

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated September 19, 2018**

Case No. 2018-00294

Question No. 39

Responding Witness: Gregory J. Meiman

Q-39. Provide all current labor contracts and the most recent labor contracts previously in effect.

A-39. The current contract between Kentucky Utilities Company and USW Local 9447-01 was effective August 1, 2017, see Attachment 1. The most recent previous contract is Attachment 2.

The current contract with KU IBEW Local 2100 was effective August 1, 2018. The final version has not been completed nor signed yet; see the current tentative agreement Attachment 3. The most recent previous contract is Attachment 4.

COLLECTIVE BARGAINING AGREEMENT

Meiman

BETWEEN

**EARLINGTON OPERATIONS,
AREAS 1 (PARKWAY) AND
2 (GREEN RIVER)
OF KENTUCKY UTILITIES COMPANY**

AND

**THE UNITED STEEL, PAPER AND
FORESTRY, RUBBER,
MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND
SERVICE WORKERS
INTERNATIONAL UNION**

*** * ***

Effective

August 1, 2017

to

August 1, 2020

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AGREEMENT

THIS AGREEMENT entered into this 1st day of August, 2017, by and between EARLINGTON OPERATIONS, AREAS 1 (PARKWAY) AND 2 (GREEN RIVER) OF

KENTUCKY UTILITIES COMPANY (hereinafter called "Company") and the UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION (hereinafter

called "Union"). Except as otherwise expressly provided herein the provisions of this Agreement shall be effective as of August 1, 2017.

ARTICLE I **PURPOSE AND INTENT**

1.1 Purpose and Intent

It is the purpose and intent of the parties to set forth herein the agreement between the parties covering rates of pay, hours of work and conditions of employment for employees in the unit for which the Union has been certified by the National Labor Relations Board as exclusive bargaining representative; to promote harmonious industrial and economic relationships between the Company and its employees in an atmosphere of mutual respect and understanding to the end that there shall be no interruption of, interference with, or impeding of work during the life of this Agreement, and to provide procedures for the equitable adjustment of grievances.

1.2 Periodic Meetings

Upon mutual agreement, the parties agree to meet on the reasonable request of either party at times which should be least disruptive to the Company's operations. Such meeting shall not be for the purpose of conducting collective bargaining negotiations but shall be for the sole purpose of appraising any problem which may have arisen in the application, administration or interpretation of this Agreement or of the problems of general concern to either party. Therefore, such meeting shall not modify, add to, or detract from the provisions of this Agreement. If such meeting is requested by the Company, it will pay employees for time lost.

ARTICLE II **SCOPE OF AGREEMENT**

2.1 Recognition

The Company hereby recognizes the Union as exclusive representative for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment and other conditions of employment for employees in its Earlington Operations, Areas 1 (Parkway) and 2 (Green River), included in the unit for which the Union has been certified by the National Labor Relations Board on September 17, 1976, in Case No. 9-RC-11595, namely:

All production and maintenance employees of the Employer employed in the Employer's Earlington Operations, Areas 1 (Parkway) and 2 (Green River), including servicemen, linemen, metermen, patrolmen,

chief electricians, groundmen and truck drivers, but excluding business development and home demonstration employees, right-of-way solicitors, shift engineers, line foremen A, service foremen A, line foremen B, service foremen B, the chief electricians employed at the Green River Generating Station, the chief mechanic, the coal yard foreman, the chemist, and assistant chemist, all engineering and professional employees, office clerical employees, guards and supervisors. The Term “supervisor” means any individual having authority, in the interest of the employer, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibly to direct them, or to adjust their grievances, or effectively to recommend such action, if in connection with the foregoing the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

The Company also recognizes the Union as the collective bargaining agent for the employees of new plants built or new service areas established, whose operations are consolidated with the operations of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) and who perform the same classifications or nature of work as those employees covered by this Agreement.

The employees in such bargaining unit and represented by the Union and covered by this Agreement are hereinafter referred to as “employees” or individually as “employee.”

The Union makes this Agreement in its capacity as Meiman exclusive bargaining representative of the employees. As the representative of the employees, the Union may process grievances through grievance procedure, including arbitration, in accordance with the provisions of this Agreement, or adjust or settle the same.

2.2 No Discrimination

There shall be no discrimination in the administration of this Agreement with regard to race, color, religion, national origin, age, sex, disability, veteran status, or because of the exercise by an employee of his rights as a member or representative of the Union. The terms “he” or “his” as used in this Agreement shall apply to both male and female employees.

2.3 Contracting Out

It is agreed that the Company has historically from time to time contracted out work, examples of which are set forth below, which practice may continue. The Company agrees, however, that except for work historically contracted out, and work of a similar nature, it will not subcontract any work historically and principally performed by employees covered by this Agreement as a part of their normal duties if such subcontracting shall cause the reduction of schedule of employees qualified to perform the work. Such work which the Company has historically contracted out includes but is not necessarily limited to:

Blacktopping

Sandblasting and metal spraying

Acid clean boilers

Non-destructive testing (turbine equipment and boiler tubing, generators)

Painting

Insulating

Tree trimming

Conveyor belt vulcanizing

Unloading frozen coal

Railroad track maintenance and repair

Large vacuum equipment, removal of fly ash, etc.

Construction work:

Foundation work Piping installation

Earth moving equipment and river dredging

Unloading and/or erecting heavy equipment

Electrical contracts (new construction)

Service Engineers:

Turbine overhaul supervision

Safety valve maintenance/repair supervision

Soot blower maintenance/repair supervision

Mobile equipment maintenance/repair

Maintenance work:

Major boiler repairs

Major condenser repairs

Specialized major turbine repairs, generator repairs

General maintenance at Green River

Power Station when peak work load exceeds capacity of bargaining unit personnel

Surveying

Fabrication of replacement parts at outside service shops

Motor rewinding work completed at outside service shops

Contract hauling

Service Contracts:

Elevators

Portable restroom facilities

Street lighting maintenance

Building transmission, distribution lines, substations

Pole setting

Pole inspections

Substation foundation, site preparation

Crane service, hauling heavy equipment

Substation fencing

Bus insulator cleaning

Janitorial and Custodial Work

The Company agrees that, other factors being basically equal i.e. price, availability, qualifications, etc, contractors who employ Union members will be given consideration. It is understood that this provision in no way creates 3rd party beneficiary status for any individual contractor.

2.4 No-Strike Clause

During the term of this Agreement, employees, the Union, its officers, representatives, and members shall not take part in, cause, authorize, instigate, aid, sanction, encourage, condone or ratify any strike, slow-down, sit-down, stoppage of work, boycott, picketing, or other interference with, or interruption of Company operations or the work and business of the Company. The Union and its representatives will exert every

effort to cause employees covered by this Agreement who participate in any such activities to desist therefrom. Failure or refusal on the part of any employee to comply with the provisions of this Article shall be cause for appropriate disciplinary action, including suspension or discharge.

2.5 No Lock-Out Clause

During the term of this Agreement the Company will not cause or engage in any lock-out of its employees.

2.6 Restraining Orders and Injunctions

Nothing in this Article or elsewhere in this Agreement shall be deemed or construed to preclude the Company from enforcing the provisions of Section 2.4 in any court of competent jurisdiction, and such court shall not be precluded by any provision of this Agreement from entertaining any such suit for violation of said Section and granting all appropriate injunctive relief. An equal right to seek judicial relief is retained by the Union should the Company, in its opinion, violate the provisions of Section 2.5.

2.7 Picket Line

Although it is a recognized obligation on the part of both the Company and the Union to cooperate in maintaining a continuous and dependable public service, it shall not be a violation of this Agreement, nor cause for discharge or disciplinary action, for an employee as an individual matter to decline to cross a picket line at premises other than premises of the Company where

loss of Company property or injury to the employee is threatened.

2.8 Visitation

A duly identified and authorized representative of the Union shall, upon due advance arrangement, be granted access to Company premises for the purpose of investigating problems with which he is properly concerned in the administration of this Agreement. Union activity as permitted herein does not include Union business of an internal nature which does not involve the Company.

2.9 Supervisors Working

Supervisors will not displace qualified available employees in the bargaining unit by performing work regularly performed by them. Nothing, however, shall limit the performance of bargaining unit work by personnel outside the bargaining unit of work which such personnel have previously performed and similar work, or under any of the following circumstances:

In the instruction and training of employees.

In relief, or to replace an absent employee, or to accomplish work which bargaining unit employees have been permitted to decline.

To perform work requiring skills or abilities not available among employees.

In the event of breakdowns or emergencies, or to help straighten out problems.

At locations or in crews where there are three (3) or less bargaining unit employees.

In developmental work on, or testing of, equipment, products, services, or methods.

In non-overtime situations.

By service supervisors, service managers, chief electricians, and coal yard supervisors.

2.10 Copies of Agreement

The Company shall arrange to have copies of this Agreement printed in booklet form, and the Company and the Union shall share the printing cost in proportion to the number of copies that each orders for its own use.

ARTICLE III UNION SECURITY

3.1 Union Security

All present employees of the Company covered by this Agreement on the date of execution of this Agreement shall have the right to remain, but shall not be required to remain, members of the Union. All employees covered by this Agreement who are hired after the date of execution of the Agreement shall have the right to become, but shall not be required to become, members of the Union.

The parties agree that if, during the term of this Agreement, KRS 336.130(3) ("Kentucky Right to Work Act) is repealed, in its entirety, by the Commonwealth of Kentucky, if a new public act invalidates

KRS 336.130(3), if it becomes unenforceable in any way, or if the language contained in Article 3.1 of the agreement expiring August 1, 2017 becomes lawful for any other reason, the language of Article 3.1 of the agreement expiring August 1, 2017 shall replace the current language in Article 3.1 without the need for any bargaining.

3.2 Check-Off

The Company, where so authorized and directed by the employee in writing upon an authorization form meeting all requirements of law, will deduct from the wages of such employee Union dues in the amount(s) authorized by such employee, and as specified by the International Secretary-Treasurer, on one of such forms. Such deductions of regular monthly dues for a particular month shall be made from the first pay period of the succeeding month and shall be forwarded monthly to the International Secretary-Treasurer. In the event an employee has insufficient earnings due during the first pay period of any month, then such deduction shall be made from the first pay period thereafter in which the employee has sufficient earnings from which the deduction can be made. The Company will permit a Union designated representative to be introduced to a new employee during their first week of employment for a brief orientation at a time when it does not interfere with the duties of either.

The Company, where so authorized and directed by the employee in writing upon an authorization form meeting all requirements of law, will deduct from the

wages of such employee political action committee contributions in the amount(s) authorized by such employee on one of such forms.

3.3 Law

This Article is intended to comply with the provisions of State and Federal law, and nothing herein contained shall require the Company to take any action in violation thereof. The Union agrees to indemnify and save the Company harmless from any claims, demands, suits or other forms of liability arising out of any action taken by the Company in compliance with this Article.

ARTICLE IV MANAGEMENT

Except to the extent expressly abridged or limited by a specific provision of this Agreement, the Company reserves and retains, solely and exclusively, all of its inherent rights, functions and prerogatives of management as such rights, functions and prerogatives existed prior to the certification of the Union or the execution of this Agreement. Such rights, functions and prerogatives include, but are not limited to, the Company's right to establish, continue and change, from time to time, policies, practices and procedures for the conduct of the business; to determine products to be manufactured or sold and services to be rendered; to determine the number, location and types of its operations and the methods, processes, services and materials to be employed; to institute, change, curtail or discontinue

facilities, processes, service methods, equipment, machinery, methods of production or operations; to subcontract; to assign work to employees in accordance with requirements determined by the Company; to make and enforce reasonable rules for the maintenance of discipline; to suspend, discharge or otherwise discipline employees for just cause; and otherwise to take such measures as the Company may determine to be necessary for the orderly, safe and efficient conduct of the business. Recognizing the desirability of avoiding any impediment to the exercise by the Company of its management rights, functions and prerogatives in a manner beneficial to the employees, it is agreed that no such right, function or prerogative shall be limited by any practice or course of conduct or otherwise than by the express provisions of this Agreement.

ARTICLE V

HOURS OF WORK

5.1 Normal Work Schedule

A. Except for employees at the Green River Power Station, the normal work schedule for full time employees will consist of five (5) consecutive days of eight (8) consecutive hours of work (interrupted only by an unpaid lunch break) Monday through Friday. The normal work schedule for full time employees at Green River Power Station will be as agreed to in negotiations and as in effect on the date of execution of this Agreement. Although the Company reserves the right to change such schedules, it agrees that if the changed schedule is

permanent and will thereafter become the employee's regular schedule, the Company will notify the Union of its intention and afford the Union an opportunity to present its views before finally making its decision.

B. The anticipated schedule of working hours for the coming week for employees such as relief personnel who are not on a fi schedule shall be posted no later than the end of day shift on Wednesday of each week.

C. "Workweek", as used in this Agreement, means seven consecutive days starting at 12:00 midnight on Saturday night and ending at 12:00 midnight on the following Saturday night. This includes Green River Power Station Coal Equipment Operators. For all other employees at the Green River Power Station, workweek means seven consecutive days, starting at 6:00 am Monday and ending at 6:00 am on the following Monday.

D. This section provides for the normal scheduling pattern and shall not be construed as a guarantee of hours of work per day or per week or of days of work per week, nor a limitation on the scheduling of work per day or per week (including overtime).

E. In the event of a temporary change (not to exceed two (2) consecutive days) in an employee's schedule due to training or line switching, employees will be permitted to work until the end of the employee's normal shift if the employee reports to his regular work station for work in appropriate dress, however, this provision

shall not apply when an employee is required to be away from his normal work station overnight.

5.2 Sufficient Rest Time/Balance of Shift

When in the opinion of the Company, an employee has worked such an extended period of time as to impair his effectiveness or present a hazard to his health or safety, or to the health and safety of fellow employees, he may be required by the Company to leave work for a rest period of up to eight (8) hours. After sixteen (16) continuous hours worked an employee may request and will be granted a minimum rest period of eight (8) hours. Such rest period shall be taken in its entirety unless the employee is requested and agrees to return to work before the expiration of such eight (8) hour rest period. If such rest period overlaps the employee's regular hours on a regularly scheduled work day, the employee shall be paid at his regular hourly rate of pay for the hours which overlap unless the rest period was initiated by the employee in accordance with this Section. If the rest period ends within two (2) hours or less of the end of the employee's regularly scheduled shift, the employee may either return to work at his regular hourly rate of pay or not return to work and forfeit the remaining hours in his shift.

An employee who is called out for an event and works at least sixteen (16) continuous hours, and continues into the employee's regular shift, that employee may request an eight (8) hour rest period after one half of the employee's regular shift is completed and be paid at his regular hourly rate of pay for the hours remaining

in his shift up to four (4) hours. If in this situation the employee chooses to continue to work the remainder of his shift and the Company agrees for him to work, he will continue to be paid double-time for the rest of his shift.

5.3 Lunch Period

Employees at Green River Power Station on continuous shift operations will be allowed a paid lunch break during their shift. Other employees at Green River Power Station will receive an unpaid thirty (30) minute lunch break near the midpoint of their shift. Other employees will receive an unpaid lunch break near the midpoint of their shift.

5.4 Wash Up Time

Nonoperating employees at the Green River Power Station will be allowed a five (5) minute wash up period just prior to their lunch break and a fifteen (15) minute clean-up period (tools and locker room) just prior to the end of their shift. However, this provision shall not be interpreted to permit employees to leave Company premises until the designated shift time is terminated.

5.5 Daylight Saving Time

An employee working a regularly stated schedule at the time the change is made to Daylight Saving Time (normally in the spring) and who only actually works seven (7) hours instead of his normal eight (8) because of the change shall receive pay for his normal eight (8) hours. An employee working a regularly stated schedule at the time the change is made from Daylight Sav-

ing Time (normally in the fall) and who actually works nine (9) hours because of the change, shall receive pay at the established premium rate for the ninth (9th) hour.

5.6 Continuation of Regular Shift Duties

Should an employee complete his regular shift of duty and be assigned to double shift or part shift, he will still be allowed to continue his regular shift of duties during any work week.

5.7 Reporting Time

An employee who is scheduled or notified to report for work on a regular shift and does report for work at the time specified without having been given actual notice of change of schedule, shall receive full pay at his regular rate for his scheduled (non-overtime) hours on that day, even though idle or sent home early because of delay or shortage of materials or for other reasons beyond his control. This provision shall not apply in the event that:

(a) Strikes or work stoppages by employees in the bargaining unit covered by this Agreement in connection with labor disputes, interfere with the conduct of normal operations; or

(b) An employee is not put to work or is released from work after having been put to work either at his own request or due to his own fault.

5.8 Call-Out Beyond Normal Work Hours

A. When an employee is called out to work, or voluntarily reports for and is allowed to work an event out-

side of his regularly established work schedule, he shall be paid a minimum of four (4) hours at the applicable overtime rate, even if the employee actually works less than four (4) hours. However, if an employee completes his work and is called out to work again before the four (4) hour minimum time has expired, he will not be entitled to another minimum four (4) hours pay for the second call out, but will be paid for the additional time actually worked beyond the four (4) hours minimum from the first call out.

B. This provision shall not apply to an employee who is notified prior to leaving the work area to report early, or if the work is a continuation of his regular shift.

C. Maintenance employees at the Green River Power Station who are called into work less than four (4) hours prior to their normally scheduled start time will be paid only for the hours actually worked outside their normal schedule at one and one-half (1 ½) times their hourly wage rate. Employees at the work site prior to their start time who are requested to begin work early will only be paid one and one-half (1 ½) times their hourly wage rate for those actual hours worked outside their normal schedule.

5.9 Planned Overtime

For planned overtime work by an employee on his scheduled day off, he will receive a minimum of four (4) hours' pay at one and one-half (1-1/2) times his straight time base hourly rate of pay, or his applicable rate including shift or other premium, if any.

5.10 Standby Pay

The Company agrees that, due to the current satisfactory responsiveness of employees in this union to call-outs, there will be no initial implementation of this provision, unless the employees in one or more of the areas described below voluntarily request to implement weekly Standby in their Area. If implemented, each Area may determine their own system of determining their Standby person, with emphasis on volunteerism but with an objective of sharing the workload.

Should the responsiveness of employees in any area become unsatisfactory, the Company reserves the right to implement this provision in the affected area. If the Company implements this weekly Standby, each Area will determine their own system of determining their Standby person, with emphasis on volunteerism but with an objective of sharing the workload.

Any standby system developed will be done through the union.

Within the workgroups where the Company is implementing standby in accordance with the second paragraph, the Company reserves the right to assign the standby person, if the union fails to develop an acceptable system within a reasonable time.

The potential Areas in Distribution Operations to be staffed with a weekly Standby person are as follows:

- Barlow
- Eddyville
- Morganfield/Sebree

- Earlington/Dawson Springs
- Greenville

Each employee who serves in a weekly Standby status, in exchange for agreeing to remain available and fit to respond to call outs during the week, will be paid one hundred dollars (\$100) in year one of the contract, one hundred twenty-five (\$125) in year two of the contract, and one hundred fifty (\$150) in year three of the contract per week and will be guaranteed a minimum of four (4) hours pay at one and one-half (1-1/2) times their regular hourly rate of pay during their standby week. If an employee works on service calls outside his normal scheduled workday during his Standby week, he will be paid for such time worked in accordance with Article VI - Overtime.

If an employee is assigned in a Standby status for less than one (1) week, he will be paid one (1) hour's pay at his appropriate overtime rate in addition to time spent on any service calls for each day he serves in a Standby status for service calls.

5.11 Emergency electric restoration for another utility

An employee who performs emergency electric restoration work for another utility will be paid one and one half (1-1/2) times his hourly rate for the first eight (8) hours worked in any one day and two (2) times his hourly wage rate for all hours worked over eight (8) in any one day. However, if that company's overtime pay practice would provide more wages, then the employee will receive the greater of the two.

5.12 Adverse Work Premium

An adverse work premium of one-half (1/2) times the employee's regular straight-time hourly rate shall be paid for hours spent performing adverse work related to electric distribution restoration. The adverse work premium will not be paid when an employee is being paid his overtime rate and the adverse work premium will not be compounded with other premiums. Start time will begin upon assignment of restoration in adverse conditions. Employee must be performing work in the adverse condition.

Adverse work premium will be paid only if the following criteria is met:

1. Temperatures below 10°F or above 100° F as identified by the National Weather Service and/or
2. Cloud to ground lightening within 5 miles as identified by National Weather Service and/or
3. Ice accumulations equal to or greater than 1/2" as identified by the National Weather Service

ARTICLE VI **OVERTIME**

6.1 Purpose

This Article provides the basis for the calculation of, and payment for, daily or weekly overtime hours and shall not be construed as a guarantee of hours of work per day or per week or of days of work per week, nor a limitation on the scheduling of hours of work per

day or per week (including overtime). Overtime pay shall be computed including shift differential, if any, and/or any other regular hourly payments, unless otherwise noted.

6.2 Overtime Pay

A. An employee shall be paid at the rate of one and one-half (1-1/2) times the employee's regular base rate of pay plus regular Shift Differential, if any, and any other regular hourly payments:

1) For work performed in excess of forty (40) hours in any one workweek.

2) For employees scheduled eight (8) hours per day, for work performed in excess of eight (8) hours in any normal twenty-four (24) hour workday except (a) if it is a change made through the exercise of Seniority rights (such as bidding, bumping, shift preference, etc.), or (b) in the case of the change of employees on continuous shifts from one schedule or shift to another.

3) For all continuous hours worked after the end of the employee's last previous regular shift by an employee during periods which commence more than eight (8) hours prior to the employee's next regularly scheduled starting time and continue into his regular hours on a regularly scheduled workday if the employee completes his regular shift on such workday. During the continuation of an event as determined by the Company, for pay purposes the continuity of the employee's work shall not be considered to be broken by short breaks for meals, refreshments, or rest periods authorized by his supervisor.

4) For work performed on the sixth day worked in the workweek and on the seventh day worked in the workweek, provided the employee works each of his scheduled workdays (excluding days on layoff) in the workweek or his absence (a) resulted from inability to work because of his illness or the illness of his spouse or child, when such case is substantiated by a doctor's certificate if requested by the Company, or (b) was time paid for but not worked under the provisions of this Agreement, or (c) was excused in advance for Union business.

5) Notwithstanding the provisions of section 6.2(2) (a), an employee in the operating groups at the Green River Power Station who is required by the Company to work more than twelve (12) consecutive hours to facilitate shift preference change, all hours over twelve (12) consecutive hours shall be compensated at applicable overtime rates. This provision shall not apply when an employee elects to change shifts resulting in the employee working sixteen (16) consecutive hours.

6) For employees in Maintenance at the Green River Power Station who are required to work preventative maintenance during non-outage situations will be paid one and one-half (1 ½) times their hourly wage rate for all hours worked outside their normal shift.

B. An employee shall be paid at the rate of two (2) times the employee's regular base rate of pay plus regular Shift Differential, if any, and any other regular hourly payments:

1) For work performed in excess of sixteen (16) continuous hours. For pay purposes the continuity of the employee's work shall not be considered to be broken by a rest period of less than eight (8) hours therefore, the employee will be paid at two times the employee's regular base pay until a rest period of eight (8) hours is achieved.

2) For work performed by an employee who is required to work on his last consecutive off day, provided he worked at least four (4) hours on his previous off day.

3) Employees called back within four (4) hours of being released from their regular shift, shall have their additional hours actually worked added to the hours worked before being released for the purposes of calculating overtime pay and total hours worked.

6.3 Non-Duplication

No overtime or premium pay will be pyramided or duplicated. In the event that overtime or premium pay is applicable to the same hours worked under any two or more provisions of this Agreement, only the single highest premium payment required under any provision shall be paid, and hours that are paid for at overtime or premium rates under one provision of this Agreement shall not be considered as hours worked for the purpose of computing overtime work under another provision (unless specifically provided in any case). Articles 5.8 and 5.9 will not be pyramided for the purposes of calculating overtime.

6.4 Cooperation

Recognizing that the nature of the Company's operations requires overtime from time to time, it is agreed that performing overtime work, daily or weekly when needed, constitutes a part of the duties and responsibilities of an employee's job.

6.5 Overtime Distribution

For employees at Green River Power Station other than those in Operations Groups (covered by §6.6 of this contract) and at locations other than Green River, the following will apply:

1. Subject to the requirement that an employee assigned overtime must be qualified to perform the work, when the Company assigns overtime to bargaining unit employees, it will be distributed equitably, averaged over a reasonable period of time, among employees permanently assigned to the classification at the location at which the overtime is assigned, provided such employees are available. (In the event qualified employees are not available or are permitted to decline such overtime, it may be assigned to such person and in such manner as the Company shall determine.) At the end of each two (2) week period, an overtime list for each overtime group will be posted at that group's location.

2. An employee will be charged with any overtime he is permitted to decline and with any overtime that he would have been offered or assigned during periods when the Company honors his request that he not be

offered or assigned overtime unless necessary.

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3. Except for absent members of crews who are called to work overtime an employee will not be charged with overtime when he cannot be contacted. An employee who is absent for more than five (5) weeks will return with an amount of overtime equal to the average amount of other employees in his classification at the location.

4. An employee will be charged with overtime as set forth above among employees permanently assigned to his regular classification whether then working in or out of his regular classification.

5. It shall be the responsibility of an employee to bring any substantially adverse distribution of overtime to him (under normal circumstances, more than twenty-four (24) hours less than the amount charged to any employee in his classification at the location) to the attention of his supervisor, and after it is brought to his supervisor's attention, the Company shall correct any such inequality by the future assignment of overtime not later than the next reasonable opportunity for which the employee is available should he have accrued the least amount of overtime credit and otherwise to the available qualified employee who then has accrued the least amount.

6. Notwithstanding the provisions of Paragraphs 1 and 5 above, with respect to maintenance work at Green River only when the Company assigns overtime mandatorily, the Company will assign the work to the

qualified available employee (including any relief operators then working maintenance) with the least amount of overtime actually worked. For the purposes of assignment of maintenance overtime, in determining the amount of overtime worked by a relief operator, overtime worked both in maintenance and as an operator shall be considered.

7. Whenever an employee performs work in excess of 2 hours beyond his normal quitting time of his normal scheduled shift, the Company will furnish or pay for the employee's meal, or meals, required during such hours of work.

8. When an employee successfully bids into a classification he or she will be charged the same overtime hours as that of the employee in the new classification with the most overtime hours. Overtime hours will not change when employees are reclassified to a higher rated position, as referenced in Section 15.2(G).

9. Overtime paid for safety meetings, meals, and other events sponsored by the Company will not be counted as part of the total overtime, i.e., hours paid but not actually worked.

10. The overtime lists for all overtime groups will start with each employee at zero at the start of the pay period nearest the first of January.

6.6 Green River Power Station Operating Groups Overtime Work

I. General Information

1. Each time an operator is offered an overtime shift, it will be the responsibility of the Shift Supervisor on duty to see that all designated information is entered in the Overtime Log Book.

2. At the end of each one (1) week period, an overtime list will be posted on the Operator's Bulletin Board, grouped according to classification. In each classification, operators will be listed according to total overtime hours, with operator at the top having the least amount of total overtime hours. Total overtime hours will include hours worked plus hours rejected (with exceptions as noted later). Where a tie exists, the listing will be according to seniority. Operators may volunteer to be excluded from being offered overtime assignments. However, they remain obligated to work forced overtime assignments.

3. Any operator on vacation, holiday, union business, off sick or on STD will not be offered overtime and his or her total overtime will remain unchanged. However, an employee who is absent for more than five (5) weeks will return with an amount of overtime equal to the average amount of other employees in his or her classification.

4. In no case should an operator work more than sixteen (16) consecutive hours, unless an emergency exists.

5. The Shift Supervisor on duty has the responsibility of seeing that the layover operator is furnished necessary meal or meals. The layover operator has the

option of furnishing his or her own meals and receiving one hour extra pay if the layover shift is 8-4, or one-half hour extra pay for the 4-12 or 12-8 shift. Overtime operators will furnish their own meals unless the overtime results in double shift, in which case the same rules apply as for a layover. If a layover operator chooses a meal instead of an extra one-half hour overtime pay then the Shift Supervisor should call a local restaurant for a pick-up meal. If operating conditions permit, the Shift Supervisor will allow the layover operator to pick up his or her meal when ready. If, in the opinion of the Shift Supervisor, the layover operator should not leave, then the Shift Supervisor will designate someone else to pickup the meal for him or her. A Company truck will normally be available. If the layover operator is on a special diet that cannot be obtained at a local restaurant, then the Shift Supervisor should, if at all possible, allow him or her to pick up a meal at home (in this case, he or she will not be allowed extra pay for his or her meal).

6. When an operator is promoted, he or she will be charged the same overtime hours as that of the operator in the new classification with the most total overtime hours.

7. Any operator working with Maintenance personnel may be requested from time to time to work overtime. This will be charged to the operator as overtime worked or rejected.

8. The overtime list will start with each operator at zero at the start of the pay period near the first of January as referenced in Article XXV, Section A.

9. Overtime paid for safety meetings, meals, and other events sponsored by the Company will not be counted as part of the total overtime, i.e., hours paid but not actually worked.

10. Should an operator be offered an overtime shift which would give him or her a sixteen (16) hour shift and he or she had worked a sixteen (16) hour shift the day before, the operator may reject the sixteen (16) hour shift without it adding to his or her total overtime hours.

II. Overtime Assignments

The following steps will be taken when an operator is needed on an overtime basis.

A. Scheduled Procedure, Full or Partial Shifts

When the Company has at least twelve (12) hours notice prior to the time the overtime is to begin the overtime will be treated as scheduled.

Operators will be offered the overtime beginning with the senior operator in the job classification required who has the least amount of total overtime. From this point until twelve (12) hours before the overtime shift starts, one (1) call will be made before calling the next operator.

In the event that an operator is to be offered an additional overtime shift(s) in the same classification and on the same shift as one that the shift supervisor was unable to reach him or her for, then one call to that operator will be made for each additional shift(s) before calling the next operator.

If no operator is obtained in the job classification required then the Company will go to the next higher Bargaining Unit classification(s) and proceed as per this section.

If no operator is obtained using this procedure and at least one call has been made to each available Bargaining Unit operator, the operator on duty in the job classification required, with the least amount of overtime actually worked will layover and he or she will not be charged with the previous rejection.

It is recognized that there may be times when the operator on duty with the least amount of worked overtime is physically unable to perform his or her duties for the additional overtime. In this case the next operator on duty in the job classification required with the second least amount of worked overtime will layover. If all operators in the job classification required are physically unable to perform, the Company will go to the next higher classification(s) and proceed as per this section beginning with the operator on duty in that classification with the least amount of worked overtime.

When the Company finds it necessary to call-in an operator for less than four (4) hours it will be considered as a call-in, partial shift. The operators in the job classification required working the next shift will be called beginning with the senior operator who has the least amount of total overtime. If no operator is obtained using this procedure, the overtime selection will follow the Call-in Procedure.

B. Layover Procedure

When the Company has less than twelve (12) hours notice prior to the time the overtime is to begin the overtime will be treated as a layover.

The operators on duty in the job classification required will be offered the overtime beginning with the senior operator who has the least amount of total overtime.

If no operator is obtained using this procedure the overtime selection will follow the Call-In Procedure.

C. Call-In Procedure

When the Company has less than twelve (12) hours notice prior to the time the overtime is to begin and the Layover Procedure (for that particular job classification) is exhausted the overtime will be treated as a call-in.

The operators in the job classification required will be offered the overtime beginning with the operator who is on top of the list established in 6.6.2. One (1) call will be made before calling the next operator.

If no operator is obtained by the Call-In Procedure (for that particular job classification), the Company will go to the next higher Bargaining Unit Classification(s) and proceed as per the Layover Procedure. Operators who volunteer to be excluded from being offered overtime assignments will not be called, but will be charged with a reject.

If no operator is obtained using this procedure and

at least one call has been made to each available Bargaining Unit Operator, the operator on duty in the job classification required, with the least amount of overtime actually worked per the list established in 6.6.2, will layover and he or she will not be charged with the previous rejection.

It is recognized that there may be times when the operator on duty with the least amount of worked overtime is physically unable to perform his or her duties for the additional overtime. In this case the next operator on duty in the job classification required with the second least amount of worked overtime will layover. If all operators in the job classification required are physically unable to perform, the Company will go to the next higher classification(s) and proceed as per this section beginning with the operator on duty in that classification with the least amount of worked overtime.

ARTICLE VII

HOLIDAYS

7.1 Holidays

A. The following will be considered holidays for the purposes of this Agreement:

New Years Day

Good Friday

Memorial Day

Fourth of July

Labor Day

Thanksgiving Day

Friday after Thanksgiving
Christmas Eve
Christmas Day

Eligible employees who do not work on the above holidays will receive eight (8) hours pay at their normal straight time hourly rate (including regular Shift Differential, if any, and any other regular hourly payments).

2 Floating Holidays are available during the calendar year for current employees. During the first year of employment floating holidays will be pro-rated according to the following schedule:

- Hired before July 1, employees will receive 16 hours Floating Holiday
- Hired between July 1 and October 31, employees will receive 8 hours Floating Holiday
- For those hired on or after November 1, employees will not be eligible for their floating holidays until January 1 of the following year.

B. Floating holidays will be taken in each calendar year on a day mutually agreed upon between the employee and the Company.

C. For employees scheduled Monday through Friday, if one of the above designated holidays falls on a Saturday, it shall be recognized on the preceding Friday (except that when Christmas Day falls on a Saturday, Christmas Eve and Christmas Day shall be recognized on the preceding Thursday and Friday), and if one of the above designated holidays falls on a Sunday, it shall

be recognized on the following Monday (except that when Christmas Eve falls on a Sunday, it shall be recognized on the preceding Friday).

For employees scheduled other than Monday through Friday, (including employees who alternately work Monday through Friday and Tuesday through Saturday schedules), when a holiday falls on an off day, it shall be recognized on the next regularly scheduled day of work except in the case of two consecutive holidays such as Thanksgiving Day and Friday after Thanksgiving and Christmas Eve and Christmas Day, in which the following procedure shall apply:

If both holidays fall on an employee's off days, the first holiday shall be recognized on his last regularly scheduled day of work preceding the holidays, and the second holiday shall be recognized on the first regularly scheduled day of work immediately following the holidays. If the employee is scheduled off on only one of the holidays, then (a) if he is scheduled to work the first holiday, the second holiday shall be recognized on his first regularly scheduled day of work following the holidays, and (b) if the employee is scheduled to work the second holiday, then the first holiday shall be recognized on his last regularly scheduled day of work immediately preceding the holidays.

In all cases, if an employee is regularly scheduled to work on one of the above designated holidays, the holiday shall be recognized on that day.

7.2 Holiday Work

A. An employee who is required by the Company to work on a holiday will be paid at the rate of one and one-half (1-1/2) times the employee's normal straight time hourly rate (including regular Shift Differential, if any, and any other regular hourly payments), for the first eight (8) hours worked, in addition to holiday pay, if the employee is entitled to holiday pay as such, or in lieu thereof, such employee may work at his normal straight time hourly rate (including regular Shift Differential, if any, and any other regular hourly payments) on the holiday and be absent with holiday pay on another mutually agreed upon day. No additional holiday may be accumulated until such holiday is utilized except with prior consent of the Company. An employee will be paid at two (2) times his hourly wage rate for all hours worked over eight (8) on a holiday.

B. Notwithstanding the foregoing Paragraph A, employees who are regularly scheduled to work in six (6) or seven (7) consecutive day periods and who are required to work on a holiday may accumulate and "bank" up to three (3) holidays to be used in conjunction with regularly scheduled vacations or at other times mutually agreed upon in advance, which "banked" holidays,

(1) may be carried forward into the next succeeding calendar year and (2) will not affect such an employee's option as set forth in Paragraph A with respect to a subsequent holiday while he has such three (3) holidays "banked". If, however, while such an employee has three (3) holidays "banked", he elects to be absent

without pay on another holiday in lieu of receiving pay^{Meiman} for working on such day, then such fourth accumulated holiday must be utilized prior to the next holiday.

7.3 Eligibility

A. To be eligible to receive holiday pay an employee must have worked in the workweek in which the celebrated holiday falls, or be on paid sick leave for such week unless (a) his absence resulted from inability to work by reason of illness or injury, for which he is not compensated, verified by a doctor's certificate if requested by the Company, or (b) he was on paid vacation during such week, or (c) he was on leave for union business during such week, in any of which cases, he must have worked either in the week immediately preceding or the four (4) weeks immediately following the workweek in which the celebrated holiday falls.

B. If an employee is scheduled to work on any holiday recognized herein and fails to report or perform his scheduled work, he shall become ineligible for pay for the unworked holiday unless he has failed to report or perform such work because of sickness or because of death in the immediate family or for comparable good cause.

7.4 Holiday During Vacation

When such a holiday for which an employee is eligible for holiday pay occurs during an employee's vacation, the employee will be granted an extra day vacation time.

7.5 Holiday During Sick Leave

When a holiday for which an employee is eligible for holiday pay occurs on a day for which an employee would otherwise receive sick pay under the Company's program, he will receive the holiday pay and no charge will be made against his paid sick leave days.

ARTICLE VIII **VACATIONS**

8.1 Amount of Vacation

Effective January 1, 2000, eligible employees will earn vacation from date of hire based on years of service in accordance with the following schedule:

Vacation Earned	Completed Years of Service Attained During Calendar Year
5 days	Maximum in year of hire
10 days	Years 1-4
15 days	Years 5-14
20 days	Years 15-24
25 days	Years 25 and above

Such employees on a forty (40) hour workweek shall be paid the equivalent of forty (40) hours at their straight time hourly base rate of pay plus regular Shift Differential, if any, and any other regular hourly payments, for each week of vacation. Such employees who normally work more than twenty (20) but less than forty (40) hours per week (a part-time employee, should

such be included in the bargaining unit during the life of this Agreement) shall be eligible for one-half the normal vacation entitlement (earned/accrued). Meiman

8.2 Eligibility

A. To qualify for vacation in the following year, an employee must be active on the payroll as of December 31. An exception to this requirement applies to those employees who are on approved Family and Medical Leave. A full-time employee to be eligible for a vacation must have worked not less than twelve hundred forty-eight (1248) hours during the twelve (12) months next proceeding the date he first becomes eligible to take such vacation. A part-time employee to be eligible for a vacation must have worked at least seventy-five percent (75%) of the number of hours an employee on his weekly schedule would work in a year. For purposes of this Section 8.2, in calculating the number of hours worked, there shall be included his normal work-day for days for which he is absent but for which he is paid vacation pay, holiday pay, paid sick leave, short term disability, funeral leave, jury duty, military leave or workers' compensation supplement.

B. An employee reinstated from inactive status shall become eligible for vacation based on his or her anniversary date:

- An employee returning to work from January 1 through June 30 is eligible for earned vacation during the calendar year. Such employee must work three (3) continuous months before being eligible for vacation pay.

- An employee returning to work on or after July 1 is ineligible for vacation during the calendar year.

C. Employees hired directly by the Company to fill temporary positions (not hired as temporaries through contractors) who later become regular employees of the Company are eligible for vacation accrual retroactive to the beginning of their temporary employment with the Company.

D. An employee hired between January 1 and June 30 is eligible for 5 days of vacation during that calendar year. Such employee must work three (3) continuous months before being eligible for vacation pay. An employee hired on or after July 1 is ineligible for vacation during the initial calendar year of employment. After the initial calendar year of employment, an employee can take vacation effective January 1 or upon three (3) continuous months of active service, whichever is later, based upon the above schedule.

E. Employees who are rehired accrue vacation at the same rate as when they left employment if they were employed for one year of continuous service prior to separation and if the separation was for one year or less.

8.3 Scheduling of Vacations

A. An employee's vacation will, to the extent reasonably practicable, be granted at the time most desired by the employee in order of Seniority among those employees with whom his vacation must be coordinated,

but the final right to schedule vacation is reserved to the Meiman Company in order to assure efficient operations.

B. Vacations will be taken at least one workweek at a time except (1) with the consent of the Company, or (2) an excused absence for legitimate reasons may, at the request of the employee, be charged against any vacation to which he is then entitled.

C. Relief operators at the Green River Generating Station not on a fixed schedule who schedule five (5) consecutive days off on Monday through Friday shall be guaranteed the Saturday and Sunday before and after such days off as off days, for a total of nine (9) days.

D. Employees at the Green River Power station will be able to choose vacation in four rounds of selection. Each employee on the same shift will be allowed to choose one continuous block of vacation up to their entire vacation entitlement by seniority. After all employees on the same shift have scheduled one continuous block of vacation, then employees on the same shift will be allowed to schedule another continuous block of vacation. After the second round of scheduling, then employees will be allowed to schedule another block in the same manner. After the third round of scheduling, employees will be allowed to schedule any remaining entitlements (vacation, floating holidays, personal days or banked holidays) by seniority, this round does not have to be continuous blocks. Any remaining entitlements not scheduled at the end of these four rounds of scheduling will be scheduled on a first come request basis.

8.4 Accumulating Vacations

Vacation time may not be accumulated from one year to the next, and vacations earned as of any January 1 must be liquidated by time off by December 31 of that same year, except that with prior notification to the responsible manager, an employee may defer up to five days of vacation to the following calendar year.

8.5 Vacation Pay at Separation

An employee who quits, dies, retires or is discharged on or after any January 1 and without having received the vacation for which he became eligible upon such date, will be entitled to his vacation pay upon termination of employment. Any such payment due an employee who has died shall be made to the person designated as beneficiary on his group life coverage, if living, otherwise to the employee's estate. No employee leaving the employment of the Company during any calendar year shall be entitled to any vacation pay in the following year.

8.6 Pay in Lieu of Vacation

An employee with at least four weeks of vacation eligibility (including carry-over) may "sell back" one week of vacation after they have taken two weeks of vacation and carried over one week. Payout for such a week of worked vacation will occur in February of the following year.

8.7 Vacation During Illness, Disability, or Personal Leave of Absence

A. If an employee goes on paid sick leave or becomes unable to work because of compensable occupational injury prior to the time his vacation is scheduled to commence, his vacation will be rescheduled later in the year, except that an employee on paid sick leave or Short Term Disability may, at his option, cease receiving sick pay or Short Term Disability pay and take his vacation as previously scheduled. The vacation of an employee who becomes ill or is injured after working his last shift prior to vacation will not be rescheduled, and he will not be eligible for any sick pay until such scheduled vacation has expired. However, at the sole discretion of the Company, vacation may be restored to an employee and rescheduled at a later date.

B. An employee on paid sick leave or Short Term Disability may, upon advance written request, elect at the end of the calendar year to cease receiving sick pay or Short Term Disability pay for any unused vacation period in order to avoid loss of vacation pay. An employee disabled as the result of a compensable occupational injury or who is receiving long term disability insurance payments at the end of a vacation year and is unable to work during any unused vacation period as provided in Section 8.6, will not receive pay for the vacation not taken, except as provided in Section 8.7C.

C. In the year in which an employee incurs an occupational injury or illness, after the application of Section 8.4, the employee shall receive payment for any remaining unused vacation in an amount sufficient to make up the difference between what the employee re-

ceived from workers' compensation insurance or Short-Term Disability pay and the employee's regular straight time wages assuming a 40-hour work week.

D. An employee will earn vacation during approved personal leaves of absence on a prorated basis as follows:

- an employee on a PLOA of one full month to three full months will earn 75 percent vacation benefit for the following year, based upon the above schedule; and
- an employee on a PLOA of four to six months will earn 50 percent vacation benefit for the following year, based upon the above schedule.

8.8 Vacation at Retirement

Any employee who retires may elect to work during all weeks of any vacation to which he may be entitled in the year of retirement, and for each such week of vacation worked, shall receive with his final payroll check additional compensation in an amount computed on the same basis as is then employed in computing the compensation paid to other employees who work during one week of their vacation under Section 8.6 above.

ARTICLE IX

SENIORITY

9.1 Seniority Recognition

In cases of filling permanent vacancies, decrease of force and recalls from layoff, consideration shall be

given to length of continuous service, all as specifically set forth in various sections of this Agreement dealing with such events.

9.2 Definitions

A. Bargaining Unit Seniority

For all purposes of this Agreement, an employee's bargaining unit seniority ("Seniority") shall date from his first day of work following his employment with the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) of the Company or his last reemployment if his continuous service has been broken. An employee of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) in the bargaining unit on the effective date of the first contract shall have Seniority equal to his continuous service with the Company in any of its regions in any position. Any employee of the Company who accepts transfer into the bargaining unit covered by this Agreement following the effective date of the first contract shall retain his previous Company service for computing vacation, pension and insurance benefits but shall be considered as a new employee for all other purposes of this Agreement.

B. Qualified

Wherever used in this Agreement "qualified" shall mean that the employee has the ability to perform the required duties of the job on a regular basis under the degree of supervision normally given to employees in the job and to perform those duties safely and efficiently.

9.3 Seniority List

A seniority list showing the Seniority of each employee was posted under the Collective Bargaining Agreement effective October 9, 1977. The Company will revise such list from time to time as necessary for it to be kept current. It shall be the responsibility of the employees to bring any error to the attention of the Company, with a copy to the Unit Secretary.

9.4 Probationary Employees

A newly hired employee (or an employee rehired after loss of Seniority) will be considered a probationary employee and will not accrue any Seniority until 90 calendar days from date of hire. During the employee's probationary period the Company may terminate the employee with or without cause and such termination shall not be subject to review in the grievance or arbitration procedure. During the probationary period, the Company may from time to time transfer a probationary employee or assign various duties for the purpose of determining his suitability for permanent employment. Upon satisfactory completion of his probationary period, an employee will be credited with Seniority in accordance with Section 9.2(A).

9.5 Termination of Seniority

An employee shall lose all Seniority with the Company and all rights under this Agreement (except for previously accrued pension and insurance benefits, if any, to the extent specifically provided elsewhere) upon the occurrence of any of the following:

(A) Resignation or quit by the employee for any reason

(B) Discharge for just cause

(C) Layoff for twelve (12) consecutive months, or the length of the employee's Seniority, if more at the start of his layoff, to a maximum of two (2) years

(D) Absence for two (2) consecutive working days without having notified the Company unless impossible to do so, and furnished a satisfactory explanation within such period

(E) Fails to notify the Company of his intention to return to work from layoff within ten (10) days (Saturdays, Sundays and Holidays excepted) after mailing of notification by registered or certified mail (return receipt requested) to the last address shown on the Company records (and copies of said notice having also been given to the Union) or fails, without reasonable excuse, to report for work at the time designated in the notice

(F) Failure to return to work from absence due to sickness or injury within twelve (12) months after the last day of active employment, or the length of the employee's Seniority, if more at the time his absence commences, to a maximum of two (2) years.

