

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF

COMMUNICATIONS WORKERS OF AMERICA and
LOCAL 463, INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS

RECEIVED

MAY 29 2003

PUBLIC SERVICE
COMMISSION

Complainants,

and

KENTUCKY ALLTEL, INC.,

Case No. 2003-00190

Defendant.

FORMAL COMPLAINT

COMES NOW the Communications Workers America, AFL-CIO, and pursuant to Section 12 of 807 KAR 5:001, submits this formal complaint to the Public Service Commission regarding the compliance of Kentucky Alltel, Inc. with the Commission's order of February 13, 2002 in Case No. 2001-00399, and in support thereof shows the Commission the following:

1. Complainant Communications Workers of America is a labor organization representing, inter alia, certain employees of Alltel Kentucky for purposes of collective bargaining. CWA's address is 1941 Bishop Lane, Suite 709, Louisville, Kentucky 40218, telephone 502/458-1788. CWA is intervenor in Case No. 2001-00399. Complainant IBEW Local 463 is also labor organization representing certain employees of Alltel Kentucky, located at 400 Cambridge Way, Campbellsville, Kentucky 42718, telephone 270/403-3580.
2. Defendant Alltel Kentucky, Inc. is a Delaware corporation operating as a telecommunications provider and public utility in the Commonwealth of Kentucky. Alltel's

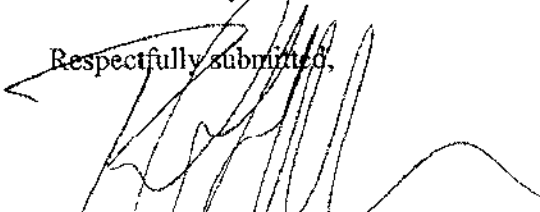
address is 239 South 5th Street, Suite 1511, Louisville, Kentucky 40202. Alltel is a petitioner in Case No. 2001-00399.

3. By order of February 13, 2002 the Commission approved the transfer of certain assets of Verizon South, Incorporated to Alltel. In so doing the Commission imposed certain conditions on the transfer, pursuant to KRS 278.020(5). Among those terms was that "Alltel shall honor the collective bargaining agreements and all memoranda of understanding between Verizon and its employees." February 13, 2002 Order at p. 20.

4. As shown by the affidavits of Johnny Hunt and Judy Dennis, attached hereto as Ex.s 1 and 2 respectively, Alltel has failed to honor fully the collective bargaining agreements and memoranda of understanding between Verizon and the unions, thereby failing to comply with the terms of the Commission's February 13, 2002 order.

WHEREFORE, Complainants CWA and IBEW Local 463 respectfully request that Defendant Alltel be directed to show cause why it should not be found to be in violation of the terms of the Commission's February 13, 2002 order, and/or that the Commission schedule a public hearing to allow Complainants to submit evidence and testimony regarding Alltel failure to comply with the Commission's February 13, 2002 in order to permit the Commission to consider what additional terms and conditions it should impose, pursuant to KRS 278.020, to compel Alltel's compliance with the Commission's February 13, 2002 order.

Respectfully submitted,


Robert M. Weaver, Esq.

Nakamura, Quinn & Walls LLP
Suite 300, 2100 First Avenue, N
Birmingham, AL 35203
205/323-8504
205/323-1102 (fax)

Counsel for Complainants CWA and IBEW Local 463

2. In March 2003 Alltel advised me that it wanted to renegotiate the job classifications of employees working in its Phone Marts, which are retail stores marketing telephone equipment and handling customer service transactions (such as bill payments). We convened a conference call, in which the Company informed us of its intentions regarding the Phone Marts, and we asked for information so that we could analyze their proposal. On March 5 the Company provided a draft Memorandum of Agreement for the Locals and me to review. A true and correct copy of the draft is attached hereto as Ex. B. We had another conference call with the Company, and asked for more information regarding their proposal. The Company provided a response on March 17. Before we could convene a meeting or conference call to discuss the Company's proposal, on March 21 I was informed by Kathy Warn, a Company human resources official, that Alltel was going to implement its proposal. At that point we had not bargained over the Phone Marts, or agreed to the Company's proposal. Nevertheless, the Company implemented its proposal.

3. In 1994 CWA and Verizon negotiated a Memorandum of Agreement to provide a "living benefit" feature to the Group Universal Life insurance benefit in order to provide money for long term care. The memorandum was continued in 2000 bargaining with Verizon. Attached hereto as Ex. C is a copy of the "living benefit" memorandum from the 2000 agreement. When Alltel took over GTE/Verizon in 2002 they informed us that the "living benefit" was no longer available, and it has not been since that time.

4. As part of the transfer from GTE/Verizon to Alltel, Alltel agreed to maintain all benefit plans, including medical benefit plans, required under the agreement. The only medical plan required by the agreement is an 80/20 indemnity medical plan. Over the years, however,

GTE/Verizon offered multiple choices for medical coverage, including HMOs and PPOs, in addition to the indemnity plan. During discussions between CWA and Alltel leading up the transfer, we discussed the fact that many employees took advantage of the other coverage options, and sought a commitment from Alltel that the medical coverage would remain intact during the life of the 2000-2003 agreement. Alltel agreed that "it was the intent not to make an employee suffer during the transition and to the end of the contract." Attached hereto as Ex. D is a copy of my memorandum to Kathy Warn regarding our discussion and agreement. Since the transfer, however, Alltel has made certain changes to the medical coverage which have significantly affected some employees. In the eastern Kentucky area, covered by Local 3371, Alltel did not provide any coverage other than the 80/20 indemnity plan effective with the transfer on August 1, 2002. Effective January 1, 2003 the eastern area employees came under Alltel's nationwide plan issued by Blue Cross/Blue Shield of Arkansas. It is a nationwide PPO, with higher co-pays and higher deductibles. The eastern area employees do not have any other coverage options available to them.

5. In 2000 bargaining GTE/Verizon agreed to continue the "Team Incentive Program", which provides a payment, based on employees' annual earnings, for meeting performance objectives and criteria. Attached hereto as Ex. E is a copy of the Team Incentive Program memorandum. The memorandum provides that the "plan design, objectives, standards and/or administration are not subject to the grievance and arbitration procedure of the Agreement", but disputes arising from payments under the plan are grievable and arbitrable. Under the memorandum, incentive payments "are payable as soon as practicable . . . and will normally occur by mid-April." GTE/Verizon's practice was to always make the payments by

mid-April. In January 2003 Alltel issued its Team Incentive performance criteria for the second half of 2002, and for 2003. Attached hereto as Ex. F is a copy of Alltel's criteria. In mid-April we asked when the payments for the second half of 2002 would be made. Alltel told us that they were having trouble applying the contractual formulas to their criteria, and was seeking the assistance GTE/Verizon management in calculating the payments. Approximately two weeks later Kathy Warn advised us in a conference call that they could not figure out how to apply the formula to their criteria, and wanted to pay a flat 3% across the board to all employees. We rejected that proposal, and insisted that the payments be made based on the contractual formula. Those grievances are pending. A member of Local 3372 has also filed a unfair labor practice charge with the National Labor Relations Board over the failure to make the payments by mid-April.

6. A major issue of contention between CWA and Alltel is the Company's use of contract labor in violation of the collective bargaining agreement. Article 20 of the agreement describes the conditions under which contract labor can and cannot be used. Attached hereto as Ex. G is a copy of Article 20. In addition, in 2000 bargaining we entered into a Memorandum of Agreement with GTE/Verizon regarding the use of contract labor to perform "single line" service, and maintenance of central office equipment. Attached hereto as Ex. H is a copy of the Memorandum. During bargaining in 2000, we discussed with GTE/Verizon the intent of Article 20, and a previous arbitration award arising under Article 20 regarding the use of contract labor in these bargaining units. I reduced CWA's position on the issue to writing, and provided a copy to GTE/Verizon across the table. Ultimately we reached agreement on the Memorandum, and it was included in the 2000 agreement.

