no health insurance provided by the Cooperative when they retire.

(d) The Cooperative shall have the right to change insurance carriers for any of the group insurance programs as set forth in this Article at any time so long as the group insurance coverage is equivalent.

(e) The contracts between the Cooperative and insurance carriers will govern in all matters related to the insurance plans provided for herein. The exact coverage and the conditions for coverage of the aforesaid insurance will be determined by the terms and conditions of the policy or contract, and the Cooperative will not under any circumstances be liable as an insurer of any of the benefits to the employees.

SECTION 2.

Under the same conditions as set forth above in Section 1, the Cooperative will make available to employees a basic dental and vision plan. The full premium for such plans will be paid by the individual employees. The conditions established by the insurance company or companies involved will be met by the employees as a condition of providing such coverages including, but not limited to, minimum numbers of employees participation, duration, etc.

SECTION 3.

(a) For employees under paragraphs (b), (c), (d) and (e) of this Section, in order for such insurance to be made available, a retiree or an employee who retires from employment at the Cooperative in the future must have attained at least age sixty (60) and have at least thirty (30) years of service with the Cooperative.

(b) Under the same conditions as set forth above in Sections 1(a), (d) and (e), the Cooperative will continue to make available to employees who retired between April 2, 1987 and November 30, 1994, the Blue Access Plan which they had before this Agreement was entered into as of December 1, 1994.

(c) Under the same conditions as set forth in Sections 1(a), (d) and (e), the Cooperative will make available to employees who retired between December 1, 1994 and December 8, 1997, the Blue Access "carve out" supplemental plan as submitted to the Union during the negotiations which led to the Agreement effective December 1, 1994, and in accordance with the following: (1) When an employee is eligible for Medicare, that employee and his spouse at the time of retirement from the Cooperative will submit proof of enrollment and the amount paid for Medicare B and, thereafter on an annual basis provide to the Cooperative a certification of their continued participation; and (2) Based on Section 3(c)(1), the

Cooperative will pay directly to the retiree, retroactively, on a quarterly basis, the amount paid for Medicare B.

(d) Under the same conditions as set forth in Sections 1(a), (d) and (e), employees who retire on and after December 8, 1997, shall be subject to the health insurance program and the coverages of it as they exist from time-to-time. When an employee is eligible for Medicare, that employee will pay the premium necessary in order to obtain the benefits provided by Medicare.

(e) The insurance coverage referred to above shall only be made available for the life of the retired employee.

SECTION 4.

Under the same conditions as set forth above in Section 1, the Cooperative will make available for each employee a \$50,000 life insurance plan. The full premium for such plan will be paid by the Cooperative for the duration of this Agreement. The conditions established by the insurance company or companies involved will be met by the employees as a condition of providing such coverage.

SECTION 5.

The Cooperative will provide to employees a long-term disability insurance plan with the following provisions:

- (1) Sixty-six and two-thirds (66-2/3) pay
- (2) Twenty-six (26) week waiting period

The contracts between the Cooperative and insurance carriers will govern in all matters related to the insurance plans provided for herein. The exact coverage and the conditions for coverage of the aforesaid insurance will be determined by the terms and conditions of the policy

or contract, and the Cooperative will not under any circumstances be liable as an insurer of any of the benefits to the employees.

ARTICLE XXIII

Retirement Plan

SECTION 1.

Effective January 1, 1995, the Cooperative adopted and implemented the National Rural Electric Cooperative Association (“NRECA”) Selectre Pension Plan (the “Plan”) for the benefit of its employees. The Plan replaced the Taylor County RECC Employees’ Retirement Savings Trust Fund (the “Trust Fund”). The Trust Fund was terminated.

The instruments composing the Plan will govern in all matters related to it. The exact terms and conditions for eligibility for coverage, eligibility for participation, eligibility for retirement, contribution rates, etc. will be determined by the terms and conditions of such instruments and the Cooperative will not under any circumstances be liable for any benefits, or otherwise, to the employees.

Employees who have reached the age of sixty (60) and have a minimum of thirty (30) years service with the Cooperative will be permitted to retire and, upon such retirement, the Cooperative will pay one hundred percent (100%) of the health insurance premium for such employee until they qualify for benefits provided by Medicare. At such time, the employee will be provided the Blue Cross–Blue Shield “carve out” supplemental plan provided for in Article XXII, Sections 3(c) and (d).

ARTICLE XXIV

Miscellaneous

SECTION 1. Stewards.

The Union shall have the right to designate from among the employees covered by this Agreement a Chief Steward at each of the three (3) places of work. The Union shall notify the Cooperative in writing of the names of said Stewards so designated. The Cooperative shall have the right to recognize and deal with the Stewards, so designated, in the settlement of grievances and other matters pertaining to the administration of this Agreement. Stewards will not leave their work to investigate, present or discuss grievances unless given permission by their Supervisor. They will be permitted, however, to perform this business during scheduled breaks and scheduled meal periods and after their shift ends. In addition, Stewards will be permitted to transmit messages and information, which originates with, and are authorized by the Local Union or its officers, provided such messages and information have been reduced to writing. In the event of any change in Stewards, the Union shall notify the Cooperative in writing at the time the new Stewards assume their responsibilities.

SECTION 2. Bulletin Boards.

The Cooperative will provide suitable space on its bulletin boards at each location of work for the posting of official Union bulletins.

Nothing, however, shall be posted on such bulletin boards which is derogatory to any individual, or which is libelous or obscene, or which deals with any matter that is subject to the grievance-arbitration procedure set forth in this Agreement. Only official matters which relate directly to members of the bargaining unit at the Cooperative may be posted on such bulletin boards.

SECTION 3. Examinations.

Physical, mental or other examinations required by a government body, or the Cooperative, shall be promptly complied with by all applicants and employees, provided, however, the Cooperative shall pay for all such examinations. The Cooperative shall not pay for any time spent for such examinations, unless the examination is required to be taken by the Cooperative. Employees may take sick leave for such time actually spent traveling to and from and at the place of examination. Examinations are not to exceed one (1) in any one (1) year, unless the employee has suffered an injury or illness during the year.

The employer reserves the right to select its own medical examiner or physician and the Union may, if it believes an injustice has been done an employee, have said employee reexamined at the Union's expense.

An employee who has been off work for illness or other disability for a period of more than two (2) weeks will be required to obtain a statement from his attending physician and specialist (if one) certifying the nature and extent of the employee's illness or other disability for the period of absence and certify that the employee is released to return to work with no restrictions on his ability to work and can perform all the duties of his job.

SECTION 4. Uniforms and Protective Clothing.

In the event the Cooperative requires employees to wear uniforms, the Cooperative shall supply and pay for the uniforms.

The Cooperative will provide all safety equipment required.

Lost, broken or stolen equipment will be replaced at the employee's cost, unless the employee can show that it was not because of his negligence or acts by him.

SECTION 5. Worker's Compensation.

The Cooperative agrees to use its best efforts to cause the insurance carrier to duly and promptly settle and pay just on-the-job injury claims, when such claims are due and owing. The Cooperative shall provide Worker's Compensation protection as required by law.

SECTION 6.

Retired employees shall continue to receive Co-op Hi-Lights in addition to being allowed to attend employee picnics and other recreational activities.

SECTION 7. Educational Assistance Program.

In order to actively encourage employees to take advantage of educational opportunities and to provide for individual growth and potential advancement, financial assistance will be made available under the following circumstances:

- (1) Eligibility -- All regular full-time employees.
- (2) Effective Date -- After completion of the probationary period provided for in this Agreement.
- (3) Covered Educational Programs -- Courses which improve employee effectiveness under their present assignments and/or qualify an employee for promotion and such courses are taken on the employees' own time outside of regularly scheduled working hours.
- (4) Expenses Eligible for Reimbursement -- Tuition for all approved courses completed with a grade "C" or better, or if the course is not graded on a letter basis but on a "pass-fail" basis, the employee receives a "pass" grade.
- (5) Reimbursed Amount -- Fifty percent (50%) of the expenses for tuition after completion of the course and upon presentation to the Manager of proof of the grade and paid receipts for such tuition.

(6) Application Procedure --

- (a) Employee must complete the application for course approval in sufficient time to obtain necessary approval prior to course registration and provide such application to his supervisor;
- (b) Approval by the employee's immediate supervisor; and
- (c) Final approval, in writing, by the Manager.

SECTION 8. DRIVE.

The Cooperative agrees during the first payroll period in December of each year of this Agreement that it will deduct from the paychecks of all employees who are covered by this Agreement a contribution in an amount designated by such employees, to DRIVE, the Union's political action committee, provided that such employees shall have signed and submitted a written authorization for such action on the part of the Cooperative; and, provided further, that such written authorization shall conform to and be in accordance with all applicable Federal and State laws. All monies deducted by the Cooperative shall be forwarded to the Secretary-Treasurer of the Union. The Cooperative will recognize authorizations for deductions from wages, if in compliance with State and Federal law, to be transmitted to the Union. No such authorization shall be recognized if in violation of State or Federal law. No deduction shall be made which is prohibited by applicable law. This provision is subject to whatever shop rule is promulgated by the Cooperative with respect to garnishments or other wage deductions.

In consideration of the adoption by the Cooperative of this DRIVE contribution, the Union agrees to indemnify and hold the Cooperative harmless from and against any and all liability or loss as a result of any action brought by any employee, employees or any other person on account of claimed illegal payments, including reasonable attorneys' fees and court costs.

If, for any reason, an employee does not work during the first payroll period in December of each year of this Agreement in which the DRIVE contribution is to be deducted, the Cooperative shall make deductions for the above purpose from such employee's wages out of the next succeeding pay period in which he works.

ARTICLE XXV

Non-discrimination

The Cooperative and the Union agree that the provisions of this Agreement shall be applied to all employees without discrimination on the basis of age (over 40), sex, religion, race, color, creed, national origin, or disability (as that term is defined and applied within the meaning of the Americans With Disabilities Act and its implementing regulations).

Whenever the words "he," "him" or "his" are used herein, those words shall be deemed to include the feminine gender as well.

ARTICLE XXVI

Wage Rates and Classifications

SECTION 1.

All employees in the bargaining unit receiving a "red circle" rate at the time this Agreement is executed, will continue to receive such "red circle" rate.

SECTION 2.

New employees hired by the Cooperative after the effective date of this Agreement shall begin their employment at sixty percent (60%) of the "classified rate;" after six (6) months of employment, such employees will be paid at the rate of seventy percent (70%) of the "classified rate;" after eighteen (18) months of employment, such employees will be paid at the rate of eighty percent (80%) of the "classified rate;" after twenty-four (24) months of employment, such

employees will be paid at the rate of ninety percent (90%) of the “classified rate;” and at the end of thirty-six (36) months of employment, such employees will be paid at one hundred percent (100%) of the “classified rate.”

Employees who are promoted to higher rated positions after execution of this Agreement will be paid at the rate of the position to which they are promoted.

SECTION 3. Classified Rates.

| <u>Classification</u> | <u>Classified Rates</u> | | | |
|-------------------------------|-------------------------|----------------|----------------|----------------|
| | <u>12/1/10</u> | <u>12/1/11</u> | <u>12/1/12</u> | <u>12/1/13</u> |
| Serviceman | \$25.04 | \$25.42 | 25.80 | 26.19 |
| First Class Lineman | 24.55 | 24.92 | 25.29 | 25.67 |
| Second Class Lineman | 23.07 | 23.42 | 23.77 | 24.13 |
| Third Class Lineman | 20.38 | 20.69 | 21.00 | 21.32 |
| Apprentice Lineman | 19.31 | 19.60 | 19.89 | 20.19 |
| Right-of-Way Man | 21.09 | 21.41 | 21.73 | 22.06 |
| Right-of-Way Helper | 19.31 | 19.60 | 19.89 | 20.19 |
| Groundman | 19.31 | 19.60 | 19.89 | 20.19 |
| Laborer | 19.31 | 19.60 | 19.89 | 20.19 |
| <u>Engineering Department</u> | | | | |
| Instrument Man | \$23.56 | \$23.91 | 24.27 | 24.63 |
| (Staking Engineer) | | 0.00 | 0.00 | 0.00 |
| Engineering Aid | 22.57 | 22.91 | 23.25 | 23.60 |
| Staking Engineer Helper | 21.09 | 21.41 | 21.73 | 22.06 |
| <u>Meter Department</u> | | | | |
| Licensed Meter Man | \$24.55 | \$24.92 | 25.29 | 25.67 |
| <u>Garage Department</u> | | | | |
| Mechanic | \$22.34 | \$22.68 | 23.02 | 23.37 |
| Mechanic Helper | 20.84 | 21.15 | 21.47 | 21.79 |
| <u>Warehouse Department</u> | | | | |
| Warehouseman ¹ | 21.09 | \$21.41 | 21.73 | 22.06 |

¹ When purchasing duties are assigned to the Warehouseman, the employee involved will receive a \$1.00 per hour premium. Such premium shall be added to the Warehouseman’s rate in effect at that time (e.g. Rate \$15.00 per hour plus \$1.00 per hour premium equals \$16.00 per hour rate.)

SECTION 4.

The "Classified Rates" set forth above reflect the following increases to the rates in effect immediately prior to ratification of this Agreement: Effective December 1, 2011, a one and one-half percent (1-1/2%) per hour increase to wage rates; effective December 1, 2012, a one and one-half percent (1-1/2%) per hour increase in wage rates; effective December 1, 2013, a one and one-half percent (1-1/2%) per hour increase in wage rates.

ARTICLE XXVII

Effect of Law

All provisions of this Agreement shall be subordinate and subject to any statute or law that may be applicable, whether now in effect or hereinafter enacted. If any provision of this Agreement or application of this Agreement to any employee is contrary to law, then such provision or application shall not be deemed valid except to the extent permitted by law, but all other provisions or applications of this Agreement shall continue in full force and effect.

If any provisions of this Agreement or application of this Agreement to any employee is contrary to law, then the Cooperative and the Union shall meet and attempt in good faith to agree upon a suitable replacement. If the parties are unable with due diligence to agree, the issue in question shall be subject to collective bargaining negotiation when this Agreement expires.

ARTICLE XXVIII

Entire Agreement

SECTION 1.

This Agreement sets out the entire understanding between the Cooperative and the Union with respect to the unit of employees described in this Agreement. Neither party intends to be bound or obligated except to the extent that it has expressly so agreed herein and this Agreement

shall be strictly construed. This Agreement applies only to the collective bargaining unit defined in this Agreement. None of the benefits, rights or privileges accorded by this Agreement to the Union or to any employee covered by this Agreement shall survive the expiration or termination of this Agreement.

SECTION 2.

It is distinctly understood and agreed by the Union that the Cooperative shall not be obligated, contractually or otherwise, to continue in effect any custom, practice or benefit unless it has contractually obligated itself to do so by clear and explicit language in this Agreement.

ARTICLE XXIX

Collective Bargaining

The Cooperative and the Union each acknowledge that this Agreement has been reached as a result of collective bargaining in good faith by both parties hereto, and that both parties hereto have had the unlimited opportunity during negotiations to submit and discuss proposals on all subjects which are bargainable matters. While it is the intent and purpose of the parties hereto that each of them shall fully perform all obligations by them to be performed in accordance with the terms of this Agreement, the Union agrees that the Cooperative shall not be obligated to bargain collectively with the Union during the term of this Agreement on any matter pertaining to rates of pay, wages, hours of employment, or other conditions of employment, unless an obligation to bargain is otherwise specifically provided for in another Article of this Agreement, and the Union hereby specifically waives any right which it might otherwise have to request or demand such bargaining, except as provided in the Article entitled Effect of Law, and acknowledges that the Cooperative's obligations during the term of this Agreement shall be limited to the performance and discharge of its obligations under this Agreement.

ARTICLE XXX

Duration of Agreement

The effective date of this Agreement is December 1, 2011. This Agreement shall be in full force and effect for the entire period from December 1, 2011 through November 30, 2014, and from year to year thereafter, unless either party hereto shall at least sixty (60) days prior to November 30, 2014, or the 30th day of November in any year thereafter, notify the other party in writing of its intention and desire to terminate this Agreement. If proper notice is given and the parties, after negotiation, fail to reach agreement on the proposed changes, this Agreement may be terminated by either party upon ten (10) days' written notice delivered to the other at any time after the date upon which this Agreement would have otherwise terminated if no notice for termination had been given. Such ten (10) days' notice must be given before any lockout or strike may occur.

IN TESTIMONY WHEREOF, the Cooperative and the Union by their respective officers and representatives hereunto duly authorized, have signed this Agreement on the day, month and year first set forth above.

TAYLOR COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION

Raymond Rucker
PRESIDENT 12/1/11

LOCAL UNION NO. 89,
GENERAL DRIVERS, WAREHOUSEMEN
AND HELPERS, AFFILIATED WITH
INTERNATIONAL BROTHERHOOD OF
TEAMSTERS, CHAUFFEURS, WARE-
HOUSEMEN & HELPERS OF AMERICA

Fred Zuckerman by J.B.

John Bolton

Bud Vaughn

Larry Hunt

Janar Kelson

David Karnes

AGREEMENT

BETWEEN

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

AND

LOCAL UNION NO. 89
GENERAL DRIVERS, WAREHOUSEMEN AND HELPERS
AFFILIATED WITH
INTERNATIONAL BROTHERHOOD OF
TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN AND HELPERS OF AMERICA

(Office Clerical)

Effective December 1, 2011 through November 30, 2014

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ARTICLE I

This Agreement is made and entered into this 1st day of December, 2011, by and between Taylor County Rural Electric Cooperative Corporation, hereinafter referred to as the Cooperative, and Local Union No. 89, General Drivers, Warehousemen and Helpers, affiliated with International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, hereinafter called the Union.

ARTICLE II

PREAMBLE

Statement of Principles and Union Responsibilities

The Union recognizes its responsibilities as the exclusive bargaining agent for the employees covered by this Agreement, and realizes that in order to provide maximum opportunities for continuing employment, good working conditions and good wages, the Cooperative must be in a strong marketing position, which means that it must produce quality services and products and be able to sell them at the lowest possible costs and otherwise be able to operate its business efficiently, economically and competitively. The Union therefore agrees that it will support the Cooperative's efforts to assure a fair day's work by the employees for a fair day's pay. The Union will support the Cooperative in its efforts to improve services, preserve equipment, prevent accidents and strengthen good will between the Cooperative and its employees, as well as with its suppliers and customers. The Union further recognizes that the Cooperative has certain definite and stringent obligations and responsibilities to its customers, suppliers, Public Service Commission and Rural Utilities Service ("RUS") and the Union agrees that it will fully cooperate with the Cooperative in the performance and discharge of these obligations and responsibilities.

ARTICLE III

Recognition

The Cooperative recognizes the Union as the exclusive bargaining representative for all office clerical employees employed at its Campbellsville, Kentucky, location, including the office janitor, but excluding all professional employees, guards, and supervisors as defined in the Act and all other employees. It is the intention of the parties hereto that the bargaining unit covered by this Agreement shall be as established by the National Labor Relations Board in its "Certification of Representative" dated November 14, 1978, in Case No. 9-RC-12614, and this Article is included herein solely for the purpose of discharging the Cooperative's obligation under the law to recognize the Union.

In the event the Cooperative is sold to a private investor, notice of such sale will be given to the Union not later than the day of the closing of such sale.

ARTICLE IV

Management Prerogatives

The operation, control and management of the Cooperative's facilities and operations, and all business and activities of the Cooperative in connection therewith which are covered or affected by this Agreement, and the supervision and direction of the working forces at such facilities, operations and business are and shall continue to be solely and exclusively the functions and prerogatives of the management of the Cooperative.

All of the rights, functions and prerogatives of management which the Cooperative had prior to entering into this Agreement with the Union are reserved and retained exclusively to the Cooperative, unless changed or modified by one or more explicit provisions of this Agreement. Specifically but without limiting or affecting the generality of the foregoing, it is distinctly

understood and agreed that the Cooperative has the sole right to: Determine the nature and extent of the business to be carried on by the Cooperative; determine the suppliers and customers with whom it will deal, and the prices at which and terms upon which its materials, equipment and supplies will be purchased, leased or otherwise acquired and its services and products will be sold; determine the size and composition of the working force covered by this Agreement, and assignment of work, and policies affecting the hiring of new employees, layoff, discipline and discharge of employees for cause; and determine the qualifications of employees, including the right to terminate the services of employees without limitation during their probationary period; establish and enforce quality, production, construction, and service standards for its employees, services and products; establish new departments; discontinue existing departments; introduce new and improved equipment, facilities and service methods; change, combine, establish or discontinue jobs or operations; determine when and if vacancies in the working force shall be filled; determine the means and methods by which production and services will be made; determine the hours of operation, discontinue temporarily or permanently, in whole or in part, any operations of the business of the Cooperative covered or affected by this Agreement.

The Cooperative shall also have the right from time to time to make and enforce such reasonable rules, procedures and regulations applicable to employees covered by this Agreement for the purpose of maintaining order, safety, effective operations and control; to enforce, change, abolish or modify such existing rules, procedures and regulations applicable to employees covered by this Agreement, as it may from time to time deem necessary or advisable, after advance notice thereof to the Union and employees, which shall be subject to the grievance and arbitration procedure of this Agreement. The Cooperative shall also have the right to require compliance with such rules, procedures and regulations by employees until an Arbitrator sets

aside the rule, procedure or regulation as a result of the grievance and arbitration procedure or the parties mutually agree to set aside the rule, regulation or procedure without arbitration.

ARTICLE V

Subcontracting

It is understood by the Cooperative and the Union that for the Cooperative to satisfy the demands of its customers and to successfully operate the business, contracting and/or subcontracting of work is necessary from time to time. It is therefore agreed by the Union that the Cooperative may, within its exclusive discretion, engage contractors for all construction, manufacturing, service and operations functions, and any and all other functions which it, in its exclusive discretion, deems necessary and desirable. The Cooperative will not subcontract work under this provision that would cause the layoff of employees.

ARTICLE VI

Supervisory and Other Excluded Personnel

Notwithstanding any of the provisions of this Agreement, there shall be no limitation or restriction upon the nature, extent and kind of work which Supervisory and Management personnel may perform, nor shall there be any limitation or restriction as to the times or occasions on which Supervisory and Management personnel may perform such work. The Cooperative will not utilize this Article in such a way as to displace any employee covered by this Agreement.

ARTICLE VII

Discipline and Discharge

SECTION 1.

The Cooperative shall have the right to discharge employees during their probationary period without cause and without recourse by the Union or by such probationary employee to the grievance procedure of this Agreement.

SECTION 2.

The Cooperative shall have the right to discipline or discharge employees for “just cause”. While it is the policy of the Cooperative to warn employees for minor infractions before taking disciplinary action or discharging them, it is distinctly understood and agreed that certain offenses, such as, but not by any means limited to the following, shall be considered “just cause” and cause for immediate discharge, without warning: Dishonesty; insubordination; fighting while on the Cooperative’s premises or on duty; smoking in fuel pump areas; failure or refusal to wear or utilize any safety equipment provided and required by the Cooperative or to follow any safety procedure prescribed by the Cooperative; horseplay of such a nature as to be capable of causing personal injury or property damage; drinking alcoholic beverages or being under the influence of alcoholic beverages while on the Cooperative’s premises or on duty; being in possession of or using or being under the influence of narcotics (unless prescribed by the employee’s physician and the employee is following the physician’s directions on dosages, etc.), marijuana or hallucinatory drugs; proven falsification of the Cooperative’s records or reports; willful damage to tools, equipment or other Cooperative property; failure to immediately report involvement in an accident while on duty or on the Cooperative’s premises; or participation in any activity prohibited by the Article of this Agreement entitled “No Strike No Lockout”.

SECTION 3.

It is understood and agreed that employees have a responsibility to be regular and punctual in their work attendance and that habitual or repeated tardiness or absenteeism or failure to report to work promptly, and other minor offenses will be cause for disciplinary action, including discharge. The procedure will be as follows: (1) first offense: verbal warning; (2) second offense: written warning; (3) third offense: three (3) day suspension; and (4) fourth offense: subject to discharge.

It is expressly agreed (a) that the Cooperative, in its discretion, may decide not to discharge an employee for the fourth (4th) offense, and (b) that the Cooperative's failure in any case or cases to strictly enforce the above procedure, shall not be a precedent and shall not constitute a waiver of the Cooperative's right to enforce such procedure in any other case.