(G) Acceptance of wages or other compensation for services rendered for others, or accrual of income from self-employment, (other than earnings the employee would have received even if he had not lost time from work, such as from his farm, etc.) during leave of ab-

sence unless such payment was from the Union or was authorized in writing by the Company in advance.

(H) Failure to return at or prior to the expiration of a leave of absence, if possible, or failure to notify the Company of his inability to return if such notification is possible.

(I) Transfer out of the bargaining unit as provided in Article XIX

(J) Transfer out of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River)

(K) Absence for a period in excess of that provided in Section 16.6 relating to pregnancy

(L) Retirement

(M) Death provided, however, nothing in this Section 9.5 shall operate to deprive any employee, or his heirs, whose Seniority is terminated by reason of his retirement or death, of benefits, if any, accrued prior to such retirement or death

9.6 Compensable Disability

Notwithstanding the provisions of Section 9.5(F), the Seniority of any employee covered by this Agreement shall not be broken so long as he receives regular periodic payments under Workers' Compensation for disability incurred during the course of his employment with the Company which prevents his return to work. If the job he held at the time the absence commenced has been permanently filled during his absence or is otherwise no longer available, for the purpose of reclaiming

his job or in selecting another job in the manner as if he had been laid off from his old job at the time of his return as provided in Section 10.1, such an employee with five (5) years of Seniority or more at the time his absence commences shall continue to accrue Seniority during the entire period of such absence, but an employee with less than five (5) years Seniority at the time his absence commences shall not be considered to have continued to accrue Seniority during the period of his absence in excess of three (3) years.

9.7 Identical Hiring Dates

When two (2) or more employees in the bargaining unit have identical hiring dates or dates of transfer into the bargaining unit, Seniority shall be awarded in the alphabetical order of the spelling of their names, surnames listed first.

9.8 Temporary Employees

Temporary employees shall have the same status as Probationary Employees for the full duration of their temporary employment and shall accrue no Seniority of any kind. "Temporary Employees" shall be:

A. Those who are hired on jobs at or below the General Laborer classification for an agreed and limited period of time (not more than ninety (90) days) in order to fill temporary needs for additional personnel resulting from absence of regular employees by reason of vacations, sickness or other cause; or

B. Part-time help such as grass-cutters at various locations in the Earlington Operations, Areas 1 (Park-

way) and 2 (Green River) who do not regularly work more than twenty-four (24) hours per week; or

C. Employees of other companies (customers of Kentucky Utilities Company) whose only function shall be to operate switches at Sub-Stations and other remote locations. However, it is specifically understood and agreed that the operation of Company owned switches will be the work of employees in the bargaining unit covered by this Agreement should it be necessary to call someone out at night to perform such function.

Should the status of a Temporary Employee be changed to that of a permanent employee in the bargaining unit, his Seniority shall date from the date of such change of status, except that the date from which the employee has continuously worked a regular schedule of at least twenty (20) hours each week will be considered as the date of employment for the purposes of determining vacation. However, no sick leave days will be accrued to any employee's account for the time worked as a temporary employee.

ARTICLE X

REDUCTION AND RESTORATION OF FORCES

10.1 Permanent Layoff

The following procedure shall be followed in a reduction of forces:

(A) If the number of employees in a particular classification at a location is to be reduced, but some retained, employees will be reduced, in inverse order of

Seniority, provided that the remaining employees are qualified for the work to be performed.

(B) A surplus employee may upon reduction displace an employee holding a job:

- (1) for which he is qualified, and
- (2) which is at the same or lower rate than the job as to which he is surplus (except that an employee may return to a higher classification formerly held), and
- (3) which is either (a) held by an employee with less Seniority at the surplus employee's location or at any location close enough to his residence so he can meet his normal work schedule and such emergency call-out requirements as are inherent in the job (it being specifically agreed that, except with the consent of the Company, members of service organizations must live in the service area served), or (b) held by an employee with the least Seniority in a classification at any other location in the bargaining unit with the understanding that to do so would require a change of residence, or accept layoff in lieu thereof.

(C) Should the surplus employee not have previously qualified on the job he chooses under the above procedure, no training time will be allowed. However, such employee shall be oriented in the job requirements and will be given up to maximum of five (5) work-

ing days to display his qualifications, or lack thereof, should there be good cause to believe he can perform the work on the job satisfactorily due to knowledge and skills developed on other jobs with the Company.

10.2 Rates on Demotion

When an employee is demoted in a reduction of forces, he will be paid at the lower of (a) the top of the rate range of the job to which he has been demoted or (b) the rate that he was being paid on the job from which he was demoted.

10.3 Notice of Recall

Recall of an employee after a layoff shall be in writing and mailed to the employee's last known address by certified or registered mail as it appears on the Company's records. If an employee on layoff changes his address, he must notify the Company in writing by certified or registered mail with a copy of said notice being mailed to the local Union.

10.4 Restoration of Forces

(A) In the restoration of forces, employees shall be recalled in order of Seniority to the jobs they held before the reduction of forces (if available) or to other jobs they have previously held or for which they are otherwise qualified, provided that the employees recalled must be qualified for the work to be performed.

(B) Should the Company decide to recall an unqualified employee to attempt to train for a vacancy, it will give preference to the senior employee on layoff

whose prior experience, work record, skill and ability and demonstrated physical and mental capacities indicate that he is capable of becoming qualified within a reasonable period.

10.5 Notification of Layoff

When a reduction in working force becomes necessary and employees are to be reduced in classification or laid off, the concerned employees and the Union shall be given not less than forty-eight (48) hours' notice unless an emergency condition beyond the control of the Company makes such notice impossible.

10.6 Retention of Officers and Committee

The Unit President, Unit Secretary and Unit Grievors (should the Unit Griever remain in the geographic area he represents), will not be released from active employment in a reduction of force as long as work for which they are qualified to perform is available in the bargaining unit.

ARTICLE XI

EMPLOYMENT FOR HANDICAPPED

EMPLOYEE

A. Notwithstanding the Seniority provisions of this Agreement, the Company and the Union may mutually agree to fill a vacancy of any length by assignment of an employee during the time he is handicapped, recuperating from any accident or illness or otherwise is unable to perform the duties of his regular job but is qualified to perform the needed work.

B. An employee, who is injured or acquires a work-related illness in the course of his employment and made subject to the provisions of the Kentucky Workers' Compensation laws and as a result thereof loses his ability to return to his regular job, may use his Seniority to displace a junior employee on any equal or lower rated job (provided he is released by the Company doctor to perform the duties of this job) in the same manner and with the same effect as if he had been released for lack of work under the provisions of Section 10.1 of this Agreement.

ARTICLE XII

GRIEVANCE PROCEDURE

It is agreed that any employee may discuss any problem or complaint with his supervisor on an informal basis, with or without the presence of his Grievance Committeeman or Steward and without resort to the grievance procedure.

12.1 Grievance Procedure

Any difference arising as to the application or interpretation of the provisions of this Agreement shall constitute a grievance and shall be settled in the following manner:

Step 1

A. An employee who has a grievance shall present the grievance orally to his immediate supervisor, with or without the presence of his Grievance Committeeman or Steward, within five (5) days after the com-

plaining employee knew, or by reasonable diligence Meiman should have known, of such incident.

B. In the settlement of a grievance, the Company shall not enter into any agreement with any individual employee covered by this Agreement in conflict with the terms of this Agreement which will have any effect on the rights of other employees, and any settlement under any such private agreement will not constitute a precedent should a similar situation arise in the future.

C. If the grievance is not resolved to the satisfaction of the employee and it is desired that the grievance be considered further, the employee or his Grievance Committeeman or Steward may immediately file a written grievance with such supervisor. In any event, regardless of when the employee presents it orally to his immediate supervisor, or knows, or should have known, of the incident, such written grievance must be presented not more than fifteen (15) days next following the incident that caused the grievance (unless a different time is provided elsewhere in this Agreement for the particular type of grievance). The written grievance shall state the nature of the incident, the Section or Sections of this Agreement upon which the grievance is based and the redress or relief that is sought, and shall be signed by the employee and his Grievance Committeeman or Steward. The supervisor, or his designee, will discuss the grievance with the employee and his Grievance Committeeman or Steward and will give his answer within five (5) days after receipt of the written grievance. If the immediate supervisor and the Griev-

ance Committeeman or Steward, at such meeting, feel the need for aid in arriving at a solution, they may, by agreement, invite such additional Company or Union representatives or witnesses as may be necessary and available to participate in further discussion.

Step 2

If the Step 1 supervisor, or his designee, does not give his answer within the prescribed time or if the answer is unsatisfactory to the Union and it is desired to appeal the grievance for further consideration, an appeal may be filed within five (5) days after the answer (or within five (5) days of expiration of the five (5) day answer period if no answer is given) with the person who supervises the Step 1 supervisor, signed by the employee's Grievance Committeeman. Such supervisor, or his designee, will discuss the grievance with the employee and the Grievance Committeeman and will give his answer in writing within five (5) days after the meeting.

Step 3

If the answer of the Step 2 supervisor, or his designee, is unsatisfactory to the Union and it is desired to appeal the grievance for further consideration, an appeal may be filed within five (5) days after receipt of the answer with the manager of the Step 2 supervisor, signed by the employee's Grievance Committeeman. The manager or their designee(s), will discuss the grievance in a meeting with the employee, the Grievance Committeeman and the International Union Rep-

representative, and will give an answer in writing within five (5) days after the meeting.

12.2 Grievance Meetings

Grievances to be handled through the grievance procedure should be taken up at such time of day as will least interfere with the regular working hours of the employees involved. If the Company finds it more convenient and practical to conduct such proceedings during regular working hours, and the Union representative is agreeable to meeting at such time, then Union grievance representatives who are called from their regular duty will be paid their regular wages as though they were on regular duty.

12.3 Grievance Committee

The Union's Grievance Committee shall consist of regular employees of the Company covered by this Agreement selected by the Local Union to represent major geographic groupings of employees. The initial major geographic groupings are considered to be at:

Barlow/Eddyville

Morganfield/Sebree

Earlington/Dawson Springs

Greenville

Green River

but said groupings may change with the addition or deletion of department and/or shift assignment of employees covered by this Agreement, but not to exceed five (5) in total. One (1) Grievance Committeeman

shall be elected by the Local Union membership to represent each of said major geographic groupings.

In large areas and/or on shifts at the Green River Power Station where no Grievance Committeeman is employed, a Steward will be appointed as determined by the Local Union so that there will be at least one (1) Grievance Committeeman or Steward on each active shift. The Steward will act as an assistant to the Grievance Committeeman and be limited to the handling of grievances through Step 1 only.

During his term of office, should a Grievance Committeeman or Steward cease to be employed within the major group he represents, the office of Grievance Committeeman or Steward representing that group shall become vacant and shall be filled by the Local Union with a permanent employee of said group.

The Local Union President and Unit President shall be considered as a member of the Local Union Grievance Committee in addition to the Grievance Committeemen provided for above.

The Union shall furnish to the Company a list of its Officers, Grievance Committeemen and Stewards, and keep such list current.

12.4 Time Limits

A grievance that is not filed, appealed or referred to arbitration within the prescribed time limits shall be considered settled and shall not be processed in any subsequent steps of the grievance or arbitration procedure. If the second or third step supervisor does

not timely answer, the Union can demand an answer by giving notice by registered or certified mail, return receipt requested, to the corporate labor relations manager. If no written answer is given in person or by posting in the mail within five (5) days after receipt of such demand, the particular grievance shall be deemed to be granted but without precedent.

12.5 Calculation of Time

The term “days” as used in this Article XII and the following Article XIII shall be understood and agreed to exclude all Saturdays, Sundays or Holidays occurring in each such calculation.

12.6 Group Grievances

In the event more than one employee desire to file identical grievances, either the Grievance Committeeman or Steward for the area in which the alleged grievance has arisen, or one of the aggrieved employees selected by the others, may file and process the grievance on their behalf as a class, provided the employees involved are adequately identified in the initial written grievance.

12.7 Union Grievances

A. The Union may file a grievance at Step 3 with regard to any obligation of the Company to the Union as such, as opposed to its obligations to the individual employee(s). Also in the event an employee dies the Union may process any claim he would have had relating to any money due under any provision of this Agreement. In processing such claim on behalf of a

deceased employee, the fifteen (15) day time limit for filing the initial grievance shall be waived.

B. In the event the Union believes that an interpretation contrary to the terms of this Agreement has occurred with respect to one or more employees, which interpretation, if established as a practice, might adversely affect other employees in the future, if the directly affected employees fail to file a grievance, then the Union may file a grievance in its own name at Step 2 for the purpose of obtaining a prospective determination with respect to employees generally.

12.8 Expedited Procedure

Notwithstanding the procedures set forth in this Article, the parties may by agreement omit any Step or Steps and proceed to a higher Step.

12.1.9 Extension of Time Limits

It is understood and agreed that any time limits specified in this Article XII and the following Article XIII may, and should be, extended for good reason shown. The period during negotiations for an extension or renewal of this Agreement shall specifically be deemed as requiring a liberal interpretation of this Section.

ARTICLE XIII

ARBITRATION PROCEDURE

13.1 Arbitration Procedure

If the Step 3 answer of the Plant General Manager, the Manager Substation Construction and Maintenance,

the Manager Electric System Planning Engineering and Metering, or the Manager Earlington Operations, or their designee(s), is unsatisfactory to the Union, the Union may refer such grievance to arbitration by delivering to the Manager, Corporate Labor Relations, within twenty (20) days after receipt of the answer, written notification that it desires to arbitrate the grievance. If the Company and the Union are unable to agree to an arbitrator, the Company and Union shall jointly request the Federal Mediation and Conciliation Service to provide a list of seven (7) qualified arbitrators who have training or experience in the subject of the dispute in question. The representatives of the parties shall either agree to an arbitrator on the list or select one by each party's alternately striking a name from the list until one name remains. More than one grievance may be submitted to the same Arbitrator if a multiple submission is agreeable to both parties.

13.2 Arbitration Hearing

The arbitration hearing shall be scheduled for a date as soon as mutually agreeable but within sixty (60) calendar days of the date that the Arbitrator is selected by the parties, provided the Arbitrator is available. The arbitration hearing shall be held at the Green River Power Station or the Company's District Office nearest to where the grievance arose or at a place mutually agreed upon by the Company and the Union or, if they are unable to agree, the Arbitrator shall select a neutral place in Madisonville, Kentucky for the hearing.

13.3 Duties of the Arbitrator

It shall be the duty of the Arbitrator to hear and render a decision on a dispute submitted to him in accordance with the terms of this Agreement. The Arbitrator shall regard the provisions of this Agreement as the sole and complete understanding governing the relationship of the parties, and it shall be his function to interpret and apply the specific provisions of this Agreement. The Arbitrator shall not supplement, enlarge, diminish or alter the scope or meaning of any provisions of this Agreement, nor entertain jurisdiction of any subject not covered hereby. The decision and award of the Arbitrator shall be final and binding on the Company, the Union and the employees.

13.4 Costs of Arbitration

The compensation and expenses of the Arbitrator shall be borne equally by the parties. The compensation and expenses, if any, of witnesses and other participants in the arbitration shall be borne by the party desiring or requesting their presence, except that an employee at the Green River Power Station or an employee in the district where the grievance arose who is a witness may appear during his normal working hours for the time necessary to give his testimony only without loss of pay.

13.5 Arbitrator's Decision

The Arbitrator shall be jointly requested to render a copy of his decision to each party in writing within thirty (30) calendar days from the date of close of the hearing, or the filing of briefs, if any.

ARTICLE XIV
DISCIPLINARY SUSPENSION AND DIS-
CHARGE

While it shall remain the policy of the Company to warn employees for minor infractions before taking disciplinary action or discharging them, it is understood that certain major offenses may be cause for immediate discipline, including discharge. Grievances involving discharge shall automatically be referred to Step 3.

In the event any employee is called before a Company representative for the purpose of being reprimanded or receiving disciplinary action, he will be, if he so chooses, allowed to have a Local Union representative present. In the event the Company intends to suspend or discharge an employee, or give a final written warning to an employee prior to discharge, the Company will inform the employee of his or her right to union representation. The parties agree that in general it is in the best interest of all concerned that disciplinary action be taken in private.

Should it be determined by the Company during the grievance procedure that any disciplinary action is too severe, or if a grievance concerning disciplinary action by the Company is referred to arbitration and the final decision of the Arbitrator results in a modification of the disciplinary action taken, the employee shall receive compensation for time lost from work in such amount as the Company and the Union mutually agree if the matter is resolved in the grievance procedure, or,

if the matter is decided by an Arbitrator, as the Arbitrator may deem necessary to give proper redress under the circumstances, including consideration of any earnings or other compensation received by the employee during the period of such lost time; but the Arbitrator shall not reduce any back pay award by reason of earnings the employee would have received (such as from his farm, etc.) even if he had not lost time from work.

If an employee is discharged after completion of his probationary period and the discharge is protested through the grievance procedure, the Company will continue normal insurance coverage for such employee until the grievance is finally resolved.

ARTICLE XV

TEMPORARY ASSIGNMENTS AND

PERMANENT JOB VACANCIES

15.1 Temporary Assignments

The Company may temporarily assign any employee to work in any other job classification; except that at Green River Power Station, other than in cases of emergency, consideration will be given to the senior available employee temporarily working out of his classification when there is a need to return an employee to such classification. If the employee has been temporarily assigned to a lower rated job, the applicable rate shall be the rate of his regular job, and if the employee has been temporarily assigned to a higher rated job, the applicable rate will be the higher of the rate of

his regular job or the minimum of the rate range for the job to which he is assigned. Such assignments shall be effective upon the execution of a payroll authorization by a supervisor, and payment for work in a higher classification will be for a period of not less than eight (8) hours. When a temporary assignment to another job classification or another shift of one (1) week or more is to be made, employees in the various classifications required will be permitted to indicate their choice of assignment in order of seniority, but the final right to make such assignments, and to change them from time to time, is exclusively reserved to the Company in order to assure safe and efficient operations. Such temporary assignments on a shift at the Green River Power Plant will not exceed two (2) hours if the crew is not fully staffed (at least five (5) employees).

15.2 Permanent Job Vacancies

A. Policy

It shall be the Company's policy to advance senior employees when permanent job vacancies occur, provided the employee is qualified.

It is the Company's intent to allow current bargaining unit members to bid on jobs before hiring from the outside, where possible. Depending on the current operational needs, the Company agrees to bid lower positions such as C or B, (if no C classification exists), lower positions (Unit Operator Assistant and/or Auxiliary Operator) in the Green River Power Plant operational group, and/or Trainee, where no qualified bidders exist

for top rated positions. Should the Company determine the need is for immediately filling an upper rated position, the Company will discuss this with the Union before hiring from the outside. The final decision will rest solely with the Company, based on operational needs.

B. Posting Procedure

(1) When the Company determines that there is, or will be a permanent vacancy in the bargaining unit, it will post, for five (5) days, Saturdays, Sundays and Holidays excluded, a notice describing the job and its special qualifications, if any, including residency requirements for members of service organizations, if applicable, on bulletin boards throughout the bargaining unit. Copies of all such postings shall also be sent to the Union's Unit Secretary. An employee desiring consideration in the event of such a permanent vacancy should make written application on forms provided by the Company during such five (5) day period. After having given consideration to each applicant's Seniority, prior experience, work record, skill and ability, the Company will post the name and seniority date of the successful bidder, if any, on the bulletin boards throughout the bargaining unit. Normally such announcement will be made within three (3) weeks after completion of the posting. During the time necessary to consider applications, the Company may fill the vacancy temporarily by assignment of any available employee. Employees who fail to make application will be considered to have waived their interest in the particular vacancy for that particular occasion only.

(2) If a posting is for a vacancy in a classification to which employees normally advance without bidding, such as provided in Paragraph G below, and if there is no qualified applicant and the Company does not hire a new employee from outside for the posted vacancy, then if the Company desires to fill the vacancy with an employee in a lower rated job than the one previously posted, it will post such lower rated job prior to hiring a new employee for such lower rated job.

C. Bid by Absentee

The Company and the Union will cooperate in contacting any employee who is absent from work due to illness, injury, vacation or for other legitimate reason as specified in this Agreement during the entire posting period who notified either the Company or the Union, if possible, prior to his absence of an interest in bidding, to assure he is notified of the posting. If such employee is absent for three (3) weeks or less and is not contacted during such period and afforded an opportunity to bid, then upon return to work, he may bid on a job posted during his absence. However, such bid must be made within five (5) working days after the employee's return to work. If the Company awards the bid to such previously absent employee and if it had previously made an award to another applicant, such other applicant will be returned to his previous job.

D. Bidding Limitation

An employee shall be limited to no more than one permanent job transfer per year under this bidding pro-

cedure to a job of equal or lower rate unless for reasons of health or for other good and sufficient reasons shown. Additionally, any employee hired (or an employee rehired after loss of Seniority), after August 1, 2002 shall be ineligible to bid for a period of one (1) year from their date of hire.

E. No Qualified Applicants

Should there be no qualified applicant for any vacancy, then the Company may exercise its discretion in the filling of the vacancy by voluntary transfer or by hiring or it may cancel the posting.

F. Hiring Experienced Employees

Should the Company hire any new employee who has had prior experience on a similar job requiring such skills for which hired to fill a vacancy for which the bidding procedure has not been completed, he shall be placed in the proper classification at a rate commensurate with such experience. Should any lower-rated employee with Seniority at the time of hiring such new experienced employee believe that he was qualified to perform the job for which the new employee was hired and desires assignment to such job, he may request and shall be granted a review of his qualifications and shall be upgraded to the same rate for which such new employee was hired should the facts demonstrate he was so qualified. Such up-grading and pay for same to become effective the date of hiring the new employee.

G. Reclassification

A reclassification of an employee to a higher rated

job, such as from Line Technician B to Line Technician A or from Maintenance Technician B to Maintenance Technician A, shall not be considered the filling of a permanent vacancy for purposes of this Article XV, and nothing in this Section 15.2 shall be construed to require the Company to post any such higher rated position.

H. Training

In filling permanent vacancies in higher rated jobs in operating groups at the Green River Power Station, it is agreed that if there is no qualified applicant and if a qualified person cannot be hired from outside, the Company will be guided by the factors set forth in Paragraph B(l) above in selecting an employee from a lower classification in the operating group to attempt to train for the vacancy with the senior applicant given preference if the other factors are relatively equal, provided that such employee has demonstrated the basic physical and mental capacities to become qualified within a reasonable period and provided that such employee has not been selected for another training position as described in this paragraph within the previous twelve (12) month period. Also, should the Company decide to attempt to train an unqualified employee to fill a vacancy other than in an operating group at the Green River Power Station, it will be guided by the factors set forth in Paragraph B (l) above in selecting an employee for such training with the senior applicant given preference if the other factors are relatively equal, provided that such employee has demonstrated the basic physical and

mental capacities to become qualified within a reasonable period. In either event the Company will post a vacancy in the classification it desires to fill, designating that it is for training. The applicant selected shall not be assigned to such classification until he satisfactorily completes his training and becomes qualified.

I. Return to Former Classification

In the event an unqualified employee is selected by the Company for training for a job and does not become qualified within a reasonable period, he shall be returned to his former classification or a classification of similar status. It is agreed that under normal circumstances an employee selected for training for a higher rated job in an operating group at the Green River Power Station under Paragraph H above should become qualified within 480 hours, within a 120 calendar day period.

J. Residence Requirements

It is recognized that as a public utility the Company is obligated to provide reliable service to its customers. Such may at times make it necessary for employees to work overtime, both scheduled and on an event basis. Employees are expected to work their fair share of overtime work when called upon to do so by the Company and failure to do so may be cause for appropriate disciplinary action.

(a) In addition, to assist in promptly responding to overtime callouts for emergencies, Line Technicians, Service Technicians, Substation Technicians, Meter

Technicians and Customer Order Technicians hired prior to August 1, 2014 shall reside within twenty-five (25) radial miles of their reporting location.

(b) Any employee hired on or after August 1, 2014 for the Line Technician, Service Technician, Substation Technician, Meter Technician and Customer Order Technician classifications shall reside within fifteen (15) radial miles of their reporting location.

ARTICLE XVI

ABSENCES AND LEAVES OF ABSENCE

16.1 Absences

A. It is understood that an employee has a responsibility to his job and to the Company to report for work on time as scheduled. An employee who reports for work after his starting time may be refused work for the day at the discretion of his supervisor if a replacement for him has been called, his crew has already left without him or there is otherwise no work readily available for him.

B. When an employee cannot for any reason, report for work as scheduled he must, in accordance with established procedures in effect at the time, notify the Company (personally or by other acceptable means) prior to scheduled start time, indicating to the extent possible the probable duration of his tardiness and absence, unless unavoidable circumstance would prevent employee from doing so. Failure to comply could result in an unexcused absence, even if the absence would otherwise have been legitimate.

16.2 Disability Leave

Upon reasonable advance request, if possible, leave of absence without pay will be granted to any employee for illness, injury or pregnancy which prevents the employee from working, verified by the employee's doctor if requested, and concurred in, if the Company deems advisable, by a doctor selected by the Company, and will from time to time be extended if the circumstances warrant unless the employee's Seniority terminates under Section 9.5(F) or (K). The Company may require reasonable periodic verification from the employee of continued inability to work. To the extent such absence is covered by paid sick leave, long-term disability insurance or similar insurance, the reports under such programs shall be sufficient verification.

16.3 Personal Leave

At the Company's discretion, leaves of absence without pay for an agreed upon period of time may be granted to any employee for personal reasons, and may from time to time be extended for additional periods if the circumstances warrant. Requests for such leaves of absence and extensions must be made in writing and approved by the Company.

16.4 Return To Work

A. The Company may require that an employee returning to work after being absent for a period in excess of five (5) consecutive workdays due to any temporary disability or personal leave furnish, prior to the resumption of his duties, a certificate of ability to return

to work and perform his regular duties from the employee's doctor, concurred in, if the Company deems advisable, by a doctor selected by the Company.

B. Examination by the doctor selected by the Company shall be confined to the illness or injury that caused the absence or to an illness or injury known or reasonably suspected to have occurred to the employee during such leave of absence. Such examination shall not be directed toward a condition that existed prior to the temporary disability or leave of absence unless the Company reasonably believes it would affect his ability to be qualified for his job.

C. Examination by the doctor selected by the Company shall be at the expense of the Company.

D. In the case of a disagreement between an employee's doctor and the Company doctor concerning the health of an employee, and the dispute becomes the subject of a grievance, a third disinterested doctor having special knowledge and experience in the matter shall be chosen by mutual agreement between the Company and the Union or if they are unable to agree, a third doctor chosen by an arbitrator shall examine the employee, and his decision shall be final and binding. The expense of the third physician shall be borne equally between the Company and the Local Union.

E. Nothing in this section shall be interpreted to affect the Company's right to require a physical examination at any time when it has reason to believe that an employee has a disability which could affect his ability to perform his job safely.

16.5 Early Termination

Any employee who desires to terminate his leave and return to work prior to the normal expiration date of any leave granted him may do so upon satisfying the requirements for return and giving the Company three (3) working days notice.

16.6 Pregnancy Leave

An employee on pregnancy leave may remain on leave for a period equal to the time allowed for non-work related illness or injury as provided in Section 16.2. Upon return to work, she may reclaim her job or select another in the same manner as if she had been absent for any other non-work related illness or injury. If the employee fails to apply for reinstatement, or refuses to take an available position as above provided, her employment shall be terminated.

16.7 Leave For Union Business

A leave of absence without pay will be given to employees who are elected and/or chosen delegates for the purpose of attending conventions, conferences and such usual and proper functions of the Union (normally not to exceed two (2) weeks plus travel time). Not more than two (2) employees shall be eligible for such leave at any one time, but if two (2) are to be absent at the same time, they will be selected from unrelated work groups so as to avoid a double burden on the remaining employees by reason of the absences. The Company, without creating any future obligation or precedent, may grant Union requests for leaves for additional em-

ployees. The Union will give sufficient notice to allow Meiman for orderly replacement on work assignments.

16.8 Periodic Payments

It should be the responsibility of the employee to make arrangements for the payment of any insurance premiums and the like which are his obligations during any leave of absence.

16.9 Fraud

Obtaining a leave of absence or extension thereof under false pretense or falsifying forms, applications, and other information pertaining to a leave may be cause for appropriate disciplinary action.

ARTICLE XVII **ALLOWED TIME**

17.1 Funeral Pay

Funeral leave is paid for a maximum of five days for Immediate Family Members who include: spouse, child, step-child, or parent or step-parent.

Funeral leave is paid for a maximum of three days for Other Family Members who include: brother; sister; grandparents; grandchildren; parents-in-law; sons-in-law; daughters-in-law; spouses of the employee's brothers or sisters; employee's spouse's brothers, sisters, parents and grandparents; step relations of the preceding, or any relative living with the employee.

Such days shall be consecutive work days and shall be computed in direct relation to the death and funeral,

but shall not extend beyond the day following the funeral, except in the case of the death of an Immediate Family Member in which case such days may extend to the second day following the funeral. Payment will not be made for any day during such three- or five-day period on which the employee would otherwise not work.

Employees will not be paid for unused funeral leave.

Should the employee need to be absent on a normal scheduled day or days, other than those for which payment is provided above, the employee may elect to take such day or days as vacation time, provided he is then entitled to sufficient vacation time which he has not utilized by time off or for which he has not been paid.

Payment shall be made on the next pay day after receiving notice in writing from the employee and (a) the name of the deceased person and relationship to the employee, and (b) the date and location of the funeral.

If a day for which an employee would otherwise be entitled to funeral pay falls on a day on which the employee had scheduled vacation, holiday or other time off, at the request of the employee, the previously scheduled time may be rescheduled and the employee will receive Funeral pay.

17.2 Military Training or Temporary Duty

Except as otherwise provided by law, if it should become necessary for an employee to leave the service of the Company to serve in the Armed Forces of the United States, or should an employee volunteer for ser-

vice in any of the Armed Forces of the United States, then any such employee shall retain and accrue his seniority during such service, provided he returns to the employ of the Company within ninety (90) calendar days after his demobilization or release from the service, and provided further that he is fit and competent and has received a release or discharge under honorable conditions. A reservist who is called to active duty as a result of mobilization shall receive a supplement, for ninety (90) days from being called, of the difference between military pay and the employee's base pay in effect prior to taking leave under this Article. If the employee's family elects to continue dental coverage under the provisions of COBRA, the Company will waive the premium for such coverage up to twelve (12) months. Additionally, an employee who participates in military summer camp or short-term duty up to three (3) weeks will receive a supplement of the difference between military pay and the employee's base pay. Except as otherwise provided by law, this Article shall not apply to any employee who re-enlists or otherwise extends his period of full-time military service beyond the period of time of his military obligation to the United States.

The employment status of an employee shall not be affected by his enlistment or participation in the civilian components of military services, regardless of whether such enlistment or participation is voluntary or mandatory.

17.3 Jury Duty

If a regular full-time employee (other than a probationary employee) is summoned for jury duty or is subpoenaed to appear as a witness in court and is required to so report or serve or appear on a regular workday during normal working hours which he would otherwise be scheduled to work, he shall be paid the difference between his normal straight time hourly rate (including regular shift differential, if any, and any other regular hourly payments) for those hours lost and the payment received for such service (but not including any payment officially designated as expenses). In the case of such an employee on an afternoon or night shift, the Company shall reschedule him to the day shift for days he is required to report to court. If any such employee is not required to appear until, or is released from such service at, a time that reasonably permits him to report to work or to return to work during his scheduled hours, he will so report or return and may be assigned to his normal duties or may be assigned to such other work as may be available. To be entitled to pay under this section, an employee must notify his supervisor as far in advance of the date he is required to report for such duty as possible and present a statement from the Clerk of the Court giving the time and date of such duty and the amount of compensation received for such service. In no event shall pay under this Section exceed eight (8) hours pay per day.

17.4 Sick Leave Plan

Any employee who cannot report to work as sched-

uled because of personal or family illness should attempt to contact his or her manager before the scheduled start time or as soon as possible thereafter. Medical certification may be requested. Any employee at Green River should contact his or her supervisor or manager at least one hour before the scheduled start time unless unavoidable circumstance would prevent employee from doing so.

The Company will provide up to 40 hours of sick leave per calendar year.

Unused sick leave may not be accumulated. Unused sick leave is not paid to the employee. An employee may use sick leave in one-hour increments.

A. Employee

1. Must report the cause of the employee's absence to his or her immediate supervisor (or to the individual designated by the supervisor to receive such reports) as soon as possible, but in any event not later than the beginning of the first work shift from which the employee will be absent;

2. Must adopt such remedial measures as may be commensurate with his or her disability;

3. Must, upon request, present evidence satisfactory to the Company, of the employee's inability to work, or that the injury or illness was non-occupational;

4. Must have accumulated unused sick leave credit at least equal to the hours being reported for sick leave pay; and

5. Must advise his or her supervisor (or the individual designated by the supervisor to receive such reports) of the date on which the employee expects to return to work as far in advance thereof as possible. Where the employee's work is being performed by relief or substitute personnel, at the supervisor's request such advice must be given at least one hour prior to the beginning of the shift on which the employee expects to return to work.

B. No sick leave will be allowed for any injury or illness arising out of, or in the course of, any occupation or employment for wage or profit.

Sick leave credit cannot be used for any other purpose than specified in the plan, and is not payable in cash, or in any other form, should the employee leave the Company. This plan is designed to assist the employee to prevent a loss of income due to absence from duty because of illness.

If an employee becomes ill or injured while on vacation, the employee shall be paid only for the vacation, except as noted in 8.7(A).

If an employee becomes ill or injured on a holiday, the employee is to be paid only for the holiday.

If the illness continues after a vacation or holiday period, benefits under the Sick Leave Plan would commence upon completion of the scheduled vacation or holiday.

17.5 Personal Days

An employee should prearrange all personal days with his or her supervisor or manager. Two personal days are available during the calendar year for current employees. During the first year of employment personal days will be pro-rated according to the following schedule:

- Hired before July 1, the employee will receive 16 hours personal days
- Hired between July 1 and October 31, the employee will receive 8 hours personal day
- Those hired on or after November 1 will not be eligible to receive their personal days until January 1 of the following year.

If an employee has available personal days, he or she will be required to use that time for bridging to Short Term Disability (STD) if remaining sick time is not adequate.

There is no carry-over of unused personal days.

There is no pay in lieu of personal days under any circumstances.

17.6 Accumulated Sick Leave

An employee's unused sick leave hours, as of 09/30/99, can be used for the same purposes, other than for family illness, as the sick leave in Section 17.4 after the sick leave awarded each calendar year under 17.4 has been exhausted. The unused sick leave hours will

be reduced by the number of hours used for this purpose.
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In addition, unused sick leave hours as of 09/30/99 may be used to increase the pay an employee receives under the STD program in Article 18 for hours at 75% to 100%. The unused sick leave hours will be reduced by the number of hours used for this purpose.

In accordance with the provisions of the Company's retirement Annuity Plan, an employee's "credited service" at retirement as that term is defined in the Plan, will be increased by the number of that employee's unused days of sick leave as of his or her retirement date at a rate of 260 days being equal to one year of "credited service." Unused days exceeding, or less than, 260 will be expressed as a fraction of a year, as it is defined herein.

ARTICLE XVIII

HEALTH AND RETIREMENT BENEFITS

During the term of this Agreement the Company will continue to provide the existing or no less favorable group life insurance, long-term disability insurance, retirement annuity and medical, including post-retirement medical insurance benefits, dental assistance program, employee savings plan, employee assistance program, dependent care assistance plan, and dependent life insurance plan, short term disability and workers' compensation supplement for members of the bargaining unit as are provided for other full time em-

ployees of the Company, except as described in 18.1 Meiman below. The details of such benefits shall be as specifically provided in master plan documents or insurance contracts covering the terms of such plans.

(A) payments for such benefits must be deductible as business expenses or contributions to a qualified plan, and (B) benefits provided through an insurance carrier shall be those provided by the policy or contract and such coverage must continue to be available from the same or another carrier on a reasonable basis. If occasion to change or discontinue any such benefits should arise under clause (A) or (B), the Company will notify the Union and the parties will promptly enter into negotiations as to the benefits to be changed or substituted. The Company will furnish identification cards for medical purposes. The Company will furnish each employee annually the amount of his accumulated sick leave and the aggregate amount of his contributions to the retirement plan.

With respect to medical benefits, to the extent that individual plan premiums exceed the Company's contribution, the employees will contribute the additional cost of premiums according to the plan they select. Contributions will be made monthly on a pre-tax basis.

A representative of this union will participate on a joint Health Care Task Force which will meet biannually to review trends in health care, review current Company Medical benefit plans, and make cost containment recommendations. The joint Health Care Task Force will also be charged with the responsibility of recom-

mending changes, including plan design changes and increases in co-pays on doctor visits and prescriptions. The task force will establish their priority as avoiding future increases in employee contributions to the extent practicable while maintaining the current quality of coverage. However, the Company retains the right in its sole discretion to modify the terms, conditions and level of benefits under these medical, so long as benefits for employees covered by this Agreement are the same as provided to other full-time employees of the Company.

18.1 Retiree Medical Insurance

A. Bargaining unit employees employed by the Company as of December 31, 2005 will be eligible for retiree medical benefits, the details of such benefits will be as specifically provided in the master plan documents or insurance contracts covering the terms of such plans. For employees retiring January 1, 2012 through December 31, 2014, the Company will contribute monthly up to \$200.00 toward the cost of a Company medical plan for the eligible retiree. Such \$200.00 credit shall continue until attainment of age 62, which at such time the credit shall increase to \$465.00. The \$465.00 credit shall continue until age attainment of age 65, which at such time the credit shall revert to \$200.00. Additionally, the eligible retiree's spouse or other dependent will be eligible for an additional \$100.00 toward the cost of his/her insurance premium. The maximum total monthly credit shall be either \$300.00 or \$565.00 depending upon the age of the former employee.

For bargaining unit employees employed by the Company as of December 31, 2005, who retire January 1, 2015 through December 31, 2017, the Company will contribute monthly up to \$210.00 toward the cost of a Company medical plan for the eligible retiree. Such \$210.00 credit shall continue until attainment of age 62, which at such time the credit shall increase to \$500.00. The \$500.00 credit shall continue until age attainment of age 65, which at such time the credit shall revert to \$210.00. Additionally, the eligible retiree's spouse or other dependent will be eligible for an additional \$100.00 toward the cost of his/her insurance premium. The maximum total monthly credit shall be either \$310.00 or \$600.00 depending upon the age of the former employee.

For Bargaining unit employees employed by the Company as of December 31, 2005, who retire January 1, 2018 or after, the Company will contribute monthly up to \$220.00 toward the cost of a Company medical plan for the eligible retiree. Such \$220.00 credit shall continue until attainment of age 60, which at such time the credit shall increase to \$510.00. The \$510.00 credit shall continue until age attainment of age 65, which at such time the credit shall revert to \$220.00. Additionally, the eligible retiree's spouse or other dependent will be eligible for an additional \$100.00 toward the cost of his/her insurance premium. The maximum total monthly credit shall be either \$320.00 or \$610.00 depending upon the age of the former employee.

B. Bargaining unit employees hired by the Company on or after January 1, 2006, will be eligible for the

same retiree medical benefits however, the Company Meiman premium contribution will be a lump sum account that will spring into existence on the eligible retiree's date of retirement. This Retiree Medical Account must be used for the sole purpose of paying for retiree medical coverage through the Company.

The initial lump sum amount will be determined based on the following formula:

1. For the retiree, \$2,500.00 per year of service after age 45, with a maximum initial account balance of \$37,500.
2. For the dependents, a total initial account balance equal to 50 percent of the initial account balance for the retiree.

On the date the eligible employee retires, the Company will fund this Retiree Medical Account. Once funded, the account balance will be credited with interest based on the 10-year Treasury rate subject to a four (4) percent minimum and a seven (7) percent maximum.

The retiree may elect to pay the age-related monthly premiums from the Retiree Medical Account in full or in part until the account balance reaches zero. Once the Retiree Medical Account is fully depleted, the retiree may continue medical coverage through the Company by paying 100 percent of the age-related monthly premiums.

The details covering the provisions of the Retiree Medical Account will be as specifically provided in the master plan document covering the terms of the plan.

ARTICLE XIX

TRANSFER OUT OF THE BARGAINING UNIT

19.1 Permanent Transfer

The selection of employees to be promoted to supervisory positions or to be transferred to other positions excluded from the bargaining unit shall be at the sole discretion of the Company, subject to the agreement of the employee. For the first sixty (60) calendar days the employee shall continue to accrue Seniority in the bargaining unit. If the Company transfers him back to the bargaining unit, or he asks to be removed from the position within the sixty (60) days period, he shall return to the bargaining unit and will be placed on the job he held prior to such promotion or transfer, or to another job in accordance with such accrued Seniority if an adjustment in the workforce has occurred during his absence. If he continues in the supervisory or other position outside the bargaining unit beyond the sixty (60) day period, his Seniority shall be broken and he shall lose all rights under this Agreement. The Company will notify the Unit Secretary of the date of permanent transfer.

19.2 Temporary Transfer

Should an employee covered by this Agreement temporarily be designated by the Company as a Temporary Supervisor to fill in temporarily for eight (8) hours or more for any regular supervisor such as during vacations, illness, death in the family, jury duty or other absences of a temporary nature, and the employee

accepts such duties, he shall receive his regular rate of pay or the rate of the supervisor whose work he performs, whichever is higher, during the period that the employee performs such work. (An exception is in the Coal Yard - See Note 1) The area grievance committeeman or Unit President will be informed of such designation.

ARTICLE XX WAGES

20.1 Hourly Wages

The hourly wage rates for the respective job classifications and the effective dates thereof are as set forth in Exhibit A to this Agreement.

20.2 Shift Differential

A. A shift differential of ninety cents (\$.90) per hour shall be paid for all work performed by full time employees assigned to an afternoon shift, and one dollar and five cents (\$1.05) per hour shall be paid for all work performed by such employees assigned to a night shift. Any shift regularly commencing at or after 5 a.m. and prior to 12 noon shall be considered a day shift. Any shift regularly commencing at or after 12 noon and prior to 8 p.m. shall be considered an afternoon shift. Any shift regularly commencing at or after 8 p.m. and prior to 5 a.m. shall be considered a night shift.

B. A shift differential of forty-five cents (\$.45) per hour shall be paid for all work performed by full time employees at Green River Power Station assigned to a rotating shift regardless of when a particular shift may commence.

C. A shift differential of one dollar and five cents (\$1.05) shall be paid for all work performed by full time employees at Green River Power Station assigned to a relief shift regardless of when a particular shift may commence.

D. Only one shift differential can be applicable to any particular hours by any employee.

20.3 Sunday Differential

A Sunday differential of one dollar and twenty-five cents (\$1.25) per hour shall be paid for all work performed on Sunday by full time employees who are assigned to work on Sunday as a part of their normal (non-overtime) schedule. This differential will be in addition to any applicable shift differential.

20.4 Pay for Work Performed

If an employee who is regularly required to, and who is qualified to, perform the work of the next higher classification makes a request to the Company that he be promoted, the Company at its option will either (a) stop requiring him to perform the work, (b) temporarily assign him to the classification under Section 15.1 for the periods he is required to perform the work or (c) permanently promote him to such classification.

ARTICLE XXI

TWO-PERSON CREW PREMIUM

When two non-supervisory employees are assigned work to be performed without the direction of a super-

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visor and the work involves the installation, maintenance or operation of electric lines or equipment, the company may designate one of the employees to be in charge of the work to be performed. The employee designated to be in charge shall be paid a \$1.00 per hour premium over their regular rate of pay.

ARTICLE XXII
EMPLOYEES WORKING AWAY FROM THEIR
REGULAR PLACE OF EMPLOYMENT

22.1 Transportation and Lodging

Whenever an employee is temporarily assigned duties away from his regular place of employment, he will be provided transportation, or compensation for transportation, between the temporarily assigned job and his regular place of employment or headquarters. If, in the opinion of his supervisor, it is impractical for the employee to return daily to his regular place of employment, the Company will provide suitable lodging (single room, if available) and board at or near the place of such temporary employment.

For each trip authorized by the Company, between the places of work assigned and the regular place of work or headquarters, time required for travel shall be considered as time worked. It is not the policy of the Company to require any employee to stay away from his regular place of employment or headquarters for a continuous period of more than two (2) weeks, except in cases of emergency.

Except in cases of emergency, employees who will be required to stay away from home overnight will be given notice of that requirement as soon as possible, but not later than the day before.

22.2 Meals

When it is necessary for any employee to work in areas away from his regular headquarters, or to work hours in excess of his normal hours, the Company will provide additional compensation or meals as follows:

A. Whenever a line crew, service crew, substation crew, or any employee is working away from their regular headquarters and returning to their regular headquarters each day, but are working in an area where it is not practical to return to headquarters within the 1-hour period allowed for the noon meal, the Company shall provide an additional \$7.00 of compensation to be added to the employee's payroll check as reimbursement for the purchase of the noon meal by the employee, provided the lunch can be obtained in the area in which the crew or employee is working. Work groups who choose to use a ½ hour lunch period will forfeit any meal entitlement to which they may otherwise have been entitled. Where the lunch cannot be obtained in the area in which the crew or employee is working, then each employee will be required to bring his own lunch with him from home. In those instances in which it will be necessary for the employee to bring his own lunch, then the supervisor should so advise on the day before working in the area.

B. Whenever a line crew, service crew, substation crew, or any employee performs work in excess of 2 hours beyond his normal quitting time of his normal scheduled shift, the Company will furnish or pay for the employee's meal, or meals, required during such hours of work.

C. Whenever any employee or crew is working away from regular headquarters and not returning to their regular headquarters each day, then all board and lodging while away from regular headquarters will be paid for by the Company. Under such circumstances, the supervisor will arrange for a hot lunch to be selected from the regular menu at a public eating place at noon if it is practical to do so. Under no circumstances should more than one (1) hour be taken for the noon lunch period, including travel time from work area to the eating place and return. If the work is so located that it is impractical for the crew to go to a public eating place for their noon meal, then the supervisor will arrange for lunches to be provided at the job site.

D. In those cases where the work is so located that it is impractical for the crew to go to a public eating place for their noon meal and the employee is either provided the noon meal or is reimbursed for the purchase of the noon meal under this Section 22.2, it will be permissible for the supervisor to authorize the taking of only 30 minutes for the lunch period and quitting work 30 minutes earlier than would be the case where an hour lunch period is taken.