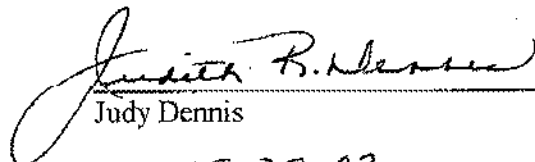
7. As soon as Alltel took over the Kentucky properties, they requested an agreement allowing for contract labor beyond the scope permitted by Article 20 and the MOA because of the workload. We agreed to their request for a period of three weeks. Attached hereto as Ex. I is a copy of that agreement. At the end of the three weeks Alltel asked for an extension, but we did not agree. Nevertheless, Alltel continued to use contract labor to perform this work. Since that time, we have been confronted with other violations of the contractual limits on the Company's right to use contract labor. Alltel is using contract labor to perform installation and repair services for "single line" accounts beyond that permitted by the 2000 MOA. For example, Alltel has used contract labor to perform this work beyond the 75-day limit allowed by the MOA. In response to at least one grievance filed over this practice, Alltel has acknowledged the violation. Attached hereto as Ex. J is a copy of a grievance filed over this problem, and the Company's response acknowledging the violation. Alltel has also used contract labor beyond the 75-day limit to perform central office maintenance work, and acknowledged the violation in response to a grievance. Attached hereto as Ex. K is a copy of a grievance over this issue, and the Company's response. Alltel has used contract labor to perform installation and repair services on multi-line accounts, which is not permitted by either Article 20 or the 2000 MOA. At least one grievance is pending over this violation. Alltel has brought managers into Kentucky from other locations to perform work, and in some instances these managers have performed bargaining unit work. Because these managers are from outside Alltel Kentucky, CWA considers this a violation of both the contractual prohibition of managers performing employees' work, and of Article 20. Two grievances are pending on this issue; in response to one, the Alltel manager in question

admitted that she had performed the work, and that it was in violation of the agreement. During the third level grievance meeting on this case, Kathy Warn had no response.

8. On April 17, 2003 I was informed by Local 3372 that Alltel had 18 additional contractors in Lexington performing single line service work of the CZT job classification. I called Kathy Warn to ask what was going on. After further discussions, Kathy Warn informed me the next day that the contractors would be off the job by the end of the day. When we were next together for bargaining on April 21, I asked Kathy Warn to confirm that the contractors were off the job. She advised that they were. Chip Harwood, Vice President for Alltel Kentucky, asked what we were talking about, and we discussed the problem of the contractors. He became angry, and insisted (despite Kathy Warn's agreement) that the Company had the right to use these contractors because of a "service emergency" caused by ice storm damage. We disputed the use of "service emergency" two months after a storm. When we were in bargaining May 8, Harwood advised us that the same emergency conditions existed, and that the Company was bringing in more than 20 additional contractors. I protested the Company's right to do this, and demanded that we immediately discuss the Company's reliance on the "service emergency" provision of the MOA. I asked that Harwood furnish the Local presidents daily statistics on service orders, "trouble" reports, and customers completely out of service in order to understand that Company's position. We also asked Harwood to use overtime to handle the work, and furnish us with information on overtime being offered to bargaining unit employees. The information was not provided, despite repeated requests to Harwood. Attached hereto as Ex. L are copies of e-mails from Local 3372 President Mike Garkovich to Harwood. When we returned to bargaining on May 20, I asked Harwood why we were not getting the information we asked for. He told us that

he was still in the process of gathering the information, and hoped to have it to us soon. I asked him "what part of 'daily' he did not understand?" He said that he had not understood our request to mean we wanted the information daily. The Locals started to receive the statistics on a daily basis thereafter. While these discussions were going on, central office employees provided the union with information reflecting what work the contractors actually doing. Attached hereto as Ex. M is a copy of this information for May 15, indicating that, rather than contractors working on service orders on any kind of emergency basis, they are working days ahead of projected due dates. There are grievances pending in both local unions over the Company's use of these subcontractors.

I declare under penalty of perjury that the foregoing is true and correct.



Judy Dennis
Date 05-28-03

AGREEMENT

between



COMMUNICATIONS
WORKERS
OF
AMERICA

and

VERIZON
SOUTH,
INC.
(Kentucky Division)

Effective June 4, 2000
(June 4, 2000 through June 7, 2003)

EX. A

ARTICLES OF AGREEMENT
BETWEEN
VERIZON SOUTH, INC. (KENTUCKY DIVISION)
AND
COMMUNICATIONS WORKERS OF AMERICA

THIS AGREEMENT entered into this 17th day of September 17, 2000, R
between VERIZON SOUTH, INC., sometimes hereinafter referred to as the
"COMPANY" and COMMUNICATIONS WORKERS OF AMERICA, sometimes
hereinafter referred to as the "Union" or "Bargaining Agency."

WITNESSETH:

WHEREAS the Company and the Union solemnly agree that it should be the
duty of the parties to strive at all times to administer their respective affairs as they
relate to each other by the most fair and just manner possible, and,

WHEREAS the parties realizing the above, agree that it is the duty of their
respective officers, agents, employees and members to conduct themselves in an
honorable manner that will be conducive to good relationships between the parties and
that will tend to be beneficial to the welfare of the Company, the Union, its members
and the public which they jointly serve.

NOW, THEREFORE, in consideration of the covenants and terms herein
contained, the parties agree as follows:

ARTICLE 1
RECOGNITION

Section 1. Verizon South, Inc., does hereby recognize Communications Workers of
America as an agency having the exclusive right to bargain with said Company on all
matters relative to rates of pay, wages, hours of employment, and other conditions of
employment for all employees in the Commercial, Plant and Traffic Departments at the
Employer's Ashland, Berea, Bryantsville, Callettsburg, Flemingsburg, Grayson,
Greenup, Hazard, Hillsboro, Hustonville, Lancaster, Leatherwood, Lexington, Liberty,
Meads, Midway, Morehead, Nicholasville, Olive Hill, Owingsville, Paint Lick, Russell,
Sharpsburg, South Shore, Tollesboro, Vanceburg, Versailles, and Wilmore Exchanges,
excluding Chief Operators, Assistant Chief Operators, District Traffic Supervisors,
Safety Supervisors, Training Supervisors, Foremen, Wire Chiefs, District Plant
Supervisors, Supply Supervisors, Service Supervisors, Engineers, Engineering
Assistants, Cashiers, Cashier-Chief Operators, Assistant Cashiers, District and
Exchange Managers, Commercial Supervisors, Commercial Representatives, District
and Exchange Commercial Supervisors, District and Exchange Clerks, District and

Exchange Secretaries, Independent Contractors, Contractors and/or Agents and their Helpers, all confidential employees, all non-operating employees, guards, and other professional and supervisory employees as defined in the Labor-Management Relations Act of 1947, as amended.

Section 2. This Agreement shall be binding upon the successors and assigns of the Company, and no provisions, terms or obligations herein contained shall be affected, modified, altered or changed in any respect whatsoever by the consolidation, merger, sale, transfer, or reorganization or assignment of the Company or by any change of any kind in the legal status, ownership or management, thereof.

ARTICLE 2 DEFINITIONS

BASIC RATES, WAGES, PAY - The rates of pay exclusive of all differentials, premium, or other extra payments.

CALENDAR WEEK - A consecutive period of seven (7) days, the first day of which is Sunday.

CALL-OUT -

A. A call of an employee to perform non-scheduled work for the Company.

1. If the time worked immediately follows and connects (as defined below) with regularly scheduled time, it shall not be considered a call-out.
2. If the time worked immediately precedes and connects (as defined below) with regularly scheduled time, it shall not be considered a call-out.

Connecting Work: Any overtime work which connects with the beginning or end of a scheduled session. If the employee requests and receives time off for a relief or meal period between the scheduled session and the overtime period, such break shall not change the connecting nature of such work.

CERTIFIED UNION REPRESENTATIVES - Are those representatives who are certified in writing to the Company by an International Union Representative.

COMMON PLACE OF REPORTING - Where used in this Agreement shall mean the same building location.

**Memorandum of Agreement Between
Kentucky ALLTEL, Inc.
And
CWA Locals 3371 and 3372**

Phone Mart Restructuring

Effective April 4, 2003, the ALLTEL Phone Mart Store locations will change from retail store operations to payment centers. The payment centers will be open from 9 a.m. to 4 p.m. The full-time employees working hours will be 8 a.m. to 5 p.m. The transition will include the following:

1. Initially the three locations will be in Ashland, and at MLK and Regency in Lexington, Kentucky. The Company reserves the right to consolidate or close any or all of the stores listed above based on future business needs.
2. The Regency location will remain open until May 31, 2003. After May 31, 2003 the Regency location will be closed. The employees at the Regency location will report to the MLK location.
3. The Ashland location will be staffed with two (2) full-time employees and one (1) part-time employee. The MLK Location will be staffed with three (3) full-time employees and one (1) part-time employees. These staffing levels are predicated on current business conditions and may be adjusted accordingly based on future business needs.
4. The most senior full-time employees will be offered the full-time and part-time positions first. In the case where there are only part-time employees today, the most senior part-time employees will be offered the full-time positions first with the exception of Loretta Cooley who is restricted to part-time employment.
5. The positions will be reclassified from Retail Sales Consultants, Wage Schedule 9, to Teller, Wage Schedule 1. Employees will be placed on the wage rate closest to their current compensation not to exceed the top of the current Teller Schedule.
6. Wages will no longer be based on commission, however, employees will be eligible for the ALLEL Advantage Program.
7. ALLTEL will continue to provide other payment agency options to our customers. ALLTEL prefers customers pay electronically or by mail.