SECTION 4.

It is agreed that in the event an employee is given any disciplinary action, including a warning notice, a copy of the warning notice will be given to the employee, one (1) copy to the Union and one (1) copy will be retained in the employee's personnel file. A warning notice or notices for any cause may constitute a basis for discharge for any subsequent infraction and it is understood and recognized by the parties hereto that the infractions specified in Section 2 of this Article shall be cause for immediate discharge without warning. It is further understood and recognized that in any event it shall be cause for discharge if an employee is given four (4) warning notices for any cause or combination of causes within a "rolling" twelve (12) month period. Disciplinary warnings outside this "rolling" twelve (12) month period will not be used for disciplinary purposes. All disciplinary warnings and discharges shall be subject to the grievance procedure.

ARTICLE VIII

Union Security and Checkoff

SECTION 1. Union Security.

All present employees who are members of the Union on the effective date of this Agreement shall remain members of the Union in good standing as a condition of continued employment. All present employees who are not members of the Union and all employees who are hired hereafter shall become and remain members in good standing of the Union as a condition of continued employment on and after the thirty-first (31st) day following the beginning of their employment or on and after the thirty-first (31st) day following the effective date of this Agreement, whichever is the later. Becoming and remaining a member in good standing shall require the tendering of the initiation fee and periodic dues uniformly required as a condition of acquiring or retaining membership in the Union.

SECTION 2. Checkoff.

The Cooperative agrees to deduct each month, from the paychecks of all employees who are covered by this Agreement, all periodic dues and initiation fees owing to the Union by the employees, provided, however, that such employees shall have signed and submitted a written authorization for such action on the part of the Cooperative; such written authorization shall conform to and be in accordance with all applicable Federal and State laws.

All monies deducted by the Cooperative shall be forwarded to the Secretary-Treasurer of the Union.

It is understood and agreed that any monies collected by the Cooperative for the Union will be taken out of the paycheck for the first pay period of the month and remitted to the Union before the 30th day of the same month.

The Cooperative will recognize authorizations for deductions from wages, if in compliance with State and Federal law, to be transmitted to the Union. No such authorization shall be recognized if in violation of State or Federal law. No deduction shall be made which is prohibited by applicable law. This provision is subject to whatever shop rule is promulgated by the Cooperative with respect to garnishments or other wage deductions.

SECTION 3.

In consideration of the adoption by the Cooperative of the Union Security and Checkoff provisions, the Union agrees to indemnify and hold the Cooperative harmless from and against any and all liability or loss as a result of any action brought by any employee or employees on account of claimed illegal payments, suspension or discharge under the provisions of Article VIII of this Agreement, above described, including reasonable attorneys' fees and court costs.

SECTION 4.

It is understood and agreed that the Cooperative shall not be obligated or required to discharge an employee or otherwise take any action with respect to any employee for such employee's alleged failure to make payments as required and provided for hereunder unless the Union shall have first given the Cooperative and such employee ten (10) days written notice of such employee's alleged default, and an opportunity within said ten (10) day period to pay all sums due and owing by such employee under the provisions of this Agreement.

SECTION 5.

If for any reason an employee does not work during the first pay period of any month in which the checkoff is made, the Cooperative shall make deductions for the above purpose from such employee's wages out of the next succeeding pay period in which he works.

ARTICLE IX

No Strike-No Lockout

The Union agrees that during the term of this Agreement neither the Union, its officers, agents or members shall authorize, instigate, aid, condone or engage in any work stoppage, strike of any kind or description, including so-called sympathy strikes, or otherwise interrupt, impede or restrict services of the Cooperative or engage in any activity which would tend to cause an interruption or delay in the accomplishment of the work and business of the Cooperative.

The Union further agrees that during the term of this Agreement the Union, its officers, agents or members will not honor or recognize any picket line or picketing in any form, including recognition of picket lines or picketing out of so-called sympathy, by any union at the Cooperative, or any facility or operation of the Cooperative, regardless of where it is located.

Any employee who engages in any conduct prohibited by this Article, or who fails or refuses to comply with any provision of this Article, shall be subject to appropriate discipline, including discharge, without warning, by the Cooperative. In the event an employee is discharged for violation of the provisions of this Article, he may resort to the grievance and arbitration procedures set forth herein. The arbitrator shall, however, be limited to determining the single issue of whether or not the employee did, in fact, participate in or promote such action and the employee(s) affected will have the burden of conclusively showing his (their) non-participation in and not having promoted such actions. Further, the Cooperative shall be under no obligation to bargain with the Union concerning employees who are on strike or concerning the subject of any strike so long as the strike continues.

Neither the violation of any provision of this Agreement nor the commission of any act constituting an unfair labor practice or otherwise made unlawful by any federal, state or local law

shall excuse the Union, its officers, agents or members from their obligations in the provisions of this Article.

The provisions of this Article shall not be appealable to the grievance procedure either for the purpose of assessing damages or securing a specific performance, such matters of law being determinable and enforceable only in the courts.

The Cooperative shall not lock out members of the Union during the term of this Agreement.

ARTICLE X

Probationary Employees

All new or rehired employees shall be placed on probation and shall be classified as temporary help during the first ninety (90) calendar days of their employment with the Cooperative. During such ninety (90) calendar day probationary period the Cooperative may discharge or otherwise discipline, lay off, transfer or assign such employees with or without cause, and such actions shall not be subject to the grievance procedure.

Probationary employees who complete their probationary period will be classed as regular employees and their date of hire shall be from the first day of hiring.

ARTICLE XI

Rates for New Job Classifications

Recognizing that during the term of this Agreement the Cooperative may install new equipment or change work methods resulting in the creation of new job classifications, the Cooperative shall establish rates for such new classifications in line with the Cooperative's wage scale for like work and notify the Union's representative in writing. If after ten (10) days neither party questions the rate established for the new classification, it shall become the established rate

for the job; otherwise, the establishment of such rate shall be a matter for negotiation. If the parties negotiate and are unable to reach an agreement, the rate as established by the Cooperative shall stand until this Agreement expires if less than twelve (12) months until this Agreement expires and then shall be subject for renegotiation. If more than twelve (12) months from the expiration of this Agreement, then the dispute shall be subject to the Grievance-Arbitration Procedure set out elsewhere in this Agreement.

ARTICLE XII

Hours of Work and Overtime

SECTION 1.

An employee's regular work week shall be forty (40) hours and shall start at the beginning of his shift on Monday, subject to change by the Cooperative when requirements dictate, but shall not be less than eight (8) hours, excluding a one (1) hour lunch break. In addition, employees shall receive two (2) ten (10) minute breaks during a full eight (8) hour shift.

The work week shall begin at 12:01 a.m. Sunday and end at Midnight the following Saturday.

SECTION 2.

When overtime is required, the employees in the classification or who are assigned on the job where the overtime exists shall be required to work the overtime assigned.

SECTION 3.

Overtime at the rate of time and one-half (1-1/2) shall be paid for all hours actually worked in excess of forty (40) hours in any one work week. Time off for sick leave, actual hours served on Jury Duty under Article XVIII, and Holidays as set forth in Article XX, only

shall be considered hours worked (8 hours per day) for purposes of this provision. Overtime under this Section shall be computed on a weekly basis.

SECTION 4.

No premium or overtime pay set out in this Agreement shall be pyramided.

SECTION 5.

An employee required, on a temporary basis, to report to a work place other than his regularly required work place, will not be required to travel on his own time for a period longer than the travel time to his regular reporting work place.

ARTICLE XIII

Reporting and Call-Out Pay

SECTION 1.

When an employee reports for work at his regular starting time on a scheduled work day, he will be guaranteed eight (8) hours straight time pay at his regular hourly rate of pay, provided, however, that this provision shall not apply in case of strikes or other work stoppages, disciplinary suspension of an employee, acts of God or any other cause beyond the Cooperative's control.

SECTION 2.

When an employee has completed his regular shift and left the Cooperative's premises, but is called in to work more than two (2) hours prior to the beginning of his next regularly scheduled shift, he will be guaranteed three (3) hours work at his regular straight-time hourly rate of pay. This guarantee shall only apply once each work day (24-hour period). Other hours actually worked on additional "call-outs" will be compensated at the employee's regular straight-time hourly rate.

No employee shall be required to take time off to avoid the payment of overtime.

ARTICLE XIV

Grievance Procedure

SECTION 1.

A grievance as referred to in this Agreement is a dispute arising from the interpretation or application of one or more specific provisions of this Agreement. Grievances shall be processed in accordance with the procedures set forth below.

STEP 1. The aggrieved employee shall present his grievance to his Supervisor within three (3) days after the cause of such grievance becomes known or could reasonably be expected to have been known. If he has been prevented from presenting the grievance within this time limit because of an excused absence, the days of excused absence shall be excluded in computing the time limit. The aggrieved employee may be accompanied by his Union Steward.

STEP 2. If the grievance is not settled in Step 1, it may be appealed by presenting the grievance in writing within five (5) days to the Superintendent, who shall meet with the aggrieved employee. The aggrieved employee may be accompanied by his Union Steward.

STEP 3. If the grievance is not settled in Step 2, it may be appealed by the Union within ten (10) days to the Manager (or the person acting in his capacity in the event of his absence) who shall arrange to meet with the Union's Assistant to the President and the aggrieved employee and his Union Steward.

STEP 4. If the grievance is not satisfactorily settled in Step 3 and if the grievance is otherwise arbitrable under this Agreement, it may be referred to arbitration in strict accordance with the provisions of this Agreement pertaining to arbitration, provided that if the Union fails to notify the Cooperative in writing by Registered Mail within ten (10) days after the Cooperative

gives its answer in writing to a grievance at Step 3 of the grievance procedure of the Union's desire to arbitrate the grievance, then the Union shall be conclusively presumed to have accepted the Cooperative's answer and said grievance shall not thereafter be arbitrable.

SECTION 2.

The grievance procedure is subject to the following rules and conditions:

(a) A settlement satisfactory to the Union at any step in the grievance procedure shall be binding on it and the employee or employees making the complaint.

(b) Saturdays, Sundays and holidays are excluded in computing the time limits specified in this Article.

(c) All meetings conducted pursuant to the provisions of Step 1, Step 2, Step 3 and Step 4 of this Article, unless otherwise mutually agreed, shall be conducted at times when the aggrieved employee and others, including the Steward, are not regularly scheduled to work. Neither party shall have more than a total of three (3) persons present, including the aggrieved employee, except, by mutual consent, the parties may agree to a greater number.

(d) Employees will not leave their work to investigate, present or discuss grievances without prior permission from their supervisor.

(e) This grievance procedure constitutes the sole and exclusive means of resolving controversies. Pending the raising, processing and/or settlement of a grievance, all employees will continue to work in a normal manner, and there shall be no slowdown, stoppage or other interference with work or plant operation as discussed and set forth elsewhere in this Agreement.

(f) Infrequently, due to the nature of the subject matter, the Cooperative or the Union may request that early steps of the grievance procedure be waived. In such cases certain

steps of the grievance procedure may be waived provided there is mutual agreement by the Cooperative and the Union to do so.

(g) Any time the Cooperative offers a settlement with regard to any grievance, there will be a Union Official present. "Union Official" shall mean the employee's Steward or the Union's Assistant to the President. A settlement reached with the Steward will not set a precedent, unless the Union's Assistant to the President is aware of the settlement.

(h) Any grievance of any kind which has been presented under the grievance procedure set forth herein which is not appealed to the next step within the applicable time specified above and any grievance which has not been presented under the grievance procedure set forth herein within the time period for presentation of grievances shall be considered settled and shall not be subject to further discussion or appeal.

SECTION 3.

The Cooperative shall not be required or obligated under the terms of this Agreement or otherwise to submit to arbitration any claim or cause of action which it may have or assert on account of any alleged violation of this Agreement by the Union or any employee or employees covered by this Agreement. The Cooperative shall have the right to sue at law or in equity in any court of competent jurisdiction, Federal or State, to enforce this Agreement and to recover for any breach or violation thereof.

SECTION 4.

No grievance shall be arbitrable unless it involves an allegation of the type set out in Section 1, which allegation shall be designated in writing by the Union to the Cooperative no later than the time such grievance is appealed to Step 2 of the grievance procedure set forth herein.

No grievance may be filed or considered which is based in whole or in part on an occurrence happening prior to or after the term of this Agreement.

SECTION 5.

The provisions of this Agreement covering grievance procedure and arbitration are completely unrelated to and independent of the provisions of the Article of this Agreement entitled "No Strike-No Lockout" clause. In the event the Cooperative claims that a grievance filed hereunder is not arbitrable, whether or not such claim be ultimately sustained, such claim shall not in any way affect or excuse the Union or any employee or employees covered by this Agreement from the provisions of the Article entitled "No Strike-No Lockout" and their respective obligations and duties thereunder.

SECTION 6.

In the event any grievance which is otherwise arbitrable under the terms of this Agreement shall be arbitrated, selection of an arbitrator shall first be attempted by the Union and the Cooperative attempting to agree on an arbitrator, and, if they cannot agree upon a selection, the Federal Mediation and Conciliation Service shall be asked to furnish a panel consisting of at least seven (7) names of arbitrators. The Union and the Cooperative shall select a single arbitrator from the panel by alternately striking a name until such time as only one (1) name remains. The Cooperative and the Union will alternate in striking the first name from the list. The Cooperative will strike the first name in the first arbitration case and the Union will strike the first name in the second arbitration case, etc.

SECTION 7.

No more than one grievance shall be submitted to any one arbitrator unless the Cooperative and the Union agree otherwise in writing. The Arbitrators selected shall have power

to receive relevant testimony from the parties to the dispute and hear such witnesses as they may desire to present. The parties may, if they so desire, be represented by counsel in all proceedings held before the Arbitrator. The Cooperative shall bear the costs of preparing and presenting its case to the Arbitrator and the Union shall bear the costs of preparing and presenting its case to the Arbitrator. All other expenses of arbitration, such as, but not limited to the Arbitrator's fee, and the hiring of a space in which the arbitration proceedings are held, shall be divided equally between the Cooperative and the Union.

SECTION 8.

The function of the Arbitrator shall be of a judicial, rather than a legislative, nature. The Arbitrator shall not have authority to add to, ignore or modify any of the terms or provisions of this Agreement. The Arbitrator shall not substitute his judgment for the Cooperative's judgment and where matters of judgment are involved he shall be limited to deciding whether or not the Cooperative acted arbitrarily, capriciously or in bad faith. The Arbitrator shall not decide issues which are not directly involved in the case submitted to him. In any discharge or disciplinary suspension case where the Arbitrator decides that the aggrieved employee should be awarded any back pay, the Cooperative shall be entitled to full credit on such awards for the employee's gross interim earnings, unemployment compensation benefits, worker's compensation benefits received or receivable and any other compensation he receives from any form of employment during the period he was not working for the Cooperative. Subject to the foregoing qualifications and limitations, the Arbitrator's award shall be final and binding upon the Cooperative, the Union and the aggrieved employee or employees.

SECTION 9.

Only the Union shall have the right to prosecute grievances under this Agreement and only the Union shall have the right to take to arbitration any grievance which is otherwise arbitrable under this Agreement. If the Union fails, refuses or declines to prosecute a grievance on behalf of an employee, or on behalf of a group of employees hereunder, such employee or employees who filed such grievance or on whose behalf it has been filed shall be conclusively bound thereby and both the Union and the aggrieved employee or employees shall thereafter be prohibited from reviving or further prosecuting said grievance.

ARTICLE XV

Access to Facilities and Properties of the Cooperative

An authorized officer or agent of the Union, the name of whom shall be furnished to the Cooperative in writing, shall have access to the Cooperative's establishment during working hours for the purpose of investigating grievances and for any other legitimate purpose in connection with the administration of this Agreement, provided he notifies the Manager of the Cooperative beforehand. The Union hereby agrees that its agents and representatives will not cause any interruption of the Cooperative's working schedule or interfere with the work of employees or otherwise abuse these visitation privileges when on its premises. In the event of a change of agents, the Cooperative will be immediately notified in writing.

ARTICLE XVI

Seniority

SECTION 1.

Seniority of employees covered by this Agreement shall be determined by the Cooperative on the basis of length of continuous service with the Cooperative from the last date of hire.

SECTION 2.

An employee's seniority, qualifications, ability, skill and adaptability to perform the work involved, as determined by the Cooperative, shall apply in the case of layoff, recall from layoff, and promotions. It is agreed that in the case of layoff no employee, regardless of his seniority, may displace any other employee unless he is able, within two (2) weeks, to satisfactorily perform the work of the employee being displaced, except this two (2) week period will not apply in the case of new and different kinds of equipment. In the event of layoff, the least senior, least qualified employee in the unit will be laid off. If the job opening created is to be filled and the layoff was created by elimination of a job of a more senior, qualified employee, then that employee will fill the job of the employee laid off. If the employee is not able to satisfactorily perform the work of the employee being displaced within the two (2) week period, then that employee will be laid off. If more than one (1) job opening is created and they are to be filled, then the same procedure applies with the most senior, qualified employee having first selection, the second most senior, qualified employee having second selection, etc. An employee who displaces another employee pursuant to the provisions of this Section shall be paid at the hourly rate of pay for that job classification. When the working force is being increased after a layoff

the Cooperative will apply the same standards as it originally applied for layoff when employees are being recalled.

SECTION 3.

In the case of layoff, all probationary, seasonal, part-time and casual employees shall be laid off before any employees who have established seniority are affected.

SECTION 4.

The Cooperative will give employees one (1) week of notice prior to layoff.

SECTION 5.

Seniority, qualifications, ability, skill and adaptability to perform the work involved, as determined by the Cooperative shall be the controlling factors in promotion of employees, and where in the Cooperative's judgment, these factors are relatively equal between two (2) or more employees, seniority will control.

SECTION 6.

All job vacancies in jobs which the Cooperative decides to fill will be posted for bid at least three (3) full working days. Until the Cooperative has selected an employee to permanently fill such job vacancy the vacant job may be filled in any manner the Cooperative sees fit. The Cooperative will take final action with respect to all job openings within two (2) weeks after the posting is taken down. Employees shall be permitted to bid only on jobs which are higher than the job classification which they are in at the time and a successful job bidder shall not bid again for any posted job for six (6) months. If no employee in the unit who bids on the job is selected using the criteria set out in this Section, then the Cooperative may hire a new employee from outside the work force.

An employee who bids on and is awarded a job and who, within ten (10) working days, voluntarily decides they do not desire to stay in that job shall be disqualified from bidding on another job for twelve (12) months.

SECTION 7.

An employee shall lose his seniority and his status as an employee shall cease for any of the following reasons:

- (a) If an employee quits or is discharged.
- (b) If an employee is in layoff status for more than one (1) year.
- (c) If an employee, after having been laid off, fails to report for work within three (3) working days when notified by the Cooperative by certified mail or telegram sent to the employee's last address appearing on the Cooperative's records.
- (d) If an employee is absent from work for two (2) days without reporting to his supervisor.
- (e) If an employee is retired.

SECTION 8.

Seasonal, temporary, part-time and casual employees are excluded from the bargaining unit covered by this Agreement, and are not entitled to any of the benefits and privileges provided for in this Agreement. The Cooperative will give the Union notice when such employees are hired, but shall be under no further obligation with respect to the Union for these employees.

SECTION 9.

If, and when, employees in the bargaining unit covered by this Agreement are promoted or transferred to jobs outside the bargaining unit they will retain and accumulate seniority for a

period of twelve (12) months, during which period such employees will have the right to return to a job in the bargaining unit, provided they have the seniority therefor. At the end of said twelve (12) month period, if the employee remains in the job outside of the bargaining unit he will lose all seniority rights under this Agreement.

SECTION 10.

The seniority list shall be made up by the Cooperative within thirty (30) days after the date of this Agreement. A copy shall be furnished to the Assistant Business Agent or his representative and a copy posted on the Bulletin Board. This list shall be open for correction for a period of thirty (30) days thereafter and if an employee does not make a protest in writing to the Cooperative, with a copy to the Union within such thirty (30) day period after posting of such list, his seniority shall be as shown on the list. The seniority list shall be brought up-to-date on November 1 of each year thereafter.

SECTION 11.

In the event an employee becomes physically disabled from a work-related injury and can no longer perform the work in his classification (certified as such by his attending physician, and subject to confirmation by a physician selected by the Cooperative) he may request a transfer, if an opening exists at that time, to a lower classification of work, provided he is at that time able to satisfactorily perform the work of the lower classification to which he transfers. This provision shall only apply to employees with five (5) or more years of service with the Cooperative and only one (1) such transfer may be made.

SECTION 12.

The following departments, I, II, III and IV, shall be utilized for the purpose of determining promotions, with Department I being the highest:

- I Accounting Department
- II Work Order Department
- III Customer Services Department
- IV Office Custodian

For purposes of bidding on jobs and promotion, the following will be used when jobs are open in the following departments:

Department III--Department IV employees

Department II--Departments III and IV employees

Department I--Departments II, III and IV employees

SECTION 13.

In the event a job vacancy is posted in accordance with Section 6 of this Article and no employees bid on the job and the Cooperative decides not to fill the vacancy by hiring a new employee from outside the work force, then the Cooperative may assign employees to the position on a permanent basis, so long as the employees so assigned are not required to make a geographic move of their residences.

ARTICLE XVII

Leave Program

SECTION 1.

“Leave”, as the term is used in this Agreement, shall mean time off taken by an employee who has accumulated leave time for purposes of illness or maternity condition, and shall be used only for such purposes.

Each employee covered by this Agreement shall be entitled to receive one (1) day of leave for each full month of employment. Only leave actually earned prior to the date utilized

may be compensable. Leave will not be earned and no entitlement shall be granted for periods of time an employee is not actually working, including time on leave. An employee may accumulate an unlimited amount of leave time. Pay shall only be provided for actual illness and only as set forth in this Agreement.

Medical leave shall be made available to employees following one (1) full year of employment and such leave will be in accordance with the provisions of and regulations issued in accordance with the Family and Medical Leave Act of 1993. Following exhaustion of all accumulated leave time, an employee on Family and Medical Leave will be required to use fifty percent (50%) of vacation entitlement (not including the one (1) week carry over) during such leave. Such vacation will be used beginning on the first day of leave under the Family and Medical Leave Act of 1993 and shall continue until fifty percent (50%) of such vacation entitlement has been paid.

SECTION 2.

(a) Illness of Employee. Pay will be provided to an employee who has accumulated leave for leave due to illness. In order to be entitled to pay for leave due to illness, an employee may be required, as a condition of such payment, to submit, for each day of absence, a written statement signed by his attending physician attesting to the illness of the employee and which shows his recommendation that the employee absent himself from work because of such illness. In addition, an employee must notify his immediate supervisor before his shift begins of the necessity for absence due to such illness, except in rare instances when the employee is completely physically unable to give the required notice. An employee who has been absent from work for a maximum of fifteen (15) days because of illness or other disability, must notify and advise his Superintendent regarding the anticipated duration of his absence.

(b) Illness of Employee's Spouse or Children. As of January 1 of each year of this Agreement, employees will be permitted to take up to sixteen (16) hours of their then accumulated sick leave per year for illness of the employee's spouse or children living in the employee's home. The employee must present to the Cooperative a Physician's Statement certifying the illness of the employee's spouse or child living in the employee's home.

SECTION 3.

Funerals. An employee who has completed his probationary period will be permitted leave of absence with pay at his regular rate for regularly scheduled work hours lost to a maximum of three (3) regularly scheduled work days lost (to a maximum of eight (8) hours per day) in case of death in his immediate family (i.e., legal spouse, mother, father, son or daughter) provided such days fall on the employee's regularly scheduled work days and are taken during the period between the day of death and the day after the funeral or memorial service in lieu of funeral, and provided further that the employee is prepared to offer valid proof of death and relationship upon request. Under the same conditions, an employee will be permitted to take up to three (3) regularly scheduled work days for the employee's step-parents, mother-in-law, father-in-law, son-in-law and daughter-in-law, such days to be deducted from the employee's sick leave account. In addition, and subject to the same conditions, an employee will be permitted leave of absence with pay at his regular rate for regularly scheduled work hours lost for a maximum of one (1) regularly scheduled work day lost (to a maximum of eight (8) hours) in case of death of his sister, brother, grandchildren or grandparents. An employee may take an additional two (2) regularly scheduled work days off in the case of death of his sister, brother, grandchildren or grandparents, said days to be deducted from the employee's sick leave account. An employee may, under the same conditions as set forth above, take up to two (2) regularly

scheduled work days off in the case of the death of the employee's brother-in-law and sister-in-law, said days to be deducted from the employee's sick leave account.