Except during emergencies or during extraordinary

circumstances, the lunch hour of day shift employees shall normally begin not earlier than 11:00 a.m., nor later than 1:00 p.m. local standard time.

ARTICLE XXIII

RETIREMENT

The practice of retirement of employees at age sixty-five (65) will continue in effect; provided, however, that if for any period during the life of this Agreement, mandatory retirement at such age shall be prohibited by law, then for so long as such prohibition shall remain in effect, the retirement age hereunder shall be increased to such age as is necessary in order to comply with the law.

ARTICLE XXIV

BULLETIN BOARD

The Company will either provide space on its bulletin boards, or provide separate bulletin boards at the same locations, where notices of the Union meetings and other official business of the Union may be posted from time to time. Such notices shall not consist of or include advertising or the promotion of political, religious or charitable projects or contain any material derogatory to the Company, any of its affiliates, or any employee or employees of the Company.

ARTICLE XXV
SHIFT PREFERENCE

A. At the Green River Power Station, the selection of assignments within the operating groups will be made as follows:

During the month of December of each year, the Company shall first identify the operating groups by posting under the name of the Shift Supervisor; provided this shall not restrict the Company's management right to change supervision from time to time. The employees in the various classifications required will be permitted to indicate their choice of assignment to an operating group in order of seniority, but the final right to schedule group positions, and to change them from time to time, is exclusively reserved to the Company in order to assure safe and efficient operations. Any resulting change in group assignments will become effective at the start of a pay period near the first of January selected by the Company.

B. In the event that a vacancy occurs in an operating group after the shift selection process above, the replacement will be placed on the shift where the opening occurs.

C. Vacancies created while operators are in training will be filled by Relief Operators from Relief Group "R".

D. When possible, because of available relief, the Senior Relief Group "R" operator in the classification

needed shall have first choice in filling the temporary vacancy created because of training. Meiman

E. When a successful bidder is posted on or before December 1, he or she will be permitted a shift selection for the following year within the classification to which they bid by order of seniority among the employees in that classification regardless of whether training has or has not been completed.

F. The Relief Group "R" Unit Operators, Unit Operator Assistants, and Auxiliary Operators will work non-relief days at assigned duties.

G. Relief operators shall be listed on the overtime list in his/her own classification, and one classification immediately below.

ARTICLE XXVI **SUCCESSORSHIP**

The Company agrees that the Collective Bargaining Agreement between the parties will remain in full force and effect for the specified duration regardless of any change in the ownership of the Company. The Company will include a provision, in any sales or merger agreement, with any successor or assign, that will affirm and make the continuation of the Collective Bargaining Agreement a condition of the sale or merger of the Company.

ARTICLE XXVII
MOVING EXPENSES

A. When the permanent reporting location of an employee is changed (a) because of his bidding into a permanent job vacancy under Section 15.2 of this Agreement, or, (b) when the Company requests him to take a job which requires his moving to another location, or, (c) when he is released for lack of work and then exercises his placement rights to displace another employee under Section 10.1 of this Agreement, and the employee is required to move his residence because of this change, the Company will pay a lump sum payment, net of taxes, and payable upon the employee's relocation equal to:

- One (1) month's base pay for renters
- Two (2) month's base pay for home owners

B. As much advance notice as possible will be given the employee of the proposed change in headquarters to give him sufficient time to arrange for new quarters in the new locality. If it is not possible to give the employee reasonable notice of the proposed change in permanent headquarters, and it is necessary for the employee to live in the new location until he can arrange to move, the Company will pay his reasonable board and lodging expenses not to exceed one calendar month unless otherwise agreed upon. If it is not possible to give such reasonable notice of the change, but it is not necessary for the employee to live in the new location until he can arrange to move, the Company will pay mileage at

its standard rate for the mileage by which the distance from his present residence to his new headquarters exceeds the distance to his old headquarters, not to exceed one calendar month unless otherwise agreed upon.

C. The Company shall not be obligated to pay the moving expenses of (a) any employee who has less than twelve (12) months of continuous service since last date of hire, or, (b) in the case of any other employee, more than once in any period of twelve (12) consecutive months in connection with that employee's transfer to a new regular place of employment, unless (in either case) the move is at the Company's request.

D. Nothing in this Article of this Agreement shall be interpreted to require any employee to change his place of residence.

ARTICLE XXVIII **LAUNDRY**

The Company will continue, as in the past, to pay for laundering the following items of employees' wearing apparel soiled in connection with the operation or maintenance of the Green River Power Station: Coveralls, Overalls, Overall Jackets, Work Shirts, and Work Trousers.

The Company will not be responsible for dry cleaning any employee's clothing nor will it be responsible for laundering other items of clothing, such as underwear, T-shirts, socks, caps, gloves, towels, etc., nor for any special service, such as clothing repairs, for which a special charge is made.

The Plant General Manager will arrange for the above service with a commercial laundry operating in the area in such a manner as will insure satisfactory quality at reasonable cost.

ARTICLE XXIX **SAFETY AND HEALTH**

The Company will continue, as heretofore, to make reasonable provisions for the safety and health of its employees during the hours of their employment. The Company and Union will cooperate in the continuing objective to eliminate accidents and health hazards.

The Company and the Union agree to a Joint Health and Safety Advisory Committee for the purpose of reviewing, discussing and recommending new or revised safety and health rules and procedures. The Committee shall be chaired by the Manager, Health and Safety, and shall meet quarterly. This Committee shall consist of not more than two (2) members of the Union. The Union representatives who shall attend a particular meeting shall be made known to the Manager, Health and Safety not less than two (2) weeks prior to the date established for the meeting. At the same time, the Union shall notify the Company of the subjects it desires to address at the meeting.

The Company will continue its practice of paying for approved lens and safety frames for an employee which are ordered through, and pursuant to the terms of, the Company's safety spectacle program. Also

(except for items such as safety shoes and long sleeved shirts which would replace an employee's normal clothing) protective devices, protective clothing and other equipment required to be worn by the Company safety rules, and all tools required to perform the Company's work, shall be provided by the Company without cost to the employee.

ARTICLE XXX

CONFLICT WITH LAW

In the event any provision of this Agreement is held to be in conflict with or in violation of any state or federal statute, rule, decision, or valid administrative rule or regulation, such statute, rule, decision, administrative rule or regulation shall control, but all of the provisions of this Agreement not in conflict therewith shall continue in full force and effect.

ARTICLE XXXI

ENTIRE AGREEMENT

This Agreement sets forth the entire understanding between the Company and the Union and represents the full and complete agreement between the parties on all bargainable issues for the duration hereof. Both the Company and the Union unqualifiedly waive, for the duration of this Agreement, any obligation on the part of the other to bargain collectively with respect to any subject or matter not expressly covered by this Agreement. Neither party intends to be bound or obligated except to the extent that it has expressly so agreed here-

in and this Agreement shall be strictly construed. This Agreement applies only to the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) of Kentucky Utilities Company as described in Article II herein, and no employee covered by this Agreement shall have or be entitled to any rights, benefits or privileges in any other region, plant or operation of the Company (now existing or hereafter established). None of the benefits, rights or privileges afforded by this Agreement to the Union or any employee shall survive the expiration or termination of this Agreement.

ARTICLE XXXII
TERMINATION

This Agreement shall be in full force from August 1, 2017, without modification or addition for its duration to 12:01 A.M. August 1, 2020, unless amended by mutual agreement.

Thereafter, it shall continue in force until sixty (60) days subsequent to notification by certified or registered mail, return receipt requested, by either party to the other party, but in no case shall terminate prior to the date indicated above.

Official address for such notification is:

Company: Manager, Labor Relations
LG&E AND KU ENERGY LLC.
220 West Main St.
P.O. Box 32010
Louisville, Kentucky 40232

Union: Sub-District Director District 8 United
Steel, Paper and Forestry, Rubber,
Manufacturing, Energy, Allied Industrial
and Service Workers International Union
200 High Rise Drive, Suite 144
Louisville, Kentucky 40213

With a copy to Staff Representative servicing contract at that time.

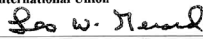
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative.

For the Company:
Kentucky Utilities Company
Earlington Operations, Areas 1 and 2

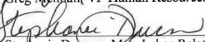
For the Union:
United Steel, Paper and Forestry,
Rubber, Manufacturing, Energy, Allied
Industrial and Service Workers
International Union



Greg Meiman, VP Human Resources



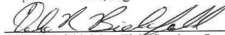
Leo W. Gerard, International President



Stephanie Duhean, Mgr. Labor Relations



Stan Johnson, International Secretary -Treasurer




Dale Bielefeld, Mgr. Field Services Ops.



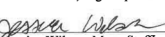
Thomas Conway, International VP (Admin.)



Donald Mills, Mgr. Operations Center




Fred Redmond, Intl. VP (Human Affairs)



Jessica Wilson, Mgr., Staffing Services



Ernest R. Thompson, Director, Dist. 8




Darren Smiley, Team Leader, Line Contr. & Maint



Joe Villines, Sub District Director

LOCAL UNION COMMITTEE



Von Horton, Unit President Local 9447-01



Todd Carver, Unit Secretary Local 9447-01



Jeff Vincent, Negotiating Committee



Scott Saxon, Negotiating Committee



Keith Walker, Negotiating Committee

EXHIBIT A**WAGE RATES****HOURLY RATES CLASSIFICATIONS****BARGAINING UNIT EMPLOYEES****EARLINGTON OPERATIONS, AREAS 1****(PARKWAY) AND 2 (GREEN RIVER)****INCLUDING GREEN RIVER GENERATING
STATION KENTUCKY UTILITIES COMPANY**

Whenever an employee is promoted to a classification having a higher starting rate, he shall receive the starting rate of the new classification or the next higher step in that classification which is at least ten cents (10) per hour above the employee's rate prior to the promotion. Thereafter he shall progress as though he had already worked the period required by the preceding steps in his new classification.

Any new employee, upon producing evidence satisfactory to the Company of previous experience in the classification in which he is being employed, shall be given credit for such experience, except that he shall not start higher than the "After One Year" step and, in such event, shall receive the "After Two Years" step after one year's continuous employment. However, if after employment he demonstrates that he has the knowledge, skill and ability equivalent to that of an employee who has had two years' experience in the classification, he shall receive the "After Two Years" step beginning with the first payroll period commencing after sixty (60) days of employment.

Any employee, other than a supervisor, who is designated by the Company to operate digger/derrick used by crews shall receive six cents (6) per hour in addition to his regular wage.

7/23/17

Classification	WAGE SCALE		
	First Year In Classification	After One Year in Classification	After Two Years in Classification
Laborer – General	21.66	23.13	24.63
Line Technician A	35.44	37.38	39.98
Line Technician B	30.02	31.30	33.42
Line Technician C	26.19	27.78	29.88
Meter Technician A	35.44	37.38	39.98
Meter Technician B	31.50	32.95	34.63
Meter Reader (Note 5)	30.02	31.30	33.42
Patroller	31.50	32.95	34.63
Service Technician A	35.44	37.38	39.98
Service Technician B	30.02	31.30	33.42
Service Technician C	26.19	27.78	29.88
Auxiliary Operator	34.07	35.44	36.72
Coal Equipment Operator	34.95	36.96	39.18
Ass't. Coal Yard Supervisor (Note 1)	41.27	41.27	41.27
Maintenance Technician A (M)	35.44	37.38	39.69
Maintenance Technician B (M)	33.75	34.22	34.64
Maintenance Technician C (M)	30.02	31.30	33.42
Maintenance Technician A (E,I)	36.15	38.12	40.49
Maintenance Technician B (E,I)	34.44	34.92	35.34
Maintenance Technician C (E,I)	30.63	31.93	34.10
Lead Mechanic or Lead Electrician (Note 2)	41.58	41.58	41.58
Unit Operator	39.82	40.56	41.27
Unit Operator Assistant	36.96	37.91	39.69
Trainee (Note 3)	25.33	26.93	28.57
Lead Line Technician (Note 4)	40.43	40.43	40.43
Substation Technician A	35.44	37.38	39.98
Substation Technician B	30.02	31.30	33.42
Substation Technician C	26.19	27.78	29.88
Customer Order Technician (Note 6)	22.09	23.57	25.08

7/22/18

Classification	WAGE SCALE		
	First Year In Classification	After One Year in Classification	After Two Years in Classification
Laborer – General	22.20	23.71	25.25
Line Technician A	36.33	38.31	40.98
Line Technician B	30.77	32.08	34.26
Line Technician C	26.84	28.47	30.63
Meter Technician A	36.33	38.31	40.98
Meter Technician B	32.29	33.77	35.50
Meter Reader (Note 5)	30.77	32.08	34.26
Patroller	32.29	33.77	35.50
Service Technician A	36.33	38.31	40.98
Service Technician B	30.77	32.08	34.26
Service Technician C	26.84	28.47	30.63
Auxiliary Operator	34.92	36.33	37.64
Coal Equipment Operator	35.82	37.88	40.16
Ass't. Coal Yard Supervisor (Note 1)	42.30	42.30	42.30
Maintenance Technician A (M)	36.33	38.31	40.68
Maintenance Technician B (M)	34.59	35.08	35.51
Maintenance Technician C (M)	30.77	32.08	34.26
Maintenance Technician A (E,I)	37.05	39.07	41.50
Maintenance Technician B (E,I)	35.30	35.79	36.22
Maintenance Technician C (E,I)	31.40	32.73	34.95
Lead Mechanic or Lead Electrician (Note 2)	42.62	42.62	42.62
Unit Operator	40.82	41.57	42.30
Unit Operator Assistant	37.88	38.86	40.68
Trainee (Note 3)	25.96	27.60	29.28
Lead Line Technician (Note 4)	41.44	41.44	41.44
Substation Technician A	36.33	38.31	40.98
Substation Technician B	30.77	32.08	34.26
Substation Technician C	26.84	28.47	30.63
Customer Order Technician (Note 6)	22.64	24.16	25.71

7/21/19

Classification	WAGE SCALE		
	First Year In Classification	After One Year in Classification	After Two Years in Classification
Laborer – General	22.76	24.30	25.88
Line Technician A	37.24	39.27	42.00
Line Technician B	31.54	32.88	35.12
Line Technician C	27.51	29.18	31.40
Meter Technician A	37.24	39.27	42.00
Meter Technician B	33.10	34.61	36.39
Meter Reader (Note 5)	31.54	32.88	35.12
Patroller	33.10	34.61	36.39
Service Technician A	37.24	39.27	42.00
Service Technician B	31.54	32.88	35.12
Service Technician C	27.51	29.18	31.40
Auxiliary Operator	35.79	37.24	38.58
Coal Equipment Operator	36.72	38.83	41.16
Ass't. Coal Yard Supervisor (Note 1)	43.36	43.36	43.36
Maintenance Technician A (M)	37.24	39.27	41.70
Maintenance Technician B (M)	35.45	35.96	36.40
Maintenance Technician C (M)	31.54	32.88	35.12
Maintenance Technician A (E,I)	37.98	40.05	42.54
Maintenance Technician B (E,I)	36.18	36.68	37.13
Maintenance Technician C (E,I)	32.19	33.55	35.82
Lead Mechanic or Lead Electrician (Note 2)	43.69	43.69	43.69
Unit Operator	41.84	42.61	43.36
Unit Operator Assistant	38.83	39.83	41.70
Trainee (Note 3)	26.61	28.29	30.01
Lead Line Technician (Note 4)	42.48	42.48	42.48
Substation Technician A	37.24	39.27	42.00
Substation Technician B	31.54	32.88	35.12
Substation Technician C	27.51	29.18	31.40
Customer Order Technician (Note 6)	23.21	24.76	26.35

- Note 1 - Applicable, upon Plant General Manager's recommendation, to not more than one employee in a crew which is normally supervised by a Coal Yard Supervisor. Employees in this classification will be expected to supervise the crew, or any subdivision of it, in the absence of the regular supervisor. In the absence of both the Coal Yard Supervisor and Assistant Coal Yard Supervisor on a shift, another employee will be temporarily moved up to the Assistant's position and paid the Assistant Coal Yard Supervisor rate.
- Note 2 - Applicable, upon Plant General Manager's recommendation, to not more than one employee in a crew of 3 or more which is normally supervised by a Chief Electrician, Chief Mechanic or Maintenance Manager. Employees in this classification will be expected to supervise the crew, or any subdivision of it, in the absence of the regular supervisor.
- Note 3 - Applicable to employees who have been selected for and are in training for Line Technician or Service Technician C, Auxiliary Operator, Substation Technician C, or any other classification having a first year hourly rate in excess of the trainee hourly rate. Employees who are successful demotional job bidders to a trainee classification will receive the highest rate of pay for that classification. A

trainee in this category will be assigned to the classification for which he is in training at the end of three (3) to six (6) months, if he is then qualified, or, if not, as soon thereafter as he becomes qualified.

- Note 4 - Applicable in overhead line construction crews normally consisting of 6 or more, including the Supervisor, in which supervision by other than Supervisor is frequently required.
- Note 5 - Employees or new hires entering the Meter Reader classification on or after August 1, 2000 will be paid the Laborer-General wage scale.
- Note 6 - Meter Readers hired prior to August 1, 2000 who enter this classification as of July 24, 2005 will continue to be paid per the Meter Reader pay scale.

MEMORANDUM OF AGREEMENT

1. Reclassify existing Meter Readers and Meter Readers – General Labor into the new classification of Customer Order Technician. Employees currently in the Meter Reader classification will continue being paid per that wage scale. A Note 6 will be added to the contract as follows: Note 6 – Employees or new hires entering the Customer Order Technician classification on or after August 1, 2005 will be paid the new Customer Order Technician wage scale, which will be increased by \$.30 above the Laborer-General wage scale.

2. Customer Order Technicians will be trained to safely perform non-climbing service work, including after-hours reconnects.

3. Customer Order Technicians will be the first classification called to perform after-hours reconnects. If the Customer Order Technicians in an area are not available, the next person(s) called will be as listed on the call-out list for that area.

4. Employees called out to perform an after-hours reconnect shall be paid a minimum of four (4) hours at the applicable overtime rate, even if the employee actually works less than four (4) hours.

5. The Company agrees to provide Line Technician training, as business conditions allow for those Customer Order Technicians who request the training and have been successfully recommended by the EEI CAST test and a physical abilities test. The Health and Safety Coordinator for the Earlington Operations Area will determine the need for protective footwear for the trainee.

MEMORANDUM OF AGREEMENT

The following language applies specifically to Green River Operations group employees only working a 12-hour shift schedule. Where an issue is not specifically addressed, the provisions of the Contract will apply.

1. WORKDAY AND WORKWEEK

a. The normal workday will be 6 a.m. to 6 p.m. for day shift and 6 p.m. to 6 a.m. for night shift.

b. The workweek will begin at 6 a.m. Monday morning and end 6 a.m. the following Monday.

c. The current 12-hour schedule now in effect will be the continued as per Article V, Section 5.1.

2. REST BREAKS AND LUNCH BREAKS

An employee will be given three (3) paid breaks and a paid lunch.

3. CREW SELECTION

Employees will be allowed to select crews per Article XXV of the Contract.

4. SHIFT DIFFERENTIAL

An additional \$1.05 will be paid for all hours worked by employees scheduled on night shift. This will be included and paid at the overtime rate for all overtime hours worked.

5. SUNDAY PREMIUM

An additional \$1.25 will be paid for all hours

worked on Sunday. This will be included and paid at the overtime rate for all overtime hours worked.

6. HOLIDAYS

Holidays will remain as currently in the Contract. The first 8 hours will be paid at 2 ½ times the straight time rate or may saved to be used at another agreed upon time. The last 4 hours of a 12 hour shift on a holiday will be paid at the straight time rate. An employee will be paid at two (2) times his hourly wage rate for all hours worked over twelve (12) hours on a holiday.

When an employee is called into work on a calendar holiday when it is their scheduled day off the employee will be paid at one and one half (1 ½) times the employees normal straight time hourly wage rate (including regular shift differential, if any) for the first twelve (12) hours worked. An employee will be paid at two (2) times their hourly wage rate for all hours worked over twelve (12) hours.

7. VACATION

a. The amount of vacation will be 40 hours per week of eligible vacation.

b. Full weeks of vacation will be calculated on the normal hours scheduled for that week.

c. Full day vacations will be paid at 12 hours pay.

d. Less than a full day of vacation will be continued per Section 8.3.

e. Employees who take a full week of vacation will

not be required to work their scheduled days off before, or after their vacation, with a maximum of one employee on each shift. Should two employees request to block out the same off days, the senior employee will be allowed to chose which off day period to block. The Company may allow more employees to block the same set of off days or an employee to block before and after their vacation if operational needs allow or no other employee has the time blocked.

f. For the twelve (12) hour shifts, employees who scheduled vacation during their forty-eight (48) hour normal work week will have the option of taking forty (40) hours of vacation and the eight (8) hours will not be paid.

8. OVERTIME

a. Overtime will be paid at 1 ½ times the straight time rate for hours worked in excess of 12 hours in a day or 40 hours in a week. In the event an employee working a 36 hour week is required to work more than the scheduled 36 hours, the employee will be paid 1½ times the straight time rate for hours worked in excess of the employee's normally scheduled 36 working hours, except for the first 4 hours of non-mandatory meetings which will be paid at the regular straight time rate.

b. Double time will be paid to an employee who is required to work on his last available consecutive off day, provided he has worked at least 6 hours on his previous off day.

c. Double time will be paid for any hours worked in excess of 16 hours in a day.

d. Open positions on the Operating Schedule being prepared for the following work week will be filled using the following procedure:

(1) The operating schedule for the following week will be posted with all the required positions filled. Any vacancies on the schedule not filled by “on shift” operators will be filled on an overtime basis using the operator in the classification required with the least amount of actually worked overtime hours. Should a tie exist in the number of hours actually worked, the operator with the least amount of bargaining unit seniority will be used.

(2) After the schedule is posted the Company will begin asking/calling available operators for the vacancies filled in Step 1. Contacts will be made beginning with the operator in the classification required with the least amount of total overtime. If no operator is obtained, the Company will begin asking/calling the next higher bargaining unit classification beginning with operator in that classification with the least amount of total overtime. These contacts in this step will be completed by 8:00 a.m. Saturday.

(3) The operator previously scheduled for that vacancy in Step 1 will be required to check with the shift supervisor anytime after 8:00 a.m. Saturday to determine if they have been released from that overtime. If no operator is obtained in Step 2, the operator sched-

uled for that vacancy in Step 1 will be required to fill the vacancy.

(4) Vacancies will be filled beginning with the classification that is required for that shift. Example: If a Unit Operator is to be off work who would have been working in a Unit Operator Assistant position, then a Unit Operator Assistant will be scheduled for that position.

(5) In filling overtime vacancies where the Company has short notice, the overtime will be considered a Call In. Calls will be made beginning with the operator in the classification required with the least amount of total overtime. If no operator is obtained, the Company will begin calling the next higher bargaining unit classification beginning with operator in that classification with the least amount of total overtime. The first operator contacted will be informed that they will be required to fill this vacancy. If this operator requests, the Company will continue to attempt to contact other employees using the overtime list to obtain an operator for this vacancy. If another operator accepts the overtime shift, the Company will call the required employee back to release them from the obligation. If the required employee cannot be reached, then the person that accepted the shift will be called back and released from the overtime and the required person will report for this position. If a qualified KU employee cannot be reached and no qualified contractor accepts the overtime, a non-bargaining unit employee may fill the twelve (12) hour shift.

An employee will not be charged with more than one reject for any workday (6 a.m. to 6 a.m.) period that overtime is refused. The supervisor will not be required to make another call to that employee. However, this does not exempt an employee from getting additional calls for required overtime.

e. If the call in of operators becomes a problem, a call in list may be established. Volunteers will be given the first opportunity for overtime. If coverage is still a problem, it may be necessary to establish a standby or on call list. The operators on call will be paid standby pay as outlined in the Contract.

f. A layover operator has the option of furnishing his or her own meals and receiving one-half hour overtime pay if he works in excess of two hours after his normal quitting time.

g. At any time after an employee agrees to accept available overtime and later decides that he no longer wants to work the overtime (except during emergency situations) the employee must provide at least twenty four (24) hour notice to management prior to the overtime. If less than twenty four hour (24) notice is given the employee will be required to work the scheduled overtime.

9. JURY DUTY

a. An employee will be paid 12 hours pay minus any fees paid by the court for missing a full shift.

b. An employee selected for jury duty must inform

his/her supervisor as soon as possible. If the employee is scheduled to work the day shift, the employee will report to work if there is at least four (4) hours remaining in the shift. If an employee is scheduled to work the night shift, such employee will work the first six (6) hours of the shift on the day(s) of the jury service. If the employee is held past 1400 hours, the employee will not report for day shift or will be relieved of duty for the night shift.

10. BEREAVEMENT

An employee will be paid 12 hours pay for days missed. The number of days for various family members will be as outlined in Article XVII, Section 17.1.

11. SICK LEAVE PLAN

Employees will have 40 hours to be taken as outlined in Article XVII, Section 17.4.

12. RETIREMENT SERVICE

Employees hired before 1/1/06 who are covered by the defined benefit pension plan will have up to 80 scheduled hours worked in a two week payroll period counted as straight time for purposes under the Pension Plan.

13. VOTING TIME FOR ELECTIONS

Employees who are scheduled to work day shift on the day of a federal, state, or local election will be allowed up to two (2) paid hours to vote if they wish to do so. It is understood that employees will only be allowed off for the minimum length of time they need

to vote depending on their place of residence in relation to the plant.

14. UNANTICIPATED ISSUES

The Company and the Union realize there may be issues that arise concerning employees on a 12-hour shift that may not have been anticipated. The Company and the Union will meet and attempt to resolve these issues using the principle that the solution will be as cost neutral as possible for both the Company and the employee(s). Should a resolution not be reached, the issue may be taken up in the Grievance and Arbitration Procedure.

15. Daylight Savings Time

An employee working a regularly stated schedule at the time the change is made to Daylight Savings Time (normally in the spring) and who only actually works eleven (11) hours instead of his normal twelve (12) hours because of the change shall receive pay for his normal twelve (12) hours. An employee working a regularly stated schedule at the time the change is made from Daylight Savings Time (normally In the fall) and who actually works thirteen (13) hours because of the change, shall receive pay at the established premium rate for the thirteenth (13th) hour.

LETTER OF UNDERSTANDING

Green River Generating Station

This will confirm the understanding between The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW) and Kentucky Utilities Company (Company) concerning the Green River Generating Station.

If, in the Company's opinion, it becomes necessary to reduce the workforce at the Green River Generating Station because of the retirement of the Green River Generating Station's coal fired units or part thereof, the following procedure shall be followed:

1. The Company shall not lay off any Green River Generating Station employees as a result of the retirement of the Green River Generating Station's coal fired units.

2. Green River Generating Station employees shall have the right to elect severance benefits. Employees assigned to fill openings elsewhere in the Company will have the option of either electing severance benefits or accepting assignment to a new position. Green River Generating Station employees shall be entitled to a severance benefit payment equal to two weeks of pay for each full year of service, with a maximum benefit of fifty-two weeks. Additionally, the Company will pay an employee's group medical and dental premiums, provided an employee elects COBRA or retiree medical coverage, for a period equal to one month of coverage

for each two full years of service, without proration up to a maximum of twelve months. Receipt of these benefits is conditioned upon the individual employee signing and not revoking a full waiver and release of any actual or potential employment related claims against the Company, including waiver of contractual recall rights.

3. Green River Generating Station employees who do not elect severance benefits will be provided a list of available positions within the Company. This list will also be made available to the union. The available positions may be with any LG&E and KU Energy LLC subsidiary. The employees provided with this list shall be allowed to state their preference for the available openings. With consideration being given to the list of employee preference, the available openings shall be filled based on Union seniority. In the event an employee refuses an available position pursuant to this provision, the employee will not be offered or entitled to any other position, but may elect to receive severance benefits in accordance with Paragraph 2 above. Employees placed into positions within the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) pursuant to this paragraph shall be reclassified to the new position and their pay shall be red-circled at the rate of pay which results from reducing the employees' former rate of pay by fifty percent (50%) of the difference between his former rate of pay and the rate of pay for his new classification. Employees placed into a position in the same classification at a Kentucky

Utilities facility outside of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) shall be paid at the then current rates of pay applicable to that facility and consistent with the employees' step rate at the time of the placement. Employees placed into a position in a different classification at a Kentucky Utilities facility outside of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) shall receive the top rate of pay for the classification in which they are placed. Employees placed into positions at any other facilities will be paid in accordance with the then current pay practices and rates applicable to that facility. The company reserves the right to determine the appropriate classification and level for which the employee being placed is qualified. Any employee placed in a position pursuant to this paragraph shall have a sixty (60) day trial period in the position. Upon the conclusion of that trial period, the employee may elect to receive the severance the employee would have been entitled to receive pursuant to Paragraph 2 of this Agreement, less the wages paid to the employee during the sixty (60) day trial period.

4. The Company will make available Meter Reader positions equal to the number of Meter Reader positions filled by contractors in the Earlington Operations area at the time of the retirement of the Green River Generating Station. Meter Reader positions filled by employees pursuant to Paragraph 3 above shall have their pay red-circled at the rate of pay which results from reducing the employees' former rate of pay by fifty percent (50%) of the difference between their

former rate of pay and the rate of pay for a COT after two years in classification and shall not be required to relocate. Employees who have their pay red-circled pursuant to this provision shall be eligible for potential wage increases two (2) years after the date their pay is red-circled if the collective bargaining agreement provides for such an increase. The Company retains the right, at its discretion, to contract out any Meter Reader positions filled by employees pursuant to Paragraph 3 above, in the event such employees subsequently leave the respective Meter Reader positions in which they are placed. In the event one of these employees subsequently departs from such a Meter Reader position, the Company will make the position available for bid to the other similarly placed employees who have filled Meter Reader positions prior to utilizing a contractor.

5. Employees placed into positions pursuant to Paragraph 3 must, in the Company's sole discretion, meet all requirements for the position, including, but not limited to satisfying the qualifications for the position, the education requirements for the position, and the residency requirements for the position. With respect to meeting the residency requirement, employees will have up to twelve (12) months to relocate. Employees who relocate in order to satisfy the residency requirements for a position shall be eligible for applicable relocation benefits following the completion of the trial period referenced in Paragraph 3.

6. It is understood that this agreement will not be construed as the Company's position of either previous

or equivalent experience for any of the classifications or lines of progression involved in the transfers of the Green River Generating Station employees. Furthermore, the individual qualifications of such employees shall not serve as a precedent for any future applications of their classification.

7. With respect to Green River Generating Station employees, the provisions in this Letter of Understanding shall supersede all provisions set forth in Article 10 of the Collective Bargaining Agreement except for Article 10.6.

8. In the event the Company begins staffing a new generating facility on or before 12-31-2025 in the Earlington Operations, Areas 1 (Parkway) or 2 (Green River), the Company will endeavor to make available fifty percent (50%) of any union positions at such a new plant to former Green River Generating Station employees who were displaced as a result of the retirement of the Green River Generating Station's coal fired units and who remain employed by the Company at the time their service is needed at the new generating facility. Former Green River Generating Station employees who have previous operations and maintenance experience at Green River Generating Station and who seek such positions will be deemed to have met the educational requirements of the new positions but are not exempt from all qualifications as established by the company including successful completion of any test required for such positions. Employees who satisfy all requirements will fill any such positions based on union seniority.

9. In the event the Company requires employees to complete proper plant shutdown work, at least one of the Unit Officials, (Unit President, Unit Secretary, Unit Grievers), will be provided the opportunity to perform the proper plant shut down work for a period up to a maximum of 8 weeks, provided the Unit Official is qualified to perform the plant shut down work. The number of available positions to conduct proper plant shut down and the qualifications required for this work will be determined solely by the Company.

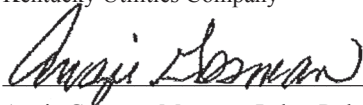
10. With respect to operations work at the Green River Generating Station, in order to satisfy labor requirements in the period leading up to the retirement of the facility, it is understood and agreed that the Company may contract out operations work pursuant to Article 2.3 of Collective Bargaining Agreement. Such operations contractors brought in pursuant to Article 2.3 will begin training in preparation to cover employee absences and other labor shortages. There will be no reduction in the normal work schedule as result of the utilization of contractors in operations. The normal work schedule is as defined in Article 5.1 of the contract. The overtime procedure outlined in the Memorandum of Agreement on 12 hour shifts will be used to fill any overtime vacancy. Once the overtime list is exhausted, then contract operators that are qualified to fill the vacancy will be offered the overtime opportunity. If no contractor accepts the overtime, the tagged operator (“required employee”) will be required to fill the overtime opportunity. At no time will there

be more contractors assigned to a shift than the number necessary to ensure that the total number of qualified personnel on a shift is four (4) inclusive of contractors. Contractors may, however, be assigned to any shift for training and other assigned duties on that shift. In the event that the number of employees on a shift drops to three (3), a qualified contractor may be assigned to that shift in order to maintain a staffing level of (4) inclusive of contractors. As long as there are four (4) employees per shift, if both units are running, contractors, once qualified, will not be offered call in or planned overtime unless that overtime is first offered to employees. In the event that only one (1) unit is running, should a vacancy occur, no overtime will be assigned on a shift staffed by three (3) qualified personnel inclusive of contractors unless management deems it necessary in order to meet operational needs. No employee will be displaced as result of the assignment of a contractor to a shift.

11. The Company shall determine staffing requirements and the timing and procedures for completing the selection and/or assignment subject to the provisions set forth herein.

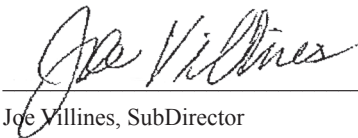
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative to first become effective February 1, 2012, and as revised effective August 1, 2014.

Kentucky Utilities Company



Angie Gosman, Manager, Labor Relations

The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW)



Joe Villines, SubDirector

Green River Generating Station

Green River Operation 12 Hour Shift Overtime Language

AGREEMENT

This will confirm the understanding reached between Kentucky Utilities and the United Steelworkers regarding the Memorandum of Agreement regarding 12-hour shift schedules and the Letter of Understanding regarding Green River Station. The parties agree to the following:

- This language will supersede the language in paragraph 10 of the Letter of Understanding regarding Green River Station (with regard to contractor employees participation in the filling of overtime only) and paragraphs 8(d) of the Memorandum of Agreement regarding 12-hour shift schedules.

(1) The operating schedule for the following week will be posted with all the required positions filled. Any vacancies on the schedule not filled by “on shift” operators will be filled by “qualified contract operators” where possible. Remaining operator positions will be filled on an overtime basis using the operator in the classification required with the least amount of actually worked overtime hours. Should a tie exist in the number of overtime hours actually worked, the operator with the least amount of bargaining unit seniority will be used.

(2) After the schedule is posted the Company will begin asking/calling available operators for the va-

cancies filled in paragraph titled (1). Contacts will be made beginning with the operator in the classification required with the least amount of total overtime. If no operator is obtained, the Company will begin asking/calling the next higher bargaining unit classification beginning with the operator in that classification with the least amount of total overtime. These contacts in this step will be completed by 8:00 a.m. Saturday.

(3) The operator previously scheduled for a vacancy in paragraph titled (1) will be required to check with the shift supervisor any time after 8:00 a.m. Saturday to determine if they have been released from that overtime. If no operator is obtained in paragraph titled (2), the operator scheduled for that vacancy in paragraph titled (1) will be required to fill the vacancy.

(4) Vacancies will be filled beginning with the classification that is required for that shift. Example: If a Unit Operator is to be off work who would have been working in a Unit Operator Assistant position, then a Unit Operator Assistant will be scheduled for that position.

(5) Go to overtime list of available operators and the first one contacted is required to work the overtime. If the required operator requests, the company will attempt to contact other employees using the overtime list to obtain an operator for this vacancy. If no operator is contacted, the Company will then call qualified, available contractor operators. If no contractor operator is contacted for the overtime, the Company will then call shift supervisors. If no shift supervisor accepts

the overtime, the required employee will be required to work the overtime. If a qualified contract operator is contacted he will be required to work and the Company will call the required employee back to release them from the obligation. If a shift supervisor accepts the overtime, the Company will call the required employee back to release them from the obligation. If the required employee cannot be reached then the person that accepted the shift will be called and released from the overtime and the required person will report for this position.

If a qualified KU employee cannot be reached and no qualified contractor accepts or is required to work the overtime, a non-bargaining unit employee may fill the twelve (12) hour shift.

An employee will not be charged with more than one reject for any workday (6 a.m. to 6 a.m.) period that overtime is refused. The supervisor will not be required to make another call to that employee. However, this does not exempt an employee from getting additional calls for required overtime.

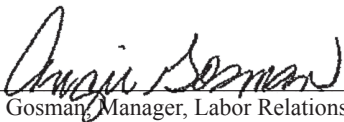
(6) It is the intent of both parties to use full twelve hour shifts when filling overtime, when possible, including the use of bargaining unit employees, qualified contractors and non-bargaining unit employees. Split shifts will only be used as a last option.

This overtime distribution process shall be reviewed by the Company every three months. If the Company determines that this process is resulting in an

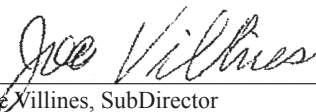
unequal distribution of overtime, the parties will meet to attempt to agree on modifications that will create better overtime distribution. If the parties cannot agree then they will revert back to the language set forth in paragraph 10 of the Letter of Understanding regarding Green River Station and paragraph 8(d) of the Memorandum of Agreement regarding 12-hour shifts. This agreement will expire with the retirement of the current Green River 3 & 4 units or at the expiration of the current collective bargaining agreement.

For the:

Company:


Angie Gosman, Manager, Labor Relations

Union:


Joe Villines, SubDirector

COLLECTIVE BARGAINING AGREEMENT

BETWEEN

**EARLINGTON OPERATIONS,
AREAS 1 (PARKWAY) AND
2 (GREEN RIVER)
OF KENTUCKY UTILITIES COMPANY**

AND

**THE UNITED STEEL, PAPER AND
FORESTRY, RUBBER,
MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND
SERVICE WORKERS
INTERNATIONAL UNION**

*** * ***

Effective

August 1, 2014

to

August 1, 2017

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AGREEMENT

THIS AGREEMENT entered into this 1st day of August, 2014, by and between EARLINGTON OPERATIONS, AREAS 1 (PARKWAY) AND 2 (GREEN RIVER) OF KENTUCKY UTILITIES COMPANY (hereinafter called "Company") and the UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION (hereinafter called "Union"). Except as otherwise expressly provided herein the provisions of this Agreement shall be effective as of August 1, 2014.

ARTICLE I
PURPOSE AND INTENT

1.1 Purpose and Intent

It is the purpose and intent of the parties to set forth herein the agreement between the parties covering rates of pay, hours of work and conditions of employment for employees in the unit for which the Union has been certified by the National Labor Relations Board as exclusive bargaining representative; to promote harmonious industrial and economic relationships between the Company and its employees in an atmosphere of mutual respect and understanding to the end that there shall be no interruption of, interference with, or impeding of work during the life of this Agreement, and to provide procedures for the equitable adjustment of grievances.

1.2 Periodic Meetings

Upon mutual agreement, the parties agree to meet on the reasonable request of either party at times which should be least disruptive to the Company's operations. Such meeting shall not be for the purpose of conducting collective bargaining negotiations but shall be for the sole purpose of appraising any problem which may have arisen in the application, administration or interpretation of this Agreement or of the problems of general concern to either party. Therefore, such meeting shall not modify, add to, or detract from the provisions of this Agreement. If such meeting is requested by the Company, it will pay employees for time lost.

ARTICLE II
SCOPE OF AGREEMENT

2.1 Recognition

The Company hereby recognizes the Union as exclusive representative for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment and other conditions of employment for employees in its Earlington Operations, Areas 1 (Parkway) and 2 (Green River), included in the unit for which the Union has been certified by the National Labor Relations Board on September 17, 1976, in Case No. 9-RC-11595, namely:

All production and maintenance employees of the Employer employed in the Employer's Earlington Operations, Areas 1 (Parkway) and 2 (Green River), including servicemen, linemen, metermen, patrolmen, chief electricians, groundmen and truck drivers, but, excluding business development and home demonstration employees, right-of-way solicitors, shift engineers, line foremen A, service foremen A, line foremen B, service foremen B, the chief electricians employed at the Green River Generating Station, the chief mechanic, the coal yard foreman, the chemist, and assistant chemist, all engineering and professional employees, office clerical employees, guards and supervisors. The Term "supervisor" means any individual having authority, in the interest of the employer, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibly to direct them, or to adjust their grievances, or effectively to recom-

mend such action, if in connection with the foregoing the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

The Company also recognizes the Union as the collective bargaining agent for the employees of new plants built or new service areas established, whose operations are consolidated with the operations of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) and who perform the same classifications or nature of work as those employees covered by this Agreement.

The employees in such bargaining unit and represented by the Union and covered by this Agreement are hereinafter referred to as "employees" or individually as "employee."

The Union makes this Agreement in its capacity as exclusive bargaining representative of the employees. As the representative of the employees, the Union may process grievances through grievance procedure, including arbitration, in accordance with the provisions of this Agreement, or adjust or settle the same.

2.2 No Discrimination

There shall be no discrimination in the administration of this Agreement with regard to race, color, religion, national origin, age, sex, disability, veteran status, or because of the exercise by an employee of his rights as a member or representative of the Union. The terms "he" or "his" as used in this Agreement shall apply to both male and female employees.

2.3 Contracting Out

It is agreed that the Company has historically from time to time contracted out work, examples of which are set forth below, which practice may continue. The Company agrees, however, that except for work historically contracted out, and work of a similar nature, it will not subcontract any work historically and principally performed by employees covered by this Agreement as a part of their normal duties if such subcontracting shall cause the reduction of schedule of employees qualified to perform the work. Such work which the Company has historically contracted out includes but is not necessarily limited to:

Blacktopping

Sandblasting and metal spraying

Acid clean boilers

Non-destructive testing (turbine equipment and boiler tubing, generators)

Painting

Insulating

Tree trimming

Conveyor belt vulcanizing

Unloading frozen coal

Railroad track maintenance and repair

Large vacuum equipment, removal of fly ash, etc.

Construction work:

Foundation work

Piping installation

Earth moving equipment and river dredging

Unloading and/or erecting heavy equipment

Electrical contracts (new construction)

Service Engineers:

- Turbine overhaul supervision
- Safety valve maintenance/repair supervision
- Soot blower maintenance/repair supervision
- Mobile equipment maintenance/repair

Maintenance work:

- Major boiler repairs
- Major condenser repairs
- Specialized major turbine repairs, generator repairs
- General maintenance at Green River Power Station when peak work load exceeds capacity of bargaining unit personnel
- Surveying
- Fabrication of replacement parts at outside service shops
- Motor rewinding work completed at outside service shops
- Contract hauling

Service Contracts:

- Elevators
- Portable restroom facilities
- Street lighting maintenance
- Building transmission, distribution lines, substations
- Pole setting
- Pole inspections
- Substation foundation, site preparation
- Crane service, hauling heavy equipment
- Substation fencing
- Bus insulator cleaning

Janitorial and Custodial Work

The Company agrees that, other factors being basically equal i.e. price, availability, qualifications, etc, contractors who employ Union members will be given consideration. It is understood that this provision in no way creates 3rd party beneficiary status for any individual contractor.

2.4 No-Strike Clause

During the term of this Agreement, employees, the Union, its officers, representatives, and members shall not take part in, cause, authorize, instigate, aid, sanction, encourage, condone or ratify any strike, slowdown, sit-down, stoppage of work, boycott, picketing, or other interference with, or interruption of Company operations or the work and business of the Company. The Union and its representatives will exert every effort to cause employees covered by this Agreement who participate in any such activities to desist therefrom. Failure or refusal on the part of any employee to comply with the provisions of this Article shall be cause for appropriate disciplinary action, including suspension or discharge.

2.5 No Lock-Out Clause

During the term of this Agreement the Company will not cause or engage in any lock-out of its employees.

2.6 Restraining Orders and Injunctions

Nothing in this Article or elsewhere in this Agreement shall be deemed or construed to preclude the Company from enforcing the provisions of Section 2014

in any court of competent jurisdiction, and such court shall not be precluded by any provision of this Agreement from entertaining any such suit for violation of said Section and granting all appropriate injunctive relief. An equal right to seek judicial relief is retained by the Union should the Company, in its opinion, violate the provisions of Section 2.5.

2.7 Picket Line

Although it is a recognized obligation on the part of both the Company and the Union to cooperate in maintaining a continuous and dependable public service, it shall not be a violation of this Agreement, nor cause for discharge or disciplinary action, for an employee as an individual matter to decline to cross a picket line at premises other than premises of the Company where loss of Company property or injury to the employee is threatened.

2.8 Visitation

A duly identified and authorized representative of the Union shall, upon due advance arrangement, be granted access to Company premises for the purpose of investigating problems with which he is properly concerned in the administration of this Agreement. Union activity as permitted herein does not include Union business of an internal nature which does not involve the Company.

2.9 Supervisors Working

Supervisors will not displace qualified available employees in the bargaining unit by performing work

regularly performed by them. Nothing, however, shall limit the performance of bargaining unit work by personnel outside the bargaining unit of work which such personnel have previously performed and similar work, or under any of the following circumstances:

In the instruction and training of employees.

In relief, or to replace an absent employee, or to accomplish work which bargaining unit employees have been permitted to decline.

To perform work requiring skills or abilities not available among employees.

In the event of breakdowns or emergencies, or to help straighten out problems.

At locations or in crews where there are three (3) or less bargaining unit employees.

In developmental work on, or testing of, equipment, products, services, or methods.

In non-overtime situations.

By service supervisors, service managers, chief electricians, and coal yard supervisors.

2.10 Copies of Agreement

The Company shall arrange to have copies of this Agreement printed in booklet form, and the Company and the Union shall share the printing cost in proportion to the number of copies that each orders for its own use.

ARTICLE III

UNION SECURITY

3.1 Union Security

All present employees of the Company covered by this Agreement who on the date of execution of this Agreement are members of the Union and those who become members during the life of this Agreement, shall, as a condition of continued employment, remain members in good standing for the term of the Agreement to the extent of paying the periodic dues uniformly required of all Union members as a condition of retaining membership. All employees covered by this Agreement who are hired by the Company after the date of execution of this Agreement shall, as a condition of continued employment, become members of the Union at the completion of their probationary period and remain members in good standing for the term of this Agreement to the extent of paying the initiation fee and the periodic dues uniformly required of all Union members as a condition of retaining membership.