ALLTEL Kentucky, Inc.

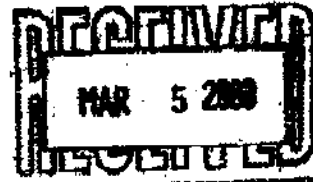
Communications Workers of America

Katherine Warn

Judy Dennis

Date:

Date:



EX-B

**MEMORANDUM OF AGREEMENT
LIVING BENEFIT**

The parties agree to modify the existing Group Universal Life agreement to provide for "Living Benefit." This provides the employees enrolled in GUL an option to use part of the benefit to pay for long-term care.

Long-term care is defined as the combination of personal care and medical services which are needed over an extended period by someone who is disabled and needs assistance in performing activities of daily living. These include activities like eating, getting around, bathing, etc. Long-term care is typically thought of as the care provided in nursing homes and/or "custodial care."

The specifics of the provision are described in the attached brochure. GUL, including the "Living Benefit," will be administered solely in accordance with its provisions, and no matter concerning GUL or any difference arising thereunder shall be subject to the grievance or arbitration procedure of the Collective Bargaining Agreement. The administration of GUL and all the terms and conditions relating thereto, and the resolution of any disputes involving the terms, conditions, interpretation, administration or benefits payable shall be determined by and at the sole discretion of the Insurance Carrier.

This Agreement shall become effective October 23, 1994, and remain in full force and effect until June 7, 2003.

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Verizon South, Inc.

Communications Workers

of America

Local Unions 3371 & 3372

Paul T. Gwaltney
Consultant - Labor Relations

Judy Dennis
CWA Representative

Date: 8/09/00

Date: 8/09/00

EX. C

Memorandum to: Kathy Warr

From: Judy Dennis

Re: "Conceptual agreements"

After our meeting on Tuesday July 30, 2002 I believe we are conceptually in agreement on some of our issues, but we are at the point where it is imperative to put some of this in writing.

I am going to summarize what I believe we agreed to and would appreciate it let me know if there are any points of contention.

Below are the issues we discussed:

(1) Medical Insurance

Both the Union and the Company agree that the intent is not to make an employee suffer during the transition and to the end of the contract. Because of the lack of Plans that was unable to be offered after the sale. ALLTEL will agree that for the period of August 1, 2002 through December 31, 2002, they will consider the enrollee's to have met their out-of-pocket maximum and to have met their deductible; thereby assuring them of not having to pay any coinsurance amount if they use an in-network provider. Further, especially for those who have severe medical conditions - it is the intent that no one pays more than they would have paid under the plans prior to the sale. On 01-01-03 it is Alltel's intent to offer a Nationwide PPO to the employees of Kentucky, which they have advised is better than today's indemnity. Premiums are of no cost to the employee as specified in the present CBA.

(2) GUL

The rates of the Group Universal Life are substantially higher for employees over approximately age 34. ALLTEL will agree, in cases where an employee must pay a higher GUL premium after August 1, 2002 than what they paid as a Verizon Employee, to provide a one-time pay adjustment to each employee impacted. (Note we have not worked out the specifics, but we believe a one-time adjustment will be paid with a future paycheck, once during 2002 and once during 2003. IT may take several pay periods before we know the Verizon participants, but 2002 payment is expect to be made within the next three months, provided proof of the difference is shown.

- (3) For those employees who had the Verizon indemnity plan prior to August 1, 2002 And who will have the ALLTEL Indemnity plan after August 1, 2002, deductible credits will be carried over into the ALLTEL plan so employees should not have to be concerned with losing the previous deductible credit.**

EX. D

- (4) ALLTEL will agree that after August 1, 2002 for any employees who have Banked Vacation with Verizon, the employee will be able to cash in their banked vacation. The employees election must be made by September 30, 2002. If an Election is not made prior to September 30, 2002, the banked vacation will be Administered per the provisions of the labor contract.
- (5) In a separate issue, the ex-spouses covered under the GUL can continue. As discussed, those family members covered or the amount of the coverage or the amount of the coverage is between the carrier and the employee.
- (6) Personal Lines of Insurance - when employees began checking on their insurance it was determined that presently they receive a 31% discount, which ALLTEL agreed to pay until the end of the year and then probably terminate the benefit. It is not an ERISA defined benefit.
- (7) In regards to the Buried Service Group, who are presently under a separate contract. ALLTEL will agree to include them in the main contract and agree to give them the benefits but may change their assignment to do other work and pay the differential when they are entitled to it.
- (8) ALLTEL has offered to waive the 90 day waiting period for new employees to receive their eligibility for medical insurance.
- (9) The lifetime maximums for medical insurance starts over as of the date of sale.
- (10) ALLTEL wish to change the FLMA way of accounting time back to "12 months rolling" year as opposed to a calendar year and give CWA the 60 day notice and the employee will receive the benefit of whichever way is best during the transition. Each employee in addition will receive notification of the change.
- (11) The Phonic Center is an issue that will be further looked at and addressed in Regards to the incentive and job duties.
- (12) The team incentive plan for those employees who are not under an individual department plan is still being discussed, but there is agreement that the plan is a plan in which all employees are rewarded on the same percentage.
- (13) As CWA has previously stated. Contractors are an extremely difficult subject to agree upon in any way to utilize. It is our contention that our employees can do the job better and that there are situations where Verizon has improperly used them. Further having stated this, we understand that for a period of time (no longer than) two weeks ALLTEL may find it necessary to use contractors

in some areas where the contract does not allow them to do so and we are willing to enter into an MOA agreeing to this as long as it is quite specific as to when, how, where, why and for how long. As discussed all bargaining unit employees will be offered overtime during this period up to and including seven day work week.

MEMORANDUM OF AGREEMENT
TEAM INCENTIVE PROGRAM

The parties agree to the continuation of the Hourly Incentive program (or Team Performance Program) as described in this Memorandum of Agreement. The Hourly Incentive Program is designed to enhance and reward team performance by hourly employees through incentive compensation. The provisions of this agreement will become effective September 17, 2000 for employees not covered by other incentive compensation programs.

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1. Award

Award is based on performance toward objectives over the period of a calendar year. An award amount is determined for the applicable calendar year, a percentage of which may be earned by eligible employees depending on team performance during that calendar year. The payout ranges from 0% to 120% of an established target.

The range of the Team Performance Award payout is as follows:

The Plan will normally be calendar year based with an effective date of January 1 of each year. It is understood by the parties that there is no guarantee of earnings under this plan.

The standard award is 3.5% for 2000. The range of the award is 0% to 4.2% based on achievement of objectives. The standard award for calendar year 2001 is 4.0%. The range of the award is 0% to 4.8% based on achievement of objectives. The standard award is 4.0% for calendar year 2002 and beyond. The range of the 2002 award is 0 to 4.8% based on achievement of objectives. The awards are payable as soon as practicable after the calendar year results are known and will normally occur by mid-April.

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Note: The percentage is applied to an employee's basic rate of pay as of the end of the year, unless otherwise noted in this document, times 2080 hours.

2. Eligibility

Team members, full and part-time hourly employees, who have at least six months' active service during the calendar year are eligible for an award. Active service may not be rounded up to six months to achieve eligibility. Neither may formal (over 30 day) leave of absence time be included in determining whether the employee meets the six months' minimum active service requirement. Those employees in the plan for six or more months but less than twelve months receive prorated amounts based on the number of days in a job classification within a calendar year. An employee who is on disability over 90 days will receive a

EX. E

prorate payout based on time worked.

Eligible employees will be paid at their basic rate of pay in effect at the end of the calendar plan year.

An employee who resigns, is laid off, or retires during the calendar year is eligible for a prorated Team Performance Award if all other eligibility requirements have been met.

3. Benefits Treatment

Team Performance Award payments are recognized in the calculation of Pension Plan benefits, Group Life Insurance, Employee Stock Purchase Plan, and the Verizon South, Inc. Hourly Savings Plan. Such payments will be applicable to the Verizon South, Inc. Hourly Savings Plan in the year payment is received. Team Performance Award payments will be applicable to the Pension Plan, Group Life Insurance, and the Employee Stock Purchase Plan the year following receipt of payments. This is in accordance with Verizon South, Inc. Benefit Plan definitions.

All other benefits are paid in accordance with the Labor Agreement and are based on rates shown in the hourly wage schedules.

4. Taxes, Personal Allotment

Deductions for federal, state, and local tax liabilities will be calculated and withheld as appropriate from all awards.

5. Overtime

The Team Performance Award payouts are for hours worked and must be included in overtime payments.