Only in the case of the death of one of the relatives set forth above whose funeral is more than 200 miles from the employee's regularly required work place will an employee be permitted to take such days off between the day of death and the day after the funeral.

SECTION 4.

Any employee found to have falsified the reasons for leave or who has abused the leave provision by falsification or misrepresentation shall thereupon be subject to disciplinary action, including discharge. In addition, such employee will restore to the Cooperative amounts paid to him to which he was not entitled unless otherwise mutually agreed upon between the Cooperative and the Union in the settlement of a grievance, or if an Arbitrator rules otherwise.

ARTICLE XVIII

Jury Duty

An employee who is required to serve and perform jury duty shall be compensated by the Cooperative in the amount of the difference between his regular rate for regularly scheduled work hours lost (to a maximum of eight (8) hours per day) and the amount received as juror's fees, provided he is prepared to offer valid proof of such jury duty and the amount received as juror's fees upon request by the Cooperative. Whenever the employee is excused by the Court from such jury duty two (2) hours or more before his normal shift ends on a scheduled work day, he shall advise his immediate supervisor as promptly as possible and stand ready to report directly to work if requested by the Cooperative. The receipt of notice to report for jury duty must be reported immediately to his immediate supervisor.

In addition, and subject to the same conditions as stated above, an employee who is subpoenaed to appear in court and does appear as a defendant growing out of the Cooperative's business, a co-defendant with the Cooperative or as a witness on behalf of the Cooperative shall receive the difference between his regular rate for regular scheduled work hours lost and the amount received as a witness fee.

ARTICLE XIX

Military Service

Employees inducted into the Armed Forces of the United States shall be re-employed according to the provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994. Any and all benefits under this Agreement which require working as a condition of earning such benefits and such other benefits as Health, Medical and other insurance and the retirement plan shall not be due such employees, unless specifically required by statute.

ARTICLE XX

Holidays

SECTION 1.

Members of the bargaining unit shall be paid eight (8) hours pay at their regular straight time rate for:

| | |
|-----------------------------------|----------------------------|
| New Years Day | Labor Day |
| Good Friday | Thanksgiving Day |
| Memorial Day | Day After Thanksgiving Day |
| Independence Day (4th of July) | Christmas Eve |
| | Christmas Day |

SECTION 2.

To receive holiday pay employees must have worked the full day immediately preceding the holiday and the full day immediately after the holiday. An employee will be considered to have worked the full day before the holiday if he is up to fifteen (15) minutes late reporting to work. The requirement that employees must have worked the full day immediately preceding and the full day immediately after the holiday shall be waived only when the absence is caused by being on scheduled vacation, jury duty, funeral leave, or injury sustained while working for the Cooperative and the injury is compensable under Worker's Compensation statutes and the injury occurred within thirty (30) days of the day for which eligibility is required. If an employee is on Sick Leave the day before or the day after a holiday, then such employee may receive Sick Leave under Article XVII, Leave Program, Sections 1 and 2, for the day of the holiday, but shall not receive holiday pay.

SECTION 3.

In addition to the above allowance, employees will be compensated for hours actually worked on the holidays at time and one-half (1-1/2) for hours actually worked between 8:00 a.m. and 5:00 p.m. and double time for hours actually worked before 8:00 a.m. and after 5:00 p.m.

SECTION 4.

Holidays falling on Saturday shall be recognized on Friday and holidays falling on Sunday shall be recognized on Monday.

SECTION 5.

If a holiday set forth in Section 1 falls within an employee's scheduled vacation, then the employee will receive an additional day of vacation, which will be, at the employee's option, added to the end of such scheduled vacation or at the beginning of such scheduled vacation.

ARTICLE XXI

Vacation

SECTION 1.

Employees shall receive paid vacations as follows:

| | | |
|---|---|--|
| After one (1) year of employment | - | One (1) week |
| After two (2) years of employment | - | Two (2) weeks |
| After ten (10) years of employment | - | Three (3) weeks |
| After twenty-one (21) years of employment | - | Three (3) weeks plus one (1) day |
| After twenty-two (22) years of employment | - | Three (3) weeks plus two (2) days |
| After twenty-three (23) years of employment | - | Three (3) weeks plus three (3) days |
| After twenty-four (24) years of employment | - | Three (3) weeks plus four (4) days |
| After twenty-five (25) years of employment | - | Four (4) weeks |
| After thirty (30) years of employment | - | Five (5) weeks |

In computing length of employment for the purposes of vacation, the employee's length of employment with the Cooperative, including prior service, will be counted.

SECTION 2.

In order to be eligible for vacation as set forth above, an employee will be required to actually work the minimum number of hours set forth below during the twelve (12) month period immediately preceding the eligibility dates:

| | |
|-----------------------|------|
| 1,500 hours | 100% |
| 1,450 hours | 75% |
| 1,400 hours | 50% |
| 1,350 hours | 25% |
| Less than 1,350 hours | 0% |

In order for an employee who retires before his anniversary date of employment to be eligible for vacation as set forth above on a pro rata basis, he will be required to actually work the minimum number of hours set forth below during the period between his last anniversary date and his date of retirement.

80% of available hours--100% of pro rata vacation.

75% of available hours--75% of pro rata vacation.

70% of available hours--50% of pro rata vacation.

65% of available hours--25% of pro rata vacation.

Less than 65% of available hours--0%

Actual hours spent on jury duty will be counted as hours "actually worked" for the purpose of meeting the minimum number of hours set forth above.

SECTION 3.

The Cooperative shall post vacation schedules on or before January 1 of each year. Each employee must designate his vacation period on such schedule not later than February 1 of each year. In the event two (2) or more employees designate the same vacation period on such schedule, then the employee with the longest period of continuous service from the last date of hire shall have preference. In designating the schedule of the periods in which vacations may be taken, such schedules shall be prepared in a manner consistent with the orderly and efficient operation of the Cooperative, as determined by it. If an employee who has designated a vacation period desires to change it, he may, if it is mutually agreed to by the Cooperative, change the period of vacation to a time when no other employee is scheduled or is otherwise convenient, as determined by the Cooperative.

In the instance of an employee with one (1) week of vacation, they may take such vacation in one (1) day increments. In the instance of employees with two (2) week vacation periods, they may take one (1) week in increments of one (1) full day or one-half (1/2) days. In the instance of employees with three (3), four (4) and five (5) week vacation periods, they may take one (1) week in increments of one (1) day and one (1) week in increments of one-half (1/2)

days. If an employee chooses the option of taking vacation in one (1) day or one-half (1/2) day increments as set forth, he must give at least two (2) days notice before each increment and must receive permission from his Department Head. If mutually convenient and agreeable between the Cooperative and the employee, the two (2) day notice may be waived.

SECTION 4.

Vacations are not cumulative and they shall be taken during the twelve (12) month period between January 1 and December 31 of each year. Vacation days earned, but not taken during such period, shall be forfeited by the employee and no pay will be provided to the employee for any days of vacation not taken, except employees shall be permitted to carry over one (1) week of vacation, but shall not in any one (1) year have more than six (6) weeks of vacation (earned and carried over). In the event and employee is off work because of a compensable injury under Worker's Compensation statutes, such employee will be given credit for service consistent with the yearly vacation entitlement set forth in Section 1. An employee who is off work because of a compensable injury under the Worker's Compensation Statute will be given credit for hours worked for earning vacation under Article XX1, Section 2, for up to seventy-five (75) working days (maximum of 600 hours) they are off work because of a compensable injury under the Worker's Compensation Statute.

An employee who voluntarily or involuntarily terminates employment with the Cooperative shall be paid for all accumulated vacation, on a prorated basis, as of the date of termination. Vacation days used in excess of the prorated accumulated days of entitlement before termination will be deducted from the employee's final pay at the time of termination.

ARTICLE XXII

Group Insurance

SECTION 1.

(a) The Cooperative agrees to continue in effect for the duration of this Agreement the Blue Access (PPO) Option 2 with RX Option G Insurance Program submitted to the Union during negotiations for this Agreement so as to make it available to all regular full-time employees who have completed their probationary period. For employees hired on or before November 30, 2005 and who are actively employed on November 30, 2005, the Cooperative agrees to pay the full premium, including increases for family and single coverage.

(b) Employees hired on and after December 1, 2005 will have health insurance provided to them on an employee-only basis. If such employee desires to add a spouse and/or dependents, then such employee will pay the difference in premium between the employee-only and the premium for adding a spouse and/or dependents.

(c) Further, Employees hired on and after December 1, 2005 shall have no health insurance provided by the Cooperative when they retire.

(d) The Cooperative shall have the right to change insurance carriers for any of the group insurance programs as set forth in this Article at any time so long as the group insurance coverage is equivalent.

(e) The contracts between the Cooperative and insurance carriers will govern in all matters related to the insurance plans provided for herein. The exact coverage and the conditions for coverage of the aforesaid insurance will be determined by the terms and conditions of the policy or contract, and the Cooperative will not under any circumstances be liable as an insurer of any of the benefits to the employees.

SECTION 2.

Under the same conditions as set forth above in Section 1, the Cooperative will make available to employees a basic dental and vision plan. The full premium for such plans will be paid by the individual employees. The conditions established by the insurance company or companies will be met by the employees as a condition of providing such coverages including, but not limited to, minimum numbers of employees participation, duration, etc.

SECTION 3.

(a) For employees under paragraphs (b), (c), (d) and (e) of this Section, in order for such insurance to be made available, a retiree or an employee who retires from employment at the Cooperative in the future must have attained at least age sixty (60) and have at least thirty (30) years of service with the Cooperative.

(b) Under the same conditions as set forth above in Sections 1(a), (d) and (e), the Cooperative will make available to employees who retired between April 2, 1987 and November 30, 1994, the Blue Access Plan referred to above.

(c) Under the same conditions as set forth in Sections 1(a), (d) and (e), the Cooperative will make available to employees who retired between December 1, 1994 and December 8, 1997, the Blue Access “carve out” supplemental plan as submitted to the Union during the negotiations which led to this Agreement, and in accordance with the following: (1) When an employee is eligible for Medicare, that employee and his spouse at the time of retirement from the Cooperative will submit proof of enrollment and the amount paid for Medicare B and, thereafter on an annual basis provide to the Cooperative a certification of their continued participation; and (2) Based on Section 3 (c) (1), the Cooperative will pay directly to the retiree, retroactively, on a quarterly basis, the amount paid for Medicare B.

(d) Under the same conditions as set forth in Sections 1(a), (d) and (e), employees who retire on and after December 8, 1997, shall be subject to the health insurance program and the coverages of it as they exist from time-to-time. When an employee is eligible for Medicare, that employee will pay the premium necessary in order to obtain the benefits provided by Medicare.

(e) The insurance coverage referred to above shall only be made available for the life of the retired employee.

SECTION 4.

Under the same conditions as set forth above in Section 1, the Cooperative will make available for each employee a \$50,000 life insurance plan. The full premium for such plan will be paid by the Cooperative for the duration of this Agreement. The conditions established by the insurance company or companies involved will be met by the employees as a condition of providing such coverage.

SECTION 5.

The Cooperative will provide to employees a long-term disability insurance plan with the following provisions:

- (1) Sixty-six and two-thirds (66-2/3) pay
- (2) Twenty-six (26) week waiting period

The contracts between the Cooperative and insurance carriers will govern in all matters related to the insurance plans provided for herein. The exact coverage and the conditions for coverage of the aforesaid insurance will be determined by the terms and conditions of the policy or contract and the Cooperative will not under any circumstances be liable as an insurer of any of the benefits to the employees.

ARTICLE XXIII

Retirement Plan

SECTION 1.

Effective January 1, 1995, the Cooperative adopted and implemented the National Rural Electric Cooperative Association (“NRECA”) Selectre Pension Plan (the “Plan”) for the benefit of its employees. The Plan replaced the Taylor County RECC Employees’ Retirement Savings Trust Fund (the “Trust Fund”). The Trust Fund was terminated.

The instruments composing the Plan will govern in all matters related to it. The exact terms and conditions for eligibility for coverage, eligibility for participation, eligibility for retirement, contribution rates, etc. will be determined by the terms and conditions of such instruments and the Cooperative will not under any circumstances be liable for any benefits, or otherwise, to the employees.

Employees who have reached the age of sixty (60) and have a minimum of thirty (30) years service with the Cooperative will be permitted to retire and, upon such retirement, the Cooperative will pay one hundred percent (100%) of the health insurance premium for such employee until they qualify for benefits provided by Medicare. At such time, the employee will be provided the Blue Access “carve out” supplemental plan provided for in Article XXII, Sections 3(c) and (d).

ARTICLE XXIV

Miscellaneous

SECTION 1. Stewards.

The Union shall have the right to designate from among the employees covered by this Agreement a Chief Steward. The Union shall notify the Cooperative in writing of the name of

said Steward so designated. The Cooperative shall have the right to recognize and deal with the Steward so designated in the settlement of grievances and other matters pertaining to the administration of this Agreement. The Steward will not leave his work to investigate, present or discuss grievances unless given permission by his Supervisor. He will be permitted, however, to perform this business during scheduled breaks and scheduled meal periods and after his shift ends. In addition the Steward will be permitted to transmit messages and information, which originate with, and are authorized by the Local Union or its officers, provided such messages and information have been reduced to writing. In the event of any change in the Steward, the Union shall notify the Cooperative in writing at the time the new Steward assumes his responsibilities.

SECTION 2. Bulletin Boards.

The Cooperative will provide suitable space on its bulletin boards at each location of work for the posting of official Union bulletins.

Nothing, however, shall be posted on such bulletin boards which is derogatory to any individual, or which is libelous or obscene, or which deals with any matter that is subject to the grievance-arbitration procedure set forth in this Agreement. Only official matters which relate directly to members of the bargaining unit at the Cooperative may be posted on such bulletin boards.

SECTION 3. Examinations.

Physical, mental or other examinations required by a government body, or the Cooperative, shall be promptly complied with by all applicants and employees, provided, however, the Cooperative shall pay for all such examinations. The Cooperative shall not pay for any time spent for such examinations, unless the examination is required to be taken by the

Cooperative. Employees may take sick leave for such time actually spent traveling to and from and at the place of examination. Examinations are not to exceed one (1) in any one (1) year, unless the employee has suffered an injury or illness during the year.

The employer reserves the right to select its own medical examiner or physician and the Union may, if it believes an injustice has been done an employee, have said employee re-examined at the Union's expense.

An employee who has been off work for illness or other disability for a period of more than two (2) weeks will be required to obtain a statement from his attending physician and specialist (if one) certifying the nature and extent of the employee's illness or other disability for the period of absence and certify that the employee is released to return to work with no restrictions on his ability to work and can perform all the duties of his job.

SECTION 4. Uniforms and Protective Clothing.

In the event the Cooperative requires employees to wear uniforms, the Cooperative shall supply and pay for the uniforms.

The Cooperative will provide all safety equipment required.

Lost, broken or stolen equipment will be replaced at the employee's cost, unless the employee can show that it was not because of his negligence or acts by him.

SECTION 5. Worker's Compensation.

The Cooperative agrees to use its best efforts to cause the insurance carrier to duly and promptly settle and pay just on-the-job injury claims, when such claims are due and owing. The Cooperative shall provide Worker's Compensation protection as required by law.

SECTION 6.

Retired employees shall continue to receive Co-op HiLights in addition to being allowed to attend employee picnics and other recreational activities.

SECTION 7. Educational Assistance Program.

In order to actively encourage employees to take advantage of educational opportunities and to provide for individual growth and potential advancement, financial assistance will be made available under the following circumstances:

- (1) Eligibility -- All regular full-time employees.
- (2) Effective Date -- After completion of the probationary period provided for in this Agreement.
- (3) Covered Educational Programs -- Courses which improve employee effectiveness under their present assignments and/or qualify an employee for promotion and such courses are taken on the employees' own time outside of regularly scheduled working hours.
- (4) Expenses Eligible for Reimbursement -- Tuition for all approved courses completed with a grade "C" or better, or if the course is not graded on a letter basis but on a "pass-fail" basis, the employee receives a "pass" grade.
- (5) Reimbursed Amount -- Fifty percent (50%) of the expenses for tuition after completion of the course and upon presentation to the Manager of proof of the grade and paid receipts for such tuition.
- (6) Application Procedure --
 - (a) Employee must complete the application for course approval in sufficient time to obtain necessary approval prior to course registration and provide such application to his supervisor;

- (b) Approval by the employee's immediate supervisor; and
- (c) Final approval, in writing, by the Manager.

SECTION 8. DRIVE.

The Cooperative agrees during the first payroll period in December of each year of this Agreement that it will deduct from the paychecks of all employees who are covered by this Agreement a contribution in an amount designated by such employees, to DRIVE, the Union's political action committee, provided that such employees shall have signed and submitted a written authorization for such action on the part of the Cooperative; and, provided further, that such written authorization shall conform to and be in accordance with all applicable Federal and State laws.

All monies deducted by the Cooperative shall be forwarded to the Secretary-Treasurer of the Union.

The Cooperative will recognize authorizations for deductions from wages, if in compliance with State and Federal law, to be transmitted to the Union. No such authorization shall be recognized if in violation of State or Federal law. No deduction shall be made which is prohibited by applicable law. This provision is subject to whatever shop rule is promulgated by the Cooperative with respect to garnishments or other wage deductions.

In consideration of the adoption by the Cooperative of this DRIVE contribution, the Union agrees to indemnify and hold the Cooperative harmless from and against any and all liability or loss as a result of any action brought by any employee, employees or any other person on account of claimed illegal payments, including reasonable attorneys' fees and court costs.

If, for any reason, an employee does not work during the first payroll period in December of each year of this Agreement in which the DRIVE contribution is to be deducted, the

Cooperative shall make deductions for the above purpose from such employee's wages out of the next succeeding pay period in which he works.

ARTICLE XXV

Non-discrimination

The Cooperative and the Union agree that the provisions of this Agreement shall be applied to all employees without discrimination on the basis of age (over 40), sex, religion, race, color, creed, national origin, or disability (as that term is defined and applied within the meaning of the Americans With Disabilities Act and its implementing regulations).

Whenever the words "he", "him" or "his" are used herein, those words shall be deemed to include the feminine gender as well.

ARTICLE XXVI

Wage Rates and Classifications

SECTION 1.

All employees in the bargaining unit receiving a "red circle" rate at the time this Agreement is executed will continue to receive such "red circle" rate.

SECTION 2.

New employees hired by the Cooperative after the effective date of this Agreement shall begin their employment at sixty percent (60%) of the "classified rate"; after six (6) months of employment, such employees will be paid at the rate of seventy percent (70%) of the "classified rate"; after eighteen (18) months of employment, such employees will be paid at the rate of eighty percent (80%) of the "classified rate"; after twenty-four (24) months of employment, such employees will be paid at the rate of ninety percent (90%) of the "classified rate"; and at the

end of thirty-six (36) months of employment, such employees will be paid at one hundred percent (100%) of the “classified rate”.

Employees who are promoted to higher rated positions after execution of this Agreement will be paid at the rate of the position to which they are promoted.

SECTION 3. Classified Rates.

| | <u>Classification</u> | <u>Classified Rates</u> | | | |
|------|-------------------------------|-------------------------|----------------|----------------|----------------|
| | | <u>12/1/10</u> | <u>12/1/11</u> | <u>12/1/12</u> | <u>12/1/13</u> |
| I. | Accounting Department: | | | | |
| | Bookkeeper | \$21.86 | \$22.19 | 22.52 | 22.86 |
| | Assistant Bookkeeper | 21.18 | 21.50 | 21.82 | 22.15 |
| | Payroll Clerk | 20.83 | 21.14 | 21.46 | 21.78 |
| II. | Work Order Department: | | | | |
| | Work Order Clerk | \$20.76 | \$21.07 | 21.39 | 21.71 |
| | Assistant Work Order Clerk | 20.32 | 20.62 | 20.93 | 21.24 |
| III. | Customer Services Department: | | | | |
| | Clerks | \$19.52 | \$19.81 | 20.11 | 20.41 |
| | General Office Helpers | 18.25 | 18.52 | 18.80 | 19.08 |
| IV. | Office Custodian | \$18.25 | \$18.52 | 18.80 | 19.08 |

SECTION 4.

The “Classified Rates” set forth above reflect the following increases to the rates in effect immediately prior to ratification of this Agreement: Effective December 1, 2011, a one and one-half percent (1-1/2%) per hour increase in wage rates; effective December 1, 2012, a one and one-half percent (1-1/2%) per hour increase in wage rates; effective December 1, 2013 a one and one-half percent (1-1/2%) per hour increase in wage rates.

ARTICLE XXVII

Effect of Law

All provisions of this Agreement shall be subordinate and subject to any statute or law that may be applicable, whether now in effect or hereinafter enacted. If any provision of this

Agreement or application of this Agreement to any employee is contrary to law, then such provision or application shall not be deemed valid except to the extent permitted by law, but all other provisions or applications of this Agreement shall continue in full force and effect.

If any provisions of this Agreement or application of this Agreement to any employee is contrary to law, then the Cooperative and the Union shall meet and attempt in good faith to agree upon a suitable replacement. If the parties are unable with due diligence to agree, the issue in question shall be subject to collective bargaining negotiation when this Agreement expires.

ARTICLE XXVIII

Entire Agreement

SECTION 1.

This Agreement sets out the entire understanding between the Cooperative and the Union with respect to the unit of employees described in this Agreement. Neither party intends to be bound or obligated except to the extent that it has expressly so agreed herein and this Agreement shall be strictly construed. This Agreement applies only to the collective bargaining unit defined in this Agreement. None of the benefits, rights or privileges accorded by this Agreement to the Union or to any employee covered by this Agreement shall survive the expiration or termination of this Agreement.

SECTION 2.

It is distinctly understood and agreed by the Union that the Cooperative shall not be obligated, contractually or otherwise, to continue in effect any custom, practice or benefit unless it has contractually obligated itself to do so by clear and explicit language in this Agreement.

ARTICLE XXIX

Collective Bargaining

The Cooperative and the Union each acknowledge that this Agreement has been reached as a result of collective bargaining in good faith by both parties hereto, and that both parties hereto have had the unlimited opportunity during negotiations to submit and discuss proposals on all subjects which are bargainable matters. While it is the intent and purpose of the parties hereto that each of them shall fully perform all obligations by them to be performed in accordance with the terms of this Agreement, the Union agrees that the Cooperative shall not be obligated to bargain collectively with the Union during the term of this Agreement on any matter pertaining to rates of pay, wages, hours of employment, or other conditions of employment, unless an obligation to bargain is otherwise specifically provided for in another Article of this Agreement, and the Union hereby specifically waives any right which it might otherwise have to request or demand such bargaining, except as provided in the Article entitled Effect of Law, and acknowledges that the Cooperative's obligations during the term of this Agreement shall be limited to the performance and discharge of its obligations under this Agreement.

ARTICLE XXX

Duration of Agreement

The effective date of this Agreement is December 1, 2011. This Agreement shall be in full force and effect for the entire period from December 1, 2011 through November 30, 2014, and from year to year thereafter, unless either party hereto shall at least sixty (60) days prior to November 30, 2014, or the 30th day of November in any year thereafter, notify the other party in writing of its intention and desire to terminate this Agreement. If proper notice is given and the parties, after negotiation, fail to reach agreement on the proposed changes, this Agreement may

be terminated by either party upon ten (10) days' written notice delivered to the other at any time after the date upon which this Agreement would have otherwise terminated if no notice for termination had been given. Such ten (10) days' notice must be given before any lockout or strike may occur.

IN TESTIMONY WHEREOF, the Cooperative and the Union by their respective officers and representatives hereunto duly authorized, have signed this Agreement on the day, month and year first set forth above.