3.2 Check-Off

The Company, where so authorized and directed by the employee in writing upon an authorization form meeting all requirements of law, will deduct from the wages of such employee Union dues in the amount(s) authorized by such employee, and as specified by the International Secretary-Treasurer, on one of such forms. Such deductions of regular monthly dues for a particular month shall be made from the first pay period of the succeeding month and shall be forwarded

monthly to the International Secretary-Treasurer. In the event an employee has insufficient earnings due during the first pay period of any month, then such deduction shall be made from the first pay period thereafter in which the employee has sufficient earnings from which the deduction can be made. The Company will permit a Union designated representative to be introduced to a new employee after completion of his probationary period for a brief orientation at a time when it does not interfere with the duties of either.

The Company, where so authorized and directed by the employee in writing upon an authorization form meeting all requirements of law, will deduct from the wages of such employee political action committee contributions in the amount(s) authorized by such employee on one of such forms.

3.3 Law

This Article is intended to comply with the provisions of State and Federal law, and nothing herein contained shall require the Company to take any action in violation thereof. The Union agrees to indemnify and save the Company harmless from any claims, demands, suits or other forms of liability arising out of any action taken by the Company in compliance with this Article.

ARTICLE IV **MANAGEMENT**

Except to the extent expressly abridged or limited by a specific provision of this Agreement, the Company reserves and retains, solely and exclusively, all rights

inherent rights, functions and prerogatives of management as such rights, functions and prerogatives existed prior to the certification of the Union or the execution of this Agreement. Such rights, functions and prerogatives include, but are not limited to, the Company's right to establish, continue and change, from time to time, policies, practices and procedures for the conduct of the business; to determine products to be manufactured or sold and services to be rendered; to determine the number, location and types of its operations and the methods, processes, services and materials to be employed; to institute, change, curtail or discontinue facilities, processes, service methods, equipment, machinery, methods of production or operations; to subcontract; to assign work to employees in accordance with requirements determined by the Company; to make and enforce reasonable rules for the maintenance of discipline; to suspend, discharge or otherwise discipline employees for just cause; and otherwise to take such measures as the Company may determine to be necessary for the orderly, safe and efficient conduct of the business. Recognizing the desirability of avoiding any impediment to the exercise by the Company of its management rights, functions and prerogatives in a manner beneficial to the employees, it is agreed that no such right, function or prerogative shall be limited by any practice or course of conduct or otherwise than by the express provisions of this Agreement.

ARTICLE V
HOURS OF WORK

5.1 Normal Work Schedule

A. Except for employees at the Green River Power Station, the normal work schedule for full time employees will consist of five (5) consecutive days of eight (8) consecutive hours of work (interrupted only by an unpaid lunch break) Monday through Friday. The normal work schedule for full time employees at Green River Power Station will be as agreed to in negotiations and as in effect on the date of execution of this Agreement. Although the Company reserves the right to change such schedules, it agrees that if the changed schedule is permanent and will thereafter become the employee's regular schedule, the Company will notify the Union of its intention and afford the Union an opportunity to present its views before finally making its decision.

B. The anticipated schedule of working hours for the coming week for employees such as relief personnel who are not on a fixed schedule shall be posted no later than the end of day shift on Wednesday of each week.

C. "Workweek", as used in this Agreement, means seven consecutive days starting at 12:00 midnight on Saturday night and ending at 12:00 midnight on the following Saturday night. This includes Green River Power Station Coal Equipment Operators. For all other employees at the Green River Power Station, workweek means seven consecutive days, starting at 6:00 am Monday and ending at 6:00 am on the following Monday.

D. This section provides for the normal scheduling pattern and shall not be construed as a guarantee of hours of work per day or per week or of days of work per week, nor a limitation on the scheduling of work per day or per week (including overtime).

E. In the event of a temporary change (not to exceed two (2) consecutive days) in an employee's schedule due to training or line switching, employees will be permitted to work until the end of the employee's normal shift if the employee reports to his regular work station for work in appropriate dress, however, this provision shall not apply when an employee is required to be away from his normal work station overnight.

5.2 Sufficient Rest Time/Balance of Shift

When in the opinion of the Company, an employee has worked such an extended period of time as to impair his effectiveness or present a hazard to his health or safety, or to the health and safety of fellow employees, he may be required by the Company to leave work for a rest period of up to eight (8) hours. After sixteen (16) continuous hours worked an employee may request and will be granted a minimum rest period of eight (8) hours. Such rest period shall be taken in its entirety unless the employee is requested and agrees to return to work before the expiration of such eight (8) hour rest period. If such rest period overlaps the employee's regular hours on a regularly scheduled work day, the employee shall be paid at his regular hourly rate of pay for the hours which overlap unless the rest period was initiated by the employee in accordance with this Section. If the rest period ends within the response period, the employee shall be paid at his regular hourly rate of pay for the hours which overlap unless the rest period was initiated by the employee in accordance with this Section.

of the end of the employee's regularly scheduled shift, the employee may either return to work at his regular hourly rate of pay or not return to work and forfeit the remaining hours in his shift.

An employee who is called out for an event and works at least sixteen (16) continuous hours, and continues into the employee's regular shift, that employee may request an eight (8) hour rest period after one half of the employee's regular shift is completed and be paid at his regular hourly rate of pay for the hours remaining in his shift up to four (4) hours. If in this situation the employee chooses to continue to work the remainder of his shift and the Company agrees for him to work, he will continue to be paid double-time for the rest of his shift.

5.3 Lunch Period

Employees at Green River Power Station on continuous shift operations will be allowed a paid lunch break during their shift. Other employees at Green River Power Station will receive an unpaid thirty (30) minute lunch break near the midpoint of their shift. Other employees will receive an unpaid lunch break near the midpoint of their shift.

5.4 Wash Up Time

Nonoperating employees at the Green River Power Station will be allowed a five (5) minute wash up period just prior to their lunch break and a fifteen (15) minute clean-up period (tools and locker room) just prior to the end of their shift. However, this provision shall not be interpreted to permit employees to leave Company premises until the designated shift time is terminated.

5.5 Daylight Saving Time

An employee working a regularly stated schedule at the time the change is made to Daylight Saving Time (normally in the spring) and who only actually works seven (7) hours instead of his normal eight (8) because of the change shall receive pay for his normal eight (8) hours. An employee working a regularly stated schedule at the time the change is made from Daylight Saving Time (normally in the fall) and who actually works nine (9) hours because of the change, shall receive pay at the established premium rate for the ninth (9th) hour.

5.6 Continuation of Regular Shift Duties

Should an employee complete his regular shift of duty and be assigned to double shift or part shift, he will still be allowed to continue his regular shift of duties during any work week.

5.7 Reporting Time

An employee who is scheduled or notified to report for work on a regular shift and does report for work at the time specified without having been given actual notice of change of schedule, shall receive full pay at his regular rate for his scheduled (non-overtime) hours on that day, even though idle or sent home early because of delay or shortage of materials or for other reasons beyond his control. This provision shall not apply in the event that:

(a) Strikes or work stoppages by employees in the bargaining unit covered by this Agreement in connection with labor disputes, interfere with the conduct of normal operations; or

(b) An employee is not put to work or is released from work after having been put to work either at his own request or due to his own fault.

5.8 Call-Out Beyond Normal Work Hours

A. When an employee is called out to work, or voluntarily reports for and is allowed to work an event outside of his regularly established work schedule, he shall be paid a minimum of four (4) hours at the applicable overtime rate, even if the employee actually works less than four (4) hours. However, if an employee completes his work and is called out to work again before the four (4) hour minimum time has expired, he will not be entitled to another minimum four (4) hours pay for the second call out, but will be paid for the additional time actually worked beyond the four (4) hours minimum from the first call out.

B. This provision shall not apply to an employee who is notified prior to leaving the work area to report early, or if the work is a continuation of his regular shift.

C. Maintenance employees at the Green River Power Station who are called into work less than four (4) hours prior to their normally scheduled start time will be paid only for the hours actually worked outside their normal schedule at one and one-half (1 ½) times their hourly wage rate. Employees at the work site prior to their start time who are requested to begin work early will only be paid one and one-half (1 ½) times their hourly wage rate for those actual hours worked outside their normal schedule.

5.9 Planned Overtime

For planned overtime work by an employee on his scheduled day off, he will receive a minimum of four (4) hours' pay at one and one-half (1-1/2) times his straight time base hourly rate of pay, or his applicable rate including shift or other premium, if any.

5.10 Standby Pay

The Company agrees that, due to the current satisfactory responsiveness of employees in this union to call-outs, there will be no initial implementation of this provision, unless the employees in one or more of the areas described below voluntarily request to implement weekly Standby in their Area. If implemented, each Area may determine their own system of determining their Standby person, with emphasis on volunteerism but with an objective of sharing the workload.

Should the responsiveness of employees in any area become unsatisfactory, the Company reserves the right to implement this provision in the affected area. If the Company implements this weekly Standby, each Area will determine their own system of determining their Standby person, with emphasis on volunteerism but with an objective of sharing the workload.

Any standby system developed will be done through the union.

Within the workgroups where the Company is implementing standby in accordance with the second paragraph, the Company reserves the right to assign the standby person, if the union fails to develop an acceptable system within a reasonable time.

The potential Areas in Distribution Operations to be Meiman staffed with a weekly Standby person are as follows:

- Barlow
- Eddyville
- Morganfield/Sebree
- Earlington/Dawson Springs
- Greenville

Each employee who serves in a weekly Standby status, in exchange for agreeing to remain available and fit to respond to call outs during the week, will be paid eighty-five dollars (\$85.00) per week. If an employee works on service calls outside his normal scheduled workday during his Standby week, he will be paid for such time worked in accordance with Article VI-Overtime.

If an employee is assigned in a Standby status for less than one (1) week, he will be paid one (1) hour's pay at his appropriate overtime rate in addition to time spent on any service calls for each day he serves in a Standby status for service calls.

5.11 Emergency electric restoration for another utility

An employee who performs emergency electric restoration work for another utility will be paid one and one half (1 ½) times his hourly rate for the first eight (8) hours worked in any one day and two (2) times his hourly wage rate for all hours worked over eight (8) in any one day. However, if that company's overtime pay practice would provide more wages, then the employee will receive the greater of the two.

ARTICLE VI

OVERTIME

6.1 Purpose

This Article provides the basis for the calculation of, and payment for, daily or weekly overtime hours and shall not be construed as a guarantee of hours of work per day or per week or of days of work per week, nor a limitation on the scheduling of hours of work per day or per week (including overtime). Overtime pay shall be computed including shift differential, if any, and/or any other regular hourly payments, unless otherwise noted.

6.2 Overtime Pay

A. An employee shall be paid at the rate of one and one-half (1-1/2) times the employee's regular base rate of pay plus regular Shift Differential, if any, and any other regular hourly payments:

1) For work performed in excess of forty (40) hours in any one workweek.

2) For employees scheduled eight (8) hours per day, for work performed in excess of eight (8) hours in any normal twenty-four (24) hour workday except (a) if it is a change made through the exercise of Seniority rights (such as bidding, bumping, shift preference, etc.), or (b) in the case of the change of employees on continuous shifts from one schedule or shift to another.

3) For all continuous hours worked after the end of the employee's last previous regular shift by an employee during periods which commence more than eight (8)

hours prior to the employee's next regularly scheduled starting time and continue into his regular hours on a regularly scheduled workday if the employee completes his regular shift on such workday. During the continuation of an event as determined by the Company, for pay purposes the continuity of the employee's work shall not be considered to be broken by short breaks for meals, refreshments, or rest periods authorized by his supervisor.

4) For work performed on the sixth day worked in the workweek and on the seventh day worked in the workweek, provided the employee works each of his scheduled workdays (excluding days on layoff) in the workweek or his absence (a) resulted from inability to work because of his illness or the illness of his spouse or child, when such case is substantiated by a doctor's certificate if requested by the Company, or (b) was time paid for but not worked under the provisions of this Agreement, or (c) was excused in advance for Union business.

5) Notwithstanding the provisions of section 6.2(2) (a), an employee in the operating groups at the Green River Power Station who is required by the Company to work more than twelve (12) consecutive hours to facilitate shift preference change, all hours over twelve (12) consecutive hours shall be compensated at applicable overtime rates. This provision shall not apply when an employee elects to change shifts resulting in the employee working sixteen (16) consecutive hours.

6) For employees in Maintenance at the Green River Power Station who are required to work preventative maintenance during non-outage situations will be paid one and one-half (1 ½) times their hourly wage rate for all hours worked outside their normal shift.

B. An employee shall be paid at the rate of two (2) times the employee's regular base rate of pay plus regular Shift Differential, if any, and any other regular hourly payments:

1) For work performed in excess of sixteen (16) continuous hours. For pay purposes the continuity of the employee's work shall not be considered to be broken by a rest period of less than eight (8) hours therefore, the employee will be paid at two times the employee's regular base pay until a rest period of eight (8) hours is achieved.

2) For work performed by an employee who is required to work on his last consecutive off day, provided he worked at least four (4) hours on his previous off day.

3) Employees called back within four (4) hours of being released from their regular shift, shall have their additional hours actually worked added to the hours worked before being released for the purposes of calculating overtime pay and total hours worked.

6.3 Non-Duplication

No overtime or premium pay will be pyramided or duplicated. In the event that overtime or premium pay is applicable to the same hours worked under any two or more provisions of this Agreement, only the single

highest premium payment required under any provision shall be paid, and hours that are paid for at overtime or premium rates under one provision of this Agreement shall not be considered as hours worked for the purpose of computing overtime work under another provision (unless specifically provided in any case). Articles 5.8 and 5.9 will not be pyramided for the purposes of calculating overtime.

6.4 Cooperation

Recognizing that the nature of the Company's operations requires overtime from time to time, it is agreed that performing overtime work, daily or weekly when needed, constitutes a part of the duties and responsibilities of an employee's job.

6.5 Overtime Distribution

For employees at Green River Power Station other than those in Operations Groups (covered by §6.6 of this contract) and at locations other than Green River, the following will apply:

1. Subject to the requirement that an employee assigned overtime must be qualified to perform the work, when the Company assigns overtime to bargaining unit employees, it will be distributed equitably, averaged over a reasonable period of time, among employees permanently assigned to the classification at the location at which the overtime is assigned, provided such employees are available. (In the event qualified employees are not available or are permitted to decline such overtime, it may be assigned to such person and in such manner as the Company shall determine.)

2. At the end of each two (2) week period, an overtime list for each overtime group will be posted at that group's location.

3. An employee will be charged with any overtime he is permitted to decline and with any overtime that he would have been offered or assigned during periods when the Company honors his request that he not be offered or assigned overtime unless necessary.

4. Except for absent members of crews who are called to work overtime an employee will not be charged with overtime when he cannot be contacted. An employee who is absent for more than five (5) weeks will return with an amount of overtime equal to the average amount of other employees in his classification at the location.

5. An employee will be charged with overtime as set forth above among employees permanently assigned to his regular classification whether then working in or out of his regular classification.

6. It shall be the responsibility of an employee to bring any substantially adverse distribution of overtime to him (under normal circumstances, more than twenty-four (24) hours less than the amount charged to any employee in his classification at the location) to the attention of his supervisor, and after it is brought to his supervisor's attention, the Company shall correct any such inequality by the future assignment of overtime not later than the next reasonable opportunity for which the employee is available should he have accrued the least amount of overtime credit and other

available qualified employee who then has accrued the least amount.

7. Notwithstanding the provisions of Paragraphs 1 and 5 above, with respect to maintenance work at Green River only when the Company assigns overtime mandatorily, the Company will assign the work to the qualified available employee (including any relief operators then working maintenance) with the least amount of overtime actually worked. For the purposes of assignment of maintenance overtime, in determining the amount of overtime worked by a relief operator, overtime worked both in maintenance and as an operator shall be considered.

8. Whenever an employee performs work in excess of 2 hours beyond his normal quitting time of his normal scheduled shift, the Company will furnish or pay for the employee's meal, or meals, required during such hours of work.

9. When an employee successfully bids into a classification he or she will be charged the same overtime hours as that of the employee in the new classification with the most overtime hours. Overtime hours will not change when employees are reclassified to a higher rated position, as referenced in Section 15.2(G).

10. Overtime paid for safety meetings, meals, and other events sponsored by the Company will not be counted as part of the total overtime, i.e., hours paid but not actually worked.

11. The overtime lists for all overtime groups will start with each employee at zero at the start of the pay period nearest the first of January.

6.6 Green River Power Station Operating Groups Overtime Work

I. General Information

1. Each time an operator is offered an overtime shift, it will be the responsibility of the Shift Supervisor on duty to see that all designated information is entered in the Overtime Log Book.

2. At the end of each one (1) week period, an overtime list will be posted on the Operator's Bulletin Board, grouped according to classification. In each classification, operators will be listed according to total overtime hours, with operator at the top having the least amount of total overtime hours. Total overtime hours will include hours worked plus hours rejected (with exceptions as noted later). Where a tie exists, the listing will be according to seniority. Operators may volunteer to be excluded from being offered overtime assignments. However, they remain obligated to work forced overtime assignments.

3. Any operator on vacation, holiday, union business, off sick or on STD will not be offered overtime and his or her total overtime will remain unchanged. However, an employee who is absent for more than five (5) weeks will return with an amount of overtime equal to the average amount of other employees in his or her classification.

4. In no case should an operator work more than sixteen (16) consecutive hours, unless an emergency exists.

5. The Shift Supervisor on duty has the responsibility of seeing that the layover operator is furnished necessary meal or meals. The layover operator has the option of furnishing his or her own meals and receiving one hour extra pay if the layover shift is 8-4, or one-half hour extra pay for the 4-12 or 12-8 shift. Overtime operators will furnish their own meals unless the overtime results in double shift, in which case the same rules apply as for a layover. If a layover operator chooses a meal instead of an extra one-half hour overtime pay then the Shift Supervisor should call a local restaurant for a pick-up meal. If operating conditions permit, the Shift Supervisor will allow the layover operator to pick up his or her meal when ready. If, in the opinion of the Shift Supervisor, the layover operator should not leave, then the Shift Supervisor will designate someone else to pickup the meal for him or her. A Company truck will normally be available. If the layover operator is on a special diet that cannot be obtained at a local restaurant, then the Shift Supervisor should, if at all possible, allow him or her to pick up a meal at home (in this case, he or she will not be allowed extra pay for his or her meal).

6. When an operator is promoted, he or she will be charged the same overtime hours as that of the operator in the new classification with the most total overtime hours.

7. Any operator working with Maintenance personnel may be requested from time to time to work overtime. This will be charged to the operator as overtime worked or rejected.

8. The overtime list will start with each operator at zero at the start of the pay period near the first of January as referenced in Article XXV, Section A.

9. Overtime paid for safety meetings, meals, and other events sponsored by the Company will not be counted as part of the total overtime, i.e., hours paid but not actually worked.

10. Should an operator be offered an overtime shift which would give him or her a sixteen (16) hour shift and he or she had worked a sixteen (16) hour shift the day before, the operator may reject the sixteen (16) hour shift without it adding to his or her total overtime hours.

II. Overtime Assignments

The following steps will be taken when an operator is needed on an overtime basis.

A. Scheduled Procedure, Full or Partial Shifts

When the Company has at least twelve (12) hours notice prior to the time the overtime is to begin the overtime will be treated as scheduled.

Operators will be offered the overtime beginning with the senior operator in the job classification required who has the least amount of total overtime. From this point until twelve (12) hours before the overtime shift starts, one (1) call will be made before calling the next operator.

In the event that an operator is to be offered an additional overtime shift(s) in the same classification and on the same shift as one that the shift supervisor was unable to reach him or her for, then one call to that operator will be made for each additional shift(s) before calling the next operator.

If no operator is obtained in the job classification required then the Company will go to the next higher Bargaining Unit classification(s) and proceed as per this section.

If no operator is obtained using this procedure and at least one call has been made to each available Bargaining Unit operator, the operator on duty in the job classification required, with the least amount of overtime actually worked will layover and he or she will not be charged with the previous rejection.

It is recognized that there may be times when the operator on duty with the least amount of worked overtime is physically unable to perform his or her duties for the additional overtime. In this case the next operator on duty in the job classification required with the second least amount of worked overtime will layover. If all operators in the job classification required are physically unable to perform, the Company will go to the next higher classification(s) and proceed as per this section beginning with the operator on duty in that classification with the least amount of worked overtime.

When the Company finds it necessary to call-in an operator for less than four (4) hours it will be considered as a call-in, partial shift. The operator in the

job classification required working the next shift will be called beginning with the senior operator who has the least amount of total overtime. If no operator is obtained using this procedure, the overtime selection will follow the Call-in Procedure.

B. Layover Procedure

When the Company has less than twelve (12) hours notice prior to the time the overtime is to begin the overtime will be treated as a layover.

The operators on duty in the job classification required will be offered the overtime beginning with the senior operator who has the least amount of total overtime.

If no operator is obtained using this procedure the overtime selection will follow the Call-In Procedure.

C. Call-In Procedure

When the Company has less than twelve (12) hours notice prior to the time the overtime is to begin and the Layover Procedure (for that particular job classification) is exhausted the overtime will be treated as a call-in.

The operators in the job classification required will be offered the overtime beginning with the operator who is on top of the list established in 6.6.2. One (1) call will be made before calling the next operator.

If no operator is obtained by the Call-In Procedure (for that particular job classification), the Company will go to the next higher Bargaining Unit Classification(s) and proceed as per the Layover Procedure.

who volunteer to be excluded from being offered overtime assignments will not be called, but will be charged with a reject.

If no operator is obtained using this procedure and at least one call has been made to each available Bargaining Unit Operator, the operator on duty in the job classification required, with the least amount of overtime actually worked per the list established in 6.6.2, will layover and he or she will not be charged with the previous rejection.

It is recognized that there may be times when the operator on duty with the least amount of worked overtime is physically unable to perform his or her duties for the additional overtime. In this case the next operator on duty in the job classification required with the second least amount of worked overtime will layover. If all operators in the job classification required are physically unable to perform, the Company will go to the next higher classification(s) and proceed as per this section beginning with the operator on duty in that classification with the least amount of worked overtime.

ARTICLE VII

HOLIDAYS

7.1 Holidays

A. The following will be considered holidays for the purposes of this Agreement:

New Years Day

Good Friday

Memorial Day

Fourth of July
Labor Day
Thanksgiving Day
Friday after Thanksgiving
Christmas Eve
Christmas Day

Eligible employees who do not work on the above holidays will receive eight (8) hours pay at their normal straight time hourly rate (including regular Shift Differential, if any, and any other regular hourly payments).

2 Floating Holidays are available during the calendar year for current employees. During the first year of employment floating holidays will be pro-rated according to the following schedule:

- Hired before July 1, employees will receive 16 hours Floating Holiday
- Hired between July 1 and October 31, employees will receive 8 hours Floating Holiday
- For those hired on or after November 1, employees will not be eligible for their floating holidays until January 1 of the following year.

B. Floating holidays will be taken in each calendar year on a day mutually agreed upon between the employee and the Company.

C. For employees scheduled Monday through Friday, if one of the above designated holidays falls on a Saturday, it shall be recognized on the preceding Friday (except that when Christmas Day falls on a Saturday, Christmas Eve and Christmas Day shall be recognized on the preceding Thursday and Friday), and if one of

the above designated holidays falls on a Sunday, it shall be recognized on the following Monday (except that when Christmas Eve falls on a Sunday, it shall be recognized on the preceding Friday).

For employees scheduled other than Monday through Friday, (including employees who alternately work Monday through Friday and Tuesday through Saturday schedules), when a holiday falls on an off day, it shall be recognized on the next regularly scheduled day of work except in the case of two consecutive holidays such as Thanksgiving Day and Friday after Thanksgiving and Christmas Eve and Christmas Day, in which the following procedure shall apply:

If both holidays fall on an employee's off days, the first holiday shall be recognized on his last regularly scheduled day of work preceding the holidays, and the second holiday shall be recognized on the first regularly scheduled day of work immediately following the holidays. If the employee is scheduled off on only one of the holidays, then (a) if he is scheduled to work the first holiday, the second holiday shall be recognized on his first regularly scheduled day of work following the holidays, and (b) if the employee is scheduled to work the second holiday, then the first holiday shall be recognized on his last regularly scheduled day of work immediately preceding the holidays.

In all cases, if an employee is regularly scheduled to work on one of the above designated holidays, the holiday shall be recognized on that day.

7.2 Holiday Work

A. An employee who is required by the Company to work on a holiday will be paid at the rate of one and one-half (1-1/2) times the employee's normal straight time hourly rate (including regular Shift Differential, if any, and any other regular hourly payments), for the first eight (8) hours worked, in addition to holiday pay, if the employee is entitled to holiday pay as such, or in lieu thereof, such employee may work at his normal straight time hourly rate (including regular Shift Differential, if any, and any other regular hourly payments) on the holiday and be absent with holiday pay on another mutually agreed upon day. No additional holiday may be accumulated until such holiday is utilized except with prior consent of the Company. An employee will be paid at two (2) times his hourly wage rate for all hours worked over eight (8) on a holiday.

B. Notwithstanding the foregoing Paragraph A, employees who are regularly scheduled to work in six (6) or seven (7) consecutive day periods and who are required to work on a holiday may accumulate and "bank" up to three (3) holidays to be used in conjunction with regularly scheduled vacations or at other times mutually agreed upon in advance, which "banked" holidays, (1) may be carried forward into the next succeeding calendar year and (2) will not affect such an employee's option as set forth in Paragraph A with respect to a subsequent holiday while he has such three (3) holidays "banked". If, however, while such an employee has three (3) holidays "banked", he elects to be absent without pay on another holiday in lieu of receiving pay

for working on such day, then such fourth accumulated holiday must be utilized prior to the next holiday.

7.3 Eligibility

A. To be eligible to receive holiday pay an employee must have worked in the workweek in which the celebrated holiday falls, or be on paid sick leave for such week unless (a) his absence resulted from inability to work by reason of illness or injury, for which he is not compensated, verified by a doctor's certificate if requested by the Company, or (b) he was on paid vacation during such week, or (c) he was on leave for union business during such week, in any of which cases, he must have worked either in the week immediately preceding or the four (4) weeks immediately following the workweek in which the celebrated holiday falls.

B. If an employee is scheduled to work on any holiday recognized herein and fails to report or perform his scheduled work, he shall become ineligible for pay for the unworked holiday unless he has failed to report or perform such work because of sickness or because of death in the immediate family or for comparable good cause.

7.4 Holiday During Vacation

When such a holiday for which an employee is eligible for holiday pay occurs during an employee's vacation, the employee will be granted an extra day vacation time.

7.5 Holiday During Sick Leave

When a holiday for which an employee is eligible

for holiday pay occurs on a day for which an employee would otherwise receive sick pay under the Company's program, he will receive the holiday pay and no charge will be made against his paid sick leave days.

ARTICLE VIII

VACATIONS

8.1 Amount of Vacation

Effective January 1, 2000, eligible employees will earn vacation from date of hire based on years of service in accordance with the following schedule:

Vacation Earned	Completed Years of Service Attained During Calendar Year
5 days	Maximum in year of hire
10 days	Years 1-4
15 days	Years 5-14
20 days	Years 15-24
25 days	Years 25 and above

Such employees on a forty (40) hour workweek shall be paid the equivalent of forty (40) hours at their straight time hourly base rate of pay plus regular Shift Differential, if any, and any other regular hourly payments, for each week of vacation. Such employees who normally work more than twenty (20) but less than forty (40) hours per week (a part-time employee, should such be included in the bargaining unit during the life of this Agreement) shall be eligible for one-half the normal vacation entitlement (earned/accrued).

8.2 Eligibility

A. To qualify for vacation in the following year, an employee must be active on the payroll as of December 31. An exception to this requirement applies to those employees who are on approved Family and Medical Leave. A full-time employee to be eligible for a vacation must have worked not less than twelve hundred forty-eight (1248) hours during the twelve (12) months next proceeding the date he first becomes eligible to take such vacation. A part-time employee to be eligible for a vacation must have worked at least seventy-five percent (75%) of the number of hours an employee on his weekly schedule would work in a year. For purposes of this Section 8.2, in calculating the number of hours worked, there shall be included his normal work-day for days for which he is absent but for which he is paid vacation pay, holiday pay, paid sick leave, short term disability, funeral leave, jury duty, military leave or workers' compensation supplement.

B. An employee reinstated from inactive status shall become eligible for vacation based on his or her anniversary date:

- An employee returning to work from January 1 through June 30 is eligible for earned vacation during the calendar year. Such employee must work three (3) continuous months before being eligible for vacation pay.
- An employee returning to work on or after July 1 is ineligible for vacation during the calendar year.

C. Employees hired directly by the Company to fill temporary positions (not hired as temporaries through contractors) who later become regular employees of the Company are eligible for vacation accrual retroactive to the beginning of their temporary employment with the Company.

D. An employee hired between January 1 and June 30 is eligible for 5 days of vacation during that calendar year. Such employee must work three (3) continuous months before being eligible for vacation pay. An employee hired on or after July 1 is ineligible for vacation during the initial calendar year of employment. After the initial calendar year of employment, an employee can take vacation effective January 1 or upon three (3) continuous months of active service, whichever is later, based upon the above schedule.

E. Employees who are rehired accrue vacation at the same rate as when they left employment if they were employed for one year of continuous service prior to separation and if the separation was for one year or less.

8.3 Scheduling of Vacations

A. An employee's vacation will, to the extent reasonably practicable, be granted at the time most desired by the employee in order of Seniority among those employees with whom his vacation must be coordinated, but the final right to schedule vacation is reserved to the Company in order to assure efficient operations.

B. Vacations will be taken at least one workweek at a time except (1) with the consent of the Company,

or (2) an excused absence for legitimate reasons may, at the request of the employee, be charged against any vacation to which he is then entitled.

C. Relief operators at the Green River Generating Station not on a fixed schedule who schedule five (5) consecutive days off on Monday through Friday shall be guaranteed the Saturday and Sunday before and after such days off as off days, for a total of nine (9) days.

D. Employees at the Green River Power station will be able to choose vacation in four rounds of selection. Each employee on the same shift will be allowed to choose one continuous block of vacation up to their entire vacation entitlement by seniority. After all employees on the same shift have scheduled one continuous block of vacation, then employees on the same shift will be allowed to schedule another continuous block of vacation. After the second round of scheduling, then employees will be allowed to schedule another block in the same manner. After the third round of scheduling, employees will be allowed to schedule any remaining entitlements (vacation, floating holidays, personal days or banked holidays) by seniority, this round does not have to be continuous blocks. Any remaining entitlements not scheduled at the end of these four rounds of scheduling will be scheduled on a first come request basis.

8.4 Accumulating Vacations

Vacation time may not be accumulated from one year to the next, and vacations earned as of any January 1 must be liquidated by time off by December 31 of

that same year, except that with prior notification to the responsible manager, an employee may defer up to five days of vacation to the following calendar year.

8.5 Vacation Pay at Separation

An employee who quits, dies, retires or is discharged on or after any January 1 and without having received the vacation for which he became eligible upon such date, will be entitled to his vacation pay upon termination of employment. Any such payment due an employee who has died shall be made to the person designated as beneficiary on his group life coverage, if living, otherwise to the employee's estate. No employee leaving the employment of the Company during any calendar year shall be entitled to any vacation pay in the following year.

8.6 Pay in Lieu of Vacation

An employee with at least four weeks of vacation eligibility (including carry-over) may "sell back" one week of vacation after they have taken two weeks of vacation and carried over one week. Payout for such a week of worked vacation will occur in February of the following year.

8.7 Vacation During Illness, Disability, or Personal Leave of Absence

A. If an employee goes on paid sick leave or becomes unable to work because of compensable occupational injury prior to the time his vacation is scheduled to commence, his vacation will be rescheduled later in the year, except that an employee on paid sick leave

Short Term Disability may, at his option, cease receiving sick pay or Short Term Disability pay and take his vacation as previously scheduled. The vacation of an employee who becomes ill or is injured after working his last shift prior to vacation will not be rescheduled, and he will not be eligible for any sick pay until such scheduled vacation has expired. However, at the sole discretion of the Company, vacation may be restored to an employee and rescheduled at a later date.

B. An employee on paid sick leave or Short Term Disability may, upon advance written request, elect at the end of the calendar year to cease receiving sick pay or Short Term Disability pay for any unused vacation period in order to avoid loss of vacation pay. An employee disabled as the result of a compensable occupational injury or who is receiving long term disability insurance payments at the end of a vacation year and is unable to work during any unused vacation period as provided in Section 8.6, will not receive pay for the vacation not taken, except as provided in Section 8.7C.

C. In the year in which an employee incurs an occupational injury or illness, after the application of Section 8.4, the employee shall receive payment for any remaining unused vacation in an amount sufficient to make up the difference between what the employee received from workers' compensation insurance or Short Term Disability pay and the employee's regular straight time wages assuming a 40-hour work week.

D. An employee will earn vacation during approved

personal leaves of absence on a prorated basis as follows:

- an employee on a PLOA of one full month to three full months will earn 75 percent vacation benefit for the following year, based upon the above schedule; and
- an employee on a PLOA of four to six months will earn 50 percent vacation benefit for the following year, based upon the above schedule.

8.8 Vacation at Retirement

Any employee who retires may elect to work during all weeks of any vacation to which he may be entitled in the year of retirement, and for each such week of vacation worked, shall receive with his final payroll check additional compensation in an amount computed on the same basis as is then employed in computing the compensation paid to other employees who work during one week of their vacation under Section 8.6 above.

ARTICLE IX

SENIORITY

9.1 Seniority Recognition

In cases of filling permanent vacancies, decrease of force and recalls from layoff, consideration shall be given to length of continuous service, all as specifically set forth in various sections of this Agreement dealing with such events.

9.2 Definitions

A. Bargaining Unit Seniority

For all purposes of this Agreement, an employee's bargaining unit seniority ("Seniority") shall date from his first day of work following his employment with the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) of the Company or his last reemployment if his continuous service has been broken. An employee of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) in the bargaining unit on the effective date of the first contract shall have Seniority equal to his continuous service with the Company in any of its regions in any position. Any employee of the Company who accepts transfer into the bargaining unit covered by this Agreement following the effective date of the first contract shall retain his previous Company service for computing vacation, pension and insurance benefits but shall be considered as a new employee for all other purposes of this Agreement.

B. Qualified

Wherever used in this Agreement "qualified" shall mean that the employee has the ability to perform the required duties of the job on a regular basis under the degree of supervision normally given to employees in the job and to perform those duties safely and efficiently.

9.3 Seniority List

A seniority list showing the Seniority of each employee was posted under the Collective Bargaining Agreement effective October 9, 1977. The Company will revise such list from time to time as necessary for it to be kept current. It shall be the responsibility of

the employees to bring any error to the attention of the Meiman Company, with a copy to the Unit Secretary.

9.4 Probationary Employees

A newly hired employee (or an employee rehired after loss of Seniority) will be considered a probationary employee and will not accrue any Seniority until 90 calendar days from date of hire. During the employee's probationary period the Company may terminate the employee with or without cause and such termination shall not be subject to review in the grievance or arbitration procedure. During the probationary period, the Company may from time to time transfer a probationary employee or assign various duties for the purpose of determining his suitability for permanent employment. Upon satisfactory completion of his probationary period, an employee will be credited with Seniority in accordance with Section 9.2(A).

9.5 Termination of Seniority

An employee shall lose all Seniority with the Company and all rights under this Agreement (except for previously accrued pension and insurance benefits, if any, to the extent specifically provided elsewhere) upon the occurrence of any of the following:

(A) Resignation or quit by the employee for any reason

(B) Discharge for just cause

(C) Layoff for twelve (12) consecutive months, or the length of the employee's Seniority, if more at the start of his layoff, to a maximum of three (3) years

(D) Absence for two (2) consecutive working days without having notified the Company unless impossible to do so, and furnished a satisfactory explanation within such period

(E) Fails to notify the Company of his intention to return to work from layoff within ten (10) days (Saturdays, Sundays and Holidays excepted) after mailing of notification by registered or certified mail (return receipt requested) to the last address shown on the Company records (and copies of said notice having also been given to the Union) or fails, without reasonable excuse, to report for work at the time designated in the notice

(F) Failure to return to work from absence due to sickness or injury within twelve (12) months after the last day of active employment, or the length of the employee's Seniority, if more at the time his absence commences, to a maximum of three (3) years; provided, that the Seniority of any employee with two (2) years Seniority or more at the time such an absence commences shall not terminate for so long as he (1) receives sick pay under the Company's sick pay plan, or (2) receives regular periodic payments under the Company's long term disability insurance program. If the job he held at the time the absence commenced has been permanently filled during his absence or is otherwise no longer available, for the purpose of reclaiming his job or in selecting another job in the manner as if he had been laid off from his old job at the time of his return as provided in Section 10.1, such an employee shall not be considered to have continued

to accrue Seniority during the period of his absence in excess of three (3) years

(G) Acceptance of wages or other compensation for services rendered for others, or accrual of income from self-employment, (other than earnings the employee would have received even if he had not lost time from work, such as from his farm, etc.) during leave of absence unless such payment was from the Union or was authorized in writing by the Company in advance

(H) Failure to return at or prior to the expiration of a leave of absence, if possible, or failure to notify the Company of his inability to return if such notification is possible.

(I) Transfer out of the bargaining unit as provided in Article XIX

(J) Transfer out of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River)

(K) Absence for a period in excess of that provided in Section 16.6 relating to pregnancy

(L) Retirement

(M) Death provided, however, nothing in this Section 9.5 shall operate to deprive any employee, or his heirs, whose Seniority is terminated by reason of his retirement or death, of benefits, if any, accrued prior to such retirement or death.

9.6 Compensable Disability

Notwithstanding the provisions of Section 9.5(F), the Seniority of any employee covered by this Agreement

ment shall not be broken so long as he receives regular periodic payments under Workers' Compensation for disability incurred during the course of his employment with the Company which prevents his return to work. If the job he held at the time the absence commenced has been permanently filled during his absence or is otherwise no longer available, for the purpose of reclaiming his job or in selecting another job in the manner as if he had been laid off from his old job at the time of his return as provided in Section 10.1, such an employee with five (5) years of Seniority or more at the time his absence commences shall continue to accrue Seniority during the entire period of such absence, but an employee with less than five (5) years Seniority at the time his absence commences shall not be considered to have continued to accrue Seniority during the period of his absence in excess of three (3) years.

9.7 Identical Hiring Dates

When two (2) or more employees in the bargaining unit have identical hiring dates or dates of transfer into the bargaining unit, Seniority shall be awarded in the alphabetical order of the spelling of their names, surnames listed first.

9.8 Temporary Employees

Temporary employees shall have the same status as Probationary Employees for the full duration of their temporary employment and shall accrue no Seniority of any kind. "Temporary Employees" shall be:

A. Those who are hired on jobs at or below the General Laborer classification for an agreed and

limited period of time (not more than ninety (90) days) in order to fill temporary needs for additional personnel resulting from absence of regular employees by reason of vacations, sickness or other cause; or

B. Part-time help such as grass-cutters at various locations in the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) who do not regularly work more than twenty-four (24) hours per week; or

C. Employees of other companies (customers of Kentucky Utilities Company) whose only function shall be to operate switches at Sub-Stations and other remote locations. However, it is specifically understood and agreed that the operation of Company owned switches will be the work of employees in the bargaining unit covered by this Agreement should it be necessary to call someone out at night to perform such function.

Should the status of a Temporary Employee be changed to that of a permanent employee in the bargaining unit, his Seniority shall date from the date of such change of status, except that the date from which the employee has continuously worked a regular schedule of at least twenty (20) hours each week will be considered as the date of employment for the purposes of determining vacation. However, no sick leave days will be accrued to any employee's account for the time worked as a temporary employee.

ARTICLE X

REDUCTION AND RESTORATION OF FORCES

10.1 Permanent Layoff

The following procedure shall be followed in a reduction of forces:

(A) If the number of employees in a particular classification at a location is to be reduced, but some retained, employees will be reduced, in inverse order of Seniority, provided that the remaining employees are qualified for the work to be performed.

(B) A surplus employee may upon reduction displace an employee holding a job:

- (1) for which he is qualified, and
- (2) which is at the same or lower rate than the job as to which he is surplus (except that an employee may return to a higher classification formerly held), and
- (3) which is either (a) held by an employee with less Seniority at the surplus employee's location or at any location close enough to his residence so he can meet his normal work schedule and such emergency call-out requirements as are inherent in the job (it being specifically agreed that, except with the consent of the Company, members of service organizations must live in the service area served), or (b) held by an employee with the least Seniority in a classification at any other location in the

bargaining unit with the understanding that to do so would require a change of residence, or accept layoff in lieu thereof.

(C) Should the surplus employee not have previously qualified on the job he chooses under the above procedure, no training time will be allowed. However, such employee shall be oriented in the job requirements and will be given up to maximum of five (5) working days to display his qualifications, or lack thereof, should there be good cause to believe he can perform the work on the job satisfactorily due to knowledge and skills developed on other jobs with the Company.

10.2 Rates on Demotion

When an employee is demoted in a reduction of forces, he will be paid at the lower of (a) the top of the rate range of the job to which he has been demoted or (b) the rate that he was being paid on the job from which he was demoted.

10.3 Notice of Recall

Recall of an employee after a layoff shall be in writing and mailed to the employee's last known address by certified or registered mail as it appears on the Company's records. If an employee on layoff changes his address, he must notify the Company in writing by certified or registered mail with a copy of said notice being mailed to the local Union.

10.4 Restoration of Forces

(A) In the restoration of forces, employees shall be recalled in order of Seniority to the jobs they held be-

fore the reduction of forces (if available) or to other jobs they have previously held or for which they are otherwise qualified, provided that the employees recalled must be qualified for the work to be performed.

(B) Should the Company decide to recall an unqualified employee to attempt to train for a vacancy, it will give preference to the senior employee on layoff whose prior experience, work record, skill and ability, and demonstrated physical and mental capacities indicate that he is capable of becoming qualified within a reasonable period.

10.5 Notification of Layoff

When a reduction in working force becomes necessary and employees are to be reduced in classification or laid off, the concerned employees and the Union shall be given not less than forty-eight (48) hours' notice unless an emergency condition beyond the control of the Company makes such notice impossible.

10.6 Retention of Officers and Committee

The Unit President, Unit Secretary and Unit Grievors (should the Unit Griever remain in the geographic area he represents), will not be released from active employment in a reduction of force as long as work for which they are qualified to perform is available in the bargaining unit.

ARTICLE XI
EMPLOYMENT FOR HANDICAPPED
EMPLOYEE

A. Notwithstanding the Seniority provisions of this Agreement, the Company and the Union may mutually agree to fill a vacancy of any length by assignment of an employee during the time he is handicapped, recuperating from any accident or illness or otherwise is unable to perform the duties of his regular job but is qualified to perform the needed work.

B. An employee, who is injured or acquires a work-related illness in the course of his employment and made subject to the provisions of the Kentucky Workers' Compensation laws and as a result thereof loses his ability to return to his regular job, may use his Seniority to displace a junior employee on any equal or lower rated job (provided he is released by the Company doctor to perform the duties of this job) in the same manner and with the same effect as if he had been released for lack of work under the provisions of Section 10.1 of this Agreement.

ARTICLE XII
GRIEVANCE PROCEDURE

It is agreed that any employee may discuss any problem or complaint with his supervisor on an informal basis, with or without the presence of his Grievance Committeeman or Steward and without resort to the grievance procedure.

12.1 Grievance Procedure

Any difference arising as to the application or interpretation of the provisions of this Agreement shall constitute a grievance and shall be settled in the following manner:

Step 1

A. An employee who has a grievance shall present the grievance orally to his immediate supervisor, with or without the presence of his Grievance Committeeman or Steward, within five (5) days after the complaining employee knew, or by reasonable diligence should have known, of such incident.

B. In the settlement of a grievance, the Company shall not enter into any agreement with any individual employee covered by this Agreement in conflict with the terms of this Agreement which will have any effect on the rights of other employees, and any settlement under any such private agreement will not constitute a precedent should a similar situation arise in the future.

C. If the grievance is not resolved to the satisfaction of the employee and it is desired that the grievance be considered further, the employee or his Grievance Committeeman or Steward may immediately file a written grievance with such supervisor. In any event, regardless of when the employee presents it orally to his immediate supervisor, or knows, or should have known, of the incident, such written grievance must be presented not more than fifteen (15) days next following the incident that caused the grievance (unless a different time is provided elsewhere in this Agreement).

for the particular type of grievance). The written grievance shall state the nature of the incident, the Section or Sections of this Agreement upon which the grievance is based and the redress or relief that is sought, and shall be signed by the employee and his Grievance Committeeman or Steward. The supervisor, or his designee, will discuss the grievance with the employee and his Grievance Committeeman or Steward and will give his answer within five (5) days after receipt of the written grievance. If the immediate supervisor and the Grievance Committeeman or Steward, at such meeting, feel the need for aid in arriving at a solution, they may, by agreement, invite such additional Company or Union representatives or witnesses as may be necessary and available to participate in further discussion.

Step 2

If the Step 1 supervisor, or his designee, does not give his answer within the prescribed time or if the answer is unsatisfactory to the Union and it is desired to appeal the grievance for further consideration, an appeal may be filed within five (5) days after the answer (or within five (5) days of expiration of the five (5) day answer period if no answer is given) with the person who supervises the Step 1 supervisor, signed by the employee's Grievance Committeeman. Such supervisor, or his designee, will discuss the grievance with the employee and the Grievance Committeeman and will give his answer in writing within five (5) days after the meeting.

Step 3

If the answer of the Step 2 supervisor, or his designee, is unsatisfactory to the Union and it is desired to appeal the grievance for further consideration, an appeal may be filed within five (5) days after receipt of the answer with the manager of the Step 2 supervisor, signed by the employee's Grievance Committeeman. The manager or their designee(s), will discuss the grievance in a meeting with the employee, the Grievance Committeeman and the International Union Representative, and will give an answer in writing within five (5) days after the meeting.

12.2 Grievance Meetings

Grievances to be handled through the grievance procedure should be taken up at such time of day as will least interfere with the regular working hours of the employees involved. If the Company finds it more convenient and practical to conduct such proceedings during regular working hours, and the Union representative is agreeable to meeting at such time, then Union grievance representatives who are called from their regular duty will be paid their regular wages as though they were on regular duty.

12.3 Grievance Committee

The Union's Grievance Committee shall consist of regular employees of the Company covered by this Agreement selected by the Local Union to represent major geographic groupings of employees. The initial

major geographic groupings are considered to be at: Meiman

Barlow/Eddyville
Morganfield/Sebree
Earlington/Dawson Springs
Greenville
Green River

but said groupings may change with the addition or deletion of department and/or shift assignment of employees covered by this Agreement, but not to exceed five (5) in total. One (1) Grievance Committeeman shall be elected by the Local Union membership to represent each of said major geographic groupings.