The overtime payment will be calculated as follows:

The Team Performance Award payout/total hours worked equals the award hourly rate.

This rate is then multiplied times .5 x number of overtime hours in the same calendar year for which the Team Performance Award was paid. The result of this calculation is the award overtime payment due the employee.

Example calculation:

Team Performance Award	\$500/
Total Hours Worked	1800 =

Award Hourly Rate \$0.2659 x

1/2 Overtime Rate .5=

Hourly Overtime Rate of Pay \$0.1329 x

Total Overtime Hours 100 =

Award Overtime Payment \$13.29

The overtime incentive payment is not included in benefit plan calculations.

The Team Performance Award overtime payment will be included in the Team Performance Award payout.

6. Objectives/Measures

All hourly employees will be assigned to teams based on their functional area of responsibility. During calendar year 1997, all participants will be assigned to one (1) team for which state or region-wide objectives will be developed. Thereafter, the Company reserves the right to organize employees into teams that may better serve to improve performance and meet customer expectations. Should the Company determine that smaller teams better serve the needs of the business, the union will be advised at least 30 days in advance of announcing the new teams.

Each team will be given a set of objectives linked to one or more of these performance areas:

- Customer Expectations
- Competitive Challenges
- Financial Requirements
- Productivity
- Safety

Plan objectives and standards will not normally change after they are initially established at the start of the plan year. However, the Company does reserve the right to make modifications if such are deemed necessary.

The plan design, objectives, standards and/or administration are not subject to the grievance and arbitration procedure of the Agreement. However, disputes arising from the payment in accordance with the terms of the plan are subject to the grievance and arbitration procedure.

Teams that satisfy a minimum level of performance will receive an incentive payment. If that minimum level of performance is exceeded, the incentive payment will be larger. Each member of a team will receive the same percentage

of target award that the team achieved.

An example of target payout would be as follows:

<u>Level of Performance</u>	<u>Percentage of Target Award</u>
Below minimum	0%
Minimum	10%
Target	100%
Maximum	120%

7. This Memorandum of Agreement is effective on June 4, 2000 and shall expire on June 7, 2003. The parties specifically agree that all the terms and conditions set forth in this Memorandum of Agreement shall also expire on June 7, 2003, and shall not survive the expiration of this Memorandum, unless agreed to by the parties in writing.

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Verizon South, Inc.

Communications Workers
of America
Local Unions 3371 & 3372

Paul T. Gwaltney
Consultant - Labor Relations

Judy Dennis
CWA Representative

Date: 8/09/00

Date: 8/09/00

Alltel Kentucky Team Incentive Program for Communications Workers of America

Performance Measurement/ Incentive Model

For simplicity, each measure will be tied to the overall results for the team. As such, participants of Local Unions 3371 and 3372 would constitute a "team" for purposes of the MOA.

ALLTEL's PFP measures will be used for plan performance measures. The "Performance Levels" for each measure were set up according to historical PFP reports and actual performance figures for Alltel wire-line organization units.

		Measure 1 - Financial: Sales	Measure 2 - Productivity: Avg. # SQ/TT Worked	Measure 3 - Customer Service: Commitments Not Met %	Total Pay out % @ Each level
Performance Level	% Attainment	50%	25%	25%	100%
Minimum	80%	13,516	40.0 - 59.0	Worse Than Standard	3.2%
Target	100%	16,895	60.0 - 79.9	Met Standard*	4.0%
Maximum	120%	20,274	80.0+	Better Than Standard	4.8%

*Standard is 4% of Commitments Not Met.

Steps in Calculation

1. From the PFP report, look up the results for each measure.
2. Based on the measurement result, determine which level of % Attainment is achieved.
3. Multiply the % Attainment for each measure by its assigned weight and sum the weighted results.

Note: There is no pay out for performance below the minimum stated level for each of the measurements. For instance, average sales of 5.8 per participant is below "minimum" and would count as "0" in the pay out calculation.

EX. F

June 27, 2002

Alltel Kentucky Team Incentive Program for Communications Workers of America

Sample Calculations

STEP 1: From the PFP report, look up the results for each measure.

Fictitious Results from PFP Report

Bargaining Unit	Measure 1 - Financial: Avg. Sales per Tech	Measure 2 - Productivity: Avg. # SO/TT Worked	Measure 3 - Customer Service: Commitments Not Met %
Example Team	6.7	73.2	4.0

STEP 2: Based upon the measurement result, determine which level of % Attainment is achieved (refer to measurement model).

Bargaining Unit	Measure 1 - Financial: Avg. Sales per Tech	Measure 2 - Productivity: Avg. # SO/TT Worked	Measure 3 - Customer Service: Commitments Not Met %
Example Team	80%	100%	100%

STEP 3: Multiply the % Attainment for each measure by its assigned weight and sum the weighted results.

Bargaining Unit	Measure 1 - Financial: Avg. Sales per Tech	Measure 2 - Productivity: Avg. # SO/TT Worked	Measure 3 - Customer Service: Commitments Not Met %	Award Amount: % of Base Pay
Example Team	$0.8 \times 2 = 1.6$	$1.0 \times 1 = 1.0$	$1.0 \times 1 = 1.0$	3.6%

June 27, 2002

Alltel Kentucky Team Incentive Program for Communications Workers of America

Purpose:

The purpose of this document is:

- to assure that the Hourly Incentive Program (or Team Performance Program) is consistent with the provisions outlined in the "Memorandum of Agreement: Team Incentive Program" (MOA);
- to modify the objectives and measures as referenced in "Section 6: Objectives/Measures" of the MOA.

Effective Date:

August 1, 2002

Scope:

Initially, all participants from Local Unions 3371 and 3372 will be assigned to one team. Changes in team composition will be up to management discretion per "Section 6: Objectives/Measures" of the MOA.

Performance Measures:

The proposed measures are taken from the Performance Feedback Project, PFP, (for more information see <http://neraid.acl.alltel.com/usergroup/index.htm>) that is maintained by the IFC Operations department. Outlined below are the measures that are readily available and can be easily administered.

MEASURES		
Measure	Type	Definition
Average Sales per Tech*	Financial	Sales based on ALLTEL Advantage numbers (i.e. Features, DSL, ALD, etc. - wire-line products only)
Average # of SO/TT Worked*	Productivity	This measure is the average number of Dispatched Service Orders and Trouble Tickets closed during a month divided by the number of Techs and Contractors (plant workforce) performing SO/TT work.
Commitments Not Met %*	Customer Service	Commitments Not Met are defined as the number of total Dispatched Trouble Tickets that are not completed on or before their due dates. This measure is the ratio of Commitments Not Met to the total number of Trouble Tickets.

*These measures and the method of their calculations are subject to modification by management.

Rec'd

1/29/03

June 27, 2002

Altel Kentucky Team Incentive Program for Communications Workers of America

Performance Measurement/ Incentive Model

For simplicity, each measure will be tied to the overall results for the team. As such, participants of Local Unions 3371 and 3372 would constitute a "team" for purposes of the MOA.

ALTEL's PFP measures will be used for plan performance measures. The "Performance Levels" for each measure were set up according to historical PFP reports and actual performance figures for Altel wire-line organization units.

		Measure 1 - Financial: Sales	Measure 2 - Productivity: Avg. # SO/TT Worked	Measure 3 - Customer Service: Commitments Not Met %	Total Pay out % @ Each level
Performance Level	% Attainment	50%	25%	25%	100%
Minimum	80%	5,832	40.0 - 59.9	Worse Than Standard	3.2%
Target	100%	7,040	60.0 - 79.9	Met Standard*	4.0%
Maximum	120%	8,448	80.0*	Better Than Standard	4.8%

*Standard is 4% of Commitments Not Met.

Steps in Calculation

1. From the PFP report, look up the results for each measure.
2. Based on the measurement result, determine which level of % Attainment is achieved.
3. Multiply the % Attainment for each measure by its assigned weight and sum the weighted results.

Note: There is no pay out for performance below the minimum stated level for each of the measurements. For instance, average sales of 5.8 per participant is below "minimum" and would count as "0" in the pay out calculation.

June 27, 2002

Alltel Kentucky Team Incentive Program for Communications Workers of America

Sample Calculations

STEP 1: From the PFP report, look up the results for each measure.