TAYLOR COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION

Raymond Rucker
PRESIDENT 12/1/11

LOCAL UNION NO. 89,
GENERAL DRIVERS, WAREHOUSEMEN
AND HELPERS, AFFILIATED WITH
INTERNATIONAL BROTHERHOOD OF
TEAMSTERS, CHAUFFEURS, WARE-
HOUSEMEN & HELPERS OF AMERICA

Fred Zuckerman by JB.
John Bolton
Shyllis Rhodes
Angus R. Wai

AGREEMENT
(CONSTRUCTION AND MAINTENANCE)

This Agreement is entered into by and between Taylor County Rural Electric Cooperative Corporation (the "Cooperative") and Local Union No. 89, General Drivers, Warehousemen and Helpers affiliated with International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America (the "Union") and is for the purpose of modifying and extending the Collective Bargaining Agreement ("CBA") between the Cooperative and the Union effective December 1, 2005 through November 30, 2008, so as to extend the CBA from December 1, 2008 through November 30, 2011.

The CBA effective December 1, 2005 through November 30, 2008 will continue in full force and effect with the following exceptions:

Article I shall be modified to reflect the following change:

This Agreement is made and entered into this 1st day of December, 2008, by and between Taylor County Rural Electric Cooperative Corporation, hereinafter referred to as the Cooperative, and Local Union No. 89, General Drivers, Warehousemen and Helpers, affiliated with International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, hereinafter called the Union.

Article XXVI, Wage Rates and Classifications, Section 4 shall be amended to read as follows:

The "Classified Rates" set forth in Article XXVI, Section 3 will reflect increases to the rates in effect immediately prior to the ratification of this Agreement as follows:

Effective December 1, 2008, a two and one half percent (2 ½ %) per hour increase to wage rates;

Effective December 1, 2009, a three percent (3%) per hour increase in wage rates;

Effective December 1, 2010, a three percent (3%) per hour increase in wage rates.

Article XXX, Duration of Agreement, will be modified to reflect the following changes:

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TAYLOR COUNTY RURAL
ELECTRIC COOPERATIVE
CORPORATION

Tommy Giles pres.

LOCAL UNION NO. 89
GENERAL DRIVERS, WARE-
HOUSEMEN AND HELPERS,
AFFILIATED WITH INTER-
NATIONAL BROTHERHOOD OF
TEAMSTERS, CHAUFFEURS,
WAREHOUSEMEN & HELPERS OF
AMERICA

Ired Zuckerman Pres Local 89 By JB
John Dotson Sec/Treas Local 89
Brad Vaughn, Steward
Tommy Giff, Steward
John Giff, Steward
David Kames Steward

AGREEMENT
(OFFICE CLERICAL)

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IN TESTIMONY WHEREOF, the Cooperative and the Union by their respective officers and representatives hereunto duly authorized, have signed this Agreement on the day, month and year first set forth above.

TAYLOR COUNTY RURAL
ELECTRIC COOPERATIVE
CORPORATION

Tommy Gils pres.

LOCAL UNION NO. 89
GENERAL DRIVERS, WARE-
HOUSEMEN AND HELPERS,
AFFILIATED WITH INTER-
NATIONAL BROTHERHOOD OF
TEAMSTERS, CHAUFFEURS,
WAREHOUSEMEN & HELPERS OF
AMERICA

Fred Zuckerman Pres Local 89 By JK
John Dolto Sec/Treas Local 89
Frances Morris, Steward

AGREEMENT

BETWEEN

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

AND

LOCAL UNION NO. 89
GENERAL DRIVERS, WAREHOUSEMEN AND HELPERS
AFFILIATED WITH
INTERNATIONAL BROTHERHOOD OF
TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN & HELPERS OF AMERICA

(Construction and Maintenance)

Effective December 1, 2005 through November 30, 2008

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ARTICLE I

This Agreement is made and entered into this 1st day of December, 2005, by and between Taylor County Rural Electric Cooperative Corporation, hereinafter referred to as the Cooperative, and Local Union No. 89, General Drivers, Warehousemen and Helpers, affiliated with International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, hereinafter called the Union.

ARTICLE II

PREAMBLE

Statement of Principles and Union Responsibilities

The Union recognizes its responsibilities as the exclusive bargaining agent for the employees covered by this Agreement, and realizes that in order to provide maximum opportunities for continuing employment, good working conditions and good wages, the Cooperative must be in a strong marketing position, which means that it must produce quality services and products and be able to sell them at the lowest possible costs and otherwise be able to operate its business efficiently, economically and competitively. The Union therefore agrees that it will support the Cooperative's efforts to assure a fair day's work by the employees for a fair day's pay. The Union will support the Cooperative in its efforts to improve services, preserve equipment, prevent accidents and strengthen good will between the Cooperative and its employees, as well as with its suppliers and customers. The Union further recognizes that the Cooperative has certain definite and stringent obligations and responsibilities to its customers, suppliers, Public Service Commission and Rural Utilities Service ("RUS") and the Union agrees that it will fully cooperate with the Cooperative in the performance and discharge of these obligations and responsibilities.

ARTICLE III

Recognition

The Cooperative recognizes the Union as the exclusive bargaining representative for all construction and maintenance employees employed from and at its Campbellsville, Kentucky, location, including mechanics, tree trimmers, laborers, linemen, instrument men, staking engineer helper, servicemen, groundmen, maintenance men, right-of-way helpers, warehousemen, truck drivers and tractor drivers, but excluding all office clerical employees, professional employees, guards and supervisors as defined in the Act, as amended. It is the intention of the parties hereto that the bargaining unit covered by this Agreement shall be as established by the National Labor Relations Board in its "Certification of Representative" dated November 14, 1978, in Case No. 9-RC-12607, and this Article is included herein solely for the purpose of discharging the Cooperative's obligation under the law to recognize the Union.

In the event the Cooperative is sold to a private investor notice of such sale will be given to the Union not later than the day of the closing of such sale.

ARTICLE IV

Management Prerogatives

The operation, control and management of the Cooperative's facilities and operations, and all business and activities of the Cooperative in connection therewith which are covered or affected by this Agreement, and the supervision and direction of the working forces at such facilities, operations and business are and shall continue to be solely and exclusively the functions and prerogatives of the management of the Cooperative.

All of the rights, functions and prerogatives of management which the Cooperative had prior to entering into this Agreement with the Union are reserved and retained exclusively to the

Cooperative, unless changed or modified by one or more explicit provisions of this Agreement. Specifically but without limiting or affecting the generality of the foregoing, it is distinctly understood and agreed that the Cooperative has the sole right to: Determine the nature and extent of the business to be carried on by the Cooperative, determine the suppliers and customers with whom it will deal, and the prices at which and terms upon which its materials, equipment and supplies will be purchased, leased or otherwise acquired and its services and products will be sold; determine the size and composition of the working force covered by this Agreement, and assignment of work, and policies affecting the hiring of new employees; layoff, discipline and discharge employees for cause; and determine the qualifications of employees, including the right to terminate the services of employees without limitation during their probationary period; establish and enforce quality, production, construction, and service standards for its employees, services and products; establish new departments; discontinue existing departments; introduce new and improved equipment, facilities and service methods; change, combine, establish or discontinue jobs or operations; determine when and if vacancies in the working force shall be filled; determine the means and methods by which production and services will be made; determine the hours of operation, discontinue temporarily or permanently, in whole or in part, any operations of the business of the Cooperative covered or affected by this Agreement.

The Cooperative shall also have the right from time to time to make and enforce such reasonable rules, procedures and regulations applicable to employees covered by this Agreement for the purpose of maintaining order, safety, effective operations and control; to enforce, change, abolish or modify such existing rules, procedures and regulations applicable to employees covered by this Agreement, as it may from time to time deem necessary or advisable, after advance notice thereof to the Union and employees, which shall be subject to the grievance and

arbitration procedure of this Agreement. The Cooperative shall also have the right to require compliance with such rules, procedures and regulations by employees until an Arbitrator sets aside the rule, procedure or regulation as a result of the grievance and arbitration procedure or the parties mutually agree to set aside the rule, regulation or procedure without arbitration.

ARTICLE V

Subcontracting

It is understood by the Cooperative and the Union that for the Cooperative to satisfy the demands of its customers and to successfully operate the business, contracting and/or subcontracting of work is necessary from time to time. It is therefore agreed by the Union that the Cooperative may, within its exclusive discretion, engage contractors for all construction, manufacturing, service and operations functions, and any and all other functions which it, in its exclusive discretion, deems necessary and desirable. The Cooperative will not subcontract work under this provision that would cause the layoff of employees.

ARTICLE VI

Supervisory and Other Excluded Personnel

Notwithstanding any of the provisions of this Agreement, there shall be no limitation or restriction upon the nature, extent and kind of work which Supervisory and Management personnel may perform, nor shall there be any limitation or restriction as to the times or occasions on which Supervisory and Management personnel may perform such work. The Cooperative will not utilize this Article in such a way as to displace any employee covered by this Agreement.

ARTICLE VII

Discipline and Discharge

SECTION 1.

The Cooperative shall have the right to discharge employees during their probationary period without cause and without recourse by the Union or by such probationary employee to the grievance procedure of this Agreement.

SECTION 2.

The Cooperative shall have the right to discipline or discharge employees for “just cause”. While it is the policy of the Cooperative to warn employees for minor infractions before taking disciplinary action or discharging them, it is distinctly understood and agreed that certain offenses, such as, but not by any means limited to the following, shall be considered “just cause” and cause for immediate discharge, without warning: Dishonesty; insubordination; fighting while on the Cooperative’s premises or on duty; smoking in fuel pump areas; failure or refusal to wear or utilize any safety equipment provided and required by the Cooperative or to follow any safety procedure prescribed by the Cooperative; horseplay of such a nature as to be capable of causing personal injury or property damage; drinking alcoholic beverages or being under the influence of alcoholic beverages while on the Cooperative’s premises or on duty; being in possession of or using or being under the influence of narcotics (unless prescribed by the employee’s physician and the employee is following the physician’s directions on dosages, etc.), marijuana or hallucinatory drugs; proven falsification of the Cooperative’s records or reports; willful damage to tools, equipment or other Cooperative property; failure to immediately report involvement in an accident while on duty or on the Cooperative’s premises; or participation in any activity prohibited by the Article of this Agreement entitled “No Strike No Lockout”.

SECTION 3.

It is understood and agreed that employees have a responsibility to be regular and punctual in their work attendance and that habitual or repeated tardiness or absenteeism or failure to report to work promptly, and other minor offenses will be cause for disciplinary action, including discharge. The procedure will be as follows: (1) first offense: verbal warning; (2) second offense: written warning; (3) third offense: three (3) day suspension; and (4) fourth offense: subject to discharge.

It is expressly agreed (a) that the Cooperative, in its discretion, may decide not to discharge an employee for the fourth (4th) offense, and (b) that the Cooperative's failure in any case or cases to strictly enforce the above procedure, shall not be a precedent and shall not constitute a waiver of the Cooperative's right to enforce such procedure in any other case.

SECTION 4.

It is agreed that in the event an employee is given any disciplinary action, including a warning notice, a copy of the warning notice will be given to the employee, one (1) copy to the Union and one (1) copy will be retained in the employee's personnel file. A warning notice or notices for any cause may constitute a basis for discharge for any subsequent infraction and it is understood and recognized by the parties hereto that the infractions specified in Section 2 of this Article shall be cause for immediate discharge without warning. It is further understood and recognized that in any event it shall be cause for discharge if an employee is given four (4) warning notices for any cause or combination of causes within a "rolling" twelve (12) month period. Disciplinary warnings outside this "rolling" twelve (12) month period will not be used for disciplinary purposes. All disciplinary warnings and discharges shall be subject to the grievance procedure.

ARTICLE VIII

Union Security and Checkoff

SECTION 1. Union Security.

All present employees who are members of the Union on the effective date of this Agreement shall remain members of the Union in good standing as a condition of continued employment. All present employees who are not members of the Union and all employees who are hired hereafter shall become and remain members in good standing of the Union as a condition of continued employment on and after the thirty-first (31st) day following the beginning of their employment or on and after the thirty-first (31st) day following the effective date of this Agreement, whichever is the later. Becoming and remaining a member in good standing shall require the tendering of the initiation fee and periodic dues uniformly required as a condition of acquiring or retaining membership in the Union.

SECTION 2. Checkoff.

The Cooperative agrees to deduct each month, from the paychecks of all employees who are covered by this Agreement, all periodic dues and initiation fees owing to the Union by the employees, provided, however, that such employees shall have signed and submitted a written authorization for such action on the part of the Cooperative; such written authorization shall conform to and be in accordance with all applicable Federal and State laws.

All monies deducted by the Cooperative shall be forwarded to the Secretary-Treasurer of the Union.

It is understood and agreed that any monies collected by the Cooperative for the Union will be taken out of the paycheck for the first pay period of the month and remitted to the Union before the 30th day of the same month.

The Cooperative will recognize authorizations for deductions from wages, if in compliance with State and Federal law, to be transmitted to the Union. No such authorization shall be recognized if in violation of State or Federal law. No deduction shall be made which is prohibited by applicable law. This provision is subject to whatever shop rule is promulgated by the Cooperative with respect to garnishments or other wage deductions.

SECTION 3.

In consideration of the adoption by the Cooperative of the Union Security and Checkoff provisions, the Union agrees to indemnify and hold the Cooperative harmless from and against any and all liability or loss as a result of any action brought by any employee or employees on account of claimed illegal payments, suspension or discharge under the provisions of Article VIII of this Agreement, above described, including reasonable attorneys' fees and court costs.

SECTION 4.

It is understood and agreed that the Cooperative shall not be obligated or required to discharge an employee or otherwise take any action with respect to any employee for such employee's alleged failure to make payments as required and provided for hereunder unless the Union shall have first given the Cooperative and such employee ten (10) days written notice of such employee's alleged default, and an opportunity within said ten (10) day period to pay all sums due and owing by such employee under the provisions of this Agreement.

SECTION 5.

If for any reason an employee does not work during the first pay period of any month in which the checkoff is made, the Cooperative shall make deductions for the above purpose from such employee's wages out of the next succeeding pay period in which he works.

ARTICLE IX

No Strike-No Lockout

The Union agrees that during the term of this Agreement neither the Union, its officers, agents or members shall authorize, instigate, aid, condone or engage in any work stoppage, strike of any kind or description, including so-called sympathy strikes, or otherwise interrupt, impede or restrict services of the Cooperative or engage in any activity which would tend to cause an interruption or delay in the accomplishment of the work and business of the Cooperative.

The Union further agrees that during the term of this Agreement the Union, its officers, agents or members will not honor or recognize any picket line or picketing in any form, including recognition of picket lines or picketing out of so-called sympathy, by any union at the Cooperative, or any facility or operation of the Cooperative, regardless of where it is located.

Any employee who engages in any conduct prohibited by this Article, or who fails or refuses to comply with any provision of this Article, shall be subject to appropriate discipline, including discharge, without warning, by the Cooperative. In the event an employee is discharged for violation of the provisions of this Article, he may resort to the grievance and arbitration procedures set forth herein. The arbitrator shall, however, be limited to determining the single issue of whether or not the employee did, in fact, participate in or promote such action and the employee(s) affected will have the burden of conclusively showing his (their) non-participation in and not having promoted such actions. Further, the Cooperative shall be under no obligation to bargain with the Union concerning employees who are on strike or concerning the subject of any strike so long as the strike continues.

Neither the violation of any provision of this Agreement nor the commission of any act constituting an unfair labor practice or otherwise made unlawful by any federal, state or local law

shall excuse the Union, its officers, agents or members from their obligations in the provisions of this Article.

The provisions of this Article shall not be appealable to the grievance procedure either for the purpose of assessing damages or securing a specific performance, such matters of law being determinable and enforceable only in the courts.

The Cooperative shall not lock out members of the Union during the term of this Agreement.

ARTICLE X

Probationary Employees

All new or rehired employees shall be placed on probation and shall be classified as temporary help during the first ninety (90) calendar days of their employment with the Cooperative. During such ninety (90) calendar day probationary period the Cooperative may discharge or otherwise discipline, lay off, transfer or assign such employees with or without cause, and such actions shall not be subject to the grievance procedure.

Probationary employees who complete their probationary period will be classed as regular employees and their date of hire shall be from the first day of hiring.

ARTICLE XI

Rates for New Job Classifications

Recognizing that during the term of this Agreement the Cooperative may install new equipment or change work methods resulting in the creation of new job classifications, the Cooperative shall establish rates for such new classifications in line with the Cooperative's wage scale for like work and notify the Union's representative in writing. If after ten (10) days neither party questions the rate established for the new classification, it shall become the established rate

for the job; otherwise, the establishment of such rate shall be a matter for negotiation. If the parties negotiate and are unable to reach an agreement, the rate as established by the Cooperative shall stand until this Agreement expires if less than twelve (12) months until this Agreement expires and then shall be subject for renegotiation. If more than twelve (12) months from the expiration of this Agreement, then the dispute shall be subject to the Grievance-Arbitration Procedure set out elsewhere in this Agreement.

ARTICLE XII

Hours of Work and Overtime

SECTION 1.

An employee's regular work week shall be forty (40) hours and shall start at the beginning of his shift on Monday, subject to change by the Cooperative when requirements dictate, but shall not be less than eight (8) hours, excluding a one (1) hour lunch break. In addition, employees shall receive two (2) ten (10) minute breaks during a full eight (8) hour shift.

The work week shall begin at 12:01 a.m. Sunday and end at Midnight the following Saturday.

SECTION 2.

When overtime is required, the employees in the classification or who are assigned on the job where the overtime exists shall be required to work the overtime assigned.

SECTION 3.

Overtime at the rate of time and one-half (1-1/2) shall be paid for all hours actually worked in excess of forty (40) hours in any one work week. Time off for sick leave, actual hours served on Jury Duty under Article XVIII, and Holidays as set forth in Article XX, only shall be

considered hours worked (8 hours per day) for purposes of this provision. Overtime under this Section shall be computed on a weekly basis.

SECTION 4.

No premium or overtime pay set out in this Agreement shall be pyramided.

SECTION 5.

An employee required, on a temporary basis, to report to a work place other than his regularly required work place, will not be required to travel on his own time for a period longer than the travel time to his regular reporting work place.

ARTICLE XIII

Reporting and Call-Out Pay

SECTION 1.

When an employee reports for work at his regular starting time on a scheduled work day, he will be guaranteed eight (8) hours straight time pay at his regular hourly rate of pay, provided, however, that this provision shall not apply in case of strikes or other work stoppages, disciplinary suspension of an employee, acts of God or any other cause beyond the Cooperative's control.

SECTION 2.

When an employee has completed his regular shift and left the Cooperative's premises, but is called in to work more than two (2) hours prior to the beginning of his next regularly scheduled shift, he will be guaranteed three (3) hours work at his regular straight-time hourly rate of pay. This guarantee shall only apply once each work day (24-hour period). Other hours actually worked on additional "call-outs" will be compensated at the employee's regular straight-time hourly rate.

Call-Out is mandatory and will be performed in the following way: One Serviceman will be on-call (the "On-Call Serviceman") for service calls from 12:01 a.m. Monday through Midnight Sunday (the "on-call week") for all counties in the Cooperative's service area. The Servicemen will serve as the On-Call Serviceman on a rotating basis based on seniority, beginning with the most senior Serviceman.

The Cooperative will provide a dispatching service for purposes of call-out. The dispatcher will follow the steps below:

Step 1 – The dispatching service will call the Serviceman in the county where the outage or service is required. If the dispatcher cannot get in contact with that Serviceman immediately, then go to Step 2.

Step 2 – The dispatching service will contact the On-Call Serviceman for that on-call week. If the On-Call Serviceman can get another Serviceman or First Class Lineman who is closer to the outage or in the county where the outage exists, then that Serviceman or First Class Lineman will perform the work involved. The On-Call Serviceman cannot use more than thirty (30) minutes in an effort to find such person who is closer or in the county where the outage exists.

Step 3 – If the outage is not covered by either Step 1 or Step 2, the On-Call Serviceman must perform the work himself and, if required, may call another qualified employee for help.

The On-Call Serviceman for each week will receive one (1) hour of pay at time and one-half (1-½) for each day served during the on-call week. If the On-Call Serviceman obtains another Serviceman or First Class Lineman to perform the work as set forth in Step 2, then the Serviceman or First Class Lineman who performs the work will only receive the "guaranteed"

three (3) hours straight time set forth above, unless the time to perform the work actually exceeds three (3) hours.

The On-Call Serviceman can trade his on-call week with another Serviceman and, in such case, the On-Call Serviceman must advise his immediate Supervisor or, in his absence, the Manager, of the replacement Serviceman at least one (1) regularly scheduled work day before the on-call week begins, except in the case of an emergency as determined by the Superintendent or, in his absence, the Manager on a particular day during the on-call week, less than such notice will be sufficient.

No employee shall be required to take time off to avoid the payment of overtime.

SECTION 3.

An employee on vacation who is “called-out” to work shall have the right to refuse such “call-out”. If the employee on vacation reports for work, he shall be paid time and one-half (1-1/2) the regular hourly rate for hours actually worked in addition to his regular vacation pay.

SECTION 4.

If a Serviceman is on vacation and a First Class Lineman is called-out to replace him under Article XIII, Section 2, then such First Class Lineman will receive the Serviceman’s hourly rate as set forth in Article XXVI, Section 4, or his “red circle” rate, whichever is higher. The call-out will be under the same terms and conditions as are set forth in Article XIII, Section 2.

ARTICLE XIV

Grievance Procedure

SECTION 1.

A grievance as referred to in this Agreement is a dispute arising from the interpretation or application of one or more specific provisions of this Agreement. Grievances shall be processed in accordance with the procedures set forth below.

STEP 1. The aggrieved employee shall present his grievance to his Supervisor within three (3) days after the cause of such grievance becomes known or could reasonably be expected to have been known. If he has been prevented from presenting the grievance within this time limit because of an excused absence, the days of excused absence shall be excluded in computing the time limit. The aggrieved employee may be accompanied by his Union Steward.

STEP 2. If the grievance is not settled in Step 1, it may be appealed by presenting the grievance in writing within five (5) days to the Superintendent, who shall meet with the aggrieved employee. The aggrieved employee may be accompanied by his Union Steward.

STEP 3. If the grievance is not settled in Step 2, it may be appealed by the Union within ten (10) days to the Manager (or the person acting in his capacity in the event of his absence) who shall arrange to meet with the Union's Assistant to the President and the aggrieved employee and his Union Steward.

STEP 4. If the grievance is not satisfactorily settled in Step 3 and if the grievance is otherwise arbitrable under this Agreement, it may be referred to arbitration in strict accordance with the provisions of this Agreement pertaining to arbitration, provided that if the Union fails to notify the Cooperative in writing by Registered Mail within ten (10) days after the Cooperative gives its answer in writing to a grievance at Step 3 of the grievance procedure of the Union's

desire to arbitrate the grievance, then the Union shall be conclusively presumed to have accepted the Cooperative's answer and said grievance shall not thereafter be arbitrable.

SECTION 2.

The grievance procedure is subject to the following rules and conditions:

(a) A settlement satisfactory to the Union at any step in the grievance procedure shall be binding on it and the employee or employees making the complaint.

(b) Saturdays, Sundays and holidays are excluded in computing the time limits specified in this Article.

(c) All meetings conducted pursuant to the provisions of Step 1, Step 2, Step 3 and Step 4 of this Article, unless otherwise mutually agreed, shall be conducted at times when the aggrieved employee and others, including the Steward, are not regularly scheduled to work. For employees in the Construction and Maintenance Unit, such meetings may also take place beginning at 4:30 p.m. or during the last one-half (1/2) hour of their shift, whichever is applicable. Neither party shall have more than a total of three (3) persons present, including the aggrieved employee, except, by mutual consent, the parties may agree to a greater number.

(d) Employees will not leave their work to investigate, present or discuss grievances without prior permission from their supervisor.

(e) This grievance procedure constitutes the sole and exclusive means of resolving controversies. Pending the raising, processing and/or settlement of a grievance, all employees will continue to work in a normal manner, and there shall be no slowdown, stoppage or other interference with work or plant operation as discussed and set forth elsewhere in this Agreement.

(f) Infrequently, due to the nature of the subject matter, the Cooperative or the Union may request that early steps of the grievance procedure be waived. In such cases certain steps of the grievance procedure may be waived provided there is mutual agreement by the Cooperative and the Union to do so.