In large areas and/or on shifts at the Green River Power Station where no Grievance Committeeman is employed, a Steward will be appointed as determined by the Local Union so that there will be at least one (1) Grievance Committeeman or Steward on each active shift. The Steward will act as an assistant to the Grievance Committeeman and be limited to the handling of grievances through Step 1 only.

During his term of office, should a Grievance Committeeman or Steward cease to be employed within the major group he represents, the office of Grievance Committeeman or Steward representing that group shall become vacant and shall be filled by the Local Union with a permanent employee of said group.

The Local Union President and Unit President shall be considered as a member of the Local Union Grievance Committee in addition to the Grievance Committeemen provided for above.

The Union shall furnish to the Company a list of its Officers, Grievance Committeemen and Stewards, and keep such list current.

12.4 Time Limits

A grievance that is not filed, appealed or referred to arbitration within the prescribed time limits shall be considered settled and shall not be processed in any subsequent steps of the grievance or arbitration procedure. If the second or third step supervisor does not timely answer, the Union can demand an answer by giving notice by registered or certified mail, return receipt requested, to the corporate labor relations manager. If no written answer is given in person or by posting in the mail within five (5) days after receipt of such demand, the particular grievance shall be deemed to be granted but without precedent.

12.5 Calculation of Time

The term "days" as used in this Article XII and the following Article XIII shall be understood and agreed to exclude all Saturdays, Sundays or Holidays occurring in each such calculation.

12.6 Group Grievances

In the event more than one employee desire to file identical grievances, either the Grievance Committeeman or Steward for the area in which the alleged grievance has arisen, or one of the aggrieved employees selected by the others, may file and process the grievance on their behalf as a class, provided the employees involved are adequately identified in the initial written grievance.

12.7 Union Grievances

A. The Union may file a grievance at Step 3 with regard to any obligation of the Company to the Union as such, as opposed to its obligations to the individual employee(s). Also in the event an employee dies the Union may process any claim he would have had relating to any money due under any provision of this Agreement. In processing such claim on behalf of a deceased employee, the fifteen (15) day time limit for filing the initial grievance shall be waived.

B. In the event the Union believes that an interpretation contrary to the terms of this Agreement has occurred with respect to one or more employees, which interpretation, if established as a practice, might adversely affect other employees in the future, if the directly affected employees fail to file a grievance, then the Union may file a grievance in its own name at Step 2 for the purpose of obtaining a prospective determination with respect to employees generally.

12.8 Expedited Procedure

Notwithstanding the procedures set forth in this Article, the parties may by agreement omit any Step or Steps and proceed to a higher Step.

12.9 Extension of Time Limits

It is understood and agreed that any time limits specified in this Article XII and the following Article XIII may, and should be, extended for good reason shown. The period during negotiations for an extension or renewal of this Agreement shall specifically be

deemed as requiring a liberal interpretation of this Section.

ARTICLE XIII

ARBITRATION PROCEDURE

13.1 Arbitration Procedure

If the Step 3 answer of the Plant General Manager, the Manager Substation Construction and Maintenance, the Manager Electric System Planning Engineering and Metering, or the Manager Earlington Operations, or their designee(s), is unsatisfactory to the Union, the Union may refer such grievance to arbitration by delivering to the Manager, Corporate Labor Relations, within twenty (20) days after receipt of the answer, written notification that it desires to arbitrate the grievance. If the Company and the Union are unable to agree to an arbitrator, the Company and Union shall jointly request the Federal Mediation and Conciliation Service to provide a list of seven (7) qualified arbitrators who have training or experience in the subject of the dispute in question. The representatives of the parties shall either agree to an arbitrator on the list or select one by each party's alternately striking a name from the list until one name remains. More than one grievance may be submitted to the same Arbitrator if a multiple submission is agreeable to both parties.

13.2 Arbitration Hearing

The arbitration hearing shall be scheduled for a date as soon as mutually agreeable but within sixty (60) calendar days of the date that the Arbitrator is selected.

the parties, provided the Arbitrator is available. The arbitration hearing shall be held at the Green River Power Station or the Company's District Office nearest to where the grievance arose or at a place mutually agreed upon by the Company and the Union or, if they are unable to agree, the Arbitrator shall select a neutral place in Madisonville, Kentucky for the hearing.

13.3 Duties of the Arbitrator

It shall be the duty of the Arbitrator to hear and render a decision on a dispute submitted to him in accordance with the terms of this Agreement. The Arbitrator shall regard the provisions of this Agreement as the sole and complete understanding governing the relationship of the parties, and it shall be his function to interpret and apply the specific provisions of this Agreement. The Arbitrator shall not supplement, enlarge, diminish or alter the scope or meaning of any provisions of this Agreement, nor entertain jurisdiction of any subject not covered hereby. The decision and award of the Arbitrator shall be final and binding on the Company, the Union and the employees.

13.4 Costs of Arbitration

The compensation and expenses of the Arbitrator shall be borne equally by the parties. The compensation and expenses, if any, of witnesses and other participants in the arbitration shall be borne by the party desiring or requesting their presence, except that an employee at the Green River Power Station or an employee in the district where the grievance arose who is a witness may appear during his normal working hours

for the time necessary to give his testimony only with Meiman
out loss of pay.

13.5 Arbitrator's Decision

The Arbitrator shall be jointly requested to render a copy of his decision to each party in writing within thirty (30) calendar days from the date of close of the hearing, or the filing of briefs, if any.

ARTICLE XIV **DISCIPLINARY SUSPENSION AND** **DISCHARGE**

While it shall remain the policy of the Company to warn employees for minor infractions before taking disciplinary action or discharging them, it is understood that certain major offenses may be cause for immediate discipline, including discharge. Grievances involving discharge shall automatically be referred to Step 3.

In the event any employee is called before a Company representative for the purpose of being reprimanded or receiving disciplinary action, he will be, if he so chooses, allowed to have a Local Union representative present. In the event the Company intends to suspend or discharge an employee, or give a final written warning to an employee prior to discharge, the Company will inform the employee of his or her right to union representation. The parties agree that in general it is in the best interest of all concerned that disciplinary action be taken in private.

Should it be determined by the Company during the grievance procedure that any disciplinary action is too

severe, or if a grievance concerning disciplinary action by the Company is referred to arbitration and the final decision of the Arbitrator results in a modification of the disciplinary action taken, the employee shall receive compensation for time lost from work in such amount as the Company and the Union mutually agree if the matter is resolved in the grievance procedure, or, if the matter is decided by an Arbitrator, as the Arbitrator may deem necessary to give proper redress under the circumstances, including consideration of any earnings or other compensation received by the employee during the period of such lost time; but the Arbitrator shall not reduce any back pay award by reason of earnings the employee would have received (such as from his farm, etc.) even if he had not lost time from work.

If an employee is discharged after completion of his probationary period and the discharge is protested through the grievance procedure, the Company will continue normal insurance coverage for such employee until the grievance is finally resolved.

ARTICLE XV
TEMPORARY ASSIGNMENTS AND
PERMANENT JOB VACANCIES

15.1 Temporary Assignments

The Company may temporarily assign any employee to work in any other job classification; except that at Green River Power Station, other than in cases of emergency, consideration will be given to the senior available employee temporarily working out of his classification when there is a need to return an employee to

such classification. If the employee has been temporarily assigned to a lower rated job, the applicable rate shall be the rate of his regular job, and if the employee has been temporarily assigned to a higher rated job, the applicable rate will be the higher of the rate of his regular job or the minimum of the rate range for the job to which he is assigned. Such assignments shall be effective upon the execution of a payroll authorization by a supervisor, and payment for work in a higher classification will be for a period of not less than eight (8) hours. When a temporary assignment to another job classification or another shift of one (1) week or more is to be made, employees in the various classifications required will be permitted to indicate their choice of assignment in order of seniority, but the final right to make such assignments, and to change them from time to time, is exclusively reserved to the Company in order to assure safe and efficient operations. Such temporary assignments on a shift at the Green River Power Plant will not exceed two (2) hours if the crew is not fully staffed (at least five (5) employees).

15.2 Permanent Job Vacancies

A. Policy

It shall be the Company's policy to advance senior employees when permanent job vacancies occur, provided the employee is qualified.

It is the Company's intent to allow current bargaining unit members to bid on jobs before hiring from the outside, where possible. Depending on the current operational needs, the Company agrees to bid lower posi-

tions such as C or B, (if no C classification exists), lower positions (Unit Operator Assistant and/or Auxiliary Operator) in the Green River Power Plant operational group, and/or Trainee, where no qualified bidders exist for top rated positions. Should the Company determine the need is for immediately filling an upper rated position, the Company will discuss this with the Union before hiring from the outside. The final decision will rest solely with the Company, based on operational needs.

B. Posting Procedure

(1) When the Company determines that there is, or will be a permanent vacancy in the bargaining unit, it will post, for five (5) days, Saturdays, Sundays and Holidays excluded, a notice describing the job and its special qualifications, if any, including residency requirements for members of service organizations, if applicable, on bulletin boards throughout the bargaining unit. Copies of all such postings shall also be sent to the Union's Unit Secretary. An employee desiring consideration in the event of such a permanent vacancy should make written application on forms provided by the Company during such five (5) day period. After having given consideration to each applicant's Seniority, prior experience, work record, skill and ability, the Company will post the name and seniority date of the successful bidder, if any, on the bulletin boards throughout the bargaining unit. Normally such announcement will be made within three (3) weeks after completion of the posting. During the time necessary to consider applications, the Company may fill the vacancy temporarily by assignment of any available employee.

ployees who fail to make application will be considered to have waived their interest in the particular vacancy for that particular occasion only.

(2) If a posting is for a vacancy in a classification to which employees normally advance without bidding, such as provided in Paragraph G below, and if there is no qualified applicant and the Company does not hire a new employee from outside for the posted vacancy, then if the Company desires to fill the vacancy with an employee in a lower rated job than the one previously posted, it will post such lower rated job prior to hiring a new employee for such lower rated job.

C. Bid by Absentee

The Company and the Union will cooperate in contacting any employee who is absent from work due to illness, injury, vacation or for other legitimate reason as specified in this Agreement during the entire posting period who notified either the Company or the Union, if possible, prior to his absence of an interest in bidding, to assure he is notified of the posting. If such employee is absent for three (3) weeks or less and is not contacted during such period and afforded an opportunity to bid, then upon return to work, he may bid on a job posted during his absence. However, such bid must be made within five (5) working days after the employee's return to work. If the Company awards the bid to such previously absent employee and if it had previously made an award to another applicant, such other applicant will be returned to his previous job.

D. Bidding Limitation

An employee shall be limited to no more than one permanent job transfer per year under this bidding procedure to a job of equal or lower rate unless for reasons of health or for other good and sufficient reasons shown. Additionally, any employee hired (or an employee rehired after loss of Seniority), after August 1, 2002 shall be ineligible to bid for a period of one (1) year from their date of hire.

E. No Qualified Applicants

Should there be no qualified applicant for any vacancy, then the Company may exercise its discretion in the filling of the vacancy by voluntary transfer or by hiring or it may cancel the posting.

F. Hiring Experienced Employees

Should the Company hire any new employee who has had prior experience on a similar job requiring such skills for which hired to fill a vacancy for which the bidding procedure has not been completed, he shall be placed in the proper classification at a rate commensurate with such experience. Should any lower-rated employee with Seniority at the time of hiring such new experienced employee believe that he was qualified to perform the job for which the new employee was hired and desires assignment to such job, he may request and shall be granted a review of his qualifications and shall be upgraded to the same rate for which such new employee was hired should the facts demonstrate he was so qualified. Such up-grading and pay for same to become effective the date of hiring the new employee.

G. Reclassification

A reclassification of an employee to a higher rated job, such as from Line Technician B to Line Technician A or from Maintenance Technician B to Maintenance Technician A, shall not be considered the filling of a permanent vacancy for purposes of this Article XV, and nothing in this Section 15.2 shall be construed to require the Company to post any such higher rated position.

H. Training

In filling permanent vacancies in higher rated jobs in operating groups at the Green River Power Station, it is agreed that if there is no qualified applicant and if a qualified person cannot be hired from outside, the Company will be guided by the factors set forth in Paragraph B(1) above in selecting an employee from a lower classification in the operating group to attempt to train for the vacancy with the senior applicant given preference if the other factors are relatively equal, provided that such employee has demonstrated the basic physical and mental capacities to become qualified within a reasonable period and provided that such employee has not been selected for another training position as described in this paragraph within the previous twelve (12) month period. Also, should the Company decide to attempt to train an unqualified employee to fill a vacancy other than in an operating group at the Green River Power Station, it will be guided by the factors set forth in Paragraph B (1) above in selecting an employee for such training with the senior applicant given prefer-

ence if the other factors are relatively equal, provided that such employee has demonstrated the basic physical and mental capacities to become qualified within a reasonable period. In either event the Company will post a vacancy in the classification it desires to fill, designating that it is for training. The applicant selected shall not be assigned to such classification until he satisfactorily completes his training and becomes qualified.

I. Return to Former Classification

In the event an unqualified employee is selected by the Company for training for a job and does not become qualified within a reasonable period, he shall be returned to his former classification or a classification of similar status. It is agreed that under normal circumstances an employee selected for training for a higher rated job in an operating group at the Green River Power Station under Paragraph H above should become qualified within 480 hours, within a 120 calendar day period.

J. Residence Requirements

It is recognized that as a public utility the Company is obligated to provide reliable service to its customers. Such may at times make it necessary for employees to work overtime, both scheduled and on an event basis. Employees are expected to work their fair share of overtime work when called upon to do so by the Company and failure to do so may be cause for appropriate disciplinary action.

(a) In addition, to assist in promptly responding to overtime callouts for emergencies, Line Technicians

Service Technicians, Substation Technicians, Meter Technicians and Customer Order Technicians hired prior to August 1, 2014 shall reside within twenty-five (25) radial miles of their reporting location.

(b) Any employee hired on or after August 1, 2014 for the Line Technician, Service Technician, Substation Technician, Meter Technician and Customer Order Technician classifications shall reside within fifteen (15) radial miles of their reporting location.

ARTICLE XVI

ABSENCES AND LEAVES OF ABSENCE

16.1 Absences

A. It is understood that an employee has a responsibility to his job and to the Company to report for work on time as scheduled. An employee who reports for work after his starting time may be refused work for the day at the discretion of his supervisor if a replacement for him has been called, his crew has already left without him or there is otherwise no work readily available for him.

B. When an employee cannot for any reason, report for work as scheduled he must, in accordance with established procedures in effect at the time, notify the Company (personally or by other acceptable means) prior to scheduled start time, indicating to the extent possible the probable duration of his tardiness and absence, unless unavoidable circumstance would prevent employee from doing so. Failure to comply could result in an unexcused absence, even if the absence would otherwise have been legitimate.

16.2 Disability Leave

Upon reasonable advance request, if possible, leave of absence without pay will be granted to any employee for illness, injury or pregnancy which prevents the employee from working, verified by the employee's doctor if requested, and concurred in, if the Company deems advisable, by a doctor selected by the Company, and will from time to time be extended if the circumstances warrant unless the employee's Seniority terminates under Section 9.5(F) or (K). The Company may require reasonable periodic verification from the employee of continued inability to work. To the extent such absence is covered by paid sick leave, long-term disability insurance or similar insurance, the reports under such programs shall be sufficient verification.

16.3 Personal Leave

At the Company's discretion, leaves of absence without pay for an agreed upon period of time may be granted to any employee for personal reasons, and may from time to time be extended for additional periods if the circumstances warrant. Requests for such leaves of absence and extensions must be made in writing and approved by the Company.

16.4 Return To Work

A. The Company may require that an employee returning to work after being absent for a period in excess of five (5) consecutive workdays due to any temporary disability or personal leave furnish, prior to the resumption of his duties, a certificate of ability to return to work and perform his regular duties from the

employee's doctor, concurred in, if the Company deems Meiman
advisable, by a doctor selected by the Company.

B. Examination by the doctor selected by the Company shall be confined to the illness or injury that caused the absence or to an illness or injury known or reasonably suspected to have occurred to the employee during such leave of absence. Such examination shall not be directed toward a condition that existed prior to the temporary disability or leave of absence unless the Company reasonably believes it would affect his ability to be qualified for his job.

C. Examination by the doctor selected by the Company shall be at the expense of the Company.

D. In the case of a disagreement between an employee's doctor and the Company doctor concerning the health of an employee, and the dispute becomes the subject of a grievance, a third disinterested doctor having special knowledge and experience in the matter shall be chosen by mutual agreement between the Company and the Union or if they are unable to agree, a third doctor chosen by an arbitrator shall examine the employee, and his decision shall be final and binding. The expense of the third physician shall be borne equally between the Company and the Local Union.

E. Nothing in this section shall be interpreted to affect the Company's right to require a physical examination at any time when it has reason to believe that an employee has a disability which could affect his ability to perform his job safely.

16.5 Early Termination

Any employee who desires to terminate his leave and return to work prior to the normal expiration date of any leave granted him may do so upon satisfying the requirements for return and giving the Company three (3) working days notice.

16.6 Pregnancy Leave

An employee on pregnancy leave may remain on leave for a period equal to the time allowed for non-work related illness or injury as provided in Section 16.2. Upon return to work, she may reclaim her job or select another in the same manner as if she had been absent for any other non-work related illness or injury. If the employee fails to apply for reinstatement, or refuses to take an available position as above provided, her employment shall be terminated.

16.7 Leave For Union Business

A leave of absence without pay will be given to employees who are elected and/or chosen delegates for the purpose of attending conventions, conferences and such usual and proper functions of the Union (normally not to exceed two (2) weeks plus travel time). Not more than two (2) employees shall be eligible for such leave at any one time, but if two (2) are to be absent at the same time, they will be selected from unrelated work groups so as to avoid a double burden on the remaining employees by reason of the absences. The Company, without creating any future obligation or precedent, may grant Union requests for leaves for additional em-

ployees. The Union will give sufficient notice to allow Meiman for orderly replacement on work assignments.

16.8 Periodic Payments

It should be the responsibility of the employee to make arrangements for the payment of any insurance premiums and the like which are his obligations during any leave of absence.

16.9 Fraud

Obtaining a leave of absence or extension thereof under false pretense or falsifying forms, applications, and other information pertaining to a leave may be cause for appropriate disciplinary action.

ARTICLE XVII **ALLOWED TIME**

17.1 Funeral Pay

Funeral leave is paid for a maximum of five days for Immediate Family Members who include: spouse, child, step-child, or parent or step-parent.

Funeral leave is paid for a maximum of three days for Other Family Members who include: brother; sister; grandparents; grandchildren; parents-in-law; sons-in-law; daughters-in-law; spouses of the employee's brothers or sisters; employee's spouse's brothers, sisters, parents and grandparents; step relations of the preceding, or any relative living with the employee.

Such days shall be consecutive work days and shall be computed in direct relation to the death and funeral, but shall not extend beyond the day following the fu-

neral, except in the case of the death of an Immediate Family Member in which case such days may extend to the second day following the funeral. Payment will not be made for any day during such three- or five-day period on which the employee would otherwise not work.

Employees will not be paid for unused funeral leave.

Should the employee need to be absent on a normal scheduled day or days, other than those for which payment is provided above, the employee may elect to take such day or days as vacation time, provided he is then entitled to sufficient vacation time which he has not utilized by time off or for which he has not been paid.

Payment shall be made on the next pay day after receiving notice in writing from the employee and (a) the name of the deceased person and relationship to the employee, and (b) the date and location of the funeral.

If a day for which an employee would otherwise be entitled to funeral pay falls on a day on which the employee had scheduled vacation, holiday or other time off, at the request of the employee, the previously scheduled time may be rescheduled and the employee will receive Funeral pay.

17.2 Military Training or Temporary Duty

Except as otherwise provided by law, if it should become necessary for an employee to leave the service of the Company to serve in the Armed Forces of the United States, or should an employee volunteer for service in any of the Armed Forces of the United States, then any such employee shall retain and accrue his se-

niority during such service, provided he returns to the employ of the Company within ninety (90) calendar days after his demobilization or release from the service, and provided further that he is fit and competent and has received a release or discharge under honorable conditions. A reservist who is called to active duty as a result of mobilization shall receive a supplement, for ninety (90) days from being called, of the difference between military pay and the employee's base pay in effect prior to taking leave under this Article. If the employee's family elects to continue dental coverage under the provisions of COBRA, the Company will waive the premium for such coverage up to twelve (12) months. Additionally, an employee who participates in military summer camp or short-term duty up to three (3) weeks will receive a supplement of the difference between military pay and the employee's base pay. Except as otherwise provided by law, this Article shall not apply to any employee who re-enlists or otherwise extends his period of full-time military service beyond the period of time of his military obligation to the United States.

The employment status of an employee shall not be affected by his enlistment or participation in the civilian components of military services, regardless of whether such enlistment or participation is voluntary or mandatory.

17.3 Jury Duty

If a regular full-time employee (other than a probationary employee) is summoned for jury duty or

is subpoenaed to appear as a witness in court and is required to so report or serve or appear on a regular workday during normal working hours which he would otherwise be scheduled to work, he shall be paid the difference between his normal straight time hourly rate (including regular shift differential, if any, and any other regular hourly payments) for those hours lost and the payment received for such service (but not including any payment officially designated as expenses). In the case of such an employee on an afternoon or night shift, the Company shall reschedule him to the day shift for days he is required to report to court. If any such employee is not required to appear until, or is released from such service at, a time that reasonably permits him to report to work or to return to work during his scheduled hours, he will so report or return and may be assigned to his normal duties or may be assigned to such other work as may be available. To be entitled to pay under this section, an employee must notify his supervisor as far in advance of the date he is required to report for such duty as possible and present a statement from the Clerk of the Court giving the time and date of such duty and the amount of compensation received for such service. In no event shall pay under this Section exceed eight (8) hours pay per day.

17.4 Sick Leave Plan

Any employee who cannot report to work as scheduled because of personal or family illness should attempt to contact his or her manager before the scheduled start time or as soon as possible thereafter. Medical certification may be requested. Any employee at Green River should contact his or her supervisor or

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manager at least one hour before the scheduled start time unless unavoidable circumstance would prevent employee from doing so.

The Company will provide up to 40 hours of sick leave per calendar year.

Unused sick leave may not be accumulated. Unused sick leave is not paid to the employee. An employee may use sick leave in one-hour increments.

A. Employee

1. Must report the cause of the employee's absence to his or her immediate supervisor (or to the individual designated by the supervisor to receive such reports) as soon as possible, but in any event not later than the beginning of the first work shift from which the employee will be absent;

2. Must adopt such remedial measures as may be commensurate with his or her disability;

3. Must, upon request, present evidence satisfactory to the Company, of the employee's inability to work, or that the injury or illness was non-occupational;

4. Must have accumulated unused sick leave credit at least equal to the hours being reported for sick leave pay; and

5. Must advise his or her supervisor (or the individual designated by the supervisor to receive such reports) of the date on which the employee expects to return to work as far in advance thereof as possible. Where the employee's work is being performed by relief or substitute personnel, at the supervisor's request

such advice must be given at least one hour prior to the beginning of the shift on which the employee expects to return to work.

B. No sick leave will be allowed for any injury or illness arising out of, or in the course of, any occupation or employment for wage or profit.

Sick leave credit cannot be used for any other purpose than specified in the plan, and is not payable in cash, or in any other form, should the employee leave the Company. This plan is designed to assist the employee to prevent a loss of income due to absence from duty because of illness.

If an employee becomes ill or injured while on vacation, the employee shall be paid only for the vacation, except as noted in 8.7(A).

If an employee becomes ill or injured on a holiday, the employee is to be paid only for the holiday.

If the illness continues after a vacation or holiday period, benefits under the Sick Leave Plan would commence upon completion of the scheduled vacation or holiday.

17.5 Personal Days

An employee should prearrange all personal days with his or her supervisor or manager. Two personal days are available during the calendar year for current employees. During the first year of employment personal days will be pro-rated according to the following schedule:

- Hired before July 1, the employee will receive 16 hours personal days.

- Hired between July 1 and October 31, the employee will receive 8 hours personal day
- Those hired on or after November 1 will not be eligible to receive their personal days until January 1 of the following year.

If an employee has available personal days, he or she will be required to use that time for bridging to Short Term Disability (STD) if remaining sick time is not adequate.

There is no carry-over of unused personal days.

There is no pay in lieu of personal days under any circumstances.

17.6 Accumulated Sick Leave

An employee's unused sick leave hours, as of 09/30/99, can be used for the same purposes, other than for family illness, as the sick leave in Section 17.4 after the sick leave awarded each calendar year under 17.4 has been exhausted. The unused sick leave hours will be reduced by the number of hours used for this purpose.

In addition, unused sick leave hours as of 09/30/99 may be used to increase the pay an employee receives under the STD program in Article 18 for hours at 75% to 100%. The unused sick leave hours will be reduced by the number of hours used for this purpose.

In accordance with the provisions of the Company's retirement Annuity Plan, an employee's "credited service" at retirement as that term is defined in the Plan will be increased by the number of that employee's un-

used days of sick leave as of his or her retirement date at a rate of 260 days being equal to one year of "credited service." Unused days exceeding, or less than, 260 will be expressed as a fraction of a year, as it is defined herein.

ARTICLE XVIII

HEALTH AND RETIREMENT BENEFITS

During the term of this Agreement the Company will continue to provide the existing or no less favorable group life insurance, long-term disability insurance, retirement annuity and medical, including post-retirement medical insurance benefits, dental assistance program, employee savings plan, employee assistance program, dependent care assistance plan, and dependent life insurance plan, short term disability and workers' compensation supplement for members of the bargaining unit as are provided for other full time employees of the Company, except as described in 18.1, 18.2, and 18.3 below. The details of such benefits shall be as specifically provided in master plan documents or insurance contracts covering the terms of such plans. (A) payments for such benefits must be deductible as business expenses or contributions to a qualified plan, and (B) benefits provided through an insurance carrier shall be those provided by the policy or contract and such coverage must continue to be available from the same or another carrier on a reasonable basis. If occasion to change or discontinue any such benefits should arise under clause (A) or (B), the Company will notify the Union and the parties will promptly enter into ne-

gotiations as to the benefits to be changed or substituted. The Company will furnish identification cards for medical purposes. The Company will furnish each employee annually the amount of his accumulated sick leave and the aggregate amount of his contributions to the retirement plan.

The Company will assume an increase of 4% in each year of the Contract in medical and hospitalization expense per employee. To the extent this expense increases over 4% the employees will absorb increases up to the next 4%. Should the total increase exceed 8%, the Company and the employees will equally share in the balance of that expense.

With respect to medical benefits, to the extent that individual plan premiums exceed the Company's contribution, the employees will contribute the additional cost of premiums according to the plan they select. Contributions will be made monthly on a pre-tax basis.

A representative of this union will participate on a joint Health Care Task Force which will meet biannually to review trends in health care, review current Company Medical benefit plans, and make cost containment recommendations. The joint Health Care Task Force will also be charged with the responsibility of recommending changes, including plan design changes and increases in co-pays on doctor visits and prescriptions. The task force will establish their priority as avoiding future increases in employee contributions to the extent practicable while maintaining the current quality of coverage. However, the Company retains the right

in its sole discretion to modify the terms, conditions and level of benefits under these medical, so long as benefits for employees covered by this Agreement are the same as provided to other full-time employees of the Company.

18.1 Employee Savings Plan

The Company matching contribution under the LG&E and KU Savings Plan is 70 percent on employee contributions up to (6) percent of covered compensation.

18.2 Retiree Medical Insurance

A. Bargaining unit employees employed by the Company as of December 31, 2005 will be eligible for retiree medical benefits, the details of such benefits will be as specifically provided in the master plan documents or insurance contracts covering the terms of such plans. For employees retiring January 1, 2012 through December 31, 2014, the Company will contribute monthly up to \$200.00 toward the cost of a Company medical plan for the eligible retiree. Such \$200.00 credit shall continue until attainment of age 62, which at such time the credit shall increase to \$465.00. The \$465.00 credit shall continue until age attainment of age 65, which at such time the credit shall revert to \$200.00. Additionally, the eligible retiree's spouse or other dependent will be eligible for an additional \$100.00 toward the cost of his/her insurance premium. The maximum total monthly credit shall be either \$300.00 or \$565.00 depending upon the age of the former employee.

For bargaining unit employees employed by the Com-

pany as of December 31, 2005, who retire January 1, 2015 or after, the Company will contribute monthly up to \$210.00 toward the cost of a Company medical plan for the eligible retiree. Such \$210.00 credit shall continue until attainment of age 62, which at such time the credit shall increase to \$500.00. The \$500.00 credit shall continue until age attainment of age 65, which at such time the credit shall revert to \$210.00. Additionally, the eligible retiree's spouse or other dependent will be eligible for an additional \$100.00 toward the cost of his/her insurance premium. The maximum total monthly credit shall be either \$310.00 or \$600.00 depending upon the age of the former employee.

B. Bargaining unit employees hired by the Company on or after January 1, 2006, will be eligible for the same retiree medical benefits however, the Company premium contribution will be a lump sum account that will spring into existence on the eligible retiree's date of retirement. This Retiree Medical Account must be used for the sole purpose of paying for retiree medical coverage through the Company.

The initial lump sum amount will be determined based on the following formula:

1. For the retiree, \$2,500.00 per year of service after age 45, with a maximum initial account balance of \$37,500.
2. For the dependents, a total initial account balance equal to 50 percent of the initial account balance for the retiree.

On the date the eligible employee retires, the

Company will fund this Retiree Medical Account. Once funded, the account balance will be credited with interest based on the 10-year Treasury rate subject to a four (4) percent minimum and a seven (7) percent maximum.

The retiree may elect to pay the age-related monthly premiums from the Retiree Medical Account in full or in part until the account balance reaches zero. Once the Retiree Medical Account is fully depleted, the retiree may continue medical coverage through the Company by paying 100 percent of the age-related monthly premiums.

The details covering the provisions of the Retiree Medical Account will be as specifically provided in the master plan document covering the terms of the plan.

18.3 Retirement Income Benefits

Bargaining unit employees hired by the Company on or after January 1, 2006, will be eligible for the Retirement Income Account under the LG&E and KU Savings Plan instead of the LG&E and KU Retirement Plan. The Company will make an annual lump sum contribution based on the following schedule to the employee's Retirement Income Account in the LG&E and KU Savings Plan.

Years of Service as of January 1	Percent of Compensation (as defined under terms of LG&E and KU Savings Plan)
Less than 6	3 percent
6 but less than 11	4 percent
11 but less than 16	5 percent
16 but less than 21	6 percent
21 or more	7 percent

The annual lump sum contribution will be made by April 1 of the applicable year and the employee will be immediately 100 percent vested. Such bargaining unit employees on the active payroll as of December 31 of the preceding year, regardless of whether the employee has satisfied the three month eligibility requirement, will receive this annual lump sum contribution. The details covering the provisions of the Retirement Income Account will be as specifically provided in the master plan document covering the terms of the plan.

ARTICLE XIX
TRANSFER OUT OF THE BARGAINING UNIT

19.1 Permanent Transfer

The selection of employees to be promoted to supervisory positions or to be transferred to other positions excluded from the bargaining unit shall be at the sole discretion of the Company, subject to the agreement of the employee. For the first sixty (60) calendar days the employee shall continue to accrue Seniority in the bargaining unit. If the Company transfers him back

to the bargaining unit, or he asks to be removed from the position within the sixty (60) days period, he shall return to the bargaining unit and will be placed on the job he held prior to such promotion or transfer, or to another job in accordance with such accrued Seniority if an adjustment in the workforce has occurred during his absence. If he continues in the supervisory or other position outside the bargaining unit beyond the sixty (60) day period, his Seniority shall be broken and he shall lose all rights under this Agreement. The Company will notify the Unit Secretary of the date of permanent transfer.

19.2 Temporary Transfer

Should an employee covered by this Agreement temporarily be designated by the Company as a Temporary Supervisor to fill in temporarily for eight (8) hours or more for any regular supervisor such as during vacations, illness, death in the family, jury duty or other absences of a temporary nature, and the employee accepts such duties, he shall receive his regular rate of pay or the rate of the supervisor whose work he performs, whichever is higher, during the period that the employee performs such work. (An exception is in the Coal Yard-See Note 1) The area grievance committeeman or Unit President will be informed of such designation.

ARTICLE XX
WAGES

20.1 Hourly Wages

The hourly wage rates for the respective job classifications and the effective dates thereof are as set forth in Exhibit A to this Agreement.

20.2 Shift Differential

A. A shift differential of ninety cents (\$.90) per hour shall be paid for all work performed by full time employees assigned to an afternoon shift, and one dollar and five cents (\$1.05) per hour shall be paid for all work performed by such employees assigned to a night shift. Any shift regularly commencing at or after 5 a.m. and prior to 12 noon shall be considered a day shift. Any shift regularly commencing at or after 12 noon and prior to 8 p.m. shall be considered an afternoon shift. Any shift regularly commencing at or after 8 p.m. and prior to 5 a.m. shall be considered a night shift.

B. A shift differential of forty-five cents (\$.45) per hour shall be paid for all work performed by full time employees at Green River Power Station assigned to a rotating shift regardless of when a particular shift may commence.

C. A shift differential of one dollar and five cents (\$1.05) shall be paid for all work performed by full time employees at Green River Power Station assigned to a relief shift regardless of when a particular shift may commence.

D. Only one shift differential can be applicable to any particular hours by any employee.

20.3 Sunday Differential

A Sunday differential of one dollar and twenty-five cents (\$1.25) per hour shall be paid for all work performed on Sunday by full time employees who are assigned to work on Sunday as a part of their normal (non-overtime) schedule. This differential will be in addition to any applicable shift differential.

20.4 Pay for Work Performed

If an employee who is regularly required to, and who is qualified to, perform the work of the next higher classification makes a request to the Company that he be promoted, the Company at its option will either (a) stop requiring him to perform the work, (b) temporarily assign him to the classification under Section 15.1 for the periods he is required to perform the work or (c) permanently promote him to such classification.

ARTICLE XXI **TWO-PERSON CREW PREMIUM**

When two non-supervisory employees are assigned work to be performed without the direction of a supervisor and the work involves the installation, maintenance or operation of electric lines or equipment, the company may designate one of the employees to be in charge of the work to be performed. The employee designated to be in charge shall be paid a \$1.00 per hour premium over their regular rate of pay.

ARTICLE XXII

EMPLOYEES WORKING AWAY FROM THEIR REGULAR PLACE OF EMPLOYMENT

22.1 Transportation and Lodging

Whenever an employee is temporarily assigned duties away from his regular place of employment, he will be provided transportation, or compensation for transportation, between the temporarily assigned job and his regular place of employment or headquarters. If, in the opinion of his supervisor, it is impractical for the employee to return daily to his regular place of employment, the Company will provide suitable lodging (single room, if available) and board at or near the place of such temporary employment.

For each trip authorized by the Company, between the places of work assigned and the regular place of work or headquarters, time required for travel shall be considered as time worked. It is not the policy of the Company to require any employee to stay away from his regular place of employment or headquarters for a continuous period of more than two (2) weeks, except in cases of emergency.

Except in cases of emergency, employees who will be required to stay away from home overnight will be given notice of that requirement as soon as possible, but not later than the day before.

22.2 Meals

When it is necessary for any employee to work in areas away from his regular headquarters, or to work

hours in excess of his normal hours, the Company will provide additional compensation or meals as follows:

A. Whenever a line crew, service crew, substation crew, or any employee is working away from their regular headquarters and returning to their regular headquarters each day, but are working in an area where it is not practical to return to headquarters within the 1-hour period allowed for the noon meal, the Company shall provide an additional \$7.00 of compensation to be added to the employee's payroll check as reimbursement for the purchase of the noon meal by the employee, provided the lunch can be obtained in the area in which the crew or employee is working. Work groups who choose to use a ½ hour lunch period will forfeit any meal entitlement to which they may otherwise have been entitled. Where the lunch cannot be obtained in the area in which the crew or employee is working, then each employee will be required to bring his own lunch with him from home. In those instances in which it will be necessary for the employee to bring his own lunch, then the supervisor should so advise on the day before working in the area.

B. Whenever a line crew, service crew, substation crew, or any employee performs work in excess of 2 hours beyond his normal quitting time of his normal scheduled shift, the Company will furnish or pay for the employee's meal, or meals, required during such hours of work.

C. Whenever any employee or crew is working away from regular headquarters and not returning to

their regular headquarters each day, then all board and lodging while away from regular headquarters will be paid for by the Company. Under such circumstances, the supervisor will arrange for a hot lunch to be selected from the regular menu at a public eating place at noon if it is practical to do so. Under no circumstances should more than one (1) hour be taken for the noon lunch period, including travel time from work area to the eating place and return. If the work is so located that it is impractical for the crew to go to a public eating place for their noon meal, then the supervisor will arrange for lunches to be provided at the job site.

D. In those cases where the work is so located that it is impractical for the crew to go to a public eating place for their noon meal and the employee is either provided the noon meal or is reimbursed for the purchase of the noon meal under this Section 22.2, it will be permissible for the supervisor to authorize the taking of only 30 minutes for the lunch period and quitting work 30 minutes earlier than would be the case where an hour lunch period is taken.

Except during emergencies or during extraordinary circumstances, the lunch hour of day shift employees shall normally begin not earlier than 11:00 a.m., nor later than 1:00 p.m. local standard time.

ARTICLE XXIII

RETIREMENT

The practice of retirement of employees at age sixty-five (65) will continue in effect; provided, however, that if for any period during the life of this Agreement,

mandatory retirement at such age shall be prohibited by Meiman law, then for so long as such prohibition shall remain in effect, the retirement age hereunder shall be increased to such age as is necessary in order to comply with the law.

ARTICLE XXIV

BULLETIN BOARD

The Company will either provide space on its bulletin boards, or provide separate bulletin boards at the same locations, where notices of the Union meetings and other official business of the Union may be posted from time to time. Such notices shall not consist of or include advertising or the promotion of political, religious or charitable projects or contain any material derogatory to the Company, any of its affiliates, or any employee or employees of the Company.

ARTICLE XXV

SHIFT PREFERENCE

A. At the Green River Power Station, the selection of assignments within the operating groups will be made as follows:

During the month of December of each year, the Company shall first identify the operating groups by posting under the name of the Shift Supervisor; provided this shall not restrict the Company's management right to change supervision from time to time. The employees in the various classifications required will be permitted to indicate their choice of assignment to an operating group in order to comply with the law.

but the final right to schedule group positions, and to change them from time to time, is exclusively reserved to the Company in order to assure safe and efficient operations. Any resulting change in group assignments will become effective at the start of a pay period near the first of January selected by the Company.

B. In the event that a vacancy occurs in an operating group after the shift selection process above, the replacement will be placed on the shift where the opening occurs.

C. Vacancies created while operators are in training will be filled by Relief Operators from Relief Group "R".

D. When possible, because of available relief, the Senior Relief Group "R" operator in the classification needed shall have first choice in filling the temporary vacancy created because of training.

E. When a successful bidder is posted on or before December 1, he or she will be permitted a shift selection for the following year within the classification to which they bid by order of seniority among the employees in that classification regardless of whether training has or has not been completed.

F. The Relief Group "R" Unit Operators, Unit Operator Assistants, and Auxiliary Operators will work non-relief days at assigned duties.

G. Relief operators shall be listed on the overtime list in his/her own classification, and one classification immediately below.

ARTICLE XXVI

SUCCESSORSHIP

The Company agrees that the Collective Bargaining Agreement between the parties will remain in full force and effect for the specified duration regardless of any change in the ownership of the Company. The Company will include a provision, in any sales or merger agreement, with any successor or assign, that will affirm and make the continuation of the Collective Bargaining Agreement a condition of the sale or merger of the Company.

ARTICLE XXVII

MOVING EXPENSES

A. When the permanent reporting location of an employee is changed (a) because of his bidding into a permanent job vacancy under Section 15.2 of this Agreement, or, (b) when the Company requests him to take a job which requires his moving to another location, or, (c) when he is released for lack of work and then exercises his placement rights to displace another employee under Section 10.1 of this Agreement, and the employee is required to move his residence because of this change, the Company will pay a lump sum payment, net of taxes, and payable upon the employee's relocation equal to:

- One (1) month's base pay for renters
- Two (2) month's base pay for home owners

B. As much advance notice as possible will be given the employee of the proposed change in headquarters to

give him sufficient time to arrange for new quarters in the new locality. If it is not possible to give the employee reasonable notice of the proposed change in permanent headquarters, and it is necessary for the employee to live in the new location until he can arrange to move, the Company will pay his reasonable board and lodging expenses not to exceed one calendar month unless otherwise agreed upon. If it is not possible to give such reasonable notice of the change, but it is not necessary for the employee to live in the new location until he can arrange to move, the Company will pay mileage at its standard rate for the mileage by which the distance from his present residence to his new headquarters exceeds the distance to his old headquarters, not to exceed one calendar month unless otherwise agreed upon.

C. The Company shall not be obligated to pay the moving expenses of (a) any employee who has less than twelve (12) months of continuous service since last date of hire, or, (b) in the case of any other employee, more than once in any period of twelve (12) consecutive months in connection with that employee's transfer to a new regular place of employment, unless (in either case) the move is at the Company's request.

D. Nothing in this Article of this Agreement shall be interpreted to require any employee to change his place of residence.

ARTICLE XXVIII

LAUNDRY

The Company will continue, as in the past, to pay for laundering the following items of employees' wear-

ing apparel soiled in connection with the operation of Meiman
 maintenance of the Green River Power Station:

Coveralls

Overalls

Overall Jackets

Work Shirts

Work Trousers

The Company will not be responsible for dry cleaning any employee's clothing nor will it be responsible for laundering other items of clothing, such as underwear, T-shirts, socks, caps, gloves, towels, etc., nor for any special service, such as clothing repairs, for which a special charge is made.

The Plant General Manager will arrange for the above service with a commercial laundry operating in the area in such a manner as will insure satisfactory quality at reasonable cost.

ARTICLE XXIX

SAFETY AND HEALTH

The Company will continue, as heretofore, to make reasonable provisions for the safety and health of its employees during the hours of their employment. The Company and Union will cooperate in the continuing objective to eliminate accidents and health hazards.

The Company and the Union agree to a Joint Health and Safety Advisory Committee for the purpose of reviewing, discussing and recommending new or revised safety and health rules and procedures. The Committee shall be chaired by the Manager, Health and Safety

and shall meet quarterly. This Committee shall consist of not more than two (2) members of the Union. The Union representatives who shall attend a particular meeting shall be made known to the Manager, Health and Safety not less than two (2) weeks prior to the date established for the meeting. At the same time, the Union shall notify the Company of the subjects it desires to address at the meeting.

The Company will continue its practice of paying for approved lens and safety frames for an employee which are ordered through, and pursuant to the terms of, the Company's safety spectacle program. Also (except for items such as safety shoes and long sleeved shirts which would replace an employee's normal clothing) protective devices, protective clothing and other equipment required to be worn by the Company safety rules, and all tools required to perform the Company's work, shall be provided by the Company without cost to the employee.

ARTICLE XXX **CONFLICT WITH LAW**

In the event any provision of this Agreement is held to be in conflict with or in violation of any state or federal statute, rule, decision, or valid administrative rule or regulation, such statute, rule, decision, administrative rule or regulation shall control, but all of the provisions of this Agreement not in conflict therewith shall continue in full force and effect.

ARTICLE XXXI
ENTIRE AGREEMENT

This Agreement sets forth the entire understanding between the Company and the Union and represents the full and complete agreement between the parties on all bargainable issues for the duration hereof. Both the Company and the Union unqualifiedly waive, for the duration of this Agreement, any obligation on the part of the other to bargain collectively with respect to any subject or matter not expressly covered by 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 Earlington Operations, Areas 1 (Parkway) and 2 (Green River) of Kentucky Utilities Company as described in Article II herein, and no employee covered by this Agreement shall have or be entitled to any rights, benefits or privileges in any other region, plant or operation of the Company (now existing or hereafter established). None of the benefits, rights or privileges afforded by this Agreement to the Union or any employee shall survive the expiration or termination of this Agreement.

ARTICLE XXXII
TERMINATION

This Agreement shall be in full force from August 1, 2014, without modification or addition for its duration to 12:01 A.M. August 1, 2017, unless amended by mutual agreement.

Thereafter, it shall continue in force until sixty (60) days subsequent to notification by certified or registered mail, return receipt requested, by either party to the other party, but in no case shall terminate prior to the date indicated above.

Official address for such notification is:

Company: Manager, Labor Relations
LG&E AND KU ENERGY LLC.
220 West Main St.
P.O. Box 32010
Louisville, Kentucky 40232

Union: Sub-District Director - District 8 United
Steel, Paper and Forestry, Rubber,
Manufacturing, Energy, Allied Industrial
and Service Workers International Union
200 High Rise Drive, Suite 144
Louisville, Kentucky 40213

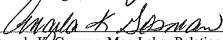
With a copy to Staff Representative servicing contract at that time.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative:

For the Company:
Kentucky Utilities Company
Earlington Operations, Areas 1 and 2



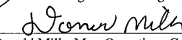
Paula Pottinger, SVP Human Resources



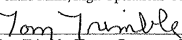
Angela K. Gosman, Mgr. Labor Relations



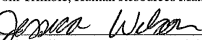
Scott Cooke Mgr. Meter Design Strategy & Ops



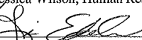
Donald Mills, Mgr. Operations Center



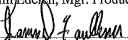
Tom Trimble, Human Resources Manager



Jessica Wilson, Human Resources Manager

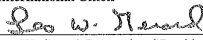


Jim Edelen, Mgr. Production – Green River

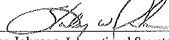


Danny Faulkner, Mgr. Maint. – Green River

For the Union:
United Steel, Paper and Forestry,
Rubber, Manufacturing, Energy, Allied
Industrial and Service Workers
International Union



Leo W. Gerard, International President



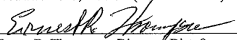
Stan Johnson, International Secretary -Treasurer



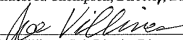
Thomas Conway, International VP (Admin.)