Fictitious Results from PFP Report

Bargaining Unit	Measure 1 - Financial: Avg. Sales per Tech	Measure 2 - Productivity: Avg. # SO/TT Worked	Measure 3 - Customer Service: Commitments Not Met %
Example Team	6.7	73.2	4.0

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Bargaining Unit	Measure 1 - Financial: Avg. Sales per Tech	Measure 2 - Productivity: Avg. # SO/TT Worked	Measure 3 - Customer Service: Commitments Not Met %
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Bargaining Unit	Measure 1 - Financial: Avg. Sales per Tech	Measure 2 - Productivity: Avg. # SO/TT Worked	Measure 3 - Customer Service: Commitments Not Met %	Award Amount: % of Base Pay
Example Team	$0.8 \times 2 = 1.6$	$1.0 \times 1 = 1.0$	$1.0 \times 1 = 1.0$	3.6%

June 27, 2002

Alltel Kentucky Team Incentive Program for Communications Workers of America

Purpose:

The purpose of this document is:

- to assure that the Hourly Incentive Program (or Team Performance Program) is consistent with the provisions outlined in the "Memorandum of Agreement: Team Incentive Program" (MOA);
- to modify the objectives and measures as referenced in "Section 6: Objectives/Measures" of the MOA.

Effective Date:

January 1, 2003

Scope:

Initially, all participants from Local Unions 3371 and 3372 will be assigned to one team. Changes in team composition will be up to management discretion per "Section 6: Objectives/Measures" of the MOA.

Performance Measures:

The proposed measures are taken from the Performance Feedback Project, PFP, (for more information see <http://herald.aci.alltel.com/usergroup/index.htm>) that is maintained by the LEC Operations department. Outlined below are the measures that are readily available and can be easily administered.

MEASURES		
Measure	Type	Definition
Average Sales per Tech*	Financial	Sales based on ALLTEL Advantage numbers (i.e. Features, DSL, ALD, etc. - wire-line products only)
Average # of SO/TT Worked*	Productivity	This measure is the average number of Dispatched Service Orders and Trouble Tickets closed during a month divided by the number of Techs and Contractors (plant workforce) performing SO/TT work.
Commitments Not Met %*	Customer Service	Commitments Not Met are defined as the number of total Dispatched Trouble Tickets that are not completed on or before their due dates. This measure is the ratio of Commitments Not Met to the total number of Trouble Tickets.

*These measures and the method of their calculations are subject to modification by management.

Rec'd 1/29/03

June 27, 2002

Section 4.

Layoffs shall be in the inverse order of seniority and the termination allowance as provided in Section 4 A. of Article 18 shall apply to such employees.

ARTICLE 20
CONTRACTING WORK

Section 1. The Company recognizes and acknowledges the rights of its employees to perform its telephone work and agrees not to contract work normally performed by its employees in such a way as to cause layoffs and/or part-timing of present employees.

Section 2. The Company shall have the right to contract construction work which is beyond the capacity of the regular employees to perform on a normal work week basis. This limitation shall not apply during periods of service emergencies. The Company shall also have the right to contract collection agency work.

Section 3. Nothing in this Article is intended to prevent the contracting of work that the Company has customarily contracted in the past.

Section 4. It is agreed that when work is contracted the Company will not permit the contractor to perform the work with personnel who are paid less than the minimum rate specified in this Agreement for the crafts involved in the contracting work.

ARTICLE 21
WAGES

Section 1. All progression steps on the schedules will be applied automatically as shown in the Appendixes covering basic wages.

Section 2. The wage schedules agreed upon that apply to employees are set forth in Appendix 1 for Plant, Traffic, and Commercial Department employees.

Section 3. WAGE RATES

A. Full-time employees

The rates of pay and progression schedules for full-time employees shall be those shown in the appendixes covering basic wages.

B. Part-time employees

1. The actual rates and increases for part-time employees shall be determined by the accumulation of the actual hours worked as they relate

EX. G

MEMORANDUM OF AGREEMENT
USE OF CONTRACTORS

N

The parties agree that this memorandum of agreement is to be applied in addition to the language in Article 20 concerning the use of contractors.

The company agrees that the use of contractors to perform bargaining unit work related to R1/D1 (single line residence and single line business accounts) and maintenance of central office equipment will be limited as follows:

1. The company may use contractors to perform the above referenced work when the following conditions exist:
 - a. "an act of God" type service emergency (e.g. flood, hurricane etc.)
 - b. to backfill for employee(s) on disability (one for one replacement)
 - c. for a maximum of 75 days when the company has an approved job requisition and is in the process of filling a job vacancy (one for one replacement)
 - d. A competitive bid project (pulling wire)
2. The company and union agree that any additional use of contractors to perform the above referenced work will require mutual agreement.
3. These restrictions will be effective six months from ratification of the primary labor agreement.

Verizon South, Inc.

Communications Workers
of America
Local Unions 3371 & 3372

Paul T. Gwaltney
Consultant - Labor Relations

Judy Dennis
CWA Representative

Date: 8/00/00

Date: 8/00/00

EX. H

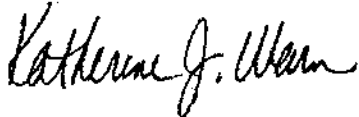
MEMORANDUM OF AGREEMENT USE OF CONTRACTORS

ALLTEL Kentucky, Inc. (the Company) and the Communications Workers of America Local Unions 3371 and 3372 (the Union) recognize that an extensive backlog of work exists as a result of the transition of assets from Verizon South, Inc. (Kentucky Division) to ALLTEL Kentucky, Inc. Due to this situation, the Company has found it necessary to use contractors in circumstances that might otherwise be prohibited by the current MOA dated August 9, 2000. The Union has agreed that such use of contractors by the Company will be permitted, as follows:

1. The Company's use of contractors pursuant to this MOA will be for the three week period starting August 5 and ending August 26, 2002. If the Company finds it necessary to continue beyond that date, it will contact the Union for further discussions.
2. Contractors will be used for single line residence, single line business accounts, and central office
3. Bargaining unit employees doing the same or similar type of work as contractors will be offered overtime during this period up to and including a seven-day workweek.

Nothing in this MOA is intended to limit the Company's current rights under Article 20 to contract work.

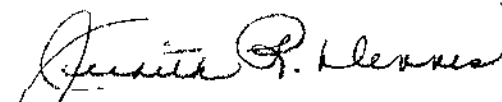
ALLTEL Kentucky, Inc.



Katherine Warn
Director of Labor Relations
ALLTEL Communications

Date: 8/21/02

Communications Workers of America
Local Unions 3371 and 3372



Judy Dennis
CWA Representative

Date: 8/21/02

EX. I

PART 2

Communications Workers of America, Local 3372
Lexington, Kentucky

EX. J

Record of Grievance

Company ALLTEL

Grievance Number D3-004A CWA State Grievance Number AL03005-3372

Date of Last Occurrence ONGOING Date Supervisor Contacted 2/12/03

Name of Supervisor Contacted GEORGE HENRY Date of Oral Step BY PASSED

Name of Grievant LOCAL 3372 Grievant's Phone [REDACTED]

Grievant's Address 1590 DELAWARE AVE. City/State/Zip LEXINGTON, KY 40505

Job Title M/A Work Location M/A

Most Credited Service Date M/A Rate of Pay M/A Department PLANT

Name of Responsible Steward RYNIE MCGOWAN Steward's Phone [REDACTED]

Brief Description of Grievance COMPANY HAS FAILED TO ABIDE BY CONTRACT. IT HAS CONTRACTORS AWAY 75 DAYS.

Requested Settlement COMPANY IMMEDIATELY FILE JOB BID 7232 AND UNION BE MADE WHOLE IN EVERY WAY

Specific Contract Language Involved: Article(s) 20, MOA pg 150, and all other applicable articles and sections, the true intent and meaning of each, and the failure of the company to fulfill its obligations thereunder.

A written response from the Company should be dated, signed and attached to a copy of this form and provided to the responsible steward and Labor Relations. The steward is responsible to send a copy to the Local President.

Union Present [Signature] Date of 2nd Step Meeting 2/18/03

Company Present George Henry Received from 3/6/03 [Signature]

Union Response to 2nd Step: Union Accepts _____ Union Rejects Union Appeals _____

Union Signature [Signature] Date 3/13/03

Union Response to 3rd Step: Union Accepts _____ Union Rejects _____ Union Appeals _____

Union Signature _____ Date [Signature]

PART 4 112

RESPONSE TO GRIEVANCE NUMBER #03-004A
Dated 2-18-03

1. Lisa Palmer, CZT left this position to cause the vacancy.
2. Lisa last worked this job in the fall of 1999
3. A contractor was hired 9-15-02 and released 12-15-02
4. David Baker was the name of the contractor.
5. David Baker worked this position for approximately 90 days
6. Contractor performed installation work on service orders only.
7. Bid was open to be filed 8-20-02.
8. Southworth, Mateyoke, Hiens,
9. Not sure what you need as far as history other than above info provided.
10. Attached.

RECEIVED
MAR 11 2003

Communications Workers of America, Local 3372

Part 2

Lexington, Kentucky

219362-004-03

Record of Grievance

Company ALLTEL

EX.K.