(g) Any time the Cooperative offers a settlement with regard to any grievance, there will be a Union Official present. "Union Official" shall mean the employee's Steward or the Union's Assistant to the President. A settlement reached with the Steward will not set a precedent, unless the Union's Assistant to the President is aware of the settlement.

(h) Any grievance of any kind which has been presented under the grievance procedure set forth herein which is not appealed to the next step within the applicable time specified above and any grievance which has not been presented under the grievance procedure set forth herein within the time period for presentation of grievances shall be considered settled and shall not be subject to further discussion or appeal.

SECTION 3.

The Cooperative shall not be required or obligated under the terms of this Agreement or otherwise to submit to arbitration any claim or cause of action which it may have or assert on account of any alleged violation of this Agreement by the Union or any employee or employees covered by this Agreement. The Cooperative shall have the right to sue at law or in equity in any court of competent jurisdiction, Federal or state, to enforce this Agreement and to recover for any breach or violation thereof.

SECTION 4.

No grievance shall be arbitrable unless it involves an allegation of the type set out in Section 1, which allegation shall be designated in writing by the Union to the Cooperative no

later than the time such grievance is appealed to Step 2 of the grievance procedure set forth herein.

No grievance may be filed or considered which is based in whole or in part on an occurrence happening prior to or after the term of this Agreement.

SECTION 5.

The provisions of this Agreement covering grievance procedure and arbitration are completely unrelated to and independent of the provisions of the Article of this Agreement entitled "No Strike-No Lockout" clause. In the event the Cooperative claims that a grievance filed hereunder is not arbitrable, whether or not such claim be ultimately sustained, such claim shall not in any way affect or excuse the Union or any employee or employees covered by this Agreement from the provisions of the Article entitled "No Strike-No Lockout" and their respective obligations and duties thereunder.

SECTION 6.

In the event any grievance which is otherwise arbitrable under the terms of this Agreement shall be arbitrated, selection of an arbitrator shall first be attempted by the Union and the Cooperative attempting to agree on an arbitrator, and, if they cannot agree upon a selection, the Federal Mediation and Conciliation Service shall be asked to furnish a panel consisting of at least seven (7) names of arbitrators. The Union and the Cooperative shall select a single arbitrator from the panel by alternately striking a name until such time as only one (1) name remains. The Cooperative and the Union will alternate in striking the first name from the list. The Cooperative will strike the first name in the first arbitration case and the Union will strike the first name in the second arbitration case, etc.

SECTION 7.

No more than one grievance shall be submitted to any one arbitrator unless the Cooperative and the Union agree otherwise in writing. The Arbitrators selected shall have power to receive relevant testimony from the parties to the dispute and hear such witnesses as they may desire to present. The parties may, if they so desire, be represented by counsel in all proceedings held before the Arbitrator. The Cooperative shall bear the costs of preparing and presenting its case to the Arbitrator and the Union shall bear the costs of preparing and presenting its case to the Arbitrator. All other expenses of arbitration, such as, but not limited to the Arbitrator's fee, and the hiring of a space in which the arbitration proceedings are held, shall be divided equally between the Cooperative and the Union.

SECTION 8.

The function of the Arbitrator shall be of a judicial, rather than a legislative, nature. The Arbitrator shall not have authority to add to, ignore or modify any of the terms or provisions of this Agreement. The Arbitrator shall not substitute his judgment for the Cooperative's judgment and where matters of judgment are involved he shall be limited to deciding whether or not the Cooperative acted arbitrarily, capriciously or in bad faith. The Arbitrator shall not decide issues which are not directly involved in the case submitted to him. In any discharge or disciplinary suspension case where the Arbitrator decides that the aggrieved employee should be awarded any back pay, the Cooperative shall be entitled to full credit on such awards for the employee's gross interim earnings, unemployment compensation benefits, worker's compensation benefits received or receivable and any other compensation he receives from any form of employment during the period he was not working for the Cooperative. Subject to the foregoing

qualifications and limitations, the Arbitrator's award shall be final and binding upon the Cooperative, the Union and the aggrieved employee or employees.

SECTION 9.

Only the Union shall have the right to prosecute grievances under this Agreement and only the Union shall have the right to take to arbitration any grievance which is otherwise arbitrable under this Agreement. If the Union fails, refuses or declines to prosecute a grievance on behalf of an employee, or on behalf of a group of employees hereunder, such employee or employees who filed such grievance or on whose behalf it has been filed shall be conclusively bound thereby and both the Union and the aggrieved employee or employees shall thereafter be prohibited from reviving or further prosecuting said grievance.

ARTICLE XV

Access to Facilities and Properties
of the Cooperative

An authorized officer or agent of the Union, the name of whom shall be furnished to the Cooperative in writing, shall have access to the Cooperative's establishment during working hours for the purpose of investigating grievances and for any other legitimate purpose in connection with the administration of this Agreement, provided he notifies the Manager of the Cooperative beforehand. The Union hereby agrees that its agents and representatives will not cause any interruption of the Cooperative's working schedule or interfere with the work of employees or otherwise abuse these visitation privileges when on its premises. In the event of a change of agents, the Cooperative will be immediately notified in writing.

ARTICLE XVI

Seniority

SECTION 1.

Seniority of employees covered by this Agreement shall be determined by the Cooperative on the basis of length of continuous service with the Cooperative from the last date of hire.

SECTION 2.

An employee's seniority, qualifications, physical condition, ability, skill and adaptability to perform the work involved, as determined by the Cooperative, shall apply in the case of layoff, recall from layoff, and promotions. It is agreed that in the case of layoff no employee, regardless of his seniority, may displace any other employee unless he is at that time able to satisfactorily perform the work of the employee being displaced. An employee who displaces another employee pursuant to the provisions of this Section shall be paid at the hourly rate of pay for that job classification. When the working force is being increased after a layoff the Cooperative will apply the same standards as it originally applied for layoff when the employees are being recalled.

SECTION 3.

In the case of layoff, all probationary, seasonal, part-time and casual employees shall be laid off before any employees who have established seniority are affected.

SECTION 4.

The Cooperative will give employees one (1) week notice prior to layoff.

SECTION 5.

Seniority, qualifications, physical condition, ability, skill, adaptability to perform the work involved, as determined by the Cooperative, shall be the controlling factors in promotion of employees, and where in the Cooperative's judgment, these factors are relatively equal between two (2) or more employees, seniority will control.

SECTION 6.

All job vacancies in jobs which the Cooperative decides to fill will be posted for bid at least three (3) full working days, at all three (3) locations. Until the Cooperative has selected an employee to permanently fill such job vacancy the vacant job may be filled in any manner the Cooperative sees fit. The Cooperative will take final action with respect to all job openings within two (2) weeks after the posting is taken down. Employees shall be permitted to bid only on jobs which are higher than the job classification which they are in at the time and a successful job bidder shall not bid again for any posted job for six (6) months. If no employee in the unit who bids on the job is selected, using the criteria set out in this Section 6, then the Cooperative may hire a new employee from outside the work force.

For purposes of bidding on positions in the Lineman classification (Groundman or Apprentice Lineman), it shall be a prerequisite that the employee(s) who is (are) awarded the job will be required as a condition of retaining the job to successfully complete a course of study in Electrical Theory previously approved by the Cooperative, if available. This course of study must be successfully completed within twelve (12) months of the award of the job. If the employee successfully completes the required course of study within the time limitations imposed, the Cooperative will reimburse the employee for the cost incurred for the course.

There will be no bidding within the Serviceman or Construction Department classifications.

The progression within the Lineman classification will be as follows:

| | |
|----------------------|---------------|
| Apprentice | Two (2) Years |
| Third Class Lineman | One (1) Year |
| Second Class Lineman | One (1) Year |

Promotion within the Lineman classification will be at the discretion of the Cooperative.

For purposes of bidding on positions in the Meter Department classification, it shall be a prerequisite that the employee(s) who is (are) awarded the job will be required as a condition of retaining the job to be "certified" by the Public Service Commission, and other appropriate regulatory agencies, within ninety (90) days of the award of the job. If the employee successfully completes the required course of study within the time limitations imposed, the Cooperative will reimburse the employee for the cost incurred for the course.

An employee who bids on and is awarded a job and who, within ten (10) working days, voluntarily decides they do not desire to stay in that job shall be disqualified from bidding on another job for twelve (12) months.

SECTION 7.

An employee shall lose his seniority and his status as an employee shall cease for any of the following reasons:

- (a) If an employee quits or is discharged.
- (b) If an employee is in layoff status for more than eighteen (18) months.

(c) If an employee, after having been laid off, fails to report for work within three (3) working days when notified by the Cooperative by certified mail or telegram sent to the employee's last address appearing on the Cooperative's records.

(d) If an employee is absent from work for two (2) days without reporting to the supervisor.

(e) If an employee is retired.

SECTION 8.

Seasonal, temporary, part-time and casual employees are excluded from the bargaining unit covered by this Agreement and are not entitled to any of the benefits and privileges provided for in this Agreement. The Cooperative will give the Union notice when such employees are hired, but shall be under no further obligation with respect to the Union for these employees.

SECTION 9.

If, and when, employees in the bargaining unit covered by this Agreement are promoted or transferred to jobs outside the bargaining unit they will retain and accumulate seniority for a period of twelve (12) months, during which period such employees will have the right to return to a job in the bargaining unit, provided they have the seniority therefor. At the end of said twelve (12) month period, if the employee remains in the job outside of the bargaining unit he will lose all seniority rights under this Agreement.

SECTION 10.

The seniority list shall be made up by the Cooperative within thirty (30) days after the date of this Agreement. A copy shall be furnished to the Assistant Business Agent or his representative and a copy posted on the Bulletin Board. This list shall be open for correction for a period of thirty (30) days thereafter and if an employee does not make a protest in writing to

the Cooperative, with a copy to the Union within such thirty (30) day period after posting of such list, his seniority shall be as shown on the list. The seniority list shall be brought up-to-date on November 1 of each year thereafter.

SECTION 11.

In the event an employee becomes physically disabled from a work-related injury and can no longer perform the work in his classification (certified as such by his attending physician, and subject to confirmation by a physician selected by the Cooperative) he may request a transfer, if an opening exists at that time, to a lower classification of work, provided he is at that time able to satisfactorily perform the work of the lower classification. The employee will be paid at the rate of the classification to which he transfers. This provision shall only apply to employees with five (5) or more years of service with the Cooperative and only one (1) such transfer may be made.

SECTION 12.

For purposes of determining promotions the following shall apply:

1. Serviceman
First Class Lineman
2. Apprentice Lineman
Groundman
Right-of-Way Crew
Laborer
Meter Department
Garage
Warehouse
3. Meter Department
Staking Engineer
Engineering Aid
Right-of-Way Crew
Laborer
Groundman

4. Garage
Right-of-Way Crew
Laborer
5. Warehouse
Right-of-Way Crew
Laborer

SECTION 13.

In the event a job vacancy is posted in accordance with Section 6 of this Article and no employees bid on the job and the Cooperative decides not to fill the vacancy by hiring a new employee from outside the work force, then the Cooperative may assign employees to the position on a permanent basis, so long as the employees so assigned are not required to make a geographic move of their residences.

ARTICLE XVII

Leave Program

SECTION 1.

“Leave,” as the term is used in this Agreement, shall mean time off taken by an employee who has accumulated leave time for purposes of illness or maternity condition, and shall be used only for such purposes.

Each employee covered by this Agreement shall be entitled to receive one (1) day of leave for each full month of employment. Only leave actually earned prior to the date utilized may be compensable. Leave will not be earned and no entitlement shall be granted for periods of time an employee is not actually working, including time on leave. An employee may accumulate an unlimited amount of leave time. Pay shall only be provided for actual illness and only as set forth in this Agreement.

Medical leave shall be made available to employees following one (1) full year of employment and such leave will be in accordance with the provisions of and regulations issued in accordance with the Family and Medical Leave Act of 1993. Following exhaustion of all accumulated leave time, an employee on Family and Medical Leave will be required to use fifty percent (50%) of vacation entitlement (not including the one (1) week carry over) during such leave. Such vacation will be used beginning on the first day of leave under the Family and Medical Leave Act of 1993 and shall continue until fifty percent (50%) of such vacation entitlement has been paid.

SECTION 2.

(a) Illness of Employee. Pay will be provided to an employee who has accumulated leave for leave due to illness. In order to be entitled to pay for leave due to illness, an employee may be required, as a condition of such payment, to submit, for each day of absence, a written statement signed by his attending physician attesting to the illness of the employee and which shows his recommendation that the employee absent himself from work because of such illness. In addition, an employee must notify his immediate supervisor before his shift begins of the necessity for absence due to such illness, except in rare instances when the employee is completely physically unable to give the required notice. An employee who has been absent from work for a maximum of fifteen (15) days because of illness or other disability, must notify and advise his Superintendent regarding the anticipated duration of his absence.

(b) Illness of Employee's Spouse or Children. As of January 1 of each year of this Agreement, employees will be permitted to take up to sixteen (16) hours of their then accumulated sick leave per year for illness of the employee's spouse or children living in the

employee's home. The employee must present to the Cooperative a Physician's Statement certifying the illness of the employee's spouse or child living in the employee's home.

SECTION 3. Funerals.

An employee who has completed his probationary period will be permitted leave of absence with pay at his regular rate for regularly scheduled work hours lost to a maximum of three (3) regularly scheduled work days lost (to a maximum of eight (8) hours per day) in case of death in his immediate family (i.e., legal spouse, mother, father, son or daughter) provided such days fall on the employee's regularly scheduled work days and are taken during the period between the day of death and the day after the funeral or memorial service in lieu of funeral, and provided further that the employee is prepared to offer valid proof of death and relationship upon request. Under the same conditions, an employee will be permitted to take up to three (3) regularly scheduled work days for the employee's step-parents, mother-in-law, father-in-law, son-in-law and daughter-in-law, such days to be deducted from the employee's sick leave account. In addition, and subject to the same conditions, an employee will be permitted leave of absence with pay at his regular rate for regularly scheduled work hours lost for a maximum of one (1) regularly scheduled work day lost (to a maximum of eight (8) hours) in case of death of his sister, brother, grandchildren or grandparents. An employee may take an additional two (2) regularly scheduled work days off in the case of death of his sister, brother, grandchildren or grandparents, said days to be deducted from the employee's sick leave account. An employee may, under the same conditions as set forth above, take up to two (2) regularly scheduled work days off in the case of the death of the employee's brother-in-law and sister-in-law, said days to be deducted from the employee's sick leave account.

Only in the case of the death of one of the relatives set forth above whose funeral is more than 200 miles from the employee's regularly required work place will an employee be permitted to take such days off between the day of death and the day after the funeral.

SECTION 4.

Any employee found to have falsified the reasons for leave or who has abused the leave provision by falsification or misrepresentation shall thereupon be subject to disciplinary action, including discharge. In addition, such employee will restore to the Cooperative amounts paid to him to which he was not entitled unless otherwise mutually agreed upon between the Cooperative and the Union in the settlement of a grievance, or if an Arbitrator rules otherwise.

ARTICLE XVIII

Jury Duty

An employee who is required to serve and perform jury duty shall be compensated by the Cooperative in the amount of the difference between his regular rate for regularly scheduled work hours lost (to a maximum of eight (8) hours per day) and the amount received as juror's fees, provided he is prepared to offer valid proof of such jury duty and the amount received as juror's fees upon request by the Cooperative. An employee will be permitted to retain the "expense fee" received for serving Jury Duty. Whenever the employee is excused by the Court from such jury duty two (2) hours or more before his normal shift ends on a scheduled work day, he shall advise his immediate supervisor as promptly as possible and stand ready to report directly to work if requested by the Cooperative. The receipt of notice to report for jury duty must be reported immediately to his immediate supervisor.

In addition, and subject to the same conditions as stated above, an employee who is subpoenaed to appear in court and does appear as a defendant growing out of the Cooperative's

business, a co-defendant with the Cooperative or as a witness on behalf of the Cooperative shall receive the difference between his regular rate for regular scheduled work hours lost and the amount received as a witness fee.

ARTICLE XIX

Military Service

Employees inducted into the Armed Forces of the United States shall be re-employed according to the provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994. Any and all benefits under this Agreement which require working as a condition of earning such benefits and such other benefits as Health, Medical and other insurance and the retirement plan shall not be due such employees, unless specifically required by statute.

ARTICLE XX

Holidays

SECTION 1.

Members of the bargaining unit shall be paid eight (8) hours pay at their regular straight time rate for:

| | |
|-----------------------------------|----------------------------|
| New Years Day | Labor Day |
| Good Friday | Thanksgiving Day |
| Memorial Day | Day After Thanksgiving Day |
| Independence Day (4th of July) | Christmas Eve |
| | Christmas Day |

SECTION 2.

To receive holiday pay employees must have worked the full day immediately preceding the holiday and the full day immediately after the holiday. An employee will be considered to

have worked the full day before the holiday if he is up to fifteen (15) minutes late reporting to work. The requirement that employees must have worked the full day immediately preceding and the full day immediately after the holiday shall be waived only when the absence is caused by being on scheduled vacation, jury duty, funeral leave, or injury sustained while working for the Cooperative and the injury is compensable under Worker's Compensation statutes and the injury occurred within thirty (30) days of the day for which eligibility is required. If an employee is on Sick Leave the day before or the day after a holiday, then such employee may receive Sick Leave under Article XVII, Leave Program, Sections 1 and 2, for the day of the holiday, but shall not receive holiday pay.

SECTION 3.

In addition to the above allowance, employees will be compensated for hours actually worked on the holidays at time and one-half (1-1/2) for hours actually worked between 8:00 a.m. and 5:00 p.m. and double time for hours actually worked before 8:00 a.m. and after 5:00 p.m.

SECTION 4.

Holidays falling on Saturday shall be recognized on Friday and holidays falling on Sunday shall be recognized on Monday.

SECTION 5.

If a holiday set forth in Section 1 falls within an employee's scheduled vacation, then the employee will receive an additional day of vacation, which will be at the employee's option added to the end of such scheduled vacation or at the beginning of such scheduled vacation.

ARTICLE XXI

Vacation

SECTION 1.

Employees shall receive paid vacations as follows:

| | | |
|---|---|--|
| After one (1) year of employment | - | One (1) week |
| After two (2) years of employment | - | Two (2) weeks |
| After ten (10) years of employment | - | Three (3) weeks |
| After twenty-one (21) years of employment | - | Three (3) weeks plus one (1) day |
| After twenty-two (22) years of employment | - | Three (3) weeks plus two (2) days |
| After twenty-three (23) years of employment | - | Three (3) weeks plus three (3) days |
| After twenty-four (24) years of employment | - | Three (3) weeks plus four (4) days |
| After twenty-five (25) years of employment | - | Four (4) weeks |
| After thirty (30) years of employment | - | Five (5) weeks |

In computing length of employment for the purposes of vacation, the employee's length of employment with the Cooperative, including prior service, will be counted.

SECTION 2.

In order to be eligible for vacation as set forth above, an employee will be required to actually work the minimum number of hours set forth below during the twelve (12) month period immediately preceding the eligibility dates:

| | |
|-----------------------|------|
| 1,500 hours | 100% |
| 1,450 hours | 75% |
| 1,400 hours | 50% |
| 1,350 hours | 25% |
| Less than 1,350 hours | 0% |

In order for an employee who retires before his anniversary date of employment to be eligible for vacation as set forth above, on a pro rata basis, he will be required to actually work the minimum number of hours set forth below during the period between his last anniversary date and his date of retirement.

80% of available hours--100% of pro rata vacation.

75% of available hours--75% of pro rata vacation.

70% of available hours--50% of pro rata vacation.

65% of available hours--25% of pro rata vacation.

Less than 65% of available hours--0%.

Actual hours spent on Jury Duty will be counted as hours “actually worked” for the purpose of meeting the minimum number of hours set forth above.

SECTION 3.

The Cooperative shall post vacation schedules on or before January 1 of each year. Each employee must designate his vacation period on such schedule not later than February 1 of each year. In the event two (2) or more employees designate the same vacation period on such schedule, then the employee with the longest period of continuous service from the last date of hire shall have preference. In designating the schedule of the periods in which vacations may be taken, such schedules shall be prepared in a manner consistent with the orderly and efficient operation of the Cooperative, as determined by it. If an employee who has designated a vacation period desires to change it, he may, if it is mutually agreed to by the Cooperative, change the period of vacation to a time when no other employee is scheduled or is otherwise convenient, as determined by the Cooperative.

In the instance of an employee with one (1) week of vacation, they may take such vacation in one (1) day increments. In the instance of employees with two (2) week vacation periods, they may take one (1) week in increments of one (1) full day or one-half (1/2) days. In the instance of employees with three (3), four (4) and five (5) week vacation periods, they may take one (1) week in increments of one (1) day and one (1) week in increments of one-half (1/2) days. If an employee chooses the option of taking vacation in one (1) day or one-half (1/2) day

increments as set forth, he must give at least two (2) days notice before each increment and must receive permission from his Department Head. If mutually convenient and agreeable between the Cooperative and the employee, the two (2) day notice may be waived.

SECTION 4.

Vacations are not cumulative and they shall be taken during the twelve (12) month period between January 1 and December 31 of each year. Vacation days earned, but not taken during such period, shall be forfeited by the employee and no pay will be provided to the employee for any days of vacation not taken, except employees shall be permitted to carry over one (1) week of vacation, but shall not in any one (1) year have more than six (6) weeks of vacation (earned and carried over). In the event an employee is off work because of a compensable injury under Worker's Compensation statutes, such employee will be given credit for service consistent with the yearly vacation entitlement set forth in Section 1. An employee who is off work because of a compensable injury under the Worker's Compensation Statute will be given credit for hours worked for earning vacation under Article XXI, Section 2, for up to seventy-five (75) working days (maximum of 600 hours) they are off work because of a compensable injury under the Worker's Compensation Statute.

An employee who voluntarily or involuntarily terminates employment with the Cooperative shall be paid for all accumulated vacation, on a prorated basis, as of the date of termination. Vacation days used in excess of the prorated accumulated days of entitlement before termination will be deducted from the employee's final pay at the time of termination.

ARTICLE XXII

Group Insurance

SECTION 1.

(a) The Cooperative agrees to continue in effect for the duration of this Agreement the Blue Access (PPO) Option 2 with RX Option G Insurance Program submitted to the Union during negotiations for this Agreement so as to make it available to all regular full-time employees who have completed their probationary period. For employees hired on or before November 30, 2005 and who are actively employed on November 30, 2005, the Cooperative agrees to pay the full premium, including increases for family and single coverage.

(b) Employees hired on and after December 1, 2005 will have health insurance provided to them on an employee-only basis. If such employee desires to add a spouse and/or dependents, then such employee will pay the difference in premium between the employee-only and the premium for adding a spouse and/or dependents.

(c) Further, such Employees hired on and after December 1, 2005 shall have no health insurance provided by the Cooperative when they retire.

(d) The Cooperative shall have the right to change insurance carriers for any of the group insurance programs as set forth in this Article at any time so long as the group insurance coverage is equivalent.

(e) The contracts between the Cooperative and insurance carriers will govern in all matters related to the insurance plans provided for herein. The exact coverage and the conditions for coverage of the aforesaid insurance will be determined by the terms and conditions of the policy or contract, and the Cooperative will not under any circumstances be liable as an insurer of any of the benefits to the employees.

SECTION 2.

Under the same conditions as set forth above in Section 1, the Cooperative will make available to employees a basic dental and vision plan. The full premium for such plans will be paid by the individual employees. The conditions established by the insurance company or companies involved will be met by the employees as a condition of providing such coverages including, but not limited to, minimum numbers of employees participation, duration, etc.

SECTION 3.

(a) For employees under paragraphs (b), (c), (d) and (e) of this Section, in order for such insurance to be made available, a retiree or an employee who retires from employment at the Cooperative in the future must have attained at least age sixty (60) and have at least thirty (30) years of service with the Cooperative.

(b) Under the same conditions as set forth above in Sections 1(a), (d) and (e), the Cooperative will continue to make available to employees who retired between April 2, 1987 and November 30, 1994, the Blue Access Plan which they had before this Agreement was entered into as of December 1, 1994.