Fred Redmond, Intl. VP (Human Affairs)

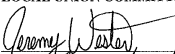


Ernest R. Thompson, Director, Dist. 8

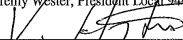


Joe Villines, Sub District Director

LOCAL UNION COMMITTEE



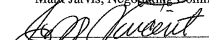
Jeremy Wester, President Local 9447-01



Von Horton, Negotiating Committee



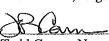
Mark Jarvis, Negotiating Committee



Jeff Vincent, Negotiating Committee



Keith Walker, Negotiating Committee



Todd Carver, Negotiating Committee

EXHIBIT A**WAGE RATES****HOURLY RATES CLASSIFICATIONS****BARGAINING UNIT EMPLOYEES****EARLINGTON OPERATIONS, AREAS 1****(PARKWAY) AND 2 (GREEN RIVER)****INCLUDING GREEN RIVER GENERATING
STATION KENTUCKY UTILITIES COMPANY**

Whenever an employee is promoted to a classification having a higher starting rate, he shall receive the starting rate of the new classification or the next higher step in that classification which is at least ten cents (10) per hour above the employee's rate prior to the promotion. Thereafter he shall progress as though he had already worked the period required by the preceding steps in his new classification.

Any new employee, upon producing evidence satisfactory to the Company of previous experience in the classification in which he is being employed, shall be given credit for such experience, except that he shall not start higher than the "After One Year" step and, in such event, shall receive the "After Two Years" step after one year's continuous employment. However, if after employment he demonstrates that he has the knowledge, skill and ability equivalent to that of an employee who has had two years' experience in the classification, he shall receive the "After Two Years" step beginning with the first payroll period commencing after sixty

(60) days of employment.

Any employee, other than a supervisor, who is designated by the Company to operate digger/derrick used by crews shall receive six cents (6) per hour in addition to his regular wage.

Effective 7/13/14

Meiman

Classification	WAGE SCALE		
	First Year In Classification	After One Year in Classification	After Two Years in Classification
Laborer – General	\$20.02	\$21.38	\$22.76
Line Technician A	\$32.75	\$34.54	\$36.67
Line Technician B	\$27.75	\$28.93	\$30.89
Line Technician C	\$24.20	\$25.67	\$27.61
Meter Technician A	\$32.75	\$34.54	\$36.67
Meter Technician B	\$29.10	\$30.45	\$32.00
Meter Reader (Note 5)	\$27.75	\$28.93	\$30.89
Patroller	\$29.10	\$30.45	\$32.00
Service Technician A	\$32.75	\$34.54	\$36.67
Service Technician B	\$27.75	\$28.93	\$30.89
Service Technician C	\$24.20	\$25.67	\$27.61
Auxiliary Operator	\$31.48	\$32.75	\$33.93
Coal Equipment Operator	\$32.29	\$34.15	\$36.20
Ass't. Coal Yard Supervisor (Note 1)	\$38.14	\$38.14	\$38.14
Maintenance Technician A (M)	\$32.75	\$34.54	\$36.67
Maintenance Technician B (M)	\$31.19	\$31.62	\$32.01
Maintenance Technician C (M)	\$27.75	\$28.93	\$30.89
Maintenance Technician A (E,I)	\$33.40	\$35.23	\$37.41
Maintenance Technician B (E,I)	\$31.82	\$32.26	\$32.65
Maintenance Technician C (E,I)	\$28.30	\$29.50	\$31.51
Lead Mechanic or Lead Electrician (Note 2)	\$38.43	\$38.43	\$38.43
Unit Operator	\$36.80	\$37.48	\$38.14
Unit Operator Assistant	\$34.15	\$35.03	\$36.67
Trainee (Note 3)	\$23.40	\$24.89	\$26.40
Lead Line Technician (Note 4)	\$37.36	\$37.36	\$37.36
Substation Technician A	\$32.75	\$34.54	\$36.67
Substation Technician B	\$27.75	\$28.93	\$30.89
Substation Technician C	\$24.20	\$25.67	\$27.61
Customer Order Technician (Note 6 & 7)	\$20.42	\$21.78	\$23.18

Effective 7/26/15

Meiman

Classification	WAGE SCALE		
	First Year In Classification	After One Year in Classification	After Two Years in Classification
Laborer – General	\$20.52	\$21.91	\$23.33
Line Technician A	\$33.57	\$35.40	\$37.59
Line Technician B	\$28.44	\$29.65	\$31.66
Line Technician C	\$24.81	\$26.31	\$28.30
Meter Technician A	\$33.57	\$35.40	\$37.59
Meter Technician B	\$29.83	\$31.21	\$32.80
Meter Reader (Note 5)	\$28.44	\$29.65	\$31.66
Patroller	\$29.83	\$31.21	\$32.80
Service Technician A	\$33.57	\$35.40	\$37.59
Service Technician B	\$28.44	\$29.65	\$31.66
Service Technician C	\$24.81	\$26.31	\$28.30
Auxiliary Operator	\$32.27	\$33.57	\$34.78
Coal Equipment Operator	\$33.10	\$35.00	\$37.11
Ass't. Coal Yard Supervisor (Note 1)	\$39.09	\$39.09	\$39.09
Maintenance Technician A (M)	\$33.57	\$35.40	\$37.59
Maintenance Technician B (M)	\$31.97	\$32.41	\$32.81
Maintenance Technician C (M)	\$28.44	\$29.65	\$31.66
Maintenance Technician A (E,I)	\$34.24	\$36.11	\$38.35
Maintenance Technician B (E,I)	\$32.62	\$33.07	\$33.47
Maintenance Technician C (E,I)	\$29.01	\$30.24	\$32.30
Lead Mechanic or Lead Electrician (Note 2)	\$39.39	\$39.39	\$39.39
Unit Operator	\$37.72	\$38.42	\$39.09
Unit Operator Assistant	\$35.00	\$35.91	\$37.59
Trainee (Note 3)	\$23.99	\$25.51	\$27.06
Lead Line Technician (Note 4)	\$38.29	\$38.29	\$38.29
Substation Technician A	\$33.57	\$35.40	\$37.59
Substation Technician B	\$28.44	\$29.65	\$31.66
Substation Technician C	\$24.81	\$26.31	\$28.30
Customer Order Technician (Note 6 & 7)	\$20.93	\$22.32	\$23.76

Effective 7/24/16

Meiman

Classification	WAGE SCALE		
	First Year In Classification	After One Year in Classification	After Two Years in Classification
Laborer – General	\$21.03	\$22.46	\$23.91
Line Technician A	\$34.41	\$36.29	\$38.53
Line Technician B	\$29.15	\$30.39	\$32.45
Line Technician C	\$25.43	\$26.97	\$29.01
Meter Technician A	\$34.41	\$36.29	\$38.53
Meter Technician B	\$30.58	\$31.99	\$33.62
Meter Reader (Note 5)	\$29.15	\$30.39	\$32.45
Patroller	\$30.58	\$31.99	\$33.62
Service Technician A	\$34.41	\$36.29	\$38.53
Service Technician B	\$29.15	\$30.39	\$32.45
Service Technician C	\$25.43	\$26.97	\$29.01
Auxiliary Operator	\$33.08	\$34.41	\$35.65
Coal Equipment Operator	\$33.93	\$35.88	\$38.04
Ass't. Coal Yard Supervisor (Note 1)	\$40.07	\$40.07	\$40.07
Maintenance Technician A (M)	\$34.41	\$36.29	\$38.53
Maintenance Technician B (M)	\$32.77	\$33.22	\$33.63
Maintenance Technician C (M)	\$29.15	\$30.39	\$32.45
Maintenance Technician A (E,I)	\$35.10	\$37.01	\$39.31
Maintenance Technician B (E,I)	\$33.44	\$33.90	\$34.31
Maintenance Technician C (E,I)	\$29.74	\$31.00	\$33.11
Lead Mechanic or Lead Electrician (Note 2)	\$40.37	\$40.37	\$40.37
Unit Operator	\$38.66	\$39.38	\$40.07
Unit Operator Assistant	\$35.88	\$36.81	\$38.53
Trainee (Note 3)	\$24.59	\$26.15	\$27.74
Lead Line Technician (Note 4)	\$39.25	\$39.25	\$39.25
Substation Technician A	\$34.41	\$36.29	\$38.53
Substation Technician B	\$29.15	\$30.39	\$32.45
Substation Technician C	\$25.43	\$26.97	\$29.01
Customer Order Technician (Note 6 & 7)	\$21.45	\$22.88	\$24.35

- Note 1 - Applicable, upon Plant General Manager's recommendation, to not more than one employee in a crew which is normally supervised by a Coal Yard Supervisor. Employees in this classification will be expected to supervise the crew, or any subdivision of it, in the absence of the regular supervisor. In the absence of both the Coal Yard Supervisor and Assistant Coal Yard Supervisor on a shift, another employee will be temporarily moved up to the Assistant's position and paid the Assistant Coal Yard Supervisor rate.
- Note 2 - Applicable, upon Plant General Manager's recommendation, to not more than one employee in a crew of 3 or more which is normally supervised by a Chief Electrician, Chief Mechanic or Maintenance Manager. Employees in this classification will be expected to supervise the crew, or any subdivision of it, in the absence of the regular supervisor.
- Note 3 - Applicable to employees who have been selected for and are in training for Line Technician or Service Technician C, Auxiliary Operator, Substation Technician C, or any other classification having a first year hourly rate in excess of the trainee hourly rate. Employees who are successful demotional job bidders to a trainee classification will receive the highest rate of pay for that classification. A trainee in this category will be assigned to the

classification for which he is in training at the end of three (3) to six (6) months, if he is then qualified, or, if not, as soon thereafter as he becomes qualified.

- Note 4 - Applicable in overhead line construction crews normally consisting of 6 or more, including the Supervisor, in which supervision by other than Supervisor is frequently required.
- Note 5 - Employees or new hires entering the Meter Reader classification on or after August 1, 2000 will be paid the Laborer-General wage scale.
- Note 6 - Employees or new hires entering the Customer Order Technician classification on or after August 1, 2005 will be paid the new Customer Order Technician wage scale, which will be increased by \$.30 above the Laborer-General wage scale.
- Note 7 - Meter Readers hired prior to August 1, 2000 who enter this classification as of July 24, 2005 will continue to be paid per the Meter Reader pay scale.

MEMORANDUM OF AGREEMENT

1. Reclassify existing Meter Readers and Meter Readers-General Labor into the new classification of Customer Order Technician. Employees currently in the Meter Reader classification will continue being paid per that wage scale. A Note 6 will be added to the contract as follows: Note 6 – Employees or new hires entering the Customer Order Technician classification on or after August 1, 2005 will be paid the new Customer Order Technician wage scale, which will be increased by \$.30 above the Laborer-General wage scale.

2. Customer Order Technicians will be trained to safely perform non-climbing service work, including after-hours reconnects.

3. Customer Order Technicians will be the first classification called to perform after-hours reconnects. If the Customer Order Technicians in an area are not available, the next person(s) called will be as listed on the call-out list for that area.

4. Employees called out to perform an after-hours reconnect shall be paid a minimum of four (4) hours at the applicable overtime rate, even if the employee actually works less than four (4) hours.

5. The Company agrees to provide Line Technician training, as business conditions allow for those Customer Order Technicians who request the training and have been successfully recommended by the EEI CAST test and a physical abilities test. The Health and Safety Coordinator for the Earlington Operations Area will determine the need for protective footwear for the trainee.

MEMORANDUM OF AGREEMENT

The following language applies specifically to Green River Operations group employees only working a 12-hour shift schedule. Where an issue is not specifically addressed, the provisions of the Contract will apply.

1. WORKDAY AND WORKWEEK

a. The normal workday will be 6 a.m. to 6 p.m. for day shift and 6 p.m. to 6 a.m. for night shift.

b. The workweek will begin at 6 a.m. Monday morning and end 6 a.m. the following Monday.

c. The current 12-hour schedule now in effect will be the continued as per Article V, Section 5.1.

2. REST BREAKS AND LUNCH BREAKS

An employee will be given three (3) paid breaks and a paid lunch.

3. CREW SELECTION

Employees will be allowed to select crews per Article XXV of the Contract.

4. SHIFT DIFFERENTIAL

An additional \$1.05 will be paid for all hours worked by employees scheduled on night shift. This will be included and paid at the overtime rate for all overtime hours worked.

5. SUNDAY PREMIUM

An additional \$1.25 will be paid for all hours worked on Sunday. This will be included and paid at the overtime rate for all overtime hours worked.

6. HOLIDAYS

Holidays will remain as currently in the Contract. The first 8 hours will be paid at 2 ½ times the straight time rate or may be saved to be used at another agreed upon time. The last 4 hours of a 12 hour shift on a holiday will be paid at the straight time rate. An employee will be paid at two (2) times his hourly wage rate for all hours worked over twelve (12) hours on a holiday.

When an employee is called into work on a calendar holiday when it is their scheduled day off the employee will be paid at one and one half (1 ½) times the employee's normal straight time hourly wage rate (including regular shift differential, if any) for the first twelve (12) hours worked. An employee will be paid at two (2) times their hourly wage rate for all hours worked over twelve (12) hours.

7. VACATION

a. The amount of vacation will be 40 hours per week of eligible vacation.

b. Full weeks of vacation will be calculated on the normal hours scheduled for that week.

c. Full day vacations will be paid at 12 hours pay.

d. Less than a full day of vacation will be continued per Section 8.3.

e. Employees who take a full week of vacation will not be required to work their scheduled days off before, or after their vacation, with a maximum of one employee on each shift. Should two employees request to block out the same off days, the senior employee will be allowed to chose which off day period to block. The Company may allow more employees to block the same set of off days or an employee to block before and after their vacation if operational needs allow or no other employee has the time blocked.

f. For the twelve (12) hour shifts, employees who scheduled vacation during their forty-eight (48) hour normal work week will have the option of taking forty (40) hours of vacation and the eight (8) hours will not be paid.

8. OVERTIME

a. Overtime will be paid at 1 ½ times the straight time rate for hours worked in excess of 12 hours in a day or 40 hours in a week. In the event an employee working a 36 hour week is required to work more than the scheduled 36 hours, the employee will be paid 1 ½ times the straight time rate for hours worked in excess of the employee's normally scheduled 36 working hours, except for the first 4 hours of non-mandatory meetings which will be paid at the regular straight time rate.

b. Double time will be paid to an employee who is required to work on his last available consecutive off day, provided he has worked at least 6 hours on his previous off day.

c. Double time will be paid for any hours worked in excess of 16 hours in a day.

d. Open positions on the Operating Schedule being prepared for the following work week will be filled using the following procedure:

(1) The operating schedule for the following week will be posted with all the required positions filled. Any vacancies on the schedule not filled by “on shift” operators will be filled on an overtime basis using the operator in the classification required with the least amount of actually worked overtime hours. Should a tie exist in the number of hours actually worked, the operator with the least amount of bargaining unit seniority will be used.

(2) After the schedule is posted the Company will begin asking/calling available operators for the vacancies filled in Step 1. Contacts will be made beginning with the operator in the classification required with the least amount of total overtime. If no operator is obtained, the Company will begin asking/calling the next higher bargaining unit classification beginning with operator in that classification with the least amount of total overtime. These contacts in this step will be completed by 8:00 a.m. Saturday.

(3) The operator previously scheduled for that vacancy in Step 1 will be required to check with the shift supervisor anytime after 8:00 a.m. Saturday to determine if they have been released from that overtime. If no operator is obtained in Step 2, the operator scheduled for that vacancy in Step 1 will be required to fill the vacancy.

(4) Vacancies will be filled beginning with the classification that is required for that shift. Example: If a Unit Operator is to be off work who would have been working in a Unit Operator Assistant position, then a Unit Operator Assistant will be scheduled for that position.

(5) In filling overtime vacancies where the Company has short notice, the overtime will be considered a Call In. Calls will be made beginning with the operator in the classification required with the least amount of total overtime. If no operator is obtained, the Company will begin calling the next higher bargaining unit classification beginning with operator in that classification with the least amount of total overtime. The first operator contacted will be informed that they will be required to fill this vacancy. If this operator requests, the Company will continue to attempt to contact other employees using the overtime list to obtain an operator for this vacancy. If another operator accepts the overtime shift, the Company will call the required employee back to release them from the obligation. If the required employee cannot be reached, then the person that accepted the shift will be called back and released from the overtime and the required person will report for this position. If a qualified KU employee cannot be reached and no qualified contractor accepts the overtime, a non-bargaining unit employee may fill the twelve (12) hour shift.

An employee will not be charged with more than one reject for any workday (6 a.m. to 6 a.m.) period that overtime is refused. The supervisor will not be

required to make another call to that employee. However, this does not exempt an employee from getting additional calls for required overtime.

e. If the call in of operators becomes a problem, a call in list may be established. Volunteers will be given the first opportunity for overtime. If coverage is still a problem, it may be necessary to establish a standby or on call list. The operators on call will be paid standby pay as outlined in the Contract.

f. A layover operator has the option of furnishing his or her own meals and receiving one-half hour overtime pay if he works in excess of two hours after his normal quitting time.

g. At any time after an employee agrees to accept available overtime and later decides that he no longer wants to work the overtime (except during emergency situations) the employee must provide at least twenty four (24) hour notice to management prior to the overtime. If less than twenty four hour (24) notice is given the employee will be required to work the scheduled overtime.

9. JURY DUTY

a. An employee will be paid 12 hours pay minus any fees paid by the court for missing a full shift.

b. An employee selected for jury duty must inform his/her supervisor as soon as possible. If the employee is scheduled to work the day shift, the employee will report to work if there is at least four (4) hours remaining in the shift. If an employee is scheduled to work

the night shift, such employee will work the first six (6) hours of the shift on the day(s) of the jury service. If the employee is held past 1400 hours, the employee will not report for day shift or will be relieved of duty for the night shift.

10. BEREAVEMENT

An employee will be paid 12 hours pay for days missed. The number of days for various family members will be as outlined in Article XVII, Section 17.1.

11. SICK LEAVE PLAN

Employees will have 40 hours to be taken as outlined in Article XVII, Section 17.4.

12. RETIREMENT SERVICE

Employees hired before 1/1/06 who are covered by the defined benefit pension plan will have up to 80 scheduled hours worked in a two week payroll period counted as straight time for purposes under the Pension Plan.

13. VOTING TIME FOR ELECTIONS

Employees who are scheduled to work day shift on the day of a federal, state, or local election will be allowed up to two (2) paid hours to vote if they wish to do so. It is understood that employees will only be allowed off for the minimum length of time they need to vote depending on their place of residence in relation to the plant.

14. UNANTICIPATED ISSUES

The Company and the Union realize there may be issues that arise concerning employees on a 12-hour

shift that may not have been anticipated. The Company and the Union will meet and attempt to resolve these issues using the principle that the solution will be as cost neutral as possible for both the Company and the employee(s). Should a resolution not be reached, the issue may be taken up in the Grievance and Arbitration Procedure.

15. Daylight Savings Time

An employee working a regularly stated schedule at the time the change is made to Daylight Savings Time (normally in the spring) and who only actually works eleven (11) hours instead of his normal twelve (12) hours because of the change shall receive pay for his normal twelve (12) hours. An employee working a regularly stated schedule at the time the change is made from Daylight Savings Time (normally In the fall) and who actually works thirteen (13) hours because of the change, shall receive pay at the established premium rate for the thirteenth (13th) hour.

LETTER OF UNDERSTANDING

Green River Generating Station

This will confirm the understanding between The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW) and Kentucky Utilities Company (Company) concerning the Green River Generating Station.

If, in the Company's opinion, it becomes necessary to reduce the workforce at the Green River Generating Station because of the retirement of the Green River Generating Station's coal fired units or part thereof, the following procedure shall be followed:

1. The Company shall not lay off any Green River Generating Station employees as a result of the retirement of the Green River Generating Station's coal fired units.
2. Green River Generating Station employees shall have the right to elect severance benefits. Employees assigned to fill openings elsewhere in the Company will have the option of either electing severance benefits or accepting assignment to a new position. Green River Generating Station employees shall be entitled to a severance benefit payment equal to two weeks of pay for each full year of service, with a maximum benefit of fifty-two weeks. Additionally, the Company will pay an employee's group medical and dental premiums, provided an employee elects COBRA or retiree medical coverage, for a period equal to

one month of coverage for each two full years of service, without proration, up to a maximum of twelve months. Receipt of these benefits is conditioned upon the individual employee signing and not revoking a full waiver and release of any actual or potential employment related claims against the Company, including waiver of contractual recall rights.

3. Green River Generating Station employees who do not elect severance benefits will be provided a list of available positions within the Company. This list will also be made available to the union. The available positions may be with any LG&E and KU Energy LLC subsidiary. The employees provided with this list shall be allowed to state their preference for the available openings. With consideration being given to the list of employee preference, the available openings shall be filled based on Union seniority. In the event an employee refuses an available position pursuant to this provision, the employee will not be offered or entitled to any other position, but may elect to receive severance benefits in accordance with Paragraph 2 above. Employees placed into positions within the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) pursuant to this paragraph shall be reclassified to the new position and their pay shall be red-circled at the rate of pay which results from reducing the employees' former rate of pay by fifty percent (50%) of the difference between his former rate of pay and

the rate of pay for his new classification. Employees placed into a position in the same classification at a Kentucky Utilities facility outside of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) shall be paid at the then current rates of pay applicable to that facility and consistent with the employees' step rate at the time of the placement. Employees placed into a position in a different classification at a Kentucky Utilities facility outside of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) shall receive the top rate of pay for the classification in which they are placed. Employees placed into positions at any other facilities will be paid in accordance with the then current pay practices and rates applicable to that facility. The company reserves the right to determine the appropriate classification and level for which the employee being placed is qualified. Any employee placed in a position pursuant to this paragraph shall have a sixty (60) day trial period in the position. Upon the conclusion of that trial period, the employee may elect to receive the severance the employee would have been entitled to receive pursuant to Paragraph 2 of this Agreement, less the wages paid to the employee during the sixty (60) day trial period.

4. The Company will make available Meter Reader positions equal to the number of Meter Reader positions filled by contractors in the Earlington Operations area at the time of the

of the Green River Generating Station. Meter Reader positions filled by employees pursuant to Paragraph 3 above shall have their pay red-circled at the rate of pay which results from reducing the employees' former rate of pay by fifty percent (50%) of the difference between their former rate of pay and the rate of pay for a COT after two years in classification and shall not be required to relocate. Employees who have their pay red-circled pursuant to this provision shall be eligible for potential wage increases two (2) years after the date their pay is red-circled if the collective bargaining agreement provides for such an increase. The Company retains the right, at its discretion, to contract out any Meter Reader positions filled by employees pursuant to Paragraph 3 above, in the event such employees subsequently leave the respective Meter Reader positions in which they are placed. In the event one of these employees subsequently departs from such a Meter Reader position, the Company will make the position available for bid to the other similarly placed employees who have filled Meter Reader positions prior to utilizing a contractor.

5. Employees placed into positions pursuant to Paragraph 3 must, in the Company's sole discretion, meet all requirements for the position, including, but not limited to satisfying the qualifications for the position, the education requirements for the position, and the residency requirements for the

position. With respect to meeting the residency requirement, employees will have up to twelve (12) months to relocate. Employees who relocate in order to satisfy the residency requirements for a position shall be eligible for applicable relocation benefits following the completion of the trial period referenced in Paragraph 3.

6. It is understood that this agreement will not be construed as the Company's position of either previous or equivalent experience for any of the classifications or lines of progression involved in the transfers of the Green River Generating Station employees. Furthermore, the individual qualifications of such employees shall not serve as a precedent for any future applications of their classification.
7. With respect to Green River Generating Station employees, the provisions in this Letter of Understanding shall supersede all provisions set forth in Article 10 of the Collective Bargaining Agreement except for Article 10.6.
8. In the event the Company begins staffing a new generating facility on or before 12-31-2025 in the Earlington Operations, Areas 1 (Parkway) or 2 (Green River), the Company will endeavor to make available fifty percent (50%) of any union positions at such a new plant to former Green River Generating Station employees who were displaced as a result of the retirement of the Green River Generating Station's coal fired units.

and who remain employed by the Company at the time their service is needed at the new generating facility. Former Green River Generating Station employees who have previous operations and maintenance experience at Green River Generating Station and who seek such positions will be deemed to have met the educational requirements of the new positions but are not exempt from all qualifications as established by the company including successful completion of any test required for such positions. Employees who satisfy all requirements will fill any such positions based on union seniority.

9. In the event the Company requires employees to complete proper plant shutdown work, at least one of the Unit Officials, (Unit President, Unit Secretary, Unit Grievors), will be provided the opportunity to perform the proper plant shut down work for a period up to a maximum of 8 weeks, provided the Unit Official is qualified to perform the plant shut down work. The number of available positions to conduct proper plant shut down and the qualifications required for this work will be determined solely by the Company.
10. With respect to operations work at the Green River Generating Station, in order to satisfy labor requirements in the period leading up to the retirement of the facility, it is understood and agreed that the Company may contract out operations work pursuant to Article 2.3 of Collective Bargaining Agreement. Such operations

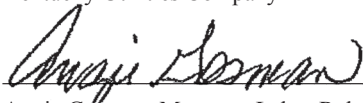
contractors brought in pursuant to Article 2.3 Meiman will begin training in preparation to cover employee absences and other labor shortages. There will be no reduction in the normal work schedule as result of the utilization of contractors in operations. The normal work schedule is as defined in Article 5.1 of the contract. The overtime procedure outlined in the Memorandum of Agreement on 12 hour shifts will be used to fill any overtime vacancy. Once the overtime list is exhausted, then contract operators that are qualified to fill the vacancy will be offered the overtime opportunity. If no contractor accepts the overtime, the tagged operator (“required employee”) will be required to fill the overtime opportunity. At no time will there be more contractors assigned to a shift than the number necessary to ensure that the total number of qualified personnel on a shift is four (4) inclusive of contractors. Contractors may, however, be assigned to any shift for training and other assigned duties on that shift. In the event that the number of employees on a shift drops to three (3), a qualified contractor may be assigned to that shift in order to maintain a staffing level of (4) inclusive of contractors. As long as there are four (4) employees per shift, if both units are running, contractors, once qualified, will not be offered call in or planned overtime unless that overtime is first offered to employees. In the event that only one (1) unit is running, should a vacancy occur, no overtime will be assigned on a shift staffed by three (3) qualified personnel in-

clusive of contractors unless management deems it necessary in order to meet operational needs. No employee will be displaced as result of the assignment of a contractor to a shift.

11. The Company shall determine staffing requirements and the timing and procedures for completing the selection and/or assignment subject to the provisions set forth herein.

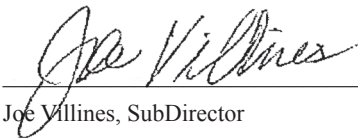
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative to first become effective February 1, 2012, and as revised effective August 1, 2014.

Kentucky Utilities Company



Angie Gosman, Manager, Labor Relations

The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW)



Joe Villines, SubDirector

Green River Generating Station

Green River Operation 12 Hour Shift Overtime Language

AGREEMENT

This will confirm the understanding reached between Kentucky Utilities and the United Steelworkers regarding the Memorandum of Agreement regarding 12-hour shift schedules and the Letter of Understanding regarding Green River Station. The parties agree to the following:

- This language will supersede the language in paragraph 10 of the Letter of Understanding regarding Green River Station (with regard to contractor employees participation in the filling of overtime only) and paragraphs 8(d) of the Memorandum of Agreement regarding 12-hour shift schedules.

(1) The operating schedule for the following week will be posted with all the required positions filled. Any vacancies on the schedule not filled by “on shift” operators will be filled by “qualified contract operators” where possible. Remaining operator positions will be filled on an overtime basis using the operator in the classification required with the least amount of actually worked overtime hours. Should a tie exist in the number of overtime hours actually worked, the operator with the least amount of bargaining unit seniority will be used.

(2) After the schedule is posted the Company will begin asking/calling available operators for the va-

cancies filled in paragraph titled (1). Contacts will be made beginning with the operator in the classification required with the least amount of total overtime. If no operator is obtained, the Company will begin asking/calling the next higher bargaining unit classification beginning with the operator in that classification with the least amount of total overtime. These contacts in this step will be completed by 8:00 a.m. Saturday.

(3) The operator previously scheduled for a vacancy in paragraph titled (1) will be required to check with the shift supervisor any time after 8:00 a.m. Saturday to determine if they have been released from that overtime. If no operator is obtained in paragraph titled (2), the operator scheduled for that vacancy in paragraph titled (1) will be required to fill the vacancy.

(4) Vacancies will be filled beginning with the classification that is required for that shift. Example: If a Unit Operator is to be off work who would have been working in a Unit Operator Assistant position, then a Unit Operator Assistant will be scheduled for that position.

(5) Go to overtime list of available operators and the first one contacted is required to work the overtime. If the required operator requests, the company will attempt to contact other employees using the overtime list to obtain an operator for this vacancy. If no

contractor operator is contacted for the overtime, the Company will then call shift supervisors. If no shift supervisor accepts the overtime, the required employee will be required to work the overtime. If a qualified contract operator is contacted he will be required to work and the Company will call the required employee back to release them from the obligation. If a shift supervisor accepts the overtime, the Company will call the required employee back to release them from the obligation. If the required employee cannot be reached then the person that accepted the shift will be called and released from the overtime and the required person will report for this position.

If a qualified KU employee cannot be reached and no qualified contractor accepts or is required to work the overtime, a non-bargaining unit employee may fill the twelve (12) hour shift.

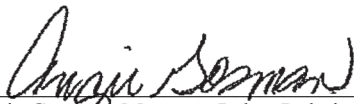
An employee will not be charged with more than one reject for any workday (6 a.m. to 6 a.m.) period that overtime is refused. The supervisor will not be required to make another call to that employee. However, this does not exempt an employee from getting additional calls for required overtime.

(6) It is the intent of both parties to use full twelve hour shifts when filling overtime, when possible, including the use of bargaining unit employees, qualified contractors and non-bargaining unit employees. Split shifts will only be used as a last option.

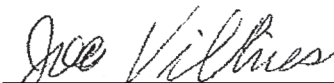
This overtime distribution process shall be reviewed by the Company every three months. If the Company determines that this process is resulting in an unequal distribution of overtime, the parties will meet to attempt to agree on modifications that will create better overtime distribution. If the parties cannot agree then they will revert back to the language set forth in paragraph 10 of the Letter of Understanding regarding Green River Station and paragraph 8(d) of the Memorandum of Agreement regarding 12-hour shifts. This agreement will expire with the retirement of the current Green River 3 & 4 units or at the expiration of the current collective bargaining agreement.

For the:

Company:


Angie Gosman, Manager, Labor Relations

Union:


Joe Villines, SubDirector

TENTATIVE AGREEMENT BETWEEN

Kentucky Utilities Company Old Dominion Power Company
And
International Brotherhood of Electrical Workers Local 2100

This documents an Agreement between the Kentucky Utilities Company Old Dominion Power Company (the Company) and the International Brotherhood of Electric Workers Local 2100 (the Union) regarding the Collective Bargaining Agreement for the period of August 1, 2018 through July 31, 2021.

Upon ratification the modified contractual language will become effective as follows:

Wages:

Effective with the pay period begin date July 22, 2018, (upon first vote ratification) there shall be a 2.5% general wage increase applied to the wage rates in effect. There shall be a 2.5% general wage increase effective July 21, 2019. It is agreed to that the wages in effect for 2020 will be subject to a wage reopener.

Duration:

- The duration of this Agreement is August 1, 2018 through July 31, 2021.

Article I Section 2 and Section 5 - Authorization for Dues, Agency Fees, Deductions, Etc.

- Modified language to reflect Kentucky Right to Work legislation.

Article VII - Section 1 Probationary Period

- Modified language to extend the probationary period for new employees from 120 days to 180 days. Employees are still eligible for on-call after they are trained and qualified.

Article VII – Section 1: The Company and the Union agree that it is necessary for the Company to hire additional employees, in excess of the number needed from time to time for normal operation, for the purpose of new construction work, unusual, seasonal or emergency maintenance or operating conditions, and to train such employees for replacement of, or additional to, its regular personnel. All such employees shall be classed as probationary employees until completion of one hundred eighty (180) days of continuous employment, during which the employee works for the Company, and during said time such employee shall acquire no seniority. Any employee, if still employed at the end of said one hundred eighty (180) day period, shall either be released from employment by the Company or placed upon the regular employee list, and if and when so placed upon the said regular employee list, his seniority shall begin from the date of

his original employment. There shall be no responsibility for reemployment of probationary employees if they are laid off or released during said period of one hundred eighty (180) days. However, any claim of personal prejudice or any claim of discrimination for Union activity in connection with the layoff or release of probationary employees shall be considered and decided through the grievance procedures.

Article XIII - Section 12 On-Call

- Increased the On-Call weekly compensation to **\$100** for Year 1, **\$125** for Year 2 and **\$150** of Year 3.
- Each employee who serves in a weekly On-Call status will be paid one hundred dollars (\$100) per week in year one of the contract, one hundred and twenty-five dollars (\$125) in year two of the contract and one hundred and fifty dollars (\$150) in year three of the contract. If an employee works on service calls outside his normal scheduled workday during his On-Call week, he will be paid for such time worked in accordance with Article XIII-Overtime.
- On-Call pay is provided to compensate the employee for the interruption of lifestyle being on-call contains. The on-call employee, in exchange for the on call pay agrees to remain available and fit to respond to call outs during the week they serve as the On-Call person. If an employee serves in an On-Call status for service calls for less than one (1) week, he will be paid one (1) hour's pay at his appropriate overtime rate in addition to time spent on any service calls for each day he serves in an On-Call status for service calls.

Article XIII – Section 12 Dispatcher's Priority

- Modified language to reflect the Distribution Control Center's after-hours process.
- Dispatcher's will make the first call to the "On-Call" person for that area.
Exception: (a) there are other bargaining unit employees already working that can responds more quickly (b) the "On-Call" person for that area has been sent home to rest or has initiated a rest period.

Article XV Section 1 – Sick Leave, Group Insurance, Survivors Insurance, Service Annuity, Medical Care Plan, Employee Savings Plan, Employee Assistance Program, Dependent Care Assistance Plan, Dependent Life Insurance Plan

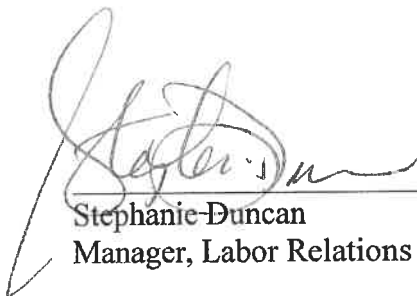
- Modified language removing the 4/4/50 formula. The Company will continue to provide the existing or no less favorable sick leave, group life insurance, long-term disability insurance, retirement annuity and medical, including post-retirement medical insurance benefits, dental assistance program, employee savings plan, employee assistance program, dependent care assistance plan, and dependent life insurance plan for members of the bargaining unit as are provided for other full time employees of the Company.

Upgrade


Classification	First Year In Classification	After One Year in Classification	After Two Years in Classification
OLD RATE			
Meter Technician A	\$35.44	\$37.38	\$39.69
NEW RATE (includes 2.5%)			
Meter Technician A	36.33	38.31	40.98

To be placed in the minutes and tentative agreement but will not be placed in the Current Collective Bargaining Agreement:

COT Work Schedule Pilot Program - The Company and Union upon ratification of the contract, agree to meet and discuss establishing a six (6) month pilot program for the Customer Order Technicians that will allow for modifications of the workday schedule.


 Stephanie Duncan
 Manager, Labor Relations

7/30/18
 Date


 Patrick Breeding
 President KU IBEW Local 2100

07-30-2018
 Date

AGREEMENT

between

**Kentucky Utilities Company
Old Dominion Power Company**

and

**INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS**



IBEW

LOCAL 2100

Effective

August 1, 2015 to August 1, 2018



OFFICERS

PRESIDENT/BUSINESS MANAGER

CURTIS STRATTON

VICE-PRESIDENT

P.J. BREEDING

RECORDING SECRETARY

RANDY BARMORE

TREASURER

RICK RAYMER

EXECUTIVE BOARD

DANNY CLEMONS

TERRY CUNDIFF

PHILLIP WALKER

DAVID JOYNER

CECIL MILBY

RON MILES

CHIP WHEELER

OFFICE PHONE NO.

(502) 935-4010

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THIS AGREEMENT, made and entered into as of Meiman the 1st day of August, 2015, by and between KENTUCKY UTILITIES COMPANY, a Virginia and Kentucky Corporation, with its principal offices and place of business in Lexington, Fayette County, Kentucky (doing business in Virginia as Old Dominion Power Company), hereinafter referred to as the “Company,” party of the first part, and LOCAL UNION NO. 2100, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO, hereinafter referred to as the “Union,” party of the second part.

WITNESSETH:

THAT WHEREAS, the parties hereto desire to cooperate in the maintenance of just and equitable terms and conditions of employment and to provide methods for fair and peaceable adjustment of differences that may arise between them and to promote harmony and efficiency to the end that the Company and the Union and the general public may mutually benefit; and

WHEREAS, the continuous operation of the business of the Company is essential to the public welfare and it is, therefore, a recognized obligation on the part of both the Company and the Union to maintain continuous and dependable service, irrespective of any differences which may occur at any time, it is mutually agreed by said parties as follows:

ARTICLE I**Section 1 Union Recognition**

The Company hereby recognizes the Union as the exclusive bargaining agency for all its employees in its Pineville and Norton Operations and will continue to recognize the Union for all matters pertaining to rates of pay, hours of work and any and all conditions of employment during the life of this contract, but excluding without limitation all clerical employees, line supervisors and substation supervisors and supervisors who have the authority to hire and fire or recommend such action. This Agreement is restricted entirely to said Pineville and Norton Operations of the Company's system and is applicable only to the employees located within said Pineville and Norton Operations and within the classifications referred to in Article XIV.

Section 2 Authorization for Dues, Agency Fees, Deductions etc.

All Kentucky employees of the Company covered by this Agreement who on the date of execution of this Agreement are members or agency fee payers of the Union shall, as a condition of continued employment, remain members or agency fee payers for the term of the Agreement to the extent of paying the periodic dues or agency fees uniformly required. All Kentucky employees covered by this Agreement who are hired after the date of execution of this Agreement shall, as a condition of continued employment, become members or agency fee payers of the Union at the completion of their probationary period and remain members or agency fee payers for the term of this Agreement, to the extent of paying the initiation fee (or reinstatement fee) and periodic dues or agency fees uniformly required.

Section 3

The Company, where so authorized and directed by an employee in writing upon an authorization form, meeting all requirements of law and approved by the Company, will deduct from the wages of any and all employees in its Pineville and Norton Operations for whom the Union is bargaining agent, Union dues, agency fees, initiation fees and lawful unit wide assessments in the amounts authorized by each employee on one of the above mentioned forms. This deduction shall be made as designated by the employee on the approved form on the first pay day of each month and remitted promptly to Local Union No. 2100, 10400 Dixie Highway, Louisville, Kentucky 40272. All checks shall be made payable to International Brotherhood of Electrical Workers, Local No. 2100. Each remittance shall be accompanied by a list setting forth the amount deducted and the names of those from whom the deductions were made.

Section 4

In the event there is an overcharge made in making payroll deduction for dues, agency fees, initiation fees and assessments, the Union shall be responsible for adjustment of such claim, with the individual members.

Section 5

Section 2 of this Article shall not apply to Virginia employees. This Article is intended to comply with all requirements and the provisions of applicable state and federal law, and nothing herein contained shall require the taking of any action in violation thereof; the Union agrees to indemnify and save the Company harmless from any claim or liability arising out of any action taken by the Company in compliance herewith. However, in the event changes in the state and/or federal law should make

the application of Section 2 above lawful for Virginia Meiman employees, then the provisions of said Section 2 shall apply to said Virginia employees.

Section 6 Management Rights

By reason of the nature of the business of the Company it is essential, and is therefore agreed, that the management of the Company and the supervision and control of all operations and the direction of the working forces, including the right to relieve employees from duty because of lack of work, or for just cause, the right to hire, suspend, discharge for cause, promote, demote or transfer employees and the right to operate the Company should be, and is, vested in, and reserved to, the Company, except as herein limited.

It is further agreed that in the interest of obtaining improved service, better operations or lower costs, the Company has the right to make changes in equipment, operations, and the organization of work, including the determination of job content, minimum requirements and qualifications; and combine jobs, eliminate jobs, and create new jobs, and it is understood that this is a proper function of management.

The Company shall have the right to formulate and enforce rules and regulations dealing with employee conduct and work and safety, which are not in conflict with this Agreement. The Company will notify the Union office in writing at least fourteen (14) calendar days prior to implementation of any new or revised rules or regulations and shall meet to discuss such changes during the fourteen (14) calendar day period if requested.

ARTICLE II

Section 1 No Strike – No Lockout

Union pledges to Company the loyal, honest, safe and dependable service of all its members who perform work under this Agreement.

The Company agrees not to lock out its employees and the Union agrees that there shall be no slowdown, sitdown, strike or other interference with or stoppage of the work of the Company on the part of the Union or any of its members, during the existence of this agreement.

Although it is a recognized obligation on the part of both the Company and the Union to cooperate in maintaining a continuous and dependable public service, it shall not be a violation of this Agreement, nor cause for discharge or disciplinary action, for an employee as an individual matter to decline to cross a picket line at premises other than premises of the Company where loss of Company property or injury to the employee is threatened.

A duly identified and authorized representative of the Union shall, upon due advance arrangement, be granted access to Company premises for the purpose of investigating problems with which he is properly concerned in the administration of this Agreement. Union activity as permitted herein does not include Union business of an internal nature which does not involve the Company.

Section 2 Subcontracting

(1) The Company currently and historically utilizes outside contractors and subcontractors to supplement its own work force. These outside contractors and subcontractors are utilized primarily for the following reasons: to meet emergency situations; to obtain

specialized services not readily available within the Company's work force; for purposes of business expediency (time); and to enable the Company to render service to its customers in the most efficient and economical manner practicable. While the Company expects that a continuation of such outside contracting policies will be necessary for prudent and efficient business operations during the life of this Agreement, the Company agrees that it will not subcontract work normally and usually performed by employees presently covered by this Agreement for the purpose of eroding the bargaining unit.

Additionally, the Company agrees that except in an emergency it will not subcontract the work involved in the generation, transmission and distribution of electricity of a type normally and usually performed by employees in journeyman classifications or above when such subcontracting would cause the layoff of, such employees or affect their recall. It shall not be a violation of this Agreement for the Company to continue subcontracting in areas where there has been no reduction in force.

(2) If it becomes necessary for the Company to contract out work of the type regularly and customarily performed by employees covered hereby, it shall notify the Union of such subcontracting and identify the type of contractual agreement, probable duration of the contract and the approximate number of employees involved in the performance of the contract. However, nothing in this article shall require the Company to assume unreasonable or excessive costs in its operations.

(3) It is agreed that outside contractors will not perform overtime work, normally performed by employees covered by this Agreement, except in the following circumstances and situations: where the employees in the work area affected have been offered the

work; if an emergency exists and employees in the work area affected by the emergency have been fully utilized; or if it is necessary to have an equipment outage for the contractor to complete the work he is performing. It is not a violation of this Section for a contractor to continue or complete work on an overtime basis, provided the contractor is responsible for that work during the normal workweek. However, contractors will not be called out to perform overtime work unless one of the above three (3) exceptions has been met.

(4) The Company agrees that, others factors being substantially equal (i.e. price, availability, qualifications etc.), contractors who employ union members will be given preferred consideration. It is understood that this provision in no way creates third party beneficiary status for any individual or contractor.

Section 3 Successorship

The Company agrees that the Collective Bargaining Agreement between the parties will remain in full force and effect for the specified duration regardless of any change in the ownership of the Company. The Company will include a provision, in any sales or merger agreement, with any successor or assign, that will affirm and make the continuation of the Collective Bargaining Agreement a condition of the sale or merger of the Company.

ARTICLE III

Section 1 Notification in Event of Discharge of Employee

In the event of a discharge or suspension of any employee, the Company shall within forty-eight (48) hours give the employee and Local No. 2100 at Louisville,

Kentucky, written notice thereof. If a written reprimand is given to an employee a copy will also be given to the Union.

Section 2 Grievance After Discharge or Suspension

In the event the Union or any discharged or suspended employee shall fail to file a written grievance within five (5) working days concerning the above mentioned discharge or suspension, such discharge or suspension shall be final.

Section 3 Union Representation – Stewards

For adequate representation of the employee groups, there shall be a steward at the following locations: Somerset, Kentucky, London, Kentucky, Pineville, Kentucky, Harlan, Kentucky, Pennington Gap, Virginia, and Norton, Virginia, and as many assistant stewards as may be needed, the names of all of whom shall be furnished to the Company. It is understood an assistant steward will function only in the absence of the steward. It is agreed that the Company will recognize the stewards as the official representatives of the employee group covered by the terms of this Agreement. (The right is reserved by the Union to change the stewards at will, provided that notice of any change is immediately given to the Company.) No steward shall be discriminated against by the Company because of his faithful performance of his duties as steward.

Section 4 Grievance Procedure

Should differences arise between the Company and Union as to the meaning and/or application or the observation and performance of any of the provisions of this Agreement, the following shall be the procedure for adjustment thereof, and any settlement reached in any

step of this procedure will be final:

(1) The employee and/or his steward shall first bring the grievance to the attention of his immediate supervisor.

(2) If the grievance is not settled, it shall be reduced to writing so as to describe the complaint, designate the article and section of the contract which the aggrieved party contends has been violated and state briefly the events or actions which are alleged to be in violation of the contract and which justify the complaint and shall be presented by the aggrieved employee and/or his steward to the employee's immediate supervisor and the next level of management who did not participate at Step 1.

(3) If the matter is not satisfactorily disposed of within three (3) working days, a Business Representative of the Union shall be called in. The Business Representative, the Steward, and such person or persons as the Union may designate, shall meet with the appropriate manager and such person or persons the Company may designate to make a thorough investigation. It is agreed that a fair and sincere effort shall be made to reach a satisfactory adjustment or settlement of all matters so presented within ten (10) working days after this meeting.

(4) If the matter cannot be settled in the foregoing manner, it is agreed that the Union may refer the grievance to arbitration by giving notice to the Company in the manner hereafter specified, provided that such notice is given within forty-five (45) days after the occurrence of the event or action upon which the grievance is based or within such time as the period for giving notice may be extended by agreement of the parties in writing. If notice is not given within such period, the grievance shall be considered settled.

The Union may refer a grievance which the parties are unable to settle under the grievance procedure to arbitration by delivering to the human resources

representative within the time specified in paragraph (4) written notification that it desires to arbitrate the grievance. The Company and the Union shall each appoint a representative and such representatives shall seek agreement as to the identity of a mutually acceptable arbitrator. If they are unable to agree, the Company and Union shall jointly request the American Arbitration Association to provide a list of seven (7) qualified (National Academy of Arbitrators member) arbitrators who have training or experience in the subject of the dispute in question. The representatives of the parties shall either agree to an arbitrator on the list or select one by each party alternating striking a name from the list until one name remains, either party may reject one list per case. More than one grievance may be submitted to the same arbitrator if a multiple submission is acceptable to both parties. The compensation and expenses of the arbitrator shall be borne equally by the parties. The compensation and expenses, if any, of witnesses and other participants in the arbitration shall be borne by the party desiring or requesting their presence.