Local Grievance Number 03-003A CWA State Grievance Number ALO3004-3372

Date of Last Occurrence ONGOING Date Supervisor Contacted 2/12/03

Name of Supervisor Contacted MIKE DUNLAP Date of Oral Step BYPASSED

Name of Grievant LOCAL 3372 Grievant's Phone [REDACTED]

Grievant's Address 1590 DELAWARE AVE. City/State/Zip LEXINGTON, KY, 40505

Job Title N/A Work Location N/A

Net Credited Service Date N/A Rate of Pay N/A Department PLANT

Name of Responsible Steward BRYCE McEDWAN Steward's Phone [REDACTED]

Brief Description of Grievance COMPANY HAS FAILED TO ABIDE BY MDA IN CONTRACT. CONTRACTOR IN POSITION MORE THAN 75 DAYS

Requested Settlement COMPANY IMMEDIATELY FILL JOB BID #7780 AND UNION BE MADE WHOLE IN EVERY WAY.

Specific Contract Language Involved: Article(s) 20, MDA 19, 150, and all other applicable articles and sections, the true intent and meaning of each, and the failure of the company to fulfill its obligations thereunder.

Written response from the Company should be dated, signed and attached to a copy of this form and provided to the responsible steward and Labor Relations. The steward is responsible to send a copy to the Local President.

Union Present Bryce McEdwan Date of 2nd Step Meeting 2/18/03

Company Present Mike Dunlap + Marya Baker [Signature]

Union Response to 2nd Step: Union Accepts Union Rejects [checked] Union Appeals

Union Signature Bryce McEdwan Date 3/3/03

Union Response to 3rd Step: Union Accepts Union Rejects Union Appeals

Union Signature Date

Part 4
114

Grievance Answer
CWA Local 3372
Grievance Number 03-003A
219362-003-03

Date of Grievance

2/12/03

Statement of Grievance

Company has failed to abide by MOA in contract. Contractor in position more than 75 days.

Requested Settlement

Company immediately fill job bid 7277 & 7280 and union be made whole in every way.

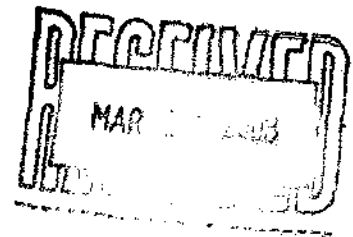
Management Answer

Management has investigated this grievance and found the following:

- Only one position has had a contractor in it for more than 75 days (bid # 7280).
- As of February 14, 2003, no contractors were working in those positions.
- Effective February 24, 2003, an internal candidate will fill bid # 7277
- Effective February 17, 2003 COEI employees were temporarily transferred into the Equipment Tech department and one filled bid # 7280.

Based on this information, Management has met the requested settlement, therefore this grievance is considered resolved.

MR. Ruby 2-24-03



Mike Garkovich

From: [REDACTED]
To: [REDACTED]
Cc: [REDACTED]
Sent: Friday, May 09, 2003 3:08 PM
Subject: Rain Damage

Chip,

Today we discussed the trouble tickets that have happened due to the recent storms. You informed us that you planned to bring in contractors till the situation was under control. We do object to the use of these contractors for any period of time as the storms that we recently had were not outside the norm for this area.

You did agree to provide Local 3371 and 3372 with:

Daily contractor reports that includes the date the contractor started, the contractors name, the job classification they are doing work in.

Daily reports with the number of trouble tickets.

Daily reports of overtime offered and taken.

You also agreed to provide this Local with a report showing the overtime offered and taken from 3/1/03 through 5/8/03. I would prefer this by department.

Sincerely,
Mike Garkovich

EX. L

5/9/03

Subj: **RE: Trouble Tickets**
Date: **5/9/2003 5:44:00 PM Eastern Daylight Time**
From: [REDACTED]
To: [REDACTED]
CC: [REDACTED]
Sent from the Internet (Details)

For central and east we have 685 trouble tickets and 341 service orders.

-----Original Message-----

From: [REDACTED]
Sent: Friday, May 09, 2003 3:12 PM
To: Harwood, Charles G
Cc: [REDACTED]
Subject: Trouble Tickets

Chip,

i just spoke to Judy and she reminded me that you were going to also give us the number of trouble tickets that existed today.

Thanks,
Mike

Monday, May 12, 2003 America Online. Cwa3372Pres

Subj: **Contractors - Trouble Tickets**
Date: 5/13/2003 11:30:11 AM Eastern Daylight Time
From: [REDACTED]
To: [REDACTED]
CC: [REDACTED]

Chip,

I have your trouble ticket report for May 9, 2003, but have not received the reports for May 10, 11, 12, 13 as you committed.

I have not received the daily contractor report that you committed to provide on Friday, May 9, 2003.

I have not received the daily overtime reports that you committed to provide on Friday, May 9, 2003

Phil needs these for Local 3371 area also.

Thanks,
Mike Garkovich
President - Local 3372

Tuesday, May 13, 2003 America Online: Cwa3372Pres

Subj: Contractors / Overtime
Date: 5/13/2003 3:24:55 PM Eastern Daylight Time
From: [REDACTED]
To: [REDACTED]
CC: [REDACTED]

Chip,

I just received a call from a CO tech at the North office telling me that you weren't offering overtime and had contractors working in that job classification till 7:00 PM.

This is contrary to your comments last Friday that with all the trouble you were going to offer all the overtime possible.

Mike Garkovich

Tuesday, May 13, 2003 America Online: Cwa3372Pres

Subj: RE: Contractors / Overtime
Date: 5/14/2003 7:37:27 PM Eastern Daylight Time
From: [REDACTED]
To: [REDACTED]
Sent from the Internet ([Details](#))

I'll look into it.

-----Original Message-----

From: [REDACTED]
Sent: Tuesday, May 13, 2003 3:25 PM
To: Harwood, Charles G
Cc: [REDACTED] Warn, Katherine
Subject: Contractors / Overtime

Chip,

I just received a call from a CO tech at the North office telling me that you weren't offering overtime and had contractors working in that job classification till 7:00 PM.

This is contrary to your comments last Friday that with all the trouble you were going to offer all the overtime possible.

Mike Garkovich

Thursday, May 15, 2003 America Online: Cwa3372Pres

Subj: **RE: Contractors - Trouble Tickets**
Date: 5/14/2003 7:37:36 PM Eastern Daylight Time
From: [REDACTED]
To: [REDACTED]
CC: [REDACTED]

Sent from the Internet (Details)

We are working on it.

-----Original Message-----

From: [REDACTED]
Sent: Tuesday, May 13, 2003 11:30 AM
To: Harwood, Charles G
Cc: [REDACTED]
Subject: Contractors - Trouble Tickets

Chip,

I have your trouble ticket report for May 9, 2003, but have not received the reports for May 10, 11, 12, 13 as you committed.

I have not received the daily contractor report that you committed to provide on Friday, May 9, 2003.

I have not received the daily overtime reports that you committed to provide on Friday, May 9, 2003

Phil needs these for Local 3371 area also.

Thanks,
Mike Garkovich
President - Local 3372

Thursday, May 15, 2003 America Online: Cwa3372Pres

Subj: **May 9, 2003 Commitment**
Date: 5/14/2003 3:07:44 PM Eastern Daylight Time
From: [REDACTED]
To: [REDACTED]
CC: [REDACTED]

Chip,

I've written you several time to remind you that you sat at a table with me, Judy Dennis, Phil Coldiron, Kathy Warn, Susan Schraibman, and Bill Brown on May 9, 2003 and committed to supply CWA local 3371 and 3372 with certain information relevant to the trouble tickets you currently have, contractors in place, and overtime offered and taken. These reports were to be reflective of actual daily numbers.

As yet the only information I've received was on May 9th indicating a trouble ticket number of 685.

It is disturbing to me that your commitments are so easily ignored. I'm coarohing for a basic of trust that we can build on and it appears as if that's not even a concern of yours.

Please follow up on your commitment and forward the information on a daily basis.

Sincerely,
Mike Garkovich
President - Local 3372

Wednesday, May 14, 2003 America Online: Cwa3372Pres

Subj: **RE: May 9, 2003 Commitment**
Date: 5/14/2003 7:08:31 PM Eastern Daylight Time
From: [REDACTED]
To: [REDACTED]
CC: [REDACTED]

Sent from the Internet (Details)

Mike, we are in the process of compiling the information I agreed to supply. It requires a fair amount of work. I hope to have it available to review and send on Monday.

Chip

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, May 14, 2003 3:08 PM
To: Harwood, Charles G
Cc: [REDACTED] Warn, Katherine
Subject: May 9, 2003 Commitment

Chip,

I've written you several time to remind you that you sat at a table with me, Judy Dennis, Phil Coldiron, Kathy Warn, Susan Schraihman, and Bill Brown on May 9, 2003 and committed to supply CWA local 3371 and 3372 with certain information relevant to the trouble tickets you currently have, contractors in place, and overtime offered and taken. These reports were to be reflective of actual daily numbers.