(c) Under the same conditions as set forth in Sections 1(a), (d) and (e), the Cooperative will make available to employees who retired between December 1, 1994 and December 8, 1997, the Blue Access "carve out" supplemental plan as submitted to the Union during the negotiations which led to the Agreement effective December 1, 1994, and in accordance with the following: (1) When an employee is eligible for Medicare, that employee and his spouse at the time of retirement from the Cooperative will submit proof of enrollment and the amount paid for Medicare B and, thereafter on an annual basis provide to the Cooperative a certification of their continued participation; and (2) Based on Section 3(c)(1), the

Cooperative will pay directly to the retiree, retroactively, on a quarterly basis, the amount paid for Medicare B.

(d) Under the same conditions as set forth in Sections 1(a), (d) and (e), employees who retire on and after December 8, 1997, shall be subject to the health insurance program and the coverages of it as they exist from time-to-time. When an employee is eligible for Medicare, that employee will pay the premium necessary in order to obtain the benefits provided by Medicare.

(e) The insurance coverage referred to above shall only be made available for the life of the retired employee.

SECTION 4.

Under the same conditions as set forth above in Section 1, the Cooperative will make available for each employee a \$15,000 life insurance plan. The full premium for such plan will be paid by the Cooperative for the duration of this Agreement. The conditions established by the insurance company or companies involved will be met by the employees as a condition of providing such coverage.

SECTION 5.

The Cooperative will provide to employees a long-term disability insurance plan with the following provisions:

- (1) Sixty-six and two-thirds (66-2/3) pay
- (2) Twenty-six (26) week waiting period

The contracts between the Cooperative and insurance carriers will govern in all matters related to the insurance plans provided for herein. The exact coverage and the conditions for coverage of the aforesaid insurance will be determined by the terms and conditions of the policy

or contract, and the Cooperative will not under any circumstances be liable as an insurer of any of the benefits to the employees.

ARTICLE XXIII

Retirement Plan

SECTION 1.

Effective January 1, 1995, the Cooperative adopted and implemented the National Rural Electric Cooperative Association (“NRECA”) Selectre Pension Plan (the “Plan”) for the benefit of its employees. The Plan replaced the Taylor County RECC Employees’ Retirement Savings Trust Fund (the “Trust Fund”). The Trust Fund was terminated.

The instruments composing the Plan will govern in all matters related to it. The exact terms and conditions for eligibility for coverage, eligibility for participation, eligibility for retirement, contribution rates, etc. will be determined by the terms and conditions of such instruments and the Cooperative will not under any circumstances be liable for any benefits, or otherwise, to the employees.

Employees who have reached the age of sixty (60) and have a minimum of thirty (30) years service with the Cooperative will be permitted to retire and, upon such retirement, the Cooperative will pay one hundred percent (100%) of the health insurance premium for such employee until they qualify for benefits provided by Medicare. At such time, the employee will be provided the Blue Cross–Blue Shield “carve out” supplemental plan provided for in Article XXII, Sections 3(c) and (d).

ARTICLE XXIV

Miscellaneous

SECTION 1. Stewards.

The Union shall have the right to designate from among the employees covered by this Agreement a Chief Steward at each of the three (3) places of work. The Union shall notify the Cooperative in writing of the names of said Stewards so designated. The Cooperative shall have the right to recognize and deal with the Stewards, so designated, in the settlement of grievances and other matters pertaining to the administration of this Agreement. Stewards will not leave their work to investigate, present or discuss grievances unless given permission by their Supervisor. They will be permitted, however, to perform this business during scheduled breaks and scheduled meal periods and after their shift ends. In addition, Stewards will be permitted to transmit messages and information, which originates with, and are authorized by the Local Union or its officers, provided such messages and information have been reduced to writing. In the event of any change in Stewards, the Union shall notify the Cooperative in writing at the time the new Stewards assume their responsibilities.

SECTION 2. Bulletin Boards.

The Cooperative will provide suitable space on its bulletin boards at each location of work for the posting of official Union bulletins.

Nothing, however, shall be posted on such bulletin boards which is derogatory to any individual, or which is libelous or obscene, or which deals with any matter that is subject to the grievance-arbitration procedure set forth in this Agreement. Only official matters which relate directly to members of the bargaining unit at the Cooperative may be posted on such bulletin boards.

SECTION 3. Examinations.

Physical, mental or other examinations required by a government body, or the Cooperative, shall be promptly complied with by all applicants and employees, provided, however, the Cooperative shall pay for all such examinations. The Cooperative shall not pay for any time spent for such examinations, unless the examination is required to be taken by the Cooperative. Employees may take sick leave for such time actually spent traveling to and from and at the place of examination. Examinations are not to exceed one (1) in any one (1) year, unless the employee has suffered an *injury or illness during the year.*

The employer reserves the right to select its own medical examiner or physician and the Union may, if it believes an injustice has been done an employee, have said employee reexamined at the Union's expense.

An employee who has been off work for illness or other disability for a period of more than two (2) weeks will be required to obtain a statement from his attending physician and specialist (if one) certifying the nature and extent of the employee's illness or other disability for the period of absence and certify that the employee is released to return to work with no restrictions on his ability to work and can perform all the duties of his job.

SECTION 4. Uniforms and Protective Clothing.

In the event the Cooperative requires employees to wear uniforms, the Cooperative shall supply and pay for the uniforms.

The Cooperative will provide all safety equipment required.

Lost, broken or stolen equipment will be replaced at the employee's cost, unless the employee can show that it was not because of his negligence or acts by him.

SECTION 5. Worker's Compensation.

The Cooperative agrees to use its best efforts to cause the insurance carrier to duly and promptly settle and pay just on-the-job injury claims, when such claims are due and owing. The Cooperative shall provide Worker's Compensation protection as required by law.

SECTION 6.

Retired employees shall continue to receive Co-op Hi-Lights in addition to being allowed to attend employee picnics and other recreational activities.

SECTION 7. Educational Assistance Program.

In order to actively encourage employees to take advantage of educational opportunities and to provide for individual growth and potential advancement, financial assistance will be made available under the following circumstances:

- (1) Eligibility -- All regular full-time employees.
- (2) Effective Date -- After completion of the probationary period provided for in this Agreement.
- (3) Covered Educational Programs -- Courses which improve employee effectiveness under their present assignments and/or qualify an employee for promotion and such courses are taken on the employees' own time outside of regularly scheduled working hours.
- (4) Expenses Eligible for Reimbursement -- Tuition for all approved courses completed with a grade "C" or better, or if the course is not graded on a letter basis but on a "pass-fail" basis, the employee receives a "pass" grade.
- (5) Reimbursed Amount -- Fifty percent (50%) of the expenses for tuition after completion of the course and upon presentation to the Manager of proof of the grade and paid receipts for such tuition.

(6) Application Procedure --

(a) Employee must complete the application for course approval in sufficient time to obtain necessary approval prior to course registration and provide such application to his supervisor;

(b) Approval by the employee's immediate supervisor; and

(c) Final approval, in writing, by the Manager.

SECTION 8. DRIVE.

The Cooperative agrees during the first payroll period in December of each year of this Agreement that it will deduct from the paychecks of all employees who are covered by this Agreement a contribution in an amount designated by such employees, to DRIVE, the Union's political action committee, provided that such employees shall have signed and submitted a written authorization for such action on the part of the Cooperative; and, provided further, that such written authorization shall conform to and be in accordance with all applicable Federal and State laws. All monies deducted by the Cooperative shall be forwarded to the Secretary-Treasurer of the Union. The Cooperative will recognize authorizations for deductions from wages, if in compliance with State and Federal law, to be transmitted to the Union. No such authorization shall be recognized if in violation of State or Federal law. No deduction shall be made which is prohibited by applicable law. This provision is subject to whatever shop rule is promulgated by the Cooperative with respect to garnishments or other wage deductions.

In consideration of the adoption by the Cooperative of this DRIVE contribution, the Union agrees to indemnify and hold the Cooperative harmless from and against any and all liability or loss as a result of any action brought by any employee, employees or any other person on account of claimed illegal payments, including reasonable attorneys' fees and court costs.

If, for any reason, an employee does not work during the first payroll period in December of each year of this Agreement in which the DRIVE contribution is to be deducted, the Cooperative shall make deductions for the above purpose from such employee's wages out of the next succeeding pay period in which he works.

ARTICLE XXV

Non-discrimination

The Cooperative and the Union agree that the provisions of this Agreement shall be applied to all employees without discrimination on the basis of age (over 40), sex, religion, race, color, creed, national origin, or disability (as that term is defined and applied within the meaning of the Americans With Disabilities Act and its implementing regulations).

Whenever the words "he," "him" or "his" are used herein, those words shall be deemed to include the feminine gender as well.

ARTICLE XXVI

Wage Rates and Classifications

SECTION 1.

All employees in the bargaining unit receiving a "red circle" rate at the time this Agreement is executed, will continue to receive such "red circle" rate.

SECTION 2.

New employees hired by the Cooperative after the effective date of this Agreement shall begin their employment at sixty percent (60%) of the "classified rate;" after six (6) months of employment, such employees will be paid at the rate of seventy percent (70%) of the "classified rate;" after eighteen (18) months of employment, such employees will be paid at the rate of eighty percent (80%) of the "classified rate;" after twenty-four (24) months of employment, such

employees will be paid at the rate of ninety percent (90%) of the “classified rate;” and at the end of thirty-six (36) months of employment, such employees will be paid at one hundred percent (100%) of the “classified rate.”

Employees who are promoted to higher rated positions after execution of this Agreement will be paid at the rate of the position to which they are promoted.

SECTION 3. Classified Rates.

| <u>Classification</u> | <u>Classified Rates</u> | | |
|--------------------------------------|-------------------------|----------------|----------------|
| | <u>12/1/05</u> | <u>12/1/06</u> | <u>12/1/07</u> |
| Serviceman | \$21.70 | 22.35 | 23.02 |
| First Class Lineman | 21.27 | 21.91 | 22.57 |
| Second Class Lineman | 20.00 | 20.60 | 21.22 |
| Third Class Lineman | 17.66 | 18.19 | 18.74 |
| Apprentice Lineman | 16.74 | 17.24 | 17.76 |
| Right-of-Way Man | 18.28 | 18.83 | 19.39 |
| Right-of-Way Helper | 16.74 | 17.24 | 17.76 |
| Groundman | 16.74 | 17.24 | 17.76 |
| Laborer | 16.74 | 17.24 | 17.76 |
| <u>Engineering Department</u> | | | |
| Instrument Man (Staking Engineer) | \$20.42 | 21.03 | 21.66 |
| Engineering Aid | 19.56 | 20.15 | 20.75 |
| Staking Engineer Helper | 18.28 | 18.83 | 19.39 |
| <u>Meter Department</u> | | | |
| Licensed Meter Man | \$21.27 | 21.91 | 22.57 |
| <u>Garage Department</u> | | | |
| Mechanic | \$19.37 | 19.95 | 20.55 |
| Mechanic Helper | 18.06 | 18.60 | 19.16 |
| <u>Warehouse Department</u> | | | |
| Warehouseman ¹ | \$18.28 | 18.83 | 19.39 |

¹ When purchasing duties are assigned to the Warehouseman, the employee involved will receive a \$1.00 per hour premium. Such premium shall be added to the Warehouseman’s rate in effect at that time (e.g. Rate \$15.00 per hour plus \$1.00 per hour premium equals \$16.00 per hour rate.)

SECTION 4.

The "Classified Rates" set forth above reflect the following increases to the rates in effect immediately prior to ratification of this Agreement: Effective December 1, 2005, a two and one-half percent (2-1/2%) per hour increase to wage rates; effective December 1, 2006, a three percent (3%) per hour increase in wage rates; effective December 1, 2007, a three percent (3%) per hour increase in wage rates.

ARTICLE XXVII

Effect of Law

All provisions of this Agreement shall be subordinate and subject to any statute or law that may be applicable, whether now in effect or hereinafter enacted. If any provision of this Agreement or application of this Agreement to any employee is contrary to law, then such provision or application shall not be deemed valid except to the extent permitted by law, but all other provisions or applications of this Agreement shall continue in full force and effect.

If any provisions of this Agreement or application of this Agreement to any employee is contrary to law, then the Cooperative and the Union shall meet and attempt in good faith to agree upon a suitable replacement. If the parties are unable with due diligence to agree, the issue in question shall be subject to collective bargaining negotiation when this Agreement expires.

ARTICLE XXVIII

Entire Agreement

SECTION 1.

This Agreement sets out the entire understanding between the Cooperative and the Union with respect to the unit of employees described in this Agreement. Neither party intends to be bound or obligated except to the extent that it has expressly so agreed herein and this Agreement

shall be strictly construed. This Agreement applies only to the collective bargaining unit defined in this Agreement. None of the benefits, rights or privileges accorded by this Agreement to the Union or to any employee covered by this Agreement shall survive the expiration or termination of this Agreement.

SECTION 2.

It is distinctly understood and agreed by the Union that the Cooperative shall not be obligated, contractually or otherwise, to continue in effect any custom, practice or benefit unless it has contractually obligated itself to do so by clear and explicit language in this Agreement.

ARTICLE XXIX

Collective Bargaining

The Cooperative and the Union each acknowledge that this Agreement has been reached as a result of collective bargaining in good faith by both parties hereto, and that both parties hereto have had the unlimited opportunity during negotiations to submit and discuss proposals on all subjects which are bargainable matters. While it is the intent and purpose of the parties hereto that each of them shall fully perform all obligations by them to be performed in accordance with the terms of this Agreement, the Union agrees that the Cooperative shall not be obligated to bargain collectively with the Union during the term of this Agreement on any matter pertaining to rates of pay, wages, hours of employment, or other conditions of employment, unless an obligation to bargain is otherwise specifically provided for in another Article of this Agreement, and the Union hereby specifically waives any right which it might otherwise have to request or demand such bargaining, except as provided in the Article entitled Effect of Law, and acknowledges that the Cooperative's obligations during the term of this Agreement shall be limited to the performance and discharge of its obligations under this Agreement.

ARTICLE XXX

Duration of Agreement

The effective date of this Agreement is December 1, 2005. This Agreement shall be in full force and effect for the entire period from December 1, 2005 through November 30, 2008, and from year to year thereafter, unless either party hereto shall at least sixty (60) days prior to November 30, 2008, or the 30th day of November in any year thereafter, notify the other party in writing of its intention and desire to terminate this Agreement. If proper notice is given and the parties, after negotiation, fail to reach agreement on the proposed changes, this Agreement may be terminated by either party upon ten (10) days' written notice delivered to the other at any time after the date upon which this Agreement would have otherwise terminated if no notice for termination had been given. Such ten (10) days' notice must be given before any lockout or strike may occur.

IN TESTIMONY WHEREOF, the Cooperative and the Union by their respective officers and representatives hereunto duly authorized, have signed this Agreement on the day, month and year first set forth above.

TAYLOR COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION

Donald O. Shuffett, PRES
1/5/06

LOCAL UNION NO. 89,
GENERAL DRIVERS, WAREHOUSEMEN
AND HELPERS, AFFILIATED WITH
INTERNATIONAL BROTHERHOOD OF
TEAMSTERS, CHAUFFEURS, WARE-
HOUSEMEN & HELPERS OF AMERICA

Fred Zuckerman by B.
John Balto
Tim Coffey
Bruce Walker
Phil G. West
David Karnes

0
Exhibit 48-3
page 52 of 98

AGREEMENT

BETWEEN

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

AND

LOCAL UNION NO. 89
GENERAL DRIVERS, WAREHOUSEMEN AND HELPERS
AFFILIATED WITH
INTERNATIONAL BROTHERHOOD OF
TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN AND HELPERS OF AMERICA

(Office Clerical)

Effective December 1, 2005 through November 30, 2008

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ARTICLE I

This Agreement is made and entered into this 1st day of December, 2005, by and between Taylor County Rural Electric Cooperative Corporation, hereinafter referred to as the Cooperative, and Local Union No. 89, General Drivers, Warehousemen and Helpers, affiliated with International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, hereinafter called the Union.

ARTICLE II

PREAMBLE

Statement of Principles and Union Responsibilities

The Union recognizes its responsibilities as the exclusive bargaining agent for the employees covered by this Agreement, and realizes that in order to provide maximum opportunities for continuing employment, good working conditions and good wages, the Cooperative must be in a strong marketing position, which means that it must produce quality services and products and be able to sell them at the lowest possible costs and otherwise be able to operate its business efficiently, economically and competitively. The Union therefore agrees that it will support the Cooperative's efforts to assure a fair day's work by the employees for a fair day's pay. The Union will support the Cooperative in its efforts to improve services, preserve equipment, prevent accidents and strengthen good will between the Cooperative and its employees, as well as with its suppliers and customers. The Union further recognizes that the Cooperative has certain definite and stringent obligations and responsibilities to its customers, suppliers, Public Service Commission and Rural Utilities Service ("RUS") and the Union agrees that it will fully cooperate with the Cooperative in the performance and discharge of these obligations and responsibilities.

ARTICLE III

Recognition

The Cooperative recognizes the Union as the exclusive bargaining representative for all office clerical employees employed at its Campbellsville, Kentucky, location, including the office janitor, but excluding all professional employees, guards, and supervisors as defined in the Act and all other employees. It is the intention of the parties hereto that the bargaining unit covered by this Agreement shall be as established by the National Labor Relations Board in its "Certification of Representative" dated November 14, 1978, in Case No. 9-RC-12614, and this Article is included herein solely for the purpose of discharging the Cooperative's obligation under the law to recognize the Union.

In the event the Cooperative is sold to a private investor, notice of such sale will be given to the Union not later than the day of the closing of such sale.

ARTICLE IV

Management Prerogatives

The operation, control and management of the Cooperative's facilities and operations, and all business and activities of the Cooperative in connection therewith which are covered or affected by this Agreement, and the supervision and direction of the working forces at such facilities, operations and business are and shall continue to be solely and exclusively the functions and prerogatives of the management of the Cooperative.

All of the rights, functions and prerogatives of management which the Cooperative had prior to entering into this Agreement with the Union are reserved and retained exclusively to the Cooperative, unless changed or modified by one or more explicit provisions of this Agreement. Specifically but without limiting or affecting the generality of the foregoing, it is distinctly

understood and agreed that the Cooperative has the sole right to: Determine the nature and extent of the business to be carried on by the Cooperative; determine the suppliers and customers with whom it will deal, and the prices at which and terms upon which its materials, equipment and supplies will be purchased, leased or otherwise acquired and its services and products will be sold; determine the size and composition of the working force covered by this Agreement, and assignment of work, and policies affecting the hiring of new employees, layoff, discipline and discharge of employees for cause; and determine the qualifications of employees, including the right to terminate the services of employees without limitation during their probationary period; establish and enforce quality, production, construction, and service standards for its employees, services and products; establish new departments; discontinue existing departments; introduce new and improved equipment, facilities and service methods; change, combine, establish or discontinue jobs or operations; determine when and if vacancies in the working force shall be filled; determine the means and methods by which production and services will be made; determine the hours of operation, discontinue temporarily or permanently, in whole or in part, any operations of the business of the Cooperative covered or affected by this Agreement.

The Cooperative shall also have the right from time to time to make and enforce such reasonable rules, procedures and regulations applicable to employees covered by this Agreement for the purpose of maintaining order, safety, effective operations and control; to enforce, change, abolish or modify such existing rules, procedures and regulations applicable to employees covered by this Agreement, as it may from time to time deem necessary or advisable, after advance notice thereof to the Union and employees, which shall be subject to the grievance and arbitration procedure of this Agreement. The Cooperative shall also have the right to require compliance with such rules, procedures and regulations by employees until an Arbitrator sets

aside the rule, procedure or regulation as a result of the grievance and arbitration procedure or the parties mutually agree to set aside the rule, regulation or procedure without arbitration.

ARTICLE V

Subcontracting

It is understood by the Cooperative and the Union that for the Cooperative to satisfy the demands of its customers and to successfully operate the business, contracting and/or subcontracting of work is necessary from time to time. It is therefore agreed by the Union that the Cooperative may, within its exclusive discretion, engage contractors for all construction, manufacturing, service and operations functions, and any and all other functions which it, in its exclusive discretion, deems necessary and desirable. The Cooperative will not subcontract work under this provision that would cause the layoff of employees.

ARTICLE VI

Supervisory and Other Excluded Personnel

Notwithstanding any of the provisions of this Agreement, there shall be no limitation or restriction upon the nature, extent and kind of work which Supervisory and Management personnel may perform, nor shall there be any limitation or restriction as to the times or occasions on which Supervisory and Management personnel may perform such work. The Cooperative will not utilize this Article in such a way as to displace any employee covered by this Agreement.

ARTICLE VII

Discipline and Discharge

SECTION 1.

The Cooperative shall have the right to discharge employees during their probationary period without cause and without recourse by the Union or by such probationary employee to the grievance procedure of this Agreement.

SECTION 2.

The Cooperative shall have the right to discipline or discharge employees for “just cause”. While it is the policy of the Cooperative to warn employees for minor infractions before taking disciplinary action or discharging them, it is distinctly understood and agreed that certain offenses, such as, but not by any means limited to the following, shall be considered “just cause” and cause for immediate discharge, without warning: Dishonesty; insubordination; fighting while on the Cooperative’s premises or on duty; smoking in fuel pump areas; failure or refusal to wear or utilize any safety equipment provided and required by the Cooperative or to follow any safety procedure prescribed by the Cooperative; horseplay of such a nature as to be capable of causing personal injury or property damage; drinking alcoholic beverages or being under the influence of alcoholic beverages while on the Cooperative’s premises or on duty; being in possession of or using or being under the influence of narcotics (unless prescribed by the employee’s physician and the employee is following the physician’s directions on dosages, etc.), marijuana or hallucinatory drugs; proven falsification of the Cooperative’s records or reports; willful damage to tools, equipment or other Cooperative property; failure to immediately report involvement in an accident while on duty or on the Cooperative’s premises; or participation in any activity prohibited by the Article of this Agreement entitled “No Strike No Lockout”.

SECTION 3.

It is understood and agreed that employees have a responsibility to be regular and punctual in their work attendance and that habitual or repeated tardiness or absenteeism or failure to report to work promptly, and other minor offenses will be cause for disciplinary action, including discharge. The procedure will be as follows: (1) first offense: verbal warning; (2) second offense: written warning; (3) third offense: three (3) day suspension; and (4) fourth offense: subject to discharge.

It is expressly agreed (a) that the Cooperative, in its discretion, may decide not to discharge an employee for the fourth (4th) offense, and (b) that the Cooperative's failure in any case or cases to strictly enforce the above procedure, shall not be a precedent and shall not constitute a waiver of the Cooperative's right to enforce such procedure in any other case.

SECTION 4.

It is agreed that in the event an employee is given any disciplinary action, including a warning notice, a copy of the warning notice will be given to the employee, one (1) copy to the Union and one (1) copy will be retained in the employee's personnel file. A warning notice or notices for any cause may constitute a basis for discharge for any subsequent infraction and it is understood and recognized by the parties hereto that the infractions specified in Section 2 of this Article shall be cause for immediate discharge without warning. It is further understood and recognized that in any event it shall be cause for discharge if an employee is given four (4) warning notices for any cause or combination of causes within a "rolling" twelve (12) month period. Disciplinary warnings outside this "rolling" twelve (12) month period will not be used for disciplinary purposes. All disciplinary warnings and discharges shall be subject to the grievance procedure.

ARTICLE VIII

Union Security and Checkoff

SECTION 1. Union Security.

All present employees who are members of the Union on the effective date of this Agreement shall remain members of the Union in good standing as a condition of continued employment. All present employees who are not members of the Union and all employees who are hired hereafter shall become and remain members in good standing of the Union as a condition of continued employment on and after the thirty-first (31st) day following the beginning of their employment or on and after the thirty-first (31st) day following the effective date of this Agreement, whichever is the later. Becoming and remaining a member in good standing shall require the tendering of the initiation fee and periodic dues uniformly required as a condition of acquiring or retaining membership in the Union.

SECTION 2. Checkoff.

The Cooperative agrees to deduct each month, from the paychecks of all employees who are covered by this Agreement, all periodic dues and initiation fees owing to the Union by the employees, provided, however, that such employees shall have signed and submitted a written authorization for such action on the part of the Cooperative; such written authorization shall conform to and be in accordance with all applicable Federal and State laws.