Employee disciplinary records shall not be utilized in arbitration involving discipline administered to that employee if such records are more than five (5) years old, provided that employee has not received discipline within the five (5) year period.

Section 5 Arbitration

The jurisdiction of the arbitrator shall be strictly limited to the determination of disputes having to do with the application of the provisions of the Agreement which have been submitted to arbitration as provided herein. But said arbitrator shall have no power to change any of the provisions of the Agreement.

Except where prohibited, precluded or preempted

by applicable law, the parties agree that in matters the Meiman Union agrees to submit to arbitration, the Arbitrator shall be explicitly authorized to decide any statutory issues that may arise under Section 8 of the National Labor Relations Act (“NLRA”), or that if proven would form the basis for an unfair labor practice under such provisions.

Section 6 Grievance Meetings

Grievances to be handled through the grievance procedure shall be taken up at such time of day as will least interfere with the regular working hours of the employees involved. If the Company finds it more convenient and practical to conduct such proceedings during regular working hours, then Union grievance representatives who are called from their regular duty will be paid their regular wages as though they were on regular duty.

ARTICLE IV

Leaves of Absence – Union Business

The Company, upon written request from the union, shall grant to the officers and committees of the Union all necessary and reasonable leaves of absence to transact Union business, provided reasonable notice shall be given and their seniority and all other rights with the Company shall not be affected due to their absence. It is understood and agreed, however, that the Company shall not be required to grant such leave of absence to any employee whose absence, in the opinion of the Company, would interfere with the proper operation of its business. The Company shall also have the right to recall any employee who has been granted a leave of absence, in the event an emergency or for operational effectiveness shall, in the opinion of the Company, make such recall necessary.

Union members who are excused from work for the conduct of Union business, and who are not eligible for compensation by the Company for the time so spent, shall, upon request by the Union, be compensated by the Company for straight-time work hours missed. The Union will reimburse the Company for these hours upon proper notice. The Company's obligation under this section shall be suspended if, after thirty (30) calendar days from demand for proper reimbursement, such reimbursement is not received by the Company. Any contested amount of reimbursement is all that may be withheld by the Union to avoid the suspension of such obligation.

Union members' absences from work for the conduct of Union business will be limited to twenty (20) work days in a calendar year. However, the Company will give additional consideration in this area on a case by case basis to requests which are submitted in writing.

ARTICLE V

Exclusive Contract

During the life of this Agreement the Company will not enter into any contract with any employee or group of employees, or with any other organization in the Company which would supersede or modify the provisions of this Agreement, unless required to do so under the provisions of the National Labor Relations Act or any of the amendments thereto.

ARTICLE VI

No Discrimination, Interference or Intimidation of Employee by Company or Union

The Company further agrees that it will not

interfere with, restrain or coerce employees because of membership or lawful activity in the Union, nor will it by discrimination with respect to hire, tenure or employment or any other term or condition of employment or in any manner attempt to discourage membership in the Union.

The Union agrees that neither the Union nor any of its members will interfere with, intimidate, restrain or coerce any employee in any manner whatsoever with respect to his right to work or the free exercise of his own choice as to Union membership or non-union membership, and further that there shall be no solicitation of employees for Union membership or dues on Company's time or property, provided, however, that if any employee shall lease or rent his residence from Company, then such residence shall not be considered as Company property for the purpose of this paragraph.

Any claim of violation of any of the provisions of this Article, either by Company or Union, shall constitute a complaint which shall be adjusted through the grievance procedure provided for in Article III hereof.

ARTICLE VII

Section 1 Probationary Period

The Company and the Union agree that it is necessary for the Company to hire additional employees, in excess of the number needed from time to time for normal operation, for the purpose of new construction work, unusual, seasonal or emergency maintenance or operating conditions, and to train such employees for replacement of, or additional to, its regular personnel. All such employees shall be classed as probationary employees until completion of one hundred twenty (120) days of continuous employment, during which the employee

works for the Company, and during said time such employee shall acquire no seniority. Any employee, if still employed at the end of said one hundred twenty (120) days period, shall either be released from employment by the Company or placed upon the regular employee list, and if and when so placed upon the said regular employee list, his seniority shall begin from the date of his original employment. There shall be no responsibility for reemployment of probationary employees if they are laid off or released during said period of one hundred twenty (120) days. However, any claim of personal prejudice or any claim of discrimination for Union activity in connection with the layoff or release of probationary employees shall be considered and decided through the grievance procedure provided for in Article III hereof. Such claims must be supported by written evidence at the time the complaint is filed.

Section 2 Temporary Employees

When students and others are hired for vacation replacements or other temporary needs, it is agreed that their employment is temporary and will not exceed one hundred ten (110) working days. These employees shall not accrue seniority.

ARTICLE VIII

Section 1 Determination of Seniority

Region-wide seniority shall mean the aggregate years, months and days of work performed in the bargaining unit by an employee on the job for this Company. However, for the purpose of this Article VIII, region-wide seniority shall consist of (a) length of continuous service; (b) knowledge, skill and ability; and (c) physical fitness. When knowledge, skill and ability and

physical fitness are relatively equal, length of continuous service shall govern. If any claim shall be made that any promotion, demotion, transfer or increase or decrease in force, including layoff or reemployment made by the Company, is due to discrimination, the dispute shall be settled under the grievance procedure provided for in Article III hereof.

Section 2 Seniority List

The Company will post a list of its employees' seniority records, including those now in the military service, and give the Union a copy for checking for its correctness.

An up-to-date seniority list shall be made available by the Company to the Union on a quarterly basis.

Section 3 Decrease or Increase of Working Force

Whenever the Company reduces its working force, employees shall be laid off in accordance with and in inverse order of their seniority, via; length of continuous service, knowledge, skill and ability and physical fitness as provided in Section 1 hereof.

Whenever the Company increases its working force after a layoff, the employees shall be returned to work in the inverse order in which they were laid off. No new employee shall be hired for jobs covered by this Agreement before all laid off employees qualifying under Section 1 of this Article shall have been offered the opportunity to return to work.

Each laid off employee shall keep the Company advised in writing of his correct mailing address twice yearly and the mailing or telegraphing by the Company of notice that a job is available, to the said address, shall be deemed sufficient compliance with any provision hereof with respect to giving preference to said laid off employees.

Section 4 Loss of Seniority

Seniority shall be lost for the following reasons:

(a) By the employee voluntarily leaving the employ of the Company.

(b) By the discharge of an employee, if such discharge is not reversed through the grievance procedure.

By the failure of an employee, after a layoff, to report back to work within six (6) days after being offered reemployment or to give a satisfactory reason to the Company for further delay.

Section 5 Job Vacancies

In the event a vacancy occurs which, in the opinion of the Company, must be filled or a new job is created; that is to say, when an employee quits or is discharged or is transferred from one department or from one location to another, or is changed from one shift to another, or is retired, or dies, the Company shall post a notice of such vacancy within five (5) working days after the vacancy occurs, stating the maximum rate of pay, classification, immediate supervisor, shift and residence requirements, if any, on all bulletin boards for a minimum of five (5) working days before permanently selecting the employee. If such notice is subsequently modified it shall remain posted for a minimum of five (5) working days after such modification before the Company permanently selects the employee. The Company will select the employee to fill the vacancy within twenty (20) working days following its posting of said notice. Within five (5) working days after the Company's Region Office receives a fully approved payroll authorization, authorizing such action, the employee selected shall be placed on the job, and all other applicants for the job will be advised in writing of the name of the selected applicant. When new jobs are created or vacancies occur, said jobs or

vacancies will be posted by the Company, as hereinabove provided, and application must be made for the job during said period of five (5) working days. The advice and recommendation of a board consisting of the employee's steward, a Business Representative of the Union and not to exceed two employees having knowledge of the job and/or qualifications of the bidders, selected by the steward and the Business Representative will be considered in filling such vacancies, which board will meet with not more than four (4) Company representatives, but such jobs may be filled by the Company temporarily until a suitable person has been selected by the Company. In the event an employee makes an application for a job vacancy posted in accordance with the provisions of this Article and is selected to fill the vacancy, then refuses to accept that job, the Company shall not be obligated to consider applications for other job vacancies, with the exception of a vacancy created by death, from that employee for a period of six (6) months following the date of posting of the job vacancy which was refused by the employee.

Any employee who successfully changes Line of Business through the bidding procedure can not subsequently bid to another Line of Business for one (1) year.

Any employee hired during the term of this contract shall be barred from bidding to another Line of Business for one (1) year from date of hire.

****Please see agreement at the back of this contract****

Section 6 Moving Expenses

A. When the permanent reporting location of an employee is changed (a) because of his bidding into a permanent job vacancy under Article VIII, Section 5 of this Agreement, or, (b) when the Company requests and the employee consents to transfer to another location, or,

(c) when the Company requires the employee to transfer to another location, and the employee is required to move his residence because of this change, the Company will pay a lump sum payment, net of taxes, equal to:

- One (1) month's base pay for renters
- Two (2) month's base pay for home owners

B. As much advance notice as possible will be given the employee of the proposed change in headquarters to give him sufficient time to arrange for new quarters in the new locality. If it is not possible to give the employee reasonable notice of the proposed change in permanent headquarters, and it is necessary for the employee to live in the new location until he can arrange to move, the Company will pay his reasonable board and lodging expenses not to exceed one calendar month unless otherwise agreed upon. If it is not possible to give such reasonable notice of the change, but it is not necessary for the employee to live in the new location until he can arrange to move, the Company will pay mileage at its standard rate for the mileage by which the distance from his present residence to his new headquarters exceeds the distance to his old headquarters, not to exceed one calendar month unless otherwise agreed upon.

C. The Company shall not be obligated to pay the moving expenses of (a) any employee who has less than twelve (12) months of continuous service since last date of hire, or, (b) in the case of any other employee, more than once in any period of twelve (12) consecutive months in connection with that employee's transfer to a new regular place of employment, unless (in either case) the move is at the Company's request.

Section 7 Leave of Absence

Employees may, for proper cause, be granted leave of absence up to thirty (30) days without jeopardizing their

seniority and by mutual agreement between the employees involved, the Union and the Company, such period may be further extended.

Section 8 Absence from Duties

Upon prior arrangement with Company, employees shall be entitled to be absent from their duties without pay not to exceed three (3) days per calendar year.

Section 9 Return to Work After Accident or Illness

After a regular employee has recovered from accident or sickness and reports for work, he shall be returned to his regular job, provided he is physically able and qualified to perform his job.

Section 10 Handicapped Employees

Nothing in this Article shall be construed to diminish any rights an employee would otherwise have under this Agreement, the Americans with Disabilities Act, the Workers' Compensation Laws of Kentucky and Virginia or other applicable laws.

Section 11 Unexcused Absence from Job Grounds for Discharge

The absence of any employee from his regular shift of duty for a total of three times within any three months' period without properly notifying the Company and without a reasonable and satisfactory excuse may, at the Company's option, be grounds for discharge.

Section 12 Residence Requirements

(a) Line Technicians shall reside either (1) within the service territory of the technician's reporting location or (2) within thirty (30) road miles of that same reporting location. Substation Technicians shall reside within thirty

(30) road miles of the reporting location. Line Technicians and Substation Technicians, whose reporting location is changed by the Company, will not be required to relocate.

(b) Service Technicians shall reside either (1) within the service territory of the office to which the technician regularly reports or (2) within twenty (20) road miles of that same reporting office.

(c) Employees in Service or Line Technician positions as of the effective date of this policy (August 1, 1992) who do not meet these residency requirements will not be required to move. Employees in Substation Technician positions as of the effective date of this policy (January 1, 2013) who do not meet this residency requirements will not be required to move. Additionally, those Service, Line or Substation Technicians residing outside the requirement as specified in (a) or (b) above can not move any further.

(d) Line Technicians may transfer or bid to other positions within that line crew or to another line crew at the same reporting location without having to move.

(e) Line Technicians described in paragraph (a) who transfer to Service Technician positions described in paragraph (b), must meet the residency requirements set forth in paragraph (b) even if the transfer does not involve a change in reporting location.

(f) Service, Line or Substation Technicians that transfer to a position at a different reporting location than they now have must meet the residency requirements for that location.

Section 13 Maternity Leave

An employee on maternity leave (or otherwise absent by reason of pregnancy) may utilize any accumulated paid sick leave in accordance with the Company's paid sick leave plan, and even if the employee does not plan

to return to work, accumulated paid sick leave may be utilized to the same extent it could be if the employee applied for maternity leave.

An employee on maternity leave may remain on leave for a period equal to the time allowed for non-work related illness or injury.

Upon return to work the employee will either be returned to the former job or placed in another position in accordance with the practice in effect for employees returning from leave because of sickness or injury. If the employee fails to return to work at or prior to the expiration of maternity leave or refuses to take the position made available as above provided, her employment will terminate.

Section 14 Health & Safety

The Company and the Union recognize the need for a strong Health and Safety

Program for the benefit of all employees and the Company. The Union will cooperate in assisting and maintaining the Company's rules regarding health and safety. The Company recognizes the interest of the Union in the health and safety of its members, and will give careful consideration to any recommendations made by it.

The Company and the Union agree to a Joint Health and Safety Advisory Committee for the purpose of reviewing, discussing and recommending new or revised safety and health rules and procedures. The Committee shall be chaired by the Manager, Health and Safety, and shall meet quarterly. This Committee shall consist of not more than two (2) members of the Company and two (2) members of the Union. The Union representatives who shall attend a particular meeting shall be made known to the Manager, Health and Safety not less than two (2) weeks prior to the date established for the meeting. At

the same time, the Union shall notify the Company of the Meiman subjects it desires to address at the meeting.

ARTICLE IX

Employees in the Armed Forces

Except as otherwise provided by law, if it should become necessary for an employee to leave the service of the Company to serve in the Armed Forces of the United States, or should an employee volunteer for service in any of the Armed Forces of the United States, the Company's policy states that it will provide support for employee's military service obligations consistent with its obligations under the Uniformed Services Employment and Reemployment Rights Act (USERRA) and any applicable state and/or local laws. The Military Leave Policy applies to all LG&E and KU Energy LLC and subsidiaries. Except as otherwise provided by law, this Article shall not apply to any employee who re-enlists or otherwise extends his period of full-time military service beyond the period of time of his military obligation to the United States.

ARTICLE X

Section 1 Holidays

The Company will permit as many of its employees as practicable to be absent from their duties with regular pay on the following holidays: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, Christmas Eve and Christmas Day. In addition, employees may utilize two floating holidays and two personal days during a calendar year. New employees hired between July

1 – September 30 will be eligible for only one floating holiday and one personal day in the calendar year in which the employee is hired. New employees hired on or after October 1 will not be eligible for floating holidays or personal days until January 1 of the following year.

Section 2

An employee scheduled to work or on call on any of the above holidays and works eight (8) hours or more shall be entitled, at his option, either (a) upon the exercise of this option by notice to the Company before the end of the pay period involved, to be paid at the rate of one and one-half (1-1/2) times his regular rate of pay for the hours worked, or (b) to be absent from his duties with regular pay on a day to be mutually agreed upon between the employee and the Company. An employee shall be paid at two (2) times his hourly wage rate for all hours worked over eight (8) on a holiday.

Except in cases of emergency, unscheduled absences of other employees, or with respect to an employee regularly scheduled to work on a holiday, employees shall be notified three (3) working days in advance of being required to work on a holiday.

Section 3 Work on Scheduled Off Days

Any employee who is required to work on his scheduled off day shall be paid time and a half and shall not be denied continuing his regular shift of duties during the week.

Any employee who is required to work on his last consecutive off day shall be paid at two (2) times his hourly wage rate, provided he worked at least three (3) hours on his previous off day.

ARTICLE XI**Vacations**

Effective January 1, 2000, eligible employees will earn vacation from date of hire based on years of service in accordance with the following schedule:

Vacation Earned	Completed Years of Service Attained During Calendar Year
5 days	Maximum in year of hire
10 days	Years 1-4
15 days	Years 5-14
20 days	Years 15-24
25 days	Years 25 and above

Such employees on a forty (40) hour workweek shall be paid the equivalent of forty (40) hours at their straight time hourly base rate of pay plus regular Shift Differential, if any, and any other regular hourly payments, for each week of vacation. Such employees who normally work more than twenty (20) but less than forty (40) hours per week (a part-time employee, should such be included in the bargaining unit during the life of this Agreement) shall be eligible for one-half the normal vacation entitlement (earned/accrued).

Eligibility

A. To qualify for vacation in the following year, an employee must be active on the payroll as of December 31. An exception to this requirement applies to those employees who are on approved Family and Medical Leave.

B. An employee reinstated from inactive status

shall become eligible for vacation based on his or her anniversary date: Meiman

An employee returning to work from January 1 through June 30 is eligible for earned vacation during the calendar year. Such employee must work three (3) continuous months before being eligible for vacation pay.

An employee returning to work on or after July 1 is ineligible for vacation during the calendar year.

C. Employees hired directly by the Company to fill temporary positions (not hired as temporaries through contractors) who later become regular employees of the Company are eligible for vacation accrual retroactive to the beginning of their temporary employment with the Company.

D. An employee hired between January 1 and June 30 is eligible for 5 days of vacation during that calendar year. Such employee must work three (3) continuous months before being eligible for vacation pay. An employee hired on or after July 1 is ineligible for vacation during the initial calendar year of employment. After the initial calendar year of employment, an employee can take vacation effective January 1 or upon three (3) continuous months of active service, whichever is later, based upon the above schedule.

E. Employees who are rehired as regular full time employees accrue vacation at the same rate as when they left employment if they were employed for one year of continuous service prior to separation and if the separation was for one year or less.

Scheduling of Vacations

A. Vacations, except in case of emergency (in which case special arrangements must be made by the employee with his department head), shall be taken at least one work week at a time.

B. In the event that an employee doesn't sign his Meiman weeks consecutively, the Company will go to the next employee in seniority who will be entitled to sign for his vacation.

C. Heads of departments shall schedule vacations annually as soon as practicable after the beginning of the year. Subject to the need to maintain the necessary complement of employees at all times, departmental employees shall have their choice of time for vacations in order of their seniority.

D. At an employee's request, an excused absence may be charged to vacation time to which an employee is then entitled.

Accumulating Vacations

Vacation time may not be accumulated from one year to the next, and vacations earned as of any January 1 must be liquidated by time off by December 31 of that same year, except that with the responsible manager's prior written approval, an employee may defer up to five days of vacation to the following calendar year.

Vacation Pay at Separation

An employee who quits, dies, retires or is discharged on or after any January 1 and without having received the vacation for which he became eligible upon such date, will be entitled to his vacation pay upon termination of employment. Any such payment due an employee who has died shall be made to the person designated as beneficiary on his group life coverage, if living, otherwise to the employee's estate. No employee leaving the employment of the Company during any calendar year shall be entitled to any vacation pay in the following year.

Pay in Lieu of Vacation

An employee with four weeks of vacation eligibility (including carry-over) may “sell back” one week of vacation after they have taken two weeks of vacation and carried over one week. Payout for such a week of worked vacation will occur in January of the following year.

Vacation During Illness, Disability, or Personal Leave of Absence

A. If an employee goes on paid sick leave or becomes unable to work because of compensable occupational injury prior to the time his vacation is scheduled to commence, his vacation will be rescheduled later in the year, except that an employee on paid sick leave or Short Term Disability may, at his option, cease receiving sick pay or Short Term Disability pay and take his vacation as previously scheduled. The vacation of an employee who becomes ill or is injured after working his last shift prior to vacation will not be rescheduled, and he will not be eligible for any sick pay until such scheduled vacation has expired.

B. An employee on paid sick leave or Short Term Disability may, upon advance written request, elect at the end of the calendar year to cease receiving sick pay or Short Term Disability pay for any unused vacation period in order to avoid loss of vacation pay. An employee disabled as the result of a compensable occupational injury or who is receiving long term disability insurance payments at the end of a vacation year and is unable to work during any unused vacation period or take pay in lieu of vacation within the parameters specified within this article, will not receive pay for the vacation not taken, except as provided in Paragraph C below.

C. In the year in which an employee incurs an occupational injury or illness, after the application of

up to one week vacation carry-over as specified within Meiman
this article, the employee shall receive payment for any
remaining unused vacation in an amount sufficient to
make up the difference between what the employee
received from workers' compensation insurance or Short
Term Disability pay and the employee's regular straight
time wages assuming a 40-hour work week.

D. An employee will earn vacation during approved
personal leaves of absence on a prorated basis as follows:

- an employee on a PLOA of one full month to three
full months will earn 75 percent vacation benefit for the
following year, based upon the above schedule; and
- an employee on a PLOA of four to six months will
earn 50 percent vacation benefit for the following year,
based upon the above schedule.

Vacation at Retirement

Any employee who retires may elect to work during
all weeks of any vacation to which he may be entitled
in the year of retirement, and for each such week of
vacation worked, shall receive with his final payroll
check additional compensation in an amount computed
on the same basis as is then employed in computing the
compensation paid to other employees who work during
one week of their vacation and take pay in lieu as specified
within this article.

ARTICLE XII

Section 1 Work Away from Headquarters, Travel on Company Time, Meals

(a) Whenever an employee is assigned duties distant
from his regular place of employment, he will be provided
transportation or transportation expense between the
assigned job and his regular place of employment or

headquarters. If, in the opinion of his supervisor, it is impractical for the employee to return daily to his regular place of employment, the Company will provide suitable lodging and board near the place of such temporary employment. Except in cases of emergencies, employees required to stay away from home overnight will be given notice as soon as possible but not later than the day before. Under normal circumstances where employees are performing work which is not of an emergency nature, a light-duty Company vehicle, which is adequate to provide transportation, is assigned to the job and available, and the location of the work is within 50 road miles distance from the place at which the employees regularly report to work, the employees will not be required to stay out of town overnight, such travel to be on Company time. Customer Order Technicians will be provided by the Company \$7.00 for the purchase of the noon meal which will be added to the employee's payroll check for performing work that is outside of the employee's assigned service territory. Employees who are scheduled for a lunch period of no more than 30 minutes are not eligible to receive a noon meal allowance. Line Technicians and Service Technicians who are required to work through their established lunch period will be provided by the Company a \$7.00 meal ticket to be added to the employee's payroll check. Employees will be provided by the Company a \$7.00 meal ticket to be added to the employee's payroll check for meals outside normal working hours as provided under sections 1(b), 1(c) and 1(d) of this Article XII.

(b) Whenever planned work or emergency work begins more than two (2) hours prior to the employee's normal start time and continues into the employee's normal shift, or planned work or emergency work continues beyond the employee's normal shift end time more than two (2) hours.

Whenever any employee or employees, after completing their normal working hours, are called out for extra work because of emergency or service interruption and required to work three (3) hours.

For every five (5) hours of continuous work after the first meal ticket is provided until the employee is released from work.

Section 2 Work Away from Regular Place of Employment

No employee shall be required, except during emergencies, to stay away from his regular place of employment or headquarters for a continuous period of more than two weeks.

Section 3 Travel Time

For each trip authorized by the Company, between the places of work assigned and the regular place of work or headquarters, time required for travel shall be considered as time worked.

Section 4 Double Shift or Part Shift

Any employee who, after the completion of a regular shift of duty, is ordered to double shift, or part shift, shall not be denied the privilege of continuing his regular shift during any work week.

Section 5 Temporary Transfer

No employee who is performing a regular job attained by virtue of seniority shall be transferred by the Company to another location without the consent of the employee, except in case of temporary transfers not exceeding three months in duration or in case of emergency.

Section 6 Acting Supervisor

On a crew with three or more persons, whenever a regular supervisor in the classification of Line Supervisor, Service Supervisor, Substation Supervisor, Shift Engineer, Chief Electrician or Chief Meter Technician is on vacation or off the job for any cause, and another employee is ordered by the person to whom such supervisor reports (or, in his absence, such person's supervisor) to perform the work of a supervisor, the employee shall receive his regular rate of pay or the rate of pay of the supervisor, whichever is higher, during the period that the employee performs said work.

Section 7 Temporary Supervisor

When the Company combines two or more crews (to form a combined crew of four or more) for a project, unless a Supervisor A is assigned to the resulting work group, a Supervisor B will be temporarily promoted to Supervisor A for the period during which the crews are combined. If a crew normally consisting of four or more men, including the Supervisor, is reduced to a crew consisting of three men, including the Supervisor, the Supervisor A of that crew shall continue to receive the wage of a Supervisor A as long as he continues in the position of Supervisor of that crew.

Section 8 Two-Person Crew Premium

When two non-supervisory employees are assigned work to be performed without the direction of a supervisor and the work involves the installation, maintenance or operation of electric lines or equipment, the company may designate one of the employees to be in charge of the work to be performed. The employee designated to be in charge shall be paid a \$1.00 per hour premium over their regular rate of pay.

Section 9 Temporary or Emergency Work in Lower Classification

An employee ordered to perform work for the convenience of the Company, temporarily or in an emergency, in a lower classification, shall receive the rate of pay for the classification in which he is regularly employed.

Section 10 Furnishing of Tools

The Company will furnish all tools required by the employee for use in the performance of his normal work.

Section 11 Uniform Laundering

The Company will arrange uniform laundering for employees working out of their service territory for extended periods.

ARTICLE XIII

Section 1 Normal Work Week

The normal work week of employees covered by this Agreement shall consist of five days of eight hours each, Monday through Friday. Except during emergencies or during extraordinary circumstances, lunch hour shall not begin earlier than eleven (11:00) A.M. nor later than one (1:00) P.M., local standard time.

The Substation Department crews, Meter Department personnel, and Meter Reading personnel shall begin their workday at 7:30 a.m. and end at 3:30 p.m. These employees will be permitted to take a short break not to exceed 20 minutes to eat and not to begin earlier than ten (10:00) a.m. nor later than twelve (12:00) noon, local standard time.

The Line crews and Service Technicians shall begin their workday at 7:30 a.m. and end at 4:00 p.m. with a thirty (30) minute lunch period. Customer Order Technicians will continue to work the schedule of 8:00 a.m. to 5:00 p.m. with a one (1) hour lunch period. The lunch period shall not begin earlier than (11:00) a.m. nor later than one (1:00) p.m., local standard time,

The Company may consider reasonable requests received from a majority of the members of a service crew to change the normal starting and quitting times, such decision to remain solely within the Company's discretion to exercise.

Section 2 Overtime, Rates of Pay

The wages of the aforesaid employees shall be computed on an hourly basis, equal to the employees' hourly rate as provided in Article XIV hereof. The basic wage shall consist of forty hours worked each week at the employee's hourly rate, and in addition to such basic wage, time and one-half shall be paid for all hours worked in excess of eight hours within any twenty-four hour period, or forty hours within a work week, whichever is greater, but in no case both; provided, however, said additional payment for work in excess of eight hours in any twenty-four hour period shall not be paid to any employee in a relief classification for work he performs while working his regular relief schedule.

Section 3 Division of Overtime

The Company will endeavor to divide overtime work, other than in an emergency, equally among the employees regularly assigned to that kind of work. An employee who cannot be contacted will not be charged with overtime which he would otherwise have worked. For overtime groups at various locations who so desire, an overtime record will be posted on the appropriate bulletin board.

Section 4 Overtime – Idle Holiday Counted as Time Worked

An idle holiday shall be counted as a day worked for determining weekly overtime.

Section 5 Pay Provisions for Change in Schedule and Partially Used Time

An employee who is scheduled or notified to report for work on a regular shift and does report for work at the time specified without having been given actual notice of change of schedule, shall receive full pay at his regular rate for his scheduled (non-overtime) hours on that day, even though idle or sent home early because of delay or shortage of materials or for other reasons beyond his control. This provision shall not apply in the event that:

(a) Strikes or work stoppages by employees in the bargaining unit covered by this Agreement in connection with labor disputes interfere with the conduct of normal operations; or

An employee is not put to work or is released from work after having been put to work either at his own request or due to his own fault.

Section 6 Call Out Time

Employees called out for emergency work shall receive a minimum of three (3) hours' pay at one and one-half times their regular rate of pay for such work.

Employees called back within four(4) hours of being released from their regular shift, shall have their additional hours actually worked added to the hours worked before being released for the purposes of calculating overtime pay and total hours worked.

Employees called out for emergency work on a normal day off or on an observed Company holiday will receive a minimum of three (3) hours' pay at one and one-half times his regular rate of pay for such work.

Section 7 Planned Overtime on Off Day

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An employee scheduled for planned overtime work on a day which would be a scheduled off day on his normal work schedule will receive a minimum of four (4) hours' pay at one and one-half times his regular rate of pay. Employees shall not, in order to be entitled to the four hours' minimum, be required to remain on the job for any longer than it takes to complete the planned work, including any work related to or arising from the planned work. On three-day weekends, the Company will not schedule planned overtime work on customer-owned facilities, except in the case of hospitals.

An employee making timely request may decline planned overtime; provided sufficient employees regularly assigned to and qualified to perform the work are available and willing to work.

Section 8 Minimum Rest Period

When in the opinion of the Company, an employee has worked such any extended period of time as to impair his effectiveness or present a hazard to his health or safety, or to the health and safety of fellow employees, he may be required by the Company to leave work for a rest period of up to eight (8) hours. After sixteen (16) continuous hours worked an employee may request and will be granted a minimum rest period of eight (8) hours.

Such rest period shall be taken in its entirety unless the employee is requested and agrees to return to work before the expiration of such eight (8) hour rest period. If such rest period overlaps the employee's regular hours on a regularly scheduled work day, the employee shall be paid at his regular hourly rate of pay for the hours which overlap unless the rest period was initiated by the employee in accordance with this policy. If the rest period ends within two (2) hours or less of the end of the employee's regularly

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scheduled shift, the employee may either return to work at his regular hourly rate of pay or not return to work and forfeit the remaining hours in his shift.

An employee who is called out for emergency work and works at least sixteen (16) hours, and continues into the employee's regular shift, that employee may request an eight (8) hour rest period after one half of the employee's regular shift is completed and be paid at his regular hourly rate of pay for the hours remaining in his shift up to four (4) hours. If in this situation the employee chooses to continue to work the remainder of his shift and the Company agrees for him to work, he will continue to be paid double-time for the rest of his shift.

Section 9 Continuous Hours Worked (Time and one-half)

All continuous hours worked after the end of the employee's last previous regular shift by an employee during periods which commence more than eight (8) hours prior to the employee's next regularly scheduled starting time and continue into his regular hours on a regularly scheduled work day shall be paid at one and one-half (1-1/2) times the employee's regular hourly rate of pay if the employee completes his regular shift on such work day; provided, however, if the emergency situation (or other cause for his presence outside his normal working hours) should end during the employee's regularly scheduled shift of duty he may either leave work at that time (without loss of the time and one-half treatment for such continuous hours worked) or complete the remainder of his regular shift at his regular hourly rate of pay. During the continuation of an emergency situation as determined by the Company, for pay purposes, the continuity of the employee's work shall not be considered to be broken by short breaks for meals,

refreshments, or rest periods authorized by his supervisor, Meiman

An employee who is called out for emergency work more than four (4) hours before his regular starting time and who completes such work within two (2) hours of his regular starting time and is thereafter released from duty, shall continue to be paid at the appropriate overtime rate until his normal starting time. He will be paid his normal straight-time rate of pay for working his normal shift.

Section 10 Daylight Savings Time

An employee working a regularly stated schedule at the time the change is made to Daylight Saving Time (normally in the spring) and who only actually works seven (7) hours instead of his normal eight (8) because of the change shall receive pay for his normal eight (8) hours. An employee working a regularly stated schedule at the time the change is made from Daylight Saving Time (normally in the fall) and who actually works nine (9) hours because of the change, shall receive pay at the established premium rate for the ninth (9th) hour.

Section 11 Continuous Hours Worked – (Double-time)

An employee who works more than sixteen (16) continuous hours shall be paid two (2) times his hourly wage rate for all such hours worked.

Section 12 On-Call

Each employee who serves in a weekly On-Call status will be paid eighty-five dollars (\$85.00) per week. If an employee works on service calls outside his normal scheduled workday during his On-Call week, he will be paid for such time worked in accordance with Article XIII-Overtime. The eighty-five dollars (\$85.00) weekly On-Call pay is provided to compensate the employee for the interruption of lifestyle being on-call contains. The

on-call employee, in exchange for the eighty-five dollars (\$85.00), agrees to remain available and fit to respond to call outs during the week they serve as the On-Call person. If an employee serves in an On-Call status for service calls for less than one (1) week, he will be paid one (1) hour's pay at his appropriate overtime rate in addition to time spent on any service calls for each day he serves in an On-Call status for service calls.

A total of three employees for each of the following three areas Harlan/Pineville, London/Somerset and Norton/Pennington Gap will be on-call from any of the classifications listed in the Eligibility section below for the following holidays including any adjacent weekends, Good Friday, Memorial Day weekend, Independence Day (weekend if Independence Day is adjacent to the weekend) and Labor Day weekend. The third employee who serves in any of these designated holidays On-Call status will be paid one hour's pay at his appropriate overtime rate in addition to time spent on any service calls for each day he serves On-Call status for service calls. This third employee may include any classification from those listed in the Eligibility list below and may also include Line Technician B or C.

Eligibility:

All employees in the area who are classified as:

- Service Technician A
- Line Technician A
- Line Supervisor B
- Service Technician B with at least two years in classification as a Technician B
- Line Technician B with at least two years in classification as a Technician B

Areas to be staffed with an On-Call person:

- Harlan
- Pineville
- London
- Somerset
- Norton
- Pennington Gap

On-Call Staffing:

Each area will implement their own system of determining their On-Call person, with emphasis on volunteerism but with an objective of sharing the workload. At least on a weekly basis, the Union will provide to management the name of the employee designated to be on-call for each area.

Dispatcher's Priority

Dispatcher's will make the first call to the "On-Call" person for that area.

Customer Order Technicians

The Company reserves the right to determine if and when Customer Order Technicians will be assigned to on-call.

Section 13 Emergency Electric Restoration for Another Utility

An employee who performs emergency electric restoration work for another utility will be paid one and one half (1-1/2) times his hourly rate for the first eight (8) hours worked in any one day.

An employee who performs emergency electric restoration work for another utility will be paid two (2) times his hourly wage rate for all hours worked over eight (8) in any one day. This two (2) times his hourly wage rate

provision does not apply when such work is performed for Kentucky Utilities or Old Dominion Power, however, if that company's overtime pay practice would provide more wages, then the employee will receive the greater of the two.

ARTICLE XIV

Classification of Schedule "A"

It is agreed that wage rates for the several classifications of work shall be established in accordance with the work classifications and progression schedule attached hereto and made a part hereof, marked Schedule "A" for identification, and that the application thereof shall be in the following manner: Whenever an employee is promoted to a classification having a higher starting rate, he shall receive the starting rate of the new classification, or if such starting rate represents an increase in pay of less than five cents (5¢) per hour, he shall receive the rate of the new classification applicable (After One Year). In the event such employee is promoted to a new classification at a higher rate than the starting rate, he shall progress as though he had already worked the period required by the preceding steps of the classification.

An employee who successfully bids between the Line Technician C, Service Technician C, or Meter Technician C classifications will retain the employee's rate and time in progression steps.

Payroll periods will be on a bi-weekly basis with employees being paid every other Friday.

ARTICLE XV**Section 1 Sick Leave, Group Insurance, Survivors Insurance, Service Annuity, Medical Care Plan, Employee Savings Plan, Employee Assistance Program, Dependent Care Assistance Plan, Dependent Life Insurance Plan**

During the term of this Agreement the Company will provide the existing or no less favorable sick leave, group life insurance, long-term disability insurance, retirement annuity and medical, including post-retirement medical insurance benefits, dental assistance program, employee savings plan, employee assistance program, dependent care assistance plan, and dependent life insurance plan for members of the bargaining unit as are provided for other full time employees of the Company. The details of such benefits shall be as specifically provided in master plan documents or insurance contracts covering the terms of such plans. The Company will furnish identification cards for medical purposes. The Company will furnish each employee annually the amount of accumulated sick leave.

The Company will assume an increase of 4% in each year of the Contract in medical and hospitalization expense per employee. To the extent this expense increases over 4% the employees will absorb increases up to the next 4%. Should the total increase exceed 8%, the Company and the employees will equally share in the balance of that expense.

Section 2 Funeral Leave

Funeral leave is paid for a maximum of five days for Immediate Family Members who include: spouse, child, step-child, or parent or step-parent.

Funeral leave is paid for a maximum of three days for Other Family Members who include: brother, sister,

grandparents, grandchildren, parents-in-law, sons-in-law, daughters-in-law, spouses of the employee's brothers or sisters, employee's spouse's brothers, sisters, parents and grandparents, step relations of the preceding, or any relative living with the employee.

Such days shall be consecutive work days and shall not extend beyond the day following the funeral, except in the case of the death of an Immediate Family Member in which case such days may extend to the second day following the funeral, and shall be conditioned on the employee's attendance at the funeral. Payment will not be made for any day during such three-day period on which the employee would not otherwise work.

Employees will not be paid for unused funeral leave.

Should the employee need to be absent on a normal scheduled day or days, other than those for which payment is provided above, the employee may elect to take such day or days as vacation time, provided he is then entitled to sufficient vacation time which he has not utilized by time off or for which he has not been paid.

Payment shall be made on the next pay day after receiving notice in writing from the employee and (a) the name of the deceased person and relationship to the employee, and (b) the date and location of the funeral.

ARTICLE XVI

Bulletin Boards for Union Use

At all places where the Company now has bulletin boards, the Company will in the exercise of its discretion either furnish space on said bulletin boards or furnish nearby space upon which the Union may erect its own bulletin boards, of a size not larger than the Company's bulletin boards.

The Union agrees that it shall confine such posted notices to information concerning Company-Union relations and matters of concern to Union members. The Union further agrees it shall not post any notices that are derogatory or inflammatory in nature. All such notices shall be submitted to the Manager Human Resources for review prior to posting.

ARTICLE XVII

No Discrimination

There shall be no discrimination in the administration of this Agreement with regard to race, color, religion, national origin, age, sex, disability or veteran status.

ARTICLE XVIII

Notice of: Changes, Modifications, or Terminations Effective Date, Termination Date

Within the period of one hundred twenty (120) days prior to expiration date of Agreement; either party hereto may request the other to meet for the purpose of negotiating modifications to this Agreement or negotiating a new agreement, to become effective on the expiration of this Agreement. The parties agree to meet within twenty (20) days of such request and to bargain in good faith thereafter, as required by Section 8(a)(5), (b)(3) and (d), of the Labor Management Relations Act of 1947, as Amended.

This Agreement shall become effective as of the date set forth at the commencement hereof and shall continue in full force and effect from that date until August 1, 2018, unless changed or modified by mutual consent, and shall automatically be extended from year to year thereafter

unless either party at least sixty (60) days prior to the expiration of this Agreement or any extension thereof shall serve upon the other party written notice that the same shall not be renewed at the applicable expiration date.

Notwithstanding the other provisions of this Article, the Company and the Union may reopen the Wage Scale, of this agreement for the purpose of negotiating wage rates to become effective August 1, 2017 provided that neither the Company nor the Union may require the other to negotiate concerning any term other than the wage rates to be effective August 1, 2017. This Agreement will be reopened for such purposes only if the Company or the Union actually delivers to the other, not later than July 1, 2017, written notice of intent to reopen. Failing receipt by the Company or the Union, on the date specified, of such written notice to reopen, this Agreement shall continue in full force and effect through August 1, 2018, and the wage rates in effect as of midnight July 31, 2016, shall continue in full force and effect for the duration of the Agreement. If this Agreement is reopened in accordance with the provisions of this paragraph, and the parties have not reached an agreement by midnight July 31, 2017 as appropriate, this Agreement shall be suspended and the Company and the Union shall have the same rights and obligations as they would have possessed had the Agreement expired, provided that neither the Company nor the Union may require the other to negotiate concerning any term other than the wage rates to be effective August 1, 2017.

Service of the above notices on the Union shall be deemed sufficient by depositing the notice, signed by the Corporate Manager Labor Relations of the Company, in the United States Mail, registered or certified, and addressed to Local No. 2100, International Brotherhood

of Electrical Workers, AFL-CIO, 10400 Dixie Highway, Meiman
Louisville, Kentucky 40272.

Service of the above notices on the Company shall be deemed sufficient by depositing the notice, signed by a Business Manager of the Union, in the United States Mail, registered or certified, and addressed to the Corporate Labor Relations Manager, LG&E and KU Energy, LLC, 220 West Main, P.O. Box 32020, Louisville, Kentucky 40232.

IN TESTIMONY WHEREOF, Union and Company Meiman
have caused their respective names to be hereunto
subscribed by their duly authorized officers and seven
copies of this Agreement to be executed, each to have the
force and effect of an original, this 25th day of August,
2015.

KENTUCKY UTILITIES COMPANY

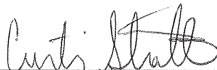
Witness:

For the Company:
LG&E and KU Energy LLC.

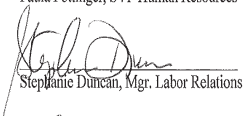
For the Union:
International Brotherhood of
Electrical Workers
Local 2100



Paula Pottinger, SVP Human Resources



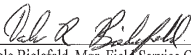
Curtis Stratton, President/Business Mgr.



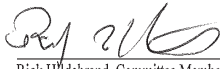
Stephanie Duncan, Mgr. Labor Relations



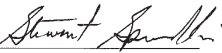
Bradley Howard, Committee Member



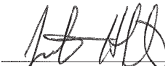
Dale Bielefeld, Mgr. Field Service Ops.



Rick Hildebrand, Committee Member



Stewart Spradlin, Mgr. Ops. Center



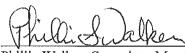
Justin Huff, Committee Member



Jessica Wilson, HR Manager



Todd Rand, Committee Member



Phillip Walker, Committee Member

SCHEDULE "A"**WAGE RATES, HOURLY RATED CLASSIFICATIONS EFFECTIVE JULY 26, 2015 APPLICABLE TO LOCAL UNION 2100, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO, OF KENTUCKY UTILITIES COMPANY AND OLD DOMINION POWER COMPANY.**

It is agreed that wage rates and applications thereof for the several classifications of work shall be established in accordance with the following schedule.

Any new employee, upon producing evidence satisfactory to the Company of previous experience in the classification in which he is being employed shall be given credit for such experience, except that he shall not start higher than the "After One Year" step, and in such event shall receive the "After Two Years" step after one year's continuous employment. However, if after employment, he demonstrates that he has the knowledge, skill and ability equivalent to that of an employee who has had two (2) years' experience in the classification, he shall receive the "After Two Years" step beginning with the first payroll period commencing after sixty (60) days of employment.

Any employee, other than a supervisor, who is designated by the Company to keep time of crews and/or record of material used by the crews, shall, in addition to his regular wage, receive \$15.00 per month during the first year he is so designated, \$20.00 per month during the second year, and \$30.00 per month thereafter as compensation for the satisfactory performance of these duties.

The following rates are applicable to all employees working normally on the day shift from 8:00 a.m. to 4:00 p.m.

To employees normally working on the second shift (generally 4:00 p.m. to 12:00 midnight), add fifty cents (50) per hour to the following rates.

To employees normally working on the third shift (generally 12:00 midnight to 8:00 a.m.), and to swing and relief shift employees, add sixty-seven cents (67) per hour to the following rates.

Employees who have been assigned a regular schedule of work which includes work on Sunday pursuant to an approved payroll authorization specifying such schedule shall receive a Sunday work premium of ninety-five cents (95) per hour in addition to their straight time and shift premium rates.

Effective July 26, 2015

Classification	WAGE SCALE		
	First in Classification	After One Year in Classification	After Two Years in Classification
Chief Electrician	36.44	38.48	41.47
Chief Meter Technician	41.47	41.47	41.47
Technician	33.57	35.40	37.59
Semi-Skilled Technician	28.44	29.65	31.66
Laborer – General	20.52	21.91	23.33
Line Technician A	36.20	36.59	37.87
Line Technician B	28.44	29.65	31.66
Line Technician C	24.81	26.31	28.30
Meter Technician A	33.57	35.40	37.59
Meter Technician B	29.83	31.21	32.80
Meter Reader (Note 4)	28.44	29.65	31.66
Operator, Coal Equipment	33.10	35.00	37.11
Unit Operator	37.72	38.42	39.09
Unit Operator Assistant	35.00	35.91	37.59
Line Supervisor B (Note 1)	39.39	39.39	39.39
Service Technician A	36.20	36.59	37.87
Service Technician B	28.44	29.65	31.66
Service Technician C	24.81	26.31	28.30
Shift Engineer	37.07	38.90	41.47
Substation Supervisor B	39.39	39.39	39.39
Substation Technician A	36.20	36.59	37.87
Substation Technician B	28.44	29.65	31.66
Trainee A (Note 2)	25.52	25.52	25.52
Trainee B (Note 3)	23.99	23.99	23.99
Customer Order Technician	20.93	22.32	23.76

Effective July 24, 2016

Classification	WAGE SCALE		
	First in Classification	After One Year in Classification	After Two Years in Classification
Chief Electrician	37.35	39.44	42.51
Chief Meter Technician	42.51	42.51	42.51
Technician	34.41	36.29	38.53
Semi-Skilled Technician	29.15	30.39	32.45
Laborer – General	21.03	22.46	23.91
Line Technician A	37.11	37.50	38.82
Line Technician B	29.15	30.39	32.45
Line Technician C	25.43	26.97	29.01
Meter Technician A	34.41	36.29	38.53
Meter Technician B	30.58	31.99	33.62
Meter Reader (Note 4)	29.15	30.39	32.45
Operator, Coal Equipment	33.93	35.88	38.04
Unit Operator	38.66	39.38	40.07
Unit Operator Assistant	35.88	36.81	38.53
Line Supervisor B (Note 1)	40.37	40.37	40.37
Service Technician A	37.11	37.50	38.82
Service Technician B	29.15	30.39	32.45
Service Technician C	25.43	26.97	29.01
Shift Engineer	38.00	39.87	42.51
Substation Supervisor B	40.37	40.37	40.37
Substation Technician A	37.11	37.50	38.82
Substation Technician B	29.15	30.39	32.45
Trainee A (Note 2)	26.16	26.16	26.16
Trainee B (Note 3)	24.59	24.59	24.59
Customer Order Technician	21.45	22.88	24.35

Note 1 - Applicable to supervisor of crews normally consisting of three employees, including the supervisor.