As yet the only information I've received was on May 9th indicating a trouble ticket number of 685.

It is disturbing to me that your commitments are so easily ignored. I'm searching for a basis of trust that we can build on and it appears as if that's not even a concern of yours.

Please follow up on your commitment and forward the information on a daily basis.

Sincerely,
Mike Garkovich
President - Local 3372

Thursday, May 15, 2003 America Online: Cwa3372Pres

Subj: Reports Due
Date: 5/19/2003 4:19:33 PM Eastern Daylight Time
From: [REDACTED]
To: [REDACTED]
CC: [REDACTED]

Chip,
It's late in the day on Monday 5/19. This was the day that you said you would have the following ready to provide us:

- 1) Trouble ticket totals for 5/10, 5/11, 5/12, 5/13, 5/14, 5/15, 5/16, 5/17, 5/18, 5/19. You originally made the commitment to provide these daily on 5/9 and did send that day's. Since then nothing.
- 2) Daily contractor report showing the date the contractor started, the contractors name, the job classification they are working in. This was for the dates 5/9/03 *til the trouble tickets came in line with normal.*
- 3) Daily report of the overtime offered and taken for the same period in #2.
- 4) You also agreed to provide us with a report showing the overtime offered and taken from 3/1/03 through 5/8/03.

Your memo of 5/13 said you were working on this and hoped to have it by today.

Sincerely,

Mike Garkovich

Monday, May 19, 2003 America Online: Cwa3372Pres

South, Southeast, East,

SOUTH CONTRACTOR WORK ORDERS						
5/13/2003						
TECHNICIAN NAME	TECH #	TASK NAME	PR	ORIGINAL DO	RESCU DO	PHONE NUMBER
James Scott	99093	0638225166149	C	5/15/2003		
		0638225167148	C	5/15/2003		
		0638225167328	C	5/15/2003		
		0638225164480	C	5/15/2003		
Mike Anderson	99155	0638225C38511	C	5/15/2003		
		0638225C38592	C	5/15/2003		
		0638225C38588	C	5/15/2003		
		0638225161881	C	5/15/2003		
		0638225163829	C	5/15/2003		
Crash Blaney	99184	0638225167534	C	5/15/2003		
		0638225167678	C	5/15/2003		
		0638225167203	C	5/15/2003		
		0638225168587	C	5/15/2003		
		0638225168289	C	5/15/2003		
Bill Branch	99157	0638225165309	C	5/15/2003		
		0638225167876	F	5/15/2003	5/16/2003	
		0638225167999	F	5/15/2003	5/21/2003	
		0638225C38137	C	5/15/2003		
		0638225167635	C	5/15/2003		
Darren Combs	99187	0638225168822	F	5/15/2003	5/16/2003	
		0638225166677	C	5/15/2003		
		0638225C38683	C	5/15/2003		
		0638225168186	C	5/15/2003		
		0638225165676	F	5/15/2003	5/16/2003	
Robert Hall	99182	0638225168274	C	5/15/2003		
		0638225168228	C	5/15/2003		
		0638225168678	F	5/15/2003	5/16/2003	
		0638225168152	C	5/15/2003		
		0638225165687	C	5/15/2003		
Tom MacPherson	99289	0638225157309	F	5/15/2003	5/16/2003	
		0638225168371	C	5/15/2003		
		0638225167586	F	5/15/2003	5/16/2003	
		0638225167878	C	5/15/2003		
		0638225168308	C	5/15/2003		

These are orders they will be working today. Please scan through for your office and make sure they are wired and ready.

AL

EX. M

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF THE

**PETITION BY ALLTEL CORPORATION)
TO ACQUIRE THE KENTUCKY ASSETS)
OF VERIZON SOUTH, INCORPORATED)**

CASE NO. 2001-00399

DECLARATION OF JOHNNY HUNT

Commonwealth of Kentucky)
County of Taylor)

I, Johnny Hunt, do hereby declare as follows:

1. My name is Johnny Hunt. I am President and Business Manager of Local 463 of the International Brotherhood of Electrical Workers, Campbellsville, Kentucky. Local 463 is a labor organization representative of approximately 150 employees of Alltel (formerly GTE/Verizon) in central and western Kentucky. Local 463 was party to a collective bargaining agreement with GTE/Verizon; that agreement was assumed by Alltel upon its acquisition of the Kentucky properties of GTE/Verizon. Attached hereto as Ex. A is a true and correct copy of Article 1 of the agreement, reflecting the unit of Alltel employees represented by Local 463 and covered by the agreement.

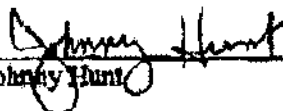
2. Among the terms of the agreement between Local 463 and GTE/Verizon was a memorandum of agreement regarding personal lines of insurance. The Company agreed to make automobile, home owners and other types of insurance available to the employees through payroll deduction. A copy of the memorandum of agreement is attached hereto as Ex. B. When Alltel acquired GTE/Verizon, it informed the Local that providing this insurance was not feasible, and rejected the memorandum of agreement.

EXHIBIT 2

3. Article 2 of the agreement establishes a grievance procedure for resolution of disputes arising between the employees and Company. A copy of Article 2 is attached hereto as Ex. C. The grievance procedure includes two steps, after which unresolved grievances may be referred to arbitration. Pursuant to Section 5 of Article 1, management is required to meet with the Union at step one within seven calendar days after receipt of a grievance, and render a decision within seven working days. The Company is required to meeting on grievances referred to step two within seven calendar days, and render a decision within fourteen working days.

4. Since Alltel took over from GTE/Verizon, it has been extremely difficult to obtain Alltel's cooperation in processing employee grievances. Management has not honored the time limits established by the grievance procedure. The Local has been unable to get management to convene meetings within seven days, and is only able to convene meetings at all after multiple telephone calls to management. Further, management is not rendering decisions in a timely manner. As a result of Alltel management's failure to cooperate with the Local in grievance processing, grievances are going unresolved longer than necessary. Relations between the Local and management have been effected, as has employee morale.

I declare under penalty of perjury that the foregoing declaration is true and correct.


Johnny Hunt

Date: 5-26-03

AGREEMENT

between



INTERNATIONAL
BROTHERHOOD OF
ELECTRICAL WORKERS
LOCAL 463

and

VERIZON
SOUTH,
INC.
(Kentucky Division)

Effective March 18, 2001
(March 18, 2001 through March 13, 2004)

EX-A

ARTICLES OF AGREEMENT
between
VERIZON SOUTH R
and
LOCAL UNION NO. 463
INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS

This Agreement, entered into this 18th day of March, 2001, between Verizon South Inc., its successors and assigns (hereinafter referred to as the "Company") and Local Union 463 of the International Brotherhood of Electrical Workers, affiliated with AFL-CIO (hereinafter referred to as the "Union"), witnesseth:

R

ARTICLE 1
RECOGNITION

1. For the purpose of collective bargaining with respect to rates of pay, wages, hours of work and other conditions of employment, the Company recognizes the Union as the exclusive bargaining representative of those Traffic Employees of the Company whose job classifications are specified in Appendix "A" hereof in the Company's exchange areas of Campbellsville, Elizabethtown, Glasgow and Somerset and those Plant Employees of the Company whose job classifications are specified in Appendix "A" hereof in the Company's exchange areas of Albany, Bradfordsville, Burkesville, Burnside, Campbellsville, Cecilia, Columbia, Elizabethtown, Glasgow, Greensburg, Hodgenville, Lebanon, Leitchfield, Loretto, Monticello, Nancy, Scottsville, Somerset, South Hardin and Tompkinsville. In recognition of deregulation, it is acknowledged that deregulated work usually performed by employees in these classifications and exchanges may also be performed outside the exchanges noted above.

ARTICLE 2
GRIEVANCE PROCEDURE

1. Differences arising between the Union and the Company with respect to any problem, dispute, complaint or controversy shall be processed in accordance with the procedure set forth in this Article.
2. The Union agrees that the Company shall assume no responsibility for and shall not be required to consider any grievance unless the grievance shall have been presented under and in accordance with the provisions of this Article "Grievance Procedure" and presentation made within thirty (30) calendar days after its alleged original occurrence.