All monies deducted by the Cooperative shall be forwarded to the Secretary-Treasurer of the Union.

It is understood and agreed that any monies collected by the Cooperative for the Union will be taken out of the paycheck for the first pay period of the month and remitted to the Union before the 30th day of the same month.

The Cooperative will recognize authorizations for deductions from wages, if in compliance with State and Federal law, to be transmitted to the Union. No such authorization shall be recognized if in violation of State or Federal law. No deduction shall be made which is prohibited by applicable law. This provision is subject to whatever shop rule is promulgated by the Cooperative with respect to garnishments or other wage deductions.

SECTION 3.

In consideration of the adoption by the Cooperative of the Union Security and Checkoff provisions, the Union agrees to indemnify and hold the Cooperative harmless from and against any and all liability or loss as a result of any action brought by any employee or employees on account of claimed illegal payments, suspension or discharge under the provisions of Article VIII of this Agreement, above described, including reasonable attorneys' fees and court costs.

SECTION 4.

It is understood and agreed that the Cooperative shall not be obligated or required to discharge an employee or otherwise take any action with respect to any employee for such employee's alleged failure to make payments as required and provided for hereunder unless the Union shall have first given the Cooperative and such employee ten (10) days written notice of such employee's alleged default, and an opportunity within said ten (10) day period to pay all sums due and owing by such employee under the provisions of this Agreement.

SECTION 5.

If for any reason an employee does not work during the first pay period of any month in which the checkoff is made, the Cooperative shall make deductions for the above purpose from such employee's wages out of the next succeeding pay period in which he works.

ARTICLE IX

No Strike-No Lockout

The Union agrees that during the term of this Agreement neither the Union, its officers, agents or members shall authorize, instigate, aid, condone or engage in any work stoppage, strike of any kind or description, including so-called sympathy strikes, or otherwise interrupt, impede or restrict services of the Cooperative or engage in any activity which would tend to cause an interruption or delay in the accomplishment of the work and business of the Cooperative.

The Union further agrees that during the term of this Agreement the Union, its officers, agents or members will not honor or recognize any picket line or picketing in any form, including recognition of picket lines or picketing out of so-called sympathy, by any union at the Cooperative, or any facility or operation of the Cooperative, regardless of where it is located.

Any employee who engages in any conduct prohibited by this Article, or who fails or refuses to comply with any provision of this Article, shall be subject to appropriate discipline, including discharge, without warning, by the Cooperative. In the event an employee is discharged for violation of the provisions of this Article, he may resort to the grievance and arbitration procedures set forth herein. The arbitrator shall, however, be limited to determining the single issue of whether or not the employee did, in fact, participate in or promote such action and the employee(s) affected will have the burden of conclusively showing his (their) non-participation in and not having promoted such actions. Further, the Cooperative shall be under no obligation to bargain with the Union concerning employees who are on strike or concerning the subject of any strike so long as the strike continues.

Neither the violation of any provision of this Agreement nor the commission of any act constituting an unfair labor practice or otherwise made unlawful by any federal, state or local law

shall excuse the Union, its officers, agents or members from their obligations in the provisions of this Article.

The provisions of this Article shall not be appealable to the grievance procedure either for the purpose of assessing damages or securing a specific performance, such matters of law being determinable and enforceable only in the courts.

The Cooperative shall not lock out members of the Union during the term of this Agreement.

ARTICLE X

Probationary Employees

All new or rehired employees shall be placed on probation and shall be classified as temporary help during the first ninety (90) calendar days of their employment with the Cooperative. During such ninety (90) calendar day probationary period the Cooperative may discharge or otherwise discipline, lay off, transfer or assign such employees with or without cause, and such actions shall not be subject to the grievance procedure.

Probationary employees who complete their probationary period will be classed as regular employees and their date of hire shall be from the first day of hiring.

ARTICLE XI

Rates for New Job Classifications

Recognizing that during the term of this Agreement the Cooperative may install new equipment or change work methods resulting in the creation of new job classifications, the Cooperative shall establish rates for such new classifications in line with the Cooperative's wage scale for like work and notify the Union's representative in writing. If after ten (10) days neither party questions the rate established for the new classification, it shall become the established rate

for the job; otherwise, the establishment of such rate shall be a matter for negotiation. If the parties negotiate and are unable to reach an agreement, the rate as established by the Cooperative shall stand until this Agreement expires if less than twelve (12) months until this Agreement expires and then shall be subject for renegotiation. If more than twelve (12) months from the expiration of this Agreement, then the dispute shall be subject to the Grievance-Arbitration Procedure set out elsewhere in this Agreement.

ARTICLE XII

Hours of Work and Overtime

SECTION 1.

An employee's regular work week shall be forty (40) hours and shall start at the beginning of his shift on Monday, subject to change by the Cooperative when requirements dictate, but shall not be less than eight (8) hours, excluding a one (1) hour lunch break. In addition, employees shall receive two (2) ten (10) minute breaks during a full eight (8) hour shift.

The work week shall begin at 12:01 a.m. Sunday and end at Midnight the following Saturday.

SECTION 2.

When overtime is required, the employees in the classification or who are assigned on the job where the overtime exists shall be required to work the overtime assigned.

SECTION 3.

Overtime at the rate of time and one-half (1-1/2) shall be paid for all hours actually worked in excess of forty (40) hours in any one work week. Time off for sick leave, actual hours served on Jury Duty under Article XVIII, and Holidays as set forth in Article XX, only

shall be considered hours worked (8 hours per day) for purposes of this provision. Overtime under this Section shall be computed on a weekly basis.

SECTION 4.

No premium or overtime pay set out in this Agreement shall be pyramided.

SECTION 5.

An employee required, on a temporary basis, to report to a work place other than his regularly required work place, will not be required to travel on his own time for a period longer than the travel time to his regular reporting work place.

ARTICLE XIII

Reporting and Call-Out Pay

SECTION 1.

When an employee reports for work at his regular starting time on a scheduled work day, he will be guaranteed eight (8) hours straight time pay at his regular hourly rate of pay, provided, however, that this provision shall not apply in case of strikes or other work stoppages, disciplinary suspension of an employee, acts of God or any other cause beyond the Cooperative's control.

SECTION 2.

When an employee has completed his regular shift and left the Cooperative's premises, but is called in to work more than two (2) hours prior to the beginning of his next regularly scheduled shift, he will be guaranteed three (3) hours work at his regular straight-time hourly rate of pay. This guarantee shall only apply once each work day (24-hour period). Other hours actually worked on additional "call-outs" will be compensated at the employee's regular straight-time hourly rate.

No employee shall be required to take time off to avoid the payment of overtime.

ARTICLE XIV

Grievance Procedure

SECTION 1.

A grievance as referred to in this Agreement is a dispute arising from the interpretation or application of one or more specific provisions of this Agreement. Grievances shall be processed in accordance with the procedures set forth below.

STEP 1. The aggrieved employee shall present his grievance to his Supervisor within three (3) days after the cause of such grievance becomes known or could reasonably be expected to have been known. If he has been prevented from presenting the grievance within this time limit because of an excused absence, the days of excused absence shall be excluded in computing the time limit. The aggrieved employee may be accompanied by his Union Steward.

STEP 2. If the grievance is not settled in Step 1, it may be appealed by presenting the grievance in writing within five (5) days to the Superintendent, who shall meet with the aggrieved employee. The aggrieved employee may be accompanied by his Union Steward.

STEP 3. If the grievance is not settled in Step 2, it may be appealed by the Union within ten (10) days to the Manager (or the person acting in his capacity in the event of his absence) who shall arrange to meet with the Union's Assistant to the President and the aggrieved employee and his Union Steward.

STEP 4. If the grievance is not satisfactorily settled in Step 3 and if the grievance is otherwise arbitrable under this Agreement, it may be referred to arbitration in strict accordance with the provisions of this Agreement pertaining to arbitration, provided that if the Union fails to notify the Cooperative in writing by Registered Mail within ten (10) days after the Cooperative

gives its answer in writing to a grievance at Step 3 of the grievance procedure of the Union's desire to arbitrate the grievance, then the Union shall be conclusively presumed to have accepted the Cooperative's answer and said grievance shall not thereafter be arbitrable.

SECTION 2.

The grievance procedure is subject to the following rules and conditions:

(a) A settlement satisfactory to the Union at any step in the grievance procedure shall be binding on it and the employee or employees making the complaint.

(b) Saturdays, Sundays and holidays are excluded in computing the time limits specified in this Article.

(c) All meetings conducted pursuant to the provisions of Step 1, Step 2, Step 3 and Step 4 of this Article, unless otherwise mutually agreed, shall be conducted at times when the aggrieved employee and others, including the Steward, are not regularly scheduled to work. Neither party shall have more than a total of three (3) persons present, including the aggrieved employee, except, by mutual consent, the parties may agree to a greater number.

(d) Employees will not leave their work to investigate, present or discuss grievances without prior permission from their supervisor.

(e) This grievance procedure constitutes the sole and exclusive means of resolving controversies. Pending the raising, processing and/or settlement of a grievance, all employees will continue to work in a normal manner, and there shall be no slowdown, stoppage or other interference with work or plant operation as discussed and set forth elsewhere in this Agreement.

(f) Infrequently, due to the nature of the subject matter, the Cooperative or the Union may request that early steps of the grievance procedure be waived. In such cases certain

steps of the grievance procedure may be waived provided there is mutual agreement by the Cooperative and the Union to do so.

(g) Any time the Cooperative offers a settlement with regard to any grievance, there will be a Union Official present. "Union Official" shall mean the employee's Steward or the Union's Assistant to the President. A settlement reached with the Steward will not set a precedent, unless the Union's Assistant to the President is aware of the settlement.

(h) Any grievance of any kind which has been presented under the grievance procedure set forth herein which is not appealed to the next step within the applicable time specified above and any grievance which has not been presented under the grievance procedure set forth herein within the time period for presentation of grievances shall be considered settled and shall not be subject to further discussion or appeal.

SECTION 3.

The Cooperative shall not be required or obligated under the terms of this Agreement or otherwise to submit to arbitration any claim or cause of action which it may have or assert on account of any alleged violation of this Agreement by the Union or any employee or employees covered by this Agreement. The Cooperative shall have the right to sue at law or in equity in any court of competent jurisdiction, Federal or State, to enforce this Agreement and to recover for any breach or violation thereof.

SECTION 4.

No grievance shall be arbitrable unless it involves an allegation of the type set out in Section 1, which allegation shall be designated in writing by the Union to the Cooperative no later than the time such grievance is appealed to Step 2 of the grievance procedure set forth herein.

No grievance may be filed or considered which is based in whole or in part on an occurrence happening prior to or after the term of this Agreement.

SECTION 5.

The provisions of this Agreement covering grievance procedure and arbitration are completely unrelated to and independent of the provisions of the Article of this Agreement entitled "No Strike-No Lockout" clause. In the event the Cooperative claims that a grievance filed hereunder is not arbitrable, whether or not such claim be ultimately sustained, such claim shall not in any way affect or excuse the Union or any employee or employees covered by this Agreement from the provisions of the Article entitled "No Strike-No Lockout" and their respective obligations and duties thereunder.

SECTION 6.

In the event any grievance which is otherwise arbitrable under the terms of this Agreement shall be arbitrated, selection of an arbitrator shall first be attempted by the Union and the Cooperative attempting to agree on an arbitrator, and, if they cannot agree upon a selection, the Federal Mediation and Conciliation Service shall be asked to furnish a panel consisting of at least seven (7) names of arbitrators. The Union and the Cooperative shall select a single arbitrator from the panel by alternately striking a name until such time as only one (1) name remains. The Cooperative and the Union will alternate in striking the first name from the list. The Cooperative will strike the first name in the first arbitration case and the Union will strike the first name in the second arbitration case, etc.

SECTION 7.

No more than one grievance shall be submitted to any one arbitrator unless the Cooperative and the Union agree otherwise in writing. The Arbitrators selected shall have power

to receive relevant testimony from the parties to the dispute and hear such witnesses as they may desire to present. The parties may, if they so desire, be represented by counsel in all proceedings held before the Arbitrator. The Cooperative shall bear the costs of preparing and presenting its case to the Arbitrator and the Union shall bear the costs of preparing and presenting its case to the Arbitrator. All other expenses of arbitration, such as, but not limited to the Arbitrator's fee, and the hiring of a space in which the arbitration proceedings are held, shall be divided equally between the Cooperative and the Union.

SECTION 8.

The function of the Arbitrator shall be of a judicial, rather than a legislative, nature. The Arbitrator shall not have authority to add to, ignore or modify any of the terms or provisions of this Agreement. The Arbitrator shall not substitute his judgment for the Cooperative's judgment and where matters of judgment are involved he shall be limited to deciding whether or not the Cooperative acted arbitrarily, capriciously or in bad faith. The Arbitrator shall not decide issues which are not directly involved in the case submitted to him. In any discharge or disciplinary suspension case where the Arbitrator decides that the aggrieved employee should be awarded any back pay, the Cooperative shall be entitled to full credit on such awards for the employee's gross interim earnings, unemployment compensation benefits, worker's compensation benefits received or receivable and any other compensation he receives from any form of employment during the period he was not working for the Cooperative. Subject to the foregoing qualifications and limitations, the Arbitrator's award shall be final and binding upon the Cooperative, the Union and the aggrieved employee or employees.

SECTION 9.

Only the Union shall have the right to prosecute grievances under this Agreement and only the Union shall have the right to take to arbitration any grievance which is otherwise arbitrable under this Agreement. If the Union fails, refuses or declines to prosecute a grievance on behalf of an employee, or on behalf of a group of employees hereunder, such employee or employees who filed such grievance or on whose behalf it has been filed shall be conclusively bound thereby and both the Union and the aggrieved employee or employees shall thereafter be prohibited from reviving or further prosecuting said grievance.

ARTICLE XV

Access to Facilities and Properties of the Cooperative

An authorized officer or agent of the Union, the name of whom shall be furnished to the Cooperative in writing, shall have access to the Cooperative's establishment during working hours for the purpose of investigating grievances and for any other legitimate purpose in connection with the administration of this Agreement, provided he notifies the Manager of the Cooperative beforehand. The Union hereby agrees that its agents and representatives will not cause any interruption of the Cooperative's working schedule or interfere with the work of employees or otherwise abuse these visitation privileges when on its premises. In the event of a change of agents, the Cooperative will be immediately notified in writing.

ARTICLE XVI

Seniority

SECTION 1.

Seniority of employees covered by this Agreement shall be determined by the Cooperative on the basis of length of continuous service with the Cooperative from the last date of hire.

SECTION 2.

An employee's seniority, qualifications, ability, skill and adaptability to perform the work involved, as determined by the Cooperative, shall apply in the case of layoff, recall from layoff, and promotions. It is agreed that in the case of layoff no employee, regardless of his seniority, may displace any other employee unless he is able, within two (2) weeks, to satisfactorily perform the work of the employee being displaced, except this two (2) week period will not apply in the case of new and different kinds of equipment. In the event of layoff, the least senior, least qualified employee in the unit will be laid off. If the job opening created is to be filled and the layoff was created by elimination of a job of a more senior, qualified employee, then that employee will fill the job of the employee laid off. If the employee is not able to satisfactorily perform the work of the employee being displaced within the two (2) week period, then that employee will be laid off. If more than one (1) job opening is created and they are to be filled, then the same procedure applies with the most senior, qualified employee having first selection, the second most senior, qualified employee having second selection, etc. An employee who displaces another employee pursuant to the provisions of this Section shall be paid at the hourly rate of pay for that job classification. When the working force is being increased after a layoff

the Cooperative will apply the same standards as it originally applied for layoff when employees are being recalled.

SECTION 3.

In the case of layoff, all probationary, seasonal, part-time and casual employees shall be laid off before any employees who have established seniority are affected.

SECTION 4.

The Cooperative will give employees one (1) week of notice prior to layoff.

SECTION 5.

Seniority, qualifications, ability, skill and adaptability to perform the work involved, as determined by the Cooperative shall be the controlling factors in promotion of employees, and where in the Cooperative's judgment, these factors are relatively equal between two (2) or more employees, seniority will control.

SECTION 6.

All job vacancies in jobs which the Cooperative decides to fill will be posted for bid at least three (3) full working days. Until the Cooperative has selected an employee to permanently fill such job vacancy the vacant job may be filled in any manner the Cooperative sees fit. The Cooperative will take final action with respect to all job openings within two (2) weeks after the posting is taken down. Employees shall be permitted to bid only on jobs which are higher than the job classification which they are in at the time and a successful job bidder shall not bid again for any posted job for six (6) months. If no employee in the unit who bids on the job is selected using the criteria set out in this Section, then the Cooperative may hire a new employee from outside the work force.

An employee who bids on and is awarded a job and who, within ten (10) working days, voluntarily decides they do not desire to stay in that job shall be disqualified from bidding on another job for twelve (12) months.

SECTION 7.

An employee shall lose his seniority and his status as an employee shall cease for any of the following reasons:

- (a) If an employee quits or is discharged.
- (b) If an employee is in layoff status for more than one (1) year.
- (c) If an employee, after having been laid off, fails to report for work within three (3) working days when notified by the Cooperative by certified mail or telegram sent to the employee's last address appearing on the Cooperative's records.
- (d) If an employee is absent from work for two (2) days without reporting to his supervisor.
- (e) If an employee is retired.

SECTION 8.

Seasonal, temporary, part-time and casual employees are excluded from the bargaining unit covered by this Agreement, and are not entitled to any of the benefits and privileges provided for in this Agreement. The Cooperative will give the Union notice when such employees are hired, but shall be under no further obligation with respect to the Union for these employees.

SECTION 9.

If, and when, employees in the bargaining unit covered by this Agreement are promoted or transferred to jobs outside the bargaining unit they will retain and accumulate seniority for a

period of twelve (12) months, during which period such employees will have the right to return to a job in the bargaining unit, provided they have the seniority therefor. At the end of said twelve (12) month period, if the employee remains in the job outside of the bargaining unit he will lose all seniority rights under this Agreement.

SECTION 10.

The seniority list shall be made up by the Cooperative within thirty (30) days after the date of this Agreement. A copy shall be furnished to the Assistant Business Agent or his representative and a copy posted on the Bulletin Board. This list shall be open for correction for a period of thirty (30) days thereafter and if an employee does not make a protest in writing to the Cooperative, with a copy to the Union within such thirty (30) day period after posting of such list, his seniority shall be as shown on the list. The seniority list shall be brought up-to-date on November 1 of each year thereafter.

SECTION 11.

In the event an employee becomes physically disabled from a work-related injury and can no longer perform the work in his classification (certified as such by his attending physician, and subject to confirmation by a physician selected by the Cooperative) he may request a transfer, if an opening exists at that time, to a lower classification of work, provided he is at that time able to satisfactorily perform the work of the lower classification to which he transfers. This provision shall only apply to employees with five (5) or more years of service with the Cooperative and only one (1) such transfer may be made.

SECTION 12.

The following departments, I, II, III and IV, shall be utilized for the purpose of determining promotions, with Department I being the highest:

- I Accounting Department
- II Work Order Department
- III Customer Services Department
- IV Office Custodian

For purposes of bidding on jobs and promotion, the following will be used when jobs are open in the following departments:

Department III--Department IV employees

Department II--Departments III and IV employees

Department I--Departments II, III and IV employees

SECTION 13.

In the event a job vacancy is posted in accordance with Section 6 of this Article and no employees bid on the job and the Cooperative decides not to fill the vacancy by hiring a new employee from outside the work force, then the Cooperative may assign employees to the position on a permanent basis, so long as the employees so assigned are not required to make a geographic move of their residences.

ARTICLE XVII

Leave Program

SECTION 1.

“Leave”, as the term is used in this Agreement, shall mean time off taken by an employee who has accumulated leave time for purposes of illness or maternity condition, and shall be used only for such purposes.

Each employee covered by this Agreement shall be entitled to receive one (1) day of leave for each full month of employment. Only leave actually earned prior to the date utilized

may be compensable. Leave will not be earned and no entitlement shall be granted for periods of time an employee is not actually working, including time on leave. An employee may accumulate an unlimited amount of leave time. Pay shall only be provided for actual illness and only as set forth in this Agreement.

Medical leave shall be made available to employees following one (1) full year of employment and such leave will be in accordance with the provisions of and regulations issued in accordance with the Family and Medical Leave Act of 1993. Following exhaustion of all accumulated leave time, an employee on Family and Medical Leave will be required to use fifty percent (50%) of vacation entitlement (not including the one (1) week carry over) during such leave. Such vacation will be used beginning on the first day of leave under the Family and Medical Leave Act of 1993 and shall continue until fifty percent (50%) of such vacation entitlement has been paid.

SECTION 2.

(a) Illness of Employee. Pay will be provided to an employee who has accumulated leave for leave due to illness. In order to be entitled to pay for leave due to illness, an employee may be required, as a condition of such payment, to submit, for each day of absence, a written statement signed by his attending physician attesting to the illness of the employee and which shows his recommendation that the employee absent himself from work because of such illness. In addition, an employee must notify his immediate supervisor before his shift begins of the necessity for absence due to such illness, except in rare instances when the employee is completely physically unable to give the required notice. An employee who has been absent from work for a maximum of fifteen (15) days because of illness or other disability, must notify and advise his Superintendent regarding the anticipated duration of his absence.

(b) Illness of Employee's Spouse or Children. As of January 1 of each year of this Agreement, employees will be permitted to take up to sixteen (16) hours of their then accumulated sick leave per year for illness of the employee's spouse or children living in the employee's home. The employee must present to the Cooperative a Physician's Statement certifying the illness of the employee's spouse or child living in the employee's home.

SECTION 3.

Funerals. An employee who has completed his probationary period will be permitted leave of absence with pay at his regular rate for regularly scheduled work hours lost to a maximum of three (3) regularly scheduled work days lost (to a maximum of eight (8) hours per day) in case of death in his immediate family (i.e., legal spouse, mother, father, son or daughter) provided such days fall on the employee's regularly scheduled work days and are taken during the period between the day of death and the day after the funeral or memorial service in lieu of funeral, and provided further that the employee is prepared to offer valid proof of death and relationship upon request. Under the same conditions, an employee will be permitted to take up to three (3) regularly scheduled work days for the employee's step-parents, mother-in-law, father-in-law, son-in-law and daughter-in-law, such days to be deducted from the employee's sick leave account. In addition, and subject to the same conditions, an employee will be permitted leave of absence with pay at his regular rate for regularly scheduled work hours lost for a maximum of one (1) regularly scheduled work day lost (to a maximum of eight (8) hours) in case of death of his sister, brother, grandchildren or grandparents. An employee may take an additional two (2) regularly scheduled work days off in the case of death of his sister, brother, grandchildren or grandparents, said days to be deducted from the employee's sick leave account. An employee may, under the same conditions as set forth above, take up to two (2) regularly

scheduled work days off in the case of the death of the employee's brother-in-law and sister-in-law, said days to be deducted from the employee's sick leave account.

Only in the case of the death of one of the relatives set forth above whose funeral is more than 200 miles from the employee's regularly required work place will an employee be permitted to take such days off between the day of death and the day after the funeral.

SECTION 4.

Any employee found to have falsified the reasons for leave or who has abused the leave provision by falsification or misrepresentation shall thereupon be subject to disciplinary action, including discharge. In addition, such employee will restore to the Cooperative amounts paid to him to which he was not entitled unless otherwise mutually agreed upon between the Cooperative and the Union in the settlement of a grievance, or if an Arbitrator rules otherwise.

ARTICLE XVIII

Jury Duty

An employee who is required to serve and perform jury duty shall be compensated by the Cooperative in the amount of the difference between his regular rate for regularly scheduled work hours lost (to a maximum of eight (8) hours per day) and the amount received as juror's fees, provided he is prepared to offer valid proof of such jury duty and the amount received as juror's fees upon request by the Cooperative. Whenever the employee is excused by the Court from such jury duty two (2) hours or more before his normal shift ends on a scheduled work day, he shall advise his immediate supervisor as promptly as possible and stand ready to report directly to work if requested by the Cooperative. The receipt of notice to report for jury duty must be reported immediately to his immediate supervisor.

In addition, and subject to the same conditions as stated above, an employee who is subpoenaed to appear in court and does appear as a defendant growing out of the Cooperative's business, a co-defendant with the Cooperative or as a witness on behalf of the Cooperative shall receive the difference between his regular rate for regular scheduled work hours lost and the amount received as a witness fee.

ARTICLE XIX

Military Service

Employees inducted into the Armed Forces of the United States shall be re-employed according to the provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994. Any and all benefits under this Agreement which require working as a condition of earning such benefits and such other benefits as Health, Medical and other insurance and the retirement plan shall not be due such employees, unless specifically required by statute.

ARTICLE XX

Holidays

SECTION 1.

Members of the bargaining unit shall be paid eight (8) hours pay at their regular straight time rate for:

| | |
|-----------------------------------|----------------------------|
| New Years Day | Labor Day |
| Good Friday | Thanksgiving Day |
| Memorial Day | Day After Thanksgiving Day |
| Independence Day (4th of July) | Christmas Eve |
| | Christmas Day |

SECTION 2.

To receive holiday pay employees must have worked the full day immediately preceding the holiday and the full day immediately after the holiday. An employee will be considered to have worked the full day before the holiday if he is up to fifteen (15) minutes late reporting to work. The requirement that employees must have worked the full day immediately preceding and the full day immediately after the holiday shall be waived only when the absence is caused by being on scheduled vacation, jury duty, funeral leave, or injury sustained while working for the Cooperative and the injury is compensable under Worker's Compensation statutes and the injury occurred within thirty (30) days of the day for which eligibility is required. If an employee is on Sick Leave the day before or the day after a holiday, then such employee may receive Sick Leave under Article XVII, Leave Program, Sections 1 and 2, for the day of the holiday, but shall not receive holiday pay.

SECTION 3.

In addition to the above allowance, employees will be compensated for hours actually worked on the holidays at time and one-half (1-1/2) for hours actually worked between 8:00 a.m. and 5:00 p.m. and double time for hours actually worked before 8:00 a.m. and after 5:00 p.m.

SECTION 4.

Holidays falling on Saturday shall be recognized on Friday and holidays falling on Sunday shall be recognized on Monday.

SECTION 5.

If a holiday set forth in Section 1 falls within an employee's scheduled vacation, then the employee will receive an additional day of vacation, which will be, at the employee's option, added to the end of such scheduled vacation or at the beginning of such scheduled vacation.

ARTICLE XXI

Vacation

SECTION 1.

Employees shall receive paid vacations as follows:

| | | |
|---|---|--|
| After one (1) year of employment | - | One (1) week |
| After two (2) years of employment | - | Two (2) weeks |
| After ten (10) years of employment | - | Three (3) weeks |
| After twenty-one (21) years of employment | - | Three (3) weeks plus one (1) day |
| After twenty-two (22) years of employment | - | Three (3) weeks plus two (2) days |
| After twenty-three (23) years of employment | - | Three (3) weeks plus three (3) days |
| After twenty-four (24) years of employment | - | Three (3) weeks plus four (4) days |
| After twenty-five (25) years of employment | - | Four (4) weeks |
| After thirty (30) years of employment | - | Five (5) weeks |

In computing length of employment for the purposes of vacation, the employee's length of employment with the Cooperative, including prior service, will be counted.

SECTION 2.

In order to be eligible for vacation as set forth above, an employee will be required to actually work the minimum number of hours set forth below during the twelve (12) month period immediately preceding the eligibility dates:

| | |
|-----------------------|------|
| 1,500 hours | 100% |
| 1,450 hours | 75% |
| 1,400 hours | 50% |
| 1,350 hours | 25% |
| Less than 1,350 hours | 0% |

In order for an employee who retires before his anniversary date of employment to be eligible for vacation as set forth above on a pro rata basis, he will be required to actually work the minimum number of hours set forth below during the period between his last anniversary date and his date of retirement.

80% of available hours--100% of pro rata vacation.

75% of available hours--75% of pro rata vacation.

70% of available hours--50% of pro rata vacation.

65% of available hours--25% of pro rata vacation.

Less than 65% of available hours--0%

Actual hours spent on jury duty will be counted as hours "actually worked" for the purpose of meeting the minimum number of hours set forth above.

SECTION 3.

The Cooperative shall post vacation schedules on or before January 1 of each year. Each employee must designate his vacation period on such schedule not later than February 1 of each year. In the event two (2) or more employees designate the same vacation period on such schedule, then the employee with the longest period of continuous service from the last date of hire shall have preference. In designating the schedule of the periods in which vacations may be taken, such schedules shall be prepared in a manner consistent with the orderly and efficient operation of the Cooperative, as determined by it. If an employee who has designated a vacation period desires to change it, he may, if it is mutually agreed to by the Cooperative, change the period of vacation to a time when no other employee is scheduled or is otherwise convenient, as determined by the Cooperative.

In the instance of an employee with one (1) week of vacation, they may take such vacation in one (1) day increments. In the instance of employees with two (2) week vacation periods, they may take one (1) week in increments of one (1) full day or one-half (1/2) days. In the instance of employees with three (3), four (4) and five (5) week vacation periods, they may take one (1) week in increments of one (1) day and one (1) week in increments of one-half (1/2)

days. If an employee chooses the option of taking vacation in one (1) day or one-half (1/2) day increments as set forth, he must give at least two (2) days notice before each increment and must receive permission from his Department Head. If mutually convenient and agreeable between the Cooperative and the employee, the two (2) day notice may be waived.

SECTION 4.

Vacations are not cumulative and they shall be taken during the twelve (12) month period between January 1 and December 31 of each year. Vacation days earned, but not taken during such period, shall be forfeited by the employee and no pay will be provided to the employee for any days of vacation not taken, except employees shall be permitted to carry over one (1) week of vacation, but shall not in any one (1) year have more than six (6) weeks of vacation (earned and carried over). In the event and employee is off work because of a compensable injury under Worker's Compensation statutes, such employee will be given credit for service consistent with the yearly vacation entitlement set forth in Section 1. An employee who is off work because of a compensable injury under the Worker's Compensation Statute will be given credit for hours worked for earning vacation under Article XX1, Section 2, for up to seventy-five (75) working days (maximum of 600 hours) they are off work because of a compensable injury under the Worker's Compensation Statute.

An employee who voluntarily or involuntarily terminates employment with the Cooperative shall be paid for all accumulated vacation, on a prorated basis, as of the date of termination. Vacation days used in excess of the prorated accumulated days of entitlement before termination will be deducted from the employee's final pay at the time of termination.

ARTICLE XXII

Group Insurance

SECTION 1.

(a) The Cooperative agrees to continue in effect for the duration of this Agreement the Blue Access (PPO) Option 2 with RX Option G Insurance Program submitted to the Union during negotiations for this Agreement so as to make it available to all regular full-time employees who have completed their probationary period. For employees hired on or before November 30, 2005 and who are actively employed on November 30, 2005, the Cooperative agrees to pay the full premium, including increases for family and single coverage.

(b) Employees hired on and after December 1, 2005 will have health insurance provided to them on an employee-only basis. If such employee desires to add a spouse and/or dependents, then such employee will pay the difference in premium between the employee-only and the premium for adding a spouse and/or dependents.

(c) Further, Employees hired on and after December 1, 2005 shall have no health insurance provided by the Cooperative when they retire.

(d) The Cooperative shall have the right to change insurance carriers for any of the group insurance programs as set forth in this Article at any time so long as the group insurance coverage is equivalent.

(e) The contracts between the Cooperative and insurance carriers will govern in all matters related to the insurance plans provided for herein. The exact coverage and the conditions for coverage of the aforesaid insurance will be determined by the terms and conditions of the policy or contract, and the Cooperative will not under any circumstances be liable as an insurer of any of the benefits to the employees.

SECTION 2.

Under the same conditions as set forth above in Section 1, the Cooperative will make available to employees a basic dental and vision plan. The full premium for such plans will be paid by the individual employees. The conditions established by the insurance company or companies will be met by the employees as a condition of providing such coverages including, but not limited to, minimum numbers of employees participation, duration, etc.

SECTION 3.

(a) For employees under paragraphs (b), (c), (d) and (e) of this Section, in order for such insurance to be made available, a retiree or an employee who retires from employment at the Cooperative in the future must have attained at least age sixty (60) and have at least thirty (30) years of service with the Cooperative.

(b) Under the same conditions as set forth above in Sections 1(a), (d) and (e), the Cooperative will make available to employees who retired between April 2, 1987 and November 30, 1994, the Blue Access Plan referred to above.

(c) Under the same conditions as set forth in Sections 1(a), (d) and (e), the Cooperative will make available to employees who retired between December 1, 1994 and December 8, 1997, the Blue Access "carve out" supplemental plan as submitted to the Union during the negotiations which led to this Agreement, and in accordance with the following: (1) When an employee is eligible for Medicare, that employee and his spouse at the time of retirement from the Cooperative will submit proof of enrollment and the amount paid for Medicare B and, thereafter on an annual basis provide to the Cooperative a certification of their continued participation; and (2) Based on Section 3 (c) (1), the Cooperative will pay directly to the retiree, retroactively, on a quarterly basis, the amount paid for Medicare B.

(d) Under the same conditions as set forth in Sections 1(a), (d) and (e), employees who retire on and after December 8, 1997, shall be subject to the health insurance program and the coverages of it as they exist from time-to-time. When an employee is eligible for Medicare, that employee will pay the premium necessary in order to obtain the benefits provided by Medicare.

(e) The insurance coverage referred to above shall only be made available for the life of the retired employee.

SECTION 4.

Under the same conditions as set forth above in Section 1, the Cooperative will make available for each employee a \$15,000 life insurance plan. The full premium for such plan will be paid by the Cooperative for the duration of this Agreement. The conditions established by the insurance company or companies involved will be met by the employees as a condition of providing such coverage.

SECTION 5.

The Cooperative will provide to employees a long-term disability insurance plan with the following provisions:

- (1) Sixty-six and two-thirds (66-2/3) pay
- (2) Twenty-six (26) week waiting period

The contracts between the Cooperative and insurance carriers will govern in all matters related to the insurance plans provided for herein. The exact coverage and the conditions for coverage of the aforesaid insurance will be determined by the terms and conditions of the policy or contract and the Cooperative will not under any circumstances be liable as an insurer of any of the benefits to the employees.

ARTICLE XXIII

Retirement Plan

SECTION 1.

Effective January 1, 1995, the Cooperative adopted and implemented the National Rural Electric Cooperative Association (“NRECA”) Selectre Pension Plan (the “Plan”) for the benefit of its employees. The Plan replaced the Taylor County RECC Employees’ Retirement Savings Trust Fund (the “Trust Fund”). The Trust Fund was terminated.

The instruments composing the Plan will govern in all matters related to it. The exact terms and conditions for eligibility for coverage, eligibility for participation, eligibility for retirement, contribution rates, etc. will be determined by the terms and conditions of such instruments and the Cooperative will not under any circumstances be liable for any benefits, or otherwise, to the employees.

Employees who have reached the age of sixty (60) and have a minimum of thirty (30) years service with the Cooperative will be permitted to retire and, upon such retirement, the Cooperative will pay one hundred percent (100%) of the health insurance premium for such employee until they qualify for benefits provided by Medicare. At such time, the employee will be provided the Blue Access “carve out” supplemental plan provided for in Article XXII, Sections 3(c) and (d).

ARTICLE XXIV

Miscellaneous

SECTION 1. Stewards.

The Union shall have the right to designate from among the employees covered by this Agreement a Chief Steward. The Union shall notify the Cooperative in writing of the name of

said Steward so designated. The Cooperative shall have the right to recognize and deal with the Steward so designated in the settlement of grievances and other matters pertaining to the administration of this Agreement. The Steward will not leave his work to investigate, present or discuss grievances unless given permission by his Supervisor. He will be permitted, however, to perform this business during scheduled breaks and scheduled meal periods and after his shift ends. In addition the Steward will be permitted to transmit messages and information, which originate with, and are authorized by the Local Union or its officers, provided such messages and information have been reduced to writing. In the event of any change in the Steward, the Union shall notify the Cooperative in writing at the time the new Steward assumes his responsibilities.

SECTION 2. Bulletin Boards.

The Cooperative will provide suitable space on its bulletin boards at each location of work for the posting of official Union bulletins.

Nothing, however, shall be posted on such bulletin boards which is derogatory to any individual, or which is libelous or obscene, or which deals with any matter that is subject to the grievance-arbitration procedure set forth in this Agreement. Only official matters which relate directly to members of the bargaining unit at the Cooperative may be posted on such bulletin boards.

SECTION 3. Examinations.

Physical, mental or other examinations required by a government body, or the Cooperative, shall be promptly complied with by all applicants and employees, provided, however, the Cooperative shall pay for all such examinations. The Cooperative shall not pay for any time spent for such examinations, unless the examination is required to be taken by the

Cooperative. Employees may take sick leave for such time actually spent traveling to and from and at the place of examination. Examinations are not to exceed one (1) in any one (1) year, unless the employee has suffered an injury or illness during the year.

The employer reserves the right to select its own medical examiner or physician and the Union may, if it believes an injustice has been done an employee, have said employee re-examined at the Union's expense.

An employee who has been off work for illness or other disability for a period of more than two (2) weeks will be required to obtain a statement from his attending physician and specialist (if one) certifying the nature and extent of the employee's illness or other disability for the period of absence and certify that the employee is released to return to work with no restrictions on his ability to work and can perform all the duties of his job.

SECTION 4. Uniforms and Protective Clothing.

In the event the Cooperative requires employees to wear uniforms, the Cooperative shall supply and pay for the uniforms.

The Cooperative will provide all safety equipment required.

Lost, broken or stolen equipment will be replaced at the employee's cost, unless the employee can show that it was not because of his negligence or acts by him.

SECTION 5. Worker's Compensation.

The Cooperative agrees to use its best efforts to cause the insurance carrier to duly and promptly settle and pay just on-the-job injury claims, when such claims are due and owing. The Cooperative shall provide Worker's Compensation protection as required by law.

SECTION 6.

Retired employees shall continue to receive Co-op HiLights in addition to being allowed to attend employee picnics and other recreational activities.

SECTION 7. Educational Assistance Program.

In order to actively encourage employees to take advantage of educational opportunities and to provide for individual growth and potential advancement, financial assistance will be made available under the following circumstances:

- (1) Eligibility -- All regular full-time employees.
- (2) Effective Date -- After completion of the probationary period provided for in this Agreement.
- (3) Covered Educational Programs -- Courses which improve employee effectiveness under their present assignments and/or qualify an employee for promotion and such courses are taken on the employees' own time outside of regularly scheduled working hours.
- (4) Expenses Eligible for Reimbursement -- Tuition for all approved courses completed with a grade "C" or better, or if the course is not graded on a letter basis but on a "pass-fail" basis, the employee receives a "pass" grade.
- (5) Reimbursed Amount -- Fifty percent (50%) of the expenses for tuition after completion of the course and upon presentation to the Manager of proof of the grade and paid receipts for such tuition.
- (6) Application Procedure --
 - (a) Employee must complete the application for course approval in sufficient time to obtain necessary approval prior to course registration and provide such application to his supervisor;

- (b) Approval by the employee's immediate supervisor; and
- (c) Final approval, in writing, by the Manager.

SECTION 8. DRIVE.

The Cooperative agrees during the first payroll period in December of each year of this Agreement that it will deduct from the paychecks of all employees who are covered by this Agreement a contribution in an amount designated by such employees, to DRIVE, the Union's political action committee, provided that such employees shall have signed and submitted a written authorization for such action on the part of the Cooperative; and, provided further, that such written authorization shall conform to and be in accordance with all applicable Federal and State laws.

All monies deducted by the Cooperative shall be forwarded to the Secretary-Treasurer of the Union.

The Cooperative will recognize authorizations for deductions from wages, if in compliance with State and Federal law, to be transmitted to the Union. No such authorization shall be recognized if in violation of State or Federal law. No deduction shall be made which is prohibited by applicable law. This provision is subject to whatever shop rule is promulgated by the Cooperative with respect to garnishments or other wage deductions.

In consideration of the adoption by the Cooperative of this DRIVE contribution, the Union agrees to indemnify and hold the Cooperative harmless from and against any and all liability or loss as a result of any action brought by any employee, employees or any other person on account of claimed illegal payments, including reasonable attorneys' fees and court costs.

If, for any reason, an employee does not work during the first payroll period in December of each year of this Agreement in which the DRIVE contribution is to be deducted, the

Cooperative shall make deductions for the above purpose from such employee's wages out of the next succeeding pay period in which he works.

ARTICLE XXV

Non-discrimination

The Cooperative and the Union agree that the provisions of this Agreement shall be applied to all employees without discrimination on the basis of age (over 40), sex, religion, race, color, creed, national origin, or disability (as that term is defined and applied within the meaning of the Americans With Disabilities Act and its implementing regulations).

Whenever the words "he", "him" or "his" are used herein, those words shall be deemed to include the feminine gender as well.

ARTICLE XXVI

Wage Rates and Classifications

SECTION 1.

All employees in the bargaining unit receiving a "red circle" rate at the time this Agreement is executed will continue to receive such "red circle" rate.

SECTION 2.

New employees hired by the Cooperative after the effective date of this Agreement shall begin their employment at sixty percent (60%) of the "classified rate"; after six (6) months of employment, such employees will be paid at the rate of seventy percent (70%) of the "classified rate"; after eighteen (18) months of employment, such employees will be paid at the rate of eighty percent (80%) of the "classified rate"; after twenty-four (24) months of employment, such employees will be paid at the rate of ninety percent (90%) of the "classified rate"; and at the

end of thirty-six (36) months of employment, such employees will be paid at one hundred percent (100%) of the “classified rate”.

Employees who are promoted to higher rated positions after execution of this Agreement will be paid at the rate of the position to which they are promoted.

SECTION 3. Classified Rates.

| | <u>Classification</u> | <u>Classified Rates</u> | | |
|------|-------------------------------|-------------------------|----------------|----------------|
| | | <u>12/1/05</u> | <u>12/1/06</u> | <u>12/1/07</u> |
| I. | Accounting Department: | | | |
| | Bookkeeper | \$18.94 | 19.51 | 20.10 |
| | Assistant Bookkeeper | 18.35 | 18.90 | 19.47 |
| | Payroll Clerk | 18.05 | 18.59 | 19.15 |
| II. | Work Order Department: | | | |
| | Work Order Clerk | \$17.98 | 18.52 | 19.08 |
| | Assistant Work Order Clerk | 17.61 | 18.14 | 18.68 |
| III. | Customer Services Department: | | | |
| | Clerks | \$16.92 | 17.43 | 17.95 |
| | General Office Helpers | 15.82 | 16.29 | 16.78 |
| IV. | Office Custodian | \$15.82 | 16.29 | 16.78 |

SECTION 4.

The “Classified Rates” set forth above reflect the following increases to the rates in effect immediately prior to ratification of this Agreement: Effective December 1, 2005, a two and one-half (2-1/2%) per hour increase in wage rates; effective December 1, 2006, a three percent (3%) per hour increase in wage rates; effective December 1, 2007, a three percent (3%) per hour increase in wage rates.

ARTICLE XXVII

Effect of Law

All provisions of this Agreement shall be subordinate and subject to any statute or law that may be applicable, whether now in effect or hereinafter enacted. If any provision of this

Agreement or application of this Agreement to any employee is contrary to law, then such provision or application shall not be deemed valid except to the extent permitted by law, but all other provisions or applications of this Agreement shall continue in full force and effect.

If any provisions of this Agreement or application of this Agreement to any employee is contrary to law, then the Cooperative and the Union shall meet and attempt in good faith to agree upon a suitable replacement. If the parties are unable with due diligence to agree, the issue in question shall be subject to collective bargaining negotiation when this Agreement expires.

ARTICLE XXVIII

Entire Agreement

SECTION 1.

This Agreement sets out the entire understanding between the Cooperative and the Union with respect to the unit of employees described in this Agreement. Neither party intends to be bound or obligated except to the extent that it has expressly so agreed herein and this Agreement shall be strictly construed. This Agreement applies only to the collective bargaining unit defined in this Agreement. None of the benefits, rights or privileges accorded by this Agreement to the Union or to any employee covered by this Agreement shall survive the expiration or termination of this Agreement.

SECTION 2.

It is distinctly understood and agreed by the Union that the Cooperative shall not be obligated, contractually or otherwise, to continue in effect any custom, practice or benefit unless it has contractually obligated itself to do so by clear and explicit language in this Agreement.

ARTICLE XXIX

Collective Bargaining

The Cooperative and the Union each acknowledge that this Agreement has been reached as a result of collective bargaining in good faith by both parties hereto, and that both parties hereto have had the unlimited opportunity during negotiations to submit and discuss proposals on all subjects which are bargainable matters. While it is the intent and purpose of the parties hereto that each of them shall fully perform all obligations by them to be performed in accordance with the terms of this Agreement, the Union agrees that the Cooperative shall not be obligated to bargain collectively with the Union during the term of this Agreement on any matter pertaining to rates of pay, wages, hours of employment, or other conditions of employment, unless an obligation to bargain is otherwise specifically provided for in another Article of this Agreement, and the Union hereby specifically waives any right which it might otherwise have to request or demand such bargaining, except as provided in the Article entitled Effect of Law, and acknowledges that the Cooperative's obligations during the term of this Agreement shall be limited to the performance and discharge of its obligations under this Agreement.

ARTICLE XXX

Duration of Agreement

The effective date of this Agreement is December 1, 2005. This Agreement shall be in full force and effect for the entire period from December 1, 2005 through November 30, 2008, and from year to year thereafter, unless either party hereto shall at least sixty (60) days prior to November 30, 2008, or the 30th day of November in any year thereafter, notify the other party in writing of its intention and desire to terminate this Agreement. If proper notice is given and the parties, after negotiation, fail to reach agreement on the proposed changes, this Agreement may

be terminated by either party upon ten (10) days' written notice delivered to the other at any time after the date upon which this Agreement would have otherwise terminated if no notice for termination had been given. Such ten (10) days' notice must be given before any lockout or strike may occur.

IN TESTIMONY WHEREOF, the Cooperative and the Union by their respective officers and representatives hereunto duly authorized, have signed this Agreement on the day, month and year first set forth above.

TAYLOR COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION

Donald O. Skifflet, Pres
1/5/06

LOCAL UNION NO. 89,
GENERAL DRIVERS, WAREHOUSEMEN
AND HELPERS, AFFILIATED WITH
INTERNATIONAL BROTHERHOOD OF
TEAMSTERS, CHAUFFEURS, WARE-
HOUSEMEN & HELPERS OF AMERICA

Fred Zuckerman Byffs
John Salto
Frances Morris
Rebbie N. Lawson
Andrea Bartley

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

50. Provide separate schedules, for the test year and the 12-month period immediately preceding the test year that show the following information regarding Taylor County's investments in subsidiaries and joint ventures:

- a. Name of subsidiary or joint venture.
- b. Date of initial investment.
- b. Amount and type of investment.
- c. Balance sheet and income statement. Where only internal statements are prepared, furnish copies of these.
- d. Name of officers of each of the subsidiaries or joint ventures, officer's annual compensation, and portion of compensation charged to the subsidiary or joint venture. Indicate the position that each officer holds with Taylor County and the compensation received from Taylor County.

Response

Taylor County does not have a subsidiary or joint venture.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

51. Provide separate schedules showing all dividends or income of any type received by Taylor County from its subsidiaries or joint ventures for the test year and the 3 years preceding the test year. Indicate how this income is reflected in the reports filed with the Commission and any reports to Taylor County's member customers.

Response

Not applicable.

Taylor County Rural Electric
Case No. 2012-00023
Commission Staff's First Request for Information

52. Concerning non-regulated activities:

- a. Is Taylor County engaged in any non-regulated activities? If yes, provide a detailed description of each non-regulated activity.
- b. Is Taylor County engaged in any non-regulated activities through an affiliate? If yes, provide the name of each affiliate and the non-regulated activity in which it is engaged.
- c. Identify each service agreement with each affiliate and indicate whether the service agreement is on file with the Commission. Provide a copy of each service agreement not already on file with the Commission.
- d. Has Taylor County loaned money or property to any affiliate? If yes, describe in detail what was loaned, the terms of the loan, and the name of the affiliate.

Response: Taylor County does not have non-regulated or affiliate activities.