*See article
attached to this MOA*

**MEMORANDUM OF AGREEMENT
PERSONAL LINES OF INSURANCE**

1. Effective January 1, 1999, Verizon South, Inc. and International Brotherhood of Electrical Workers, Local 463 agree to make available, without endorsement, the opportunity for regular full- or part-time hourly employees of the Company who are covered by the Collective Bargaining Agreement to purchase automobile, home and other personal property and casualty insurance through payroll deduction.
2. Personal Lines of Insurance will be administered solely in accordance with its provisions, and no matter concerning Personal Lines of Insurance or any difference arising thereunder shall be subject to the grievance or arbitration procedure of the Collective Bargaining Agreement. The administration of Personal Lines of Insurance and all the terms and conditions relating thereto, and the resolution of any disputes involving the terms, conditions, interpretation, administration, or benefits payable shall be determined by and at the sole discretion of the Insurance Carrier.
3. The Company reserves the right at any time, and from time-to-time, to modify or amend in whole or part, any and all provisions of the agreement with the Insurance Carrier, to change Insurance Carriers, or to terminate the agreement with the Insurance Carrier.
4. This Memorandum of Agreement is effective on March 18, 2001 and shall expire on March 13, 2004. The parties specifically agree that the terms and conditions set forth in this Memorandum of Agreement, including Personal Lines of Insurance, shall also terminate on March 13, 2004 and shall not survive the expiration of this Memorandum of Agreement unless agreed to by the parties in writing.

Verizon South, Inc.

International Brotherhood
of Electrical Workers
Local Union 463

Paul T. Gwaltney
Consultant - Labor Relations

Jim Taylor
President/Business Manager

Date: 3/18/01

Date: 3/18/01

EX. B

ARTICLES OF AGREEMENT
between
VERIZON SOUTH R
and
LOCAL UNION NO. 463
INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS

This Agreement, entered into this 18th day of March, 2001, between Verizon South Inc., its successors and assigns (hereinafter referred to as the "Company") and Local Union 463 of the International Brotherhood of Electrical Workers, affiliated with AFL-CIO (hereinafter referred to as the "Union"), witnesseth: R

ARTICLE 1
RECOGNITION

1. For the purpose of collective bargaining with respect to rates of pay, wages, hours of work and other conditions of employment, the Company recognizes the Union as the exclusive bargaining representative of those Traffic Employees of the Company whose job classifications are specified in Appendix "A" hereof in the Company's exchange areas of Campbellsville, Elizabethtown, Glasgow and Somerset and those Plant Employees of the Company whose job classifications are specified in Appendix "A" hereof in the Company's exchange areas of Albany, Bradfordsville, Burkesville, Burnside, Campbellsville, Cecilia, Columbia, Elizabethtown, Glasgow, Greensburg, Hodgenville, Lebanon, Leitchfield, Loretto, Monticello, Nancy, Scottsville, Somerset, South Hardin and Tompkinsville. In recognition of deregulation, it is acknowledged that deregulated work usually performed by employees in these classifications and exchanges may also be performed outside the exchanges noted above.

ARTICLE 2
GRIEVANCE PROCEDURE

1. Differences arising between the Union and the Company with respect to any problem, dispute, complaint or controversy shall be processed in accordance with the procedure set forth in this Article.
2. The Union agrees that the Company shall assume no responsibility for and shall not be required to consider any grievance unless the grievance shall have been presented under and in accordance with the provisions of this Article "Grievance Procedure" and presentation made within thirty (30) calendar days after its alleged original occurrence.

- 2.1 Grievances relating to the suspension, discharge or demotion of an employee shall be filed within fifteen (15) calendar days following the effective date of the action.
 - 2.2 Any claims for back wages shall be limited to the amount of wages that the employee would otherwise have earned at his basic hourly wage, less the amount of any termination pay received from the Company and unemployment compensation received or receivable and/or any wages received from other employment.
 - 2.3 If any Union representative was not aware of the situation(s) that caused the grievance to be processed and if the grievance is presented to the Company thirty (30) days to three (3) months after the situation(s) occurred, the grievance may be subject to the full Grievance Procedure set forth in this Article 2, but shall not be subject to arbitration."
3. Any grievance must be reduced to writing on a Record of Grievance form adopted by the parties.
 4. Grievance meetings between Union and Company Representatives shall be held at the request of the Union upon reasonable advance written notice to the Company. The time and place is to be mutually agreed to by both parties. Two copies of the Record of Grievance form shall accompany this advance written notice and shall set forth in substance the specific nature of the alleged grievance in sufficient detail that dates, times, occurrences and the nature of the circumstances causing the grievance can be identified readily so as to afford an opportunity to properly investigate the matter to be discussed prior to the meeting. There shall also be a statement as to the specific Article, Section and Subsection of this Agreement, if any, that is alleged to have been violated.
 5. When a grievance is initiated, the steps in the Grievance Procedure shall be those listed below except that the parties by mutual agreement may eliminate one step.
 - 5.1 An employee with a grievance is encouraged by the Company and the Union to present the grievance orally to his/her supervisor first with the Union representative present, if requested by the employee, and they shall jointly attempt to resolve the issue informally.
 - Step 1. An employee or group of employees may present a grievance in person or through the Union Steward, to the immediate supervisor who has supervision over, and direction of, the work performed by the employee(s). The immediate supervisor or his designated representative shall meet with the employee and representative(s) of the Union within seven (7) calendar days after receipt of the written notice and Record of Grievance form. The immediate

supervisor or his designated representative shall render a decision in writing within seven (7) working days with a copy to the Local Union President by U.S. Mail after discussions at Step 1 have been completed.

Step 2. If the grievance is not settled satisfactorily at Step 1 and it is decided to appeal the grievance to Step 2, it shall be submitted to the designated Human Resources representative, within seven (7) working days after completion of Step 1, and he and/or his designated representative shall meet with the employee and representative(s) of the Union within seven (7) calendar days after receipt of the written notice of appeal and the Record of Grievance form. The Division Manager, Department Head or designated representative shall render a decision in writing within fourteen (14) working days after discussions at Step 2 have been completed.

Step 2a. If the grievance is not settled satisfactorily at Step 2, the grievance, if arbitrable, may be submitted to arbitration as provided for in this Agreement, upon written request of the Union.

6. If the Union does not appeal a grievance to the next higher step within the above specified time limits, the grievance shall be closed.
7. If either the Company or the Union is unable to meet within the time limits specified in any of the above steps of this Grievance Procedure, another date shall be set which is mutually acceptable to both parties.
8. Upon failure of the Company to submit a written decision within the specified time limits, the Union shall have the right to appeal the grievance to the next appropriate step in this Grievance Procedure.
9. Time limits mentioned herein shall be applied with full consideration to the limitations of mail delivery and area assignment of personnel.
10. Nothing in this Article shall be construed to restrict in any way the individual right of employees to present grievances directly to the Company, provided the Union has been given an opportunity to be present at the hearing and such settlement does not conflict with any terms or provisions of this Agreement.
11. It is understood that a Representative from the International Office may be present on the Union's behalf during Step 2 and onward.
12. The Union shall establish Local Stewards as may be required to adequately support the rapid processing of grievances. The Union shall, on a current basis, inform the

Company in writing of the names of all Union Officers and Stewards.

13. The number of employees who shall suffer no loss in basic pay during their scheduled working hours for time consumed attending any grievance meeting with Management shall not exceed two (2) at any meeting. However, the Union may request additional employees to be excused, if needed to properly explain the Union's position, and the Company will respond promptly. Separate grievances filed by the Union on the same issue/incident may be combined and discussed in one meeting, if desired by the Company, and the above number of employees (2) suffering no loss in basic pay shall apply during combined meetings.
14. No adjustment of a Union presented grievance shall be effective until approved and endorsed in writing by the Local Union President and similarly approved and endorsed by the Vice President-Human Resources or his/her designated representative.
15. The Union or the Company may record, jointly or separately, the minutes of grievance meetings by any device or system.
16. Records pertinent to a grievance shall be made available upon request of a Union representative.

ARTICLE 3 ARBITRATION PROCEDURE

1. If a difference arises between the Union and the Company with respect to the interpretation or application of the terms of this Agreement which cannot be resolved under the preceding Article, "Grievance Procedure," at the request of the Union the matter may be submitted to arbitration. This notice must be in writing and be served on the Company within forty-five (45) calendar days after the answer at the second step of the Grievance Procedure.
2. After the Company receives the Union's written request to submit an item for arbitration, the parties shall jointly determine the issue of the arbitration before it is submitted to the arbitrator. However, if the parties fail to agree on the issue, the determination of the issue itself shall be submitted to the arbitrator.
3. If within a period of ten days after the date of the request the parties fail to agree on an impartial arbitrator, the dispute shall be processed according to the rules of the Federal Mediation and Conciliation Service. Upon failure to process arbitration requests within thirty (30) days after notice to arbitrate, the grievance shall be considered closed.
 - 3.1 The Arbitrator shall render decisions as expeditiously as possible on any and