Note 2 - Applicable to employees who have been selected for and are in training for Meter Reader, Semi-

Skilled Technician, Substation Technician B, or any other classification having a first year hourly rate in excess of the Trainee A hourly rate. A trainee in this category will be assigned to the classification for which he is training at the end of six (6) months, if he is then qualified, or, if not, as soon thereafter as he becomes qualified.

Note 3 - Applicable to employees who have been selected for and are in training for Line or Service Technician C, only. A trainee in this category will be assigned to the classification for which he is in training at the end of six (6) months, if he is then qualified, or, if not, as he becomes qualified.

Note 4 - New hires entering the Meter Reader classification on or after August 1, 2003 will be paid the Customer Order Technician wage scale.

AGREEMENT

The Kentucky Utilities/Old Dominion Power Company and the International Brotherhood of Electrical Workers, Local 2100, agree as follows:

In the event a vacancy occurs which, in the opinion of the Company, must be filled or a new job created within the Pineville, London and Norton Operations Areas, the employees within the classification who meet the requirements shall be given first opportunity to fill the opening in accordance with procedures agreed to by the parties. In the event the vacancy is not filled by the foregoing procedures, the vacancy shall be posted in accordance with Article VIII, Section 5 of the Agreement.

This agreement shall remain in effect for one year from the date of the agreement, at which time the Company and Union will meet and discuss the continuation of this practice.

This agreement is strictly non-precedential. It shall not be used in any arbitrations case unless such case involves the enforcement of the terms set forth herein.



**“Regardless Of The Demands
Of The Work, You Are
Expected To Take Time
To Do It Safely.”**

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated September 19, 2018**

Case No. 2018-00294

Question No. 40

Responding Witness: Gregory J. Meiman

Q-40. Provide each group medical insurance policy that the utility currently maintains.

A-40. The Company participates in a medical plan sponsored by LKE, a summary of which is attached. The medical coverage is self-insured and as such there is not a group medical insurance policy. There is stop-loss insurance to provide financial protection against certain large claims.

LG&E and KU

Medical, Dental and Vision Care Plan

Effective January 1, 2018

For eligible employees of:

- **LG&E and KU Services Company;**
- **Kentucky Utilities Company; and**
- **Louisville Gas & Electric Company**

LG&E and KU Energy LLC self-insures many portions of the Plan. The Claims Administrators do not assume any financial obligation for benefits paid under self-insured portions of the Plan. The Claims Administrators provide administrative claims payment services only for the self-insured portions of the Plan

BENEFIT BOOKLET

This Benefit Booklet has been prepared by the Claims Administrator and the Employer as your Summary Plan Description. This document replaces and supersedes any Benefit Booklet or summary that you have received previously.

Please refer to this Benefit Booklet whenever you require health services. It describes how to access medical and dental care, what health services are covered by the Plan, and what portion of the health care costs you will be required to pay.

This Benefit Booklet should be read and re-read in its entirety. Since many of the provisions of this Benefit Booklet are interrelated, you should read the entire Benefit Booklet to get a full understanding of your health benefits.

Many words used in the Benefit Booklet have special meanings. These words appear in capitals and are defined for you. Refer to these definitions in the Definitions section for the best understanding of what is being stated.

This Benefit Booklet also contains Exclusions, so please be sure to read this Benefit Booklet carefully.

Very Important Note Regarding the Delta Dental PPO Plus Premier Dental Benefits:

The Delta Dental PPO Plus Premier Dental Benefits are part of the LG&E and KU Medical, Dental and Vision Care Plan but are described in the separate Delta Dental PPO Plus Premier Certificate of Coverage Benefit Booklet. However, the following sections of this Benefit Booklet apply to the Delta Dental PPO Plus Premier Dental Benefits: Eligibility and Enrollment; Termination and Continuation; Claims Payment; General Provisions; Complaint and Appeals Procedures; and, ERISA Information and Statement of ERISA Rights.

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MEDICAL, DENTAL AND VISION CARE PLAN OPTIONS

LG&E and KU Energy LLC provides a choice of medical and dental benefits. The options available to you depend on whether you work or live in a state or county where the plan is offered.

You have the following medical options:

- Anthem Blue Access PPO Standard including Express Scripts Prescription Drug Card Program
- Anthem Blue Access PPO Low Deductible including Express Scripts Prescription Drug Card Program
- High Deductible Health Plan
- Anthem Blue Preferred EPO including Express Scripts Prescription Drug Card Program

You have the following vision option:

- Vision Service Plan

You have the following dental options:

- Delta Dental PPO Plus Premier High Option
- Delta Dental PPO Plus Premier Basic Option

Very Important Note Regarding the Delta Dental PPO Plus Premier Dental Benefits:

The Delta Dental PPO Plus Premier Dental Benefits are part of the LG&E and KU Medical, Dental and Vision Care Plan but are described in the separate Delta Dental PPO Plus Premier Certificate of Coverage Benefit Booklet. However, the following sections of this Benefit Booklet apply to the Delta Dental PPO Plus Premier Dental Benefits: Eligibility and Enrollment; Termination and Continuation; Claims Payment; General Provisions; Complaint and Appeals Procedures; and, ERISA Information and Statement of ERISA Rights.

IF YOU HAVE QUESTIONS

If you have questions regarding the LG&E and KU Medical, Dental and Vision Care Plan, please contact the customer service toll-free telephone numbers or visit the websites for the applicable Claims Administrator.

	Customer Service	Web Address
Anthem Contract# 003329600	Medical: 1-877-750-6062	www.anthem.com
Express Scripts	Pharmacy: 1-866-677-8928	www.express-scripts.com
Delta Dental	1-800-955-2030	www.deltadentalky.com
Vision Service Plan	1-800-877-7195	www.vsp.com

MEMBER RIGHTS AND RESPONSIBILITIES

As a Member, You Have the Right to:

- Receive information about the Administrator and its services, practitioners and Providers, and Members' rights and responsibilities;
- Be treated respectfully, with consideration and dignity;
- Receive all the benefits to which you are entitled under the Plan;
- Have a candid discussion with your Provider about treatment options, regardless of their cost or whether they are covered under the Plan;
- Participate with your Physician in decision making about your healthcare treatment;
- Refuse treatment and be informed by your Provider of the medical consequences;
- Receive wellness information to help you maintain a healthy lifestyle;
- Express concern and complaints about the care and services you received from a Provider, or the service you received from the Administrator, and to have the Administrator, on behalf of the Employer, investigate and take appropriate action;
- File a complaint with the Administrator, on behalf of the Employer, to appeal a decision as outlined in the **Complaint & Appeals** section of this Benefit Booklet, and to appeal a decision without fear of reprisal; and
- Privacy and confidential handling of your information;
- Make recommendations regarding the Administrator's rights and responsibilities policies; and
- Designate or authorize another party to act on your behalf, regardless of whether you are physically or mentally incapable of providing consent.

As a Member, You Have the Responsibility to:

- Understand your health issues and be a wise consumer of health care services;
- Use Providers who will provide or coordinate your total health care needs, and to maintain an ongoing patient-Physician relationship;
- Provide complete and honest information we need to administer benefits and that Providers need to care for you;
- Follow the plan and instructions for care that you and your Provider have developed and agreed upon;
- Understand how to access care in routine, Emergency and urgent situations, and to know your health care benefits as they relate to out-of-area coverage, Coinsurance, Copayments, etc.;
- Notify your Provider or the Administrator about concerns you have regarding the services or medical care you receive;
- Keep appointments for care and give reasonable notice of cancellations;
- Be considerate of other Members, Providers and the Administrator's staff;
- Read and understand your Benefit Booklet and Schedule of Benefits, and other materials from the Administrator or Employer concerning your health benefits;
- Provide accurate and complete information to the Administrator, on behalf of the Employer, about other health care coverage and/or insurance benefits you may carry; and
- Inform the Administrator and the Employer, of changes to your name, address, phone number, or if you want to add or remove Dependents.

This Schedule of Benefits lists the Member's responsibility for Covered Services under the Anthem Blue Access PPO Standard Option. Please refer to the Covered Services section for a more complete explanation of the specific services covered by the Plan. All Covered Services are subject to the conditions, exclusions, limitations, terms and provisions of this Benefit Booklet including any riders.

Benefit Period	Calendar Year
Age Limits for Children	End of the month child attains age 26. See definition of Child on page 21 for eligibility beyond these age limits for a disabled child.
Lifetime Maximum Benefit for all Covered Services	No Lifetime Maximum Benefit Amount

Deductible	Network Provider	Non-Network Provider
Per Person	\$600	\$1,200
Family Limit	\$1,200	\$2,400
Out-of-Pocket Limit		
Per Person	\$3,000	\$6,000
Family Limit	\$6,000	\$12,000

The Out-of-Pocket Limit includes all Deductibles, Copayments and Coinsurance you incur in a Benefit Period, except for Prescription Drug Copayments, Vision Services Plan Copayments, Dental Plan Copayments and Non-Precertification Penalties. Once the per person and/or family Out-of-Pocket Limit is satisfied, no additional Copayments or Coinsurance will be required for the Member and/or family for the remainder of the Benefit Period, except for Prescription Drug Copayments, Vision Services Plan Copayments, Dental Plan Copayments and Non-Precertification Penalties.

The Network and Non-Network Deductibles and Out-of-Pocket Limits are cross applied and will accumulate toward each other.

The Deductible(s) apply only to Covered Services with a percentage Coinsurance. Your annual premium cost or copayments for prescriptions, vision, dental, physician office services or urgent care centers do not count toward your deductible.

Covered Services	Your Copayment/Coinsurance/Limitations	
	Network Provider	Non-Network Provider
Preventive Care	Covered in Full	Not Covered
Physician Office Services		
Primary Care Physician (PCP)	\$25 Copayment per visit	40% Coinsurance
Specialist	\$45 Copayment per visit	40% Coinsurance
Chiropractor (maximum 20 visits per Benefit Period)	\$40 Copayment per visit	40% Coinsurance
Allergy Injection	\$ 5 Copayment per visit	40% Coinsurance
Inpatient Services	20% Coinsurance	40% Coinsurance
Inpatient Anesthesia	20% Coinsurance	40% Coinsurance
Non-Precertification Penalty	All Charges Determined to be Not Medically Necessary Plus Non-compliance fee of \$300.	
Skilled Nursing Facility	20% Coinsurance	40% Coinsurance
Maximum Days per Benefit Period	60 days	
Outpatient Services (not in Physician's Office)	20% Coinsurance	40% Coinsurance
Outpatient Anesthesia	20% Coinsurance	40% Coinsurance
Therapy Services		
Physician's Office	\$30 Copayment per visit	40% Coinsurance
Outpatient Facility Services	20% Coinsurance	40% Coinsurance
Maximum Visits		
Cardiac Rehabilitation	30 visits per Benefit Period	
Occupational Therapy	30 visits per Benefit Period	
Physical Therapy	30 visits per Benefit Period	
Speech Therapy	30 visits per Benefit Period	
Chiropractor Spinal Manipulations	20 visits per Benefit Period (note: in network office copay is \$40)	
Emergency Room	20% Coinsurance	20% Coinsurance
Accident Related Dental Services	20% Coinsurance	40% Coinsurance
Urgent Care Facility	\$30 Copayment per visit	\$30 Copayment per visit
Ambulance Services	20% Coinsurance	20% Coinsurance
Home Care Services	20% Coinsurance	40% Coinsurance
Maximum Visits	60 visits per Benefit Period	
Hospice Services	Covered in full	40% Coinsurance

Covered Services	Your Copayment/Coinsurance/Limitations	
	Network Provider	Non-Network Provider
Medical Supplies, Durable Medical Equipment and Appliances	20% Coinsurance	20% Coinsurance
NOTE: Physician office Copayments are applied rather than the Network Copayment listed above if medical supplies, durable medical equipment or appliances are obtained in a Network Physician's office.		
Maternity Services		
Physician	\$25 Copayment first visit; 20% Coinsurance thereafter	40% Coinsurance
Facility	20% Coinsurance	40% Coinsurance
Mental Health Services		
NOTE: All Inpatient Mental Health Services Must Be Pre-certified – <i>See your Medical Plan ID Card</i>		
Inpatient Services	20% Coinsurance	40% Coinsurance
Maximum per Benefit Period	no limit on number of visits	
Outpatient Services		
Office Setting	\$25 Copayment per visit	40% Coinsurance
Outpatient Facility	20% Coinsurance	40% Coinsurance
Maximum per Benefit Period	no limit on number of visits	
Substance Abuse Services		
NOTE: All Inpatient Substance Abuse Services Must Be Pre-certified – <i>See your Medical Plan ID Card</i>		
Inpatient Services	20% Coinsurance	40% Coinsurance
Maximum per Benefit Period	no limit on number of visits	
Outpatient Services		
Office Setting	\$25 Copayment per visit	40% Coinsurance
Outpatient Facility	20% Coinsurance	40% Coinsurance
Maximum per Benefit Period	no limit on number of visits	
Autism Services		
Inpatient Services	20% Coinsurance	40% Coinsurance
Outpatient Services		
Office Setting	\$25 Copayment per visit	40% Coinsurance
Outpatient Facility	20% Coinsurance	40% Coinsurance
Human Organ and Tissue Transplant Services	20% Coinsurance	40% Coinsurance

This Schedule of Benefits lists the Member's responsibility for Covered Services under the Anthem Blue Access PPO Low Deductible Option. Please refer to the Covered Services section for a more complete explanation of the specific services covered by the Plan. All Covered Services are subject to the conditions, exclusions, limitations, terms and provisions of this Benefit Booklet including any riders.

Benefit Period	Calendar Year
Age Limits for Children	End of the month child attains age 26. See definition of Child on page 21 for eligibility beyond these age limits for a disabled child.
Lifetime Maximum Benefit for all Covered Services	No Lifetime Maximum Benefit Amount

Deductible	Network Provider	Non-Network Provider
Per Person	\$300	\$600
Family Limit	\$600	\$1,200
Out-of-Pocket Limit		
Per Person	\$3,000	\$6,000
Family Limit	\$6,000	\$12,000

The Out-of-Pocket Limit includes all Deductibles, Copayments and Coinsurance you incur in a Benefit Period, except for Prescription Drug Copayments, Vision Services Plan Copayments, Dental Plan Copayments and Non-Precertification Penalties. Once the per person and/or family Out-of-Pocket Limit is satisfied, no additional Copayments or Coinsurance will be required for the Member and/or family for the remainder of the Benefit Period, except for Prescription Drug Copayments, Vision Services Plan Copayments, Dental Plan Copayments and Non-Precertification Penalties, The Network and Non-Network Deductibles and Out-of-Pocket Limits are cross applied and will accumulate toward each other.

The Deductible(s) apply only to Covered Services with a percentage Coinsurance. Your annual premium cost or copayments for prescriptions, vision, dental, physician office services or urgent care centers do not count toward your deductible.

Covered Services	Your Copayment/Coinsurance/Limitations	
	Network Provider	Non-Network Provider
Preventive Care	Covered in Full	Not Covered
Physician Office Services		
Primary Care Physician (PCP)	\$25 Copayment per visit	35% Coinsurance
Specialist	\$45 Copayment per visit	35% Coinsurance
Chiropractor (maximum 20 visits per Benefit Period)	\$40 Copayment per visit	35% Coinsurance
Allergy Injection	\$ 5 Copayment per visit	35% Coinsurance
Inpatient Services	15% Coinsurance	35% Coinsurance
Inpatient Anesthesia	15% Coinsurance	35% Coinsurance at non-network facility
Non-Precertification Penalty	All Charges Determined to be Not Medically Necessary Plus Non-compliance fee of \$300.	
Skilled Nursing Facility	15% Coinsurance	35% Coinsurance
Maximum Days per Benefit Period	60 days	
Outpatient Services (not in Physician's Office)	15% Coinsurance	35% Coinsurance
Outpatient Anesthesia	15% Coinsurance	35% Coinsurance at non-network facility
Therapy Services		
Physician's Office	\$30 Copayment per visit	35% Coinsurance
Outpatient Facility Services	15% Coinsurance	35% Coinsurance
Maximum Visits		
Cardiac Rehabilitation	30 visits per Benefit Period	
Occupational Therapy	30 visits per Benefit Period	
Physical Therapy	30 visits per Benefit Period	
Speech Therapy	30 visits per Benefit Period	
Chiropractor Spinal Manipulations	20 visits per Benefit Period (note: in network office copay is \$40)	
Emergency Room	15% Coinsurance	15% Coinsurance
Accident Related Dental Services	15% Coinsurance	35% Coinsurance
Urgent Care Facility	\$30 Copayment per visit	35% Coinsurance
Ambulance Services	15% Coinsurance	15% Coinsurance
Home Care Services	15% Coinsurance	35% Coinsurance
Maximum Visits	60 visits per Benefit Period	
Hospice Services	Covered in full	35% Coinsurance

Covered Services	Your Copayment/Coinsurance/Limitations	
	Network Provider	Non-Network Provider
Medical Supplies, Durable Medical Equipment and Appliances	15% Coinsurance	15% Coinsurance
NOTE: Physician office Copayments are applied rather than the Network Coinsurance listed above if medical supplies, durable medical equipment or appliances are obtained in a Network Physician's office.		
Maternity Services		
Physician	\$25 Copayment first visit; 10% Coinsurance thereafter	35% Coinsurance
Facility	15% Coinsurance	35% Coinsurance
Mental Health Services		
NOTE: All Inpatient Mental Health Services Must Be Pre-certified – <i>See your Medical Plan ID Card</i>		
Inpatient Services	15% Coinsurance	35% Coinsurance
Maximum per Benefit Period	no limit on number of visits	
Outpatient Services		
Office Setting	\$25 Copayment per visit	35% Coinsurance
Outpatient Facility	15% Coinsurance	35% Coinsurance
Maximum per Benefit Period	no limit on number of visits	
Substance Abuse Services		
NOTE: All Inpatient Substance Abuse Services Must Be Pre-certified – <i>See your Medical Plan ID Card</i>		
Inpatient Services	15% Coinsurance	35% Coinsurance
Maximum per Benefit Period	no limit on number of visits	
Outpatient Services		
Office Setting	\$25 Copayment per visit	35% Coinsurance
Outpatient Facility	15% Coinsurance	35% Coinsurance
Maximum per Benefit Period	no limit on number of visits	
Autism Services		
Inpatient Services	15% Coinsurance	35% Coinsurance
Outpatient Services		
Office Setting	\$25 Copayment per visit	35% Coinsurance
Outpatient Facility	15% Coinsurance	35% Coinsurance
Human Organ and Tissue Transplant Services		
	15% Coinsurance	35% Coinsurance

This Schedule of Benefits lists the Member's responsibility for Covered Services under the High Deductible Health Plan Option. Please refer to the Covered Services section for a more complete explanation of the specific services covered by the Plan. All Covered Services are subject to the conditions, exclusions, limitations, terms and provisions of this Benefit Booklet including any riders.

Benefit Period	Calendar Year
Age Limits for Children	End of the month child attains age 26. See definition of Child on page 21 for eligibility beyond these age limits for a disabled child.
Lifetime Maximum Benefit for all Covered Services	No Lifetime Maximum Benefit Amount

Deductible	Network Provider	Non-Network Provider
Per Person*	\$2,000	\$4,000
Family Limit***	\$4,000	\$8,000
Out-of-Pocket Limit		
Per Person*	\$4,000	\$8,000
Per Person(individual under Family Plan)	\$7,150	\$16,000
Family Limit**	\$8,000	\$16,000

The Out-of-Pocket Limit includes all Deductibles, Copayments and Coinsurance you incur in a Benefit Period, except for Vision Services Plan Copayments, Dental Plan Copayments and Non-Precertification Penalties. Once the per person or family Out-of-Pocket Limit is satisfied, no additional Copayments or Coinsurance will be required for the Member and/or family for the remainder of the Benefit Period, except for, Vision Services Plan Copayments, Dental Plan Copayments and Non-Precertification Penalties.

The Network and Non-Network Deductibles and Out-of-Pocket Limits are cross applied and will accumulate toward each other.

The Deductible(s) apply only to Covered Services with a percentage Coinsurance. Your annual premium cost or copayments for prescriptions, vision, dental, physician office services or urgent care centers do not count toward your deductible.

*Under the High Deductible Health Plan option, per person Deductible and Out of Pocket Limit applies only if you have employee-only coverage.

**Under the High Deductible Health Plan option, the Family Limit Deductible and Out of Pocket Limit must be met if you have one or more dependents covered under your plan; there is no Per Person Deductible.

** This plan has an embedded In Network Out of Pocket limit of \$7,150 for family coverage (that is the most one individual in a family plan will pay out of pocket in a Benefit Period).

Covered Services	Your Copayment/Coinsurance/Limitations	
	Network Provider	Non-Network Provider
Preventive Care	Covered in Full	40% Coinsurance
Physician Office Services		
Primary Care Physician (PCP)	20% Coinsurance	40% Coinsurance
Specialist	20% Coinsurance	40% Coinsurance
Chiropractor (maximum 20 visits per Benefit Period)	20% Coinsurance	40% Coinsurance
Allergy Injection	20% Coinsurance	40% Coinsurance
Inpatient Services	20% Coinsurance	40% Coinsurance
Inpatient Anesthesia	20% Coinsurance	40% Coinsurance
Non-Precertification Penalty	All Charges Determined to be Not Medically Necessary Plus Non-compliance fee of \$300.	
Skilled Nursing Facility	20% Coinsurance	40% Coinsurance
Maximum Days per Benefit Period	60 days	
Outpatient Services (not in Physician's Office)	20% Coinsurance	40% Coinsurance
Outpatient Anesthesia	20% Coinsurance	40% Coinsurance
Therapy Services		
Physician's Office	20% Coinsurance	40% Coinsurance
Outpatient Facility Services	20% Coinsurance	40% Coinsurance
Maximum Visits		
Cardiac Rehabilitation	30 visits per Benefit Period	
Occupational Therapy	30 visits per Benefit Period	
Physical Therapy	30 visits per Benefit Period	
Speech Therapy	30 visits per Benefit Period	
Spinal Manipulations	20 visits per Benefit Period	
Emergency Room	20% Coinsurance	20% Coinsurance
Accident Related Dental Services	20% Coinsurance	40% Coinsurance
Urgent Care Facility	20% Coinsurance	20% Coinsurance
Ambulance Services	20% Coinsurance	20% Coinsurance

Home Care Services	20% Coinsurance	40% Coinsurance
Maximum Visits	60 visits per Benefit Period	
Hospice Services	20% Coinsurance	40% Coinsurance
Medical Supplies, Durable Medical Equipment and Appliances	20% Coinsurance	20% Coinsurance
Maternity Services		
Physician	20% Coinsurance	40% Coinsurance
Facility	20% Coinsurance	40% Coinsurance
Mental Health Services		
NOTE: All Inpatient Mental Health Services Must Be Pre-certified – <i>See your Medical Plan ID Card</i>		
Inpatient Services	20% Coinsurance	40% Coinsurance
Maximum per Benefit Period	no limit on number of visits	
Outpatient Services		
Office Setting	20% Coinsurance	40% Coinsurance
Outpatient Facility	20% Coinsurance	40% Coinsurance
Maximum per Benefit Period	no limit on number of visits	
Substance Abuse Services		
NOTE: All Inpatient Substance Abuse Services Must Be Pre-certified – <i>See your Medical Plan ID Card</i>		
Inpatient Services	20% Coinsurance	40% Coinsurance
Maximum per Benefit Period	no limit on number of visits	
Outpatient Services		
Office Setting	20% Coinsurance	40% Coinsurance
Outpatient Facility	20% Coinsurance	40% Coinsurance
Maximum per Benefit Period	no limit on number of visits	
Autism Services		
Inpatient Services	20% Coinsurance	40% Coinsurance
Outpatient Services		
Office Setting	20% Coinsurance	40% Coinsurance
Outpatient Facility	20% Coinsurance	40% Coinsurance
Human Organ and Tissue Transplant Services	20% Coinsurance	40% Coinsurance

This Schedule of Benefits lists the Member's responsibility for Covered Services under the Anthem Blue Preferred EPO Option. Please refer to the Covered Services section for a more complete explanation of the specific services covered by the Plan. All Covered Services are subject to the conditions, exclusions, limitations, terms and provisions of this Benefit Booklet including any riders.

Benefit Period	Calendar Year
Age Limits for Children	End of the month child attains age 26. See definition of Child on page 21 for eligibility beyond these age limits for a disabled child.
Lifetime Maximum Benefit for all Covered Services	No Lifetime Maximum Benefit Amount
Out-of-Pocket Limit	
Per Person	\$3,500
Family Limit	\$7,000

The Out-of-Pocket Limit includes all Copayments you incur in a Benefit Period, except for Prescription Drug Copayments, Vision Services Plan Copayments, Dental Plan Copayments and Non-Precertification Penalties. Once the per person and/or family Out-of-Pocket Limit is satisfied, no additional Copayments will be required for the Member and/or family for the remainder of the Benefit Period, except for Prescription Drug Copayments, Vision Services Plan Copayments, Dental Plan Copayments and Non-Precertification Penalties.

Covered Services	Your Copayment/Limitations	
	Network Provider	Non-Network Provider
Preventive Care	Covered in Full	Not Covered
Physician Office Services		
Primary Care Physician (PCP)	\$25 Copayment per visit	Not Covered
Specialist	\$50 Copayment per visit	Not Covered
Chiropractor (maximum 20 visits per Benefit Period)	\$50 Copayment per visit	Not Covered
Allergy Injection	\$ 5 Copayment per visit	Not Covered
Inpatient Services	\$600 Copayment per inpatient confinement	Not Covered
Non-Precertification Penalty	All Charges Determined to be Not Medically Necessary Plus Non-compliance fee of \$300.	

Skilled Nursing Facility	\$600 Copayment for each inpatient confinement	Not Covered
Maximum Days per Benefit Period	60 days	
Outpatient Services (not in Physician's office)		
Outpatient Surgery	\$200 Copayment per visit	Not Covered
MRI/MRA	\$200 Copayment per visit	Not Covered
CAT Scans	\$200 Copayment per visit	Not Covered
PET Scans	\$200 Copayment per visit	Not Covered
Therapy Services		
Physician's Office or Outpatient Facility Services	\$40 Copayment per visit	Not Covered
Maximum Visits		
Cardiac Rehabilitation	30 visits per Benefit Period	
Occupational Therapy	30 visits per Benefit Period	
Physical Therapy	30 visits per Benefit Period	
Speech Therapy	30 visits per Benefit Period	
Chiropractor Spinal Manipulations	20 visits per Benefit Period (note: in network office copay is \$50)	
Other Outpatient Facility Services (other than those listed)	Covered in Full	Not Covered
Emergency Room	\$150 Copayment per visit Copayment waived if confined within 24 hours for the same condition	\$150 Copayment per visit
Accident Related Dental Services	Covered in full	Covered in full at in-network allowed amount
Urgent Care Facility	\$40 Copayment per visit	Not Covered
Ambulance Services	\$100 Copayment per use	\$100 Copayment per use
Home Care Services	\$25 Copayment per visit	Not Covered
Maximum Visits	60 visits per Benefit Period	
Hospice Services	Covered in full	Not Covered
Medical Supplies, Durable Medical Equipment and Appliances	10% Coinsurance	Not Covered
NOTE: Physician office Copayments are applied rather than the Network Copayment listed above if medical supplies, durable medical equipment or appliances are obtained in a Network Physician's office.		

Maternity Services		
Inpatient Services	\$600 Copayment per inpatient confinement	Not Covered
Physician Services	\$25 Copayment first visit; Covered in full thereafter	Not Covered
Mental Health Services		
NOTE: All Inpatient Mental Health Services Must Be Pre-certified – <i>See your Medical Plan ID Card</i>		
Inpatient Services	\$600 Copayment per inpatient confinement	Not Covered
Maximum per Benefit Period	no limit on number of visits	
Outpatient Services	\$25 Copayment per visit Covered in full	Not Covered
Office Setting Outpatient Facility		Not Covered
Maximum per Benefit Period	no limit on number of visits	
Substance Abuse Services		
NOTE: All Inpatient Substance Abuse Services Must Be Pre-certified – <i>See your Medical Plan ID Card</i>		
Inpatient Services	\$600 Copayment per inpatient confinement	Not Covered
Maximum per Benefit Period	no limit on number of visits	
Outpatient Services	\$25 Copayment per visit Covered in full	Not Covered
Office Setting Outpatient Facility		Not Covered
Maximum per Benefit Period	no limit on number of visits	
Autism Services		
Inpatient Services	\$600 Copayment per inpatient confinement	Not Covered
Outpatient Services	\$25 Copayment per visit Covered in full	Not Covered
Office Setting Outpatient Facility		Not Covered
Human Organ and Tissue Transplant Services	Follows copayments for services received	Not Covered

This Schedule of Benefits lists the Member's responsibility for Covered Services under the Outpatient Prescription Drug Program. Please refer to the Prescription Drug Card Program section for a more complete explanation of the specific services covered. All Covered Services are subject to the conditions, exclusions, limitations, terms and provisions of this Benefit Booklet including any riders.

Age Limits for Children	End of the month child attains age 26. See definition of Child on page 21 for eligibility beyond these age limits for a disabled child.
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Covered Services	Your Copayment/Coinsurance/Limitations		
	Network Provider		Non-Network Provider
	EPO/PPO	HDHP	
	Days Supply: Days Supply may be less than the amount shown due to Prior Authorization, Quantity Limits, and Utilization Guidelines.		
Pharmacy	30 day supply		Not covered
Mail Service	90 day supply		Not covered
Copayment for Retail Pharmacy:			
Generic Formulary Drug	\$ 10 Copayment	20% Coinsurance	Not covered
Brand Formulary Drug	\$30 Copayment	20% Coinsurance	Not covered
Generic Non-Formulary Drug	\$50 Copayment	20% Coinsurance	Not covered
Brand Non-Formulary Drug	\$50 Copayment	20% Coinsurance	Not covered
Copayment for Mail Order Pharmacy:			
Generic Formulary Drug	\$25 Copayment	20% Coinsurance	Not covered
Brand Formulary Drug	\$75 Copayment	20% Coinsurance	Not covered
Generic Non-Formulary Drug	\$125 Copayment	20% Coinsurance	Not covered
Brand Non-Formulary Drug	\$125 Copayment	20% Coinsurance	Not covered
Out of Pocket Limit			
Per Person	\$3,500	Included in Plan Out of Pocket Limit	N/A
Family Limit	\$7,000	Included in Plan Out of Pocket Limit	N/A

Mail Order Required for Refills Beginning January 1, 2010

- **Maintenance Prescriptions** - Beginning January 1, 2010, members are required to use the plan's mail order pharmacy for refilling maintenance prescriptions. Members are allowed three refills at a retail pharmacy. Starting with the fourth refill for that medication, the member must use Express Script's Mail Order Pharmacy for the prescription to be covered by the plan. Members should call Express Scripts at 1-866-677-8928 with questions.
- **Specialty Prescriptions** – Beginning January 1, 2010 members using a specialty prescription are required to receive refills using the plan's specialty mail order pharmacy. Members should call Express Scripts at 1-866-677-8928 with questions.

This Schedule of Benefits lists the Member’s responsibility for Covered Services under the Vision Service Plan. Please refer to the Vision Service Plan section for a more complete explanation of the specific services covered. All Covered Services are subject to the conditions, exclusions, limitations, terms and provisions of this Benefit Booklet including any riders.

Beginning 1/1/2014, vision coverage is offered as a separate, voluntary, employee-paid benefit.

Age Limits for Children	End of the month child attains age 26. See definition of Child on page 21 for eligibility beyond these age limits for a disabled child.
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Covered Services	Your Copayment/Coinsurance/Limitations	
	Network Provider	Non-Network Provider
Vision Exam (once every calendar year)	\$15 Copayment	Covered up to \$45 (Subject to \$15 Copayment)
Lenses – Prescription Glasses (once every calendar year) Single Bifocal Trifocal	Covered in full Covered in full Covered in full	Covered up to \$30 Covered up to \$50 Covered up to \$65
Frames– Prescription Glasses (once every calendar year)	Covered up to \$150 retail plan allowance; 20% off amount over \$150 allowance.	Covered up to \$70
Lens Options - Prescription Glasses (once every calendar year)	<ul style="list-style-type: none"> • Standard Progressive Lenses - \$55 • Premium Progressive Lenses - \$95-\$105 • Custom Progressive Lenses - \$150-\$175 	Progressive Lenses covered up to \$50
Contact Lens (once every calendar year instead of Prescription Glasses) Contact Lens Exam	Contact Lens covered up to plan allowance of \$130; Up to \$60 copayment for contact lens exam	Covered up to \$105

DEFINITIONS

This section defines terms which have special meanings. If a word or phrase has a special meaning or is a title, it will be capitalized. The word or phrase is defined in this section or at the place in the text where it is used.

Alternate Recipient - Any child of a Subscriber who is recognized under a Qualified Medical Child Support Order (QMCSO) as having a right to enrollment under the Plan with regard to such Subscriber.

Authorized Service - A Covered Service rendered by any Provider other than a Network Provider, which has been authorized in advance (except for Emergency Care which may be authorized after the service is rendered) by the Administrator, on behalf of the Employer, to be paid at the Network level.

Autism – A condition affecting a Member which includes a total of six or more items from the following subparagraphs of this definition with at least two from the first subparagraph and one each from the second and third paragraphs.

- Qualitative impairment in social interaction as manifested by at least two of the following:
 1. Marked impairment in the use of multiple nonverbal behaviors such as eye-to-eye gaze, facial expression, body postures, and gestures to regulate social interaction;
 2. Failure to develop peer relationships appropriate to developmental level;
 3. A lack of spontaneous seeking to share enjoyment, interests or achievement with other people;
or
 4. Lack of social or emotional reciprocity.

- Qualitative impairments in communication as manifested by at least one of the following:
 1. Delay in or total lack of the development of spoken language;
 2. In individuals with adequate speech, marked impairment in the ability to imitate or sustain a conversation with others;
 3. Stereotyped and repetitive use of language or idiosyncratic language;
 4. Lack of varied spontaneous make believe play or social imitative play appropriate to developmental levels.

- Restricted repetitive and stereotyped patterns of behavior interests and activities as manifested by at least one of the following:
 1. Encompassing preoccupation with one or more stereotyped and restricted patterns of interest that is abnormal either in intensity or focus;
 2. Apparently inflexible adherence to specific nonfunctional routines or rituals;
 3. Stereotyped and repetitive motor mannerisms; or
 4. Persistent preoccupation with parts of objects.

- Delays or abnormal functioning in at least one of the following areas with onset prior to three years of age:
 1. Social interaction;
 2. Language as used in social communication;
 3. Symbolic or imaginative play; or
 4. The disturbance is not better accounted for by Rett's Disorders or Childhood Disintegrative Disorder.

Benefit Booklet - This summary of the terms of your health benefits.

Benefit Period - The period of time that benefits for Covered Services are payable under the Plan. The Benefit Period is listed in the Schedule of Benefits. If your coverage ends earlier, the Benefit Period ends at the same time.

Brand Name Drug - The initial version of a medication developed by a pharmaceutical manufacturer, or a version marketed under a pharmaceutical manufacturer's own registered trade name or trademark. The original manufacturer is granted an exclusive patent to manufacture and market a new drug for a certain number of years. After the patent expires, if FDA requirements are met any manufacturer can produce the drug and sell under its own brand name, or under the drug's chemical name (Generic).

Case Management -- Case Management is a Health Care Management feature designed to assure that your care is provided in the most appropriate and cost effective care setting. This feature allows the Claims Administrator to customize your benefits by approving otherwise non-covered services or arranging an earlier discharge from an Inpatient setting for a patient whose care could be safely rendered in an alternate care setting. That alternate care setting or customized service will be covered only when arranged and approved in advance by the Claims Administrator's Health Care Management staff. In managing your care, the Claims Administrator has the right to authorize substitution of Outpatient Services or services in your home to the extent that benefits are still available for Inpatient Services.

Child(ren) - Medical/Pharmacy/Vision/Dental Benefits

The Subscriber's child may include:

- natural children,
- legally adopted children (The event date for an adopted child is the earlier of the date of adoption or date of placement for adoption. Placement for adoption means the assumption and retention of legal obligation for total and partial support for a child in anticipation of adoption of such child.),
- children under your legal guardianship (temporary custody not eligible), and
- stepchildren.

Age Limits for Children - End of the month child attains age 26

All enrolled eligible children may continue to be enrolled until the age limits for Children specified in the Schedule of Benefits section of this Benefit Booklet.

Eligibility will be continued past the end of the month the child attains age 26 only for those already enrolled unmarried Children who cannot work to support themselves due to mental retardation or physical or mental handicap. These children must be allowed as a federal tax exemption by the Subscriber or Subscriber's Spouse. The child's disability must start before the end of the period they would become ineligible for benefits. The Plan must certify the child's eligibility. The Employer must be informed of the child's eligibility for continuation of benefits under the Plan within 120 days after the child would normally become ineligible. The Employer may require continued proof of such disability annually after the two year period following this child's attainment of the limiting age.

The Employer may require the Subscriber to submit proof of continued eligibility for any enrolled child. Your failure to provide this information could result in termination of a child's benefits under the Plan.

To enroll children under the Plan, the Subscriber may be required to provide a copy of any legal documents awarding guardianship of such child(ren) to the Subscriber. Temporary custody is not sufficient to establish eligibility under the Plan. Please see "Eligibility and Enrollment Section" that describes the documents that are required when enrolling dependents under the Plan.

Any foster child who is eligible for any governmental program or law will not be eligible for benefits under the Plan unless required by the laws of the Subscriber's state of residence.

Claims Administrator - An organization or entity that the Employer contracts with to provide administrative and claims payment services under the Plan. The Claims Administrators are identified in the section titled ERISA Information and Statement of ERISA Rights. The Employer self-insures many portions of the Plan, so the Claims Administrator does not assume any financial obligation for benefits paid under the self-insured portions of the Plan. The Claims Administrator is a Fiduciary under the Plan and has been delegated the sole authority and discretion to resolve all disputes regarding claims, claims appeals and the interpretation of the Plan, including making any findings of fact necessary for determination of any benefit payable under the Plan. The decision of the Claims Administrator shall be final, conclusive and binding as to all parties, and the Claims Administrator shall be deemed to have properly exercised its authority, unless it has abused its discretion hereunder by acting arbitrarily and capriciously.

COBRA - Continuation of health coverage as provided under the Consolidated Omnibus Budget Reconciliation Act of 1986 including subsequent amendment and guidance.

Coinsurance - A percentage of the Reasonable Charge for which you are responsible per Covered Service after you meet your Deductible in each Benefit Period.

Copayment - A specific dollar amount for Covered Services indicated in the Schedule of Benefits for which you are responsible. The Copayment does not apply towards any Deductible. Your flat dollar Copayment will be the lesser of the amount shown in the Schedule of Benefits or the amount charged by the Provider.

Covered Services - Services, supplies or treatment as described in the Covered Services sections of this Benefit Booklet which are performed, prescribed, directed or authorized by a Provider. To be a Covered Service the service, supply or treatment must be:

- Medically Necessary or otherwise specifically included as a benefit under this Benefit Booklet.
 - Within the scope of the license of the Provider performing the service.
 - Rendered while your coverage under the Plan is in force.
 - Not Experimental/Investigative or otherwise excluded or limited by this Benefit Booklet, or by any amendment or rider thereto.
 - Authorized in advance by the Claims Administrator if such Precertification is required in the Plan.
- A charge for a Covered Service is incurred on the date the service, supply or treatment was provided to you.

Covered Transplant Procedure - Any of the Medically Necessary non-Experimental/Investigative human organ and tissue transplants as described in this Benefit Booklet.

Custodial Care - Care primarily for the purpose of assisting you in the activities of daily living or in meeting personal rather than medical needs, and which is not specific treatment for an illness or injury. It is care which cannot be expected to substantially improve a medical condition and has minimal therapeutic value. Such care includes, but is not limited to:

- assistance with walking, bathing, or dressing;
- transfer or positioning in bed;
- normally self-administered medicine;
- meal preparation;
- feeding by utensil, tube, or gastrostomy;
- oral hygiene;
- ordinary skin and nail care;
- catheter care;
- suctioning;
- using the toilet;
- enemas; and
- preparation of special diets and supervision over medical equipment or exercises or over self-administration of oral medications not requiring constant attention of trained medical personnel.

Deductible - The dollar amount of Covered Services listed in the Schedule of Benefits for which you are responsible before benefits are payable under the Plan for Covered Services each Benefit Period.

Dependent - A person of the Subscriber's family who is eligible for coverage under the Plan as described in the Eligibility and Enrollment section of this Benefit Booklet.

Diagnostic Service - A test or procedure performed when you have specific symptoms to detect or to monitor your disease or condition or a test performed as a Medically Necessary preventive care screening for an asymptomatic patient. It must be ordered by a Provider. Covered Diagnostic Services are limited to those services specifically listed in the Covered Services section.

Disabled Employee - A Regular, Full-Time Employee who is receiving disability income benefits (including the period of time covered by a lump sum settlement agreement) under the terms of the LG&E and KU Long Term Disability Plan or any Former Plan.

Disease Management Program - the plan may offer a voluntary program to eligible Subscribers and/or Dependents to manage diseases and/or chronic conditions.

Effective Date - The date a Member's coverage begins under the Plan. No benefits are payable for services and supplies received before the Member's Effective Date.

Eligible Person - A person who satisfies the Plan's eligibility requirements and is entitled to apply to be a Subscriber.

Emergency - An accidental traumatic bodily injury or other medical condition that arises suddenly and unexpectedly and manifests itself by acute symptoms of such severity, including severe pain, that the absence of immediate medical attention could, in the judgment of a reasonable person:

- place an individual's health in serious jeopardy;
- result in serious impairment to the individual's bodily functions; or
- result in serious dysfunction of a bodily organ or part of the individual.

Emergency Care - Covered Services that are furnished by a Provider within the scope of the Provider's license and as otherwise authorized by law that are needed to evaluate or stabilize an individual in an Emergency.

Employer – LG&E and KU Energy LLC, or any successor thereto, and all of the legal entities, or any successors thereto, which are part of a controlled group or affiliated service group with LG&E and KU Energy LLC pursuant to the provisions of Code Sections 414(b), (c), (m) and (o).

Employment Date – the date the Employee first performs service for the Employer.

Enrollment Date - The first day of coverage under the Plan or, if there is a waiting period, the first day of the waiting period (typically the date employment begins).

Experimental/Investigative - Any drug, biologic, device, diagnostic, product, equipment, procedure, treatment, or service used in or directly related to the diagnosis, evaluation, or treatment of a disease, injury, illness, or other health condition which the Claims Administrator or the Claims Administrator's designee, determines in its sole discretion to be Experimental/Investigative. The Claims Administrator will deem any drug, biologic, device, diagnostic, product, equipment, procedure, treatment, service, or supply to be Experimental/Investigative if the Claims Administrator determines that one or more of the following criteria apply when the service is rendered with respect to the use for which benefits are sought. The drug, biologic, device, diagnostic, product, equipment, procedure, treatment, service, or supply:

- cannot be legally marketed in the United States without the final approval of the Food and Drug Administration (FDA), or other licensing or regulatory agency, and such final approval has not been granted;
- has been determined by the FDA to be contraindicated for the specific use; or
- is provided as part of a clinical research protocol or clinical trial or is provided in any other manner that is intended to evaluate the safety, toxicity, or efficacy of the drug, biologic, device, diagnostic, product, equipment, procedure, treatment, service, or supply; or
- is subject to review and approval of an Institutional Review Board (IRB) or other body serving a similar function; or
- is provided pursuant to informed consent documents that describe the drug, biologic, device, diagnostic, product, equipment, procedure, treatment, service, or supply as Experimental/Investigative, or otherwise indicate that the safety, toxicity, or efficacy of the drug, biologic, device, diagnostic, product, equipment, procedure, treatment, service, or supply is under evaluation.

Any service not deemed Experimental/Investigative based on the criteria above may still be deemed Experimental/Investigative by the Claims Administrator. In determining whether a Service is Experimental/Investigative, the Claims Administrator will consider the information described below and assess whether:

- the scientific evidence is conclusory concerning the effect of the service on health outcomes;
- the evidence demonstrates the service improves net health outcomes of the total population for whom the service might be proposed by producing beneficial effects that outweigh any harmful effects;
- the evidence demonstrates the service has been shown to be as beneficial for the total population for whom the service might be proposed as any established alternatives; and
- the evidence demonstrates the service has been shown to improve the net health outcomes of the total population for whom the service might be proposed under the usual conditions of medical practice outside clinical investigatory settings.

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The information considered or evaluated by the Claims Administrator to determine whether a drug, biologic, device, diagnostic, product, equipment, procedure, treatment, service, or supply is Experimental/Investigative under the above criteria may include one or more items from the following list which is not all inclusive:

- published authoritative, peer-reviewed medical or scientific literature, or the absence thereof; or
- evaluations of national medical associations, consensus panels, and other technology evaluation bodies; or
- documents issued by and/or filed with the FDA or other federal, state or local agency with the authority to approve, regulate, or investigate the use of the drug, biologic, device, diagnostic, product, equipment, procedure, treatment, service, or supply; or
- documents of an IRB or other similar body performing substantially the same function; or
- consent document(s) and/or the written protocol(s) used by the treating Physicians, other medical professionals, or facilities or by other treating Physicians, other medical professionals or facilities studying substantially the same drug, biologic, device, diagnostic, product, equipment, procedure, treatment, service, or supply; or
- medical records; or
- the opinions of consulting Providers and other experts in the field.

If you have a life-threatening Sickness or condition (one which is likely to cause death within one year of the request for treatment) the Claims Administrator may, in their sole discretion, determine that an Experimental or Investigational Service meets the definition of a Covered Service for that Sickness or condition. For this to take place, the Claims Administrator must determine that the procedure or treatment is promising, but unproven, and that the service uses a specific research protocol that meets standards equivalent to those defined by the National Institutes of Health.

The Claims Administrator or the Claims Administrator's designee has the sole authority and discretion to determine all questions pertaining to whether a service is Experimental/Investigative under this Plan.

Family Coverage – Coverage provided by the Employer for the Subscriber and eligible Dependents.

Former Plan – A plan with a prior employer that is recognized by the Employer for purposes of determining eligibility under the LG&E and KU Medical, Dental and Vision Care Plan.

Formulary - The list of pharmaceutical products, developed in consultation with Physicians and pharmacists, approved for their quality and cost effectiveness.

Full-time Student - Full-time Student is a Child who is enrolled in and attending full-time a recognized course of study or training at:

- An accredited high school;
- An accredited college or university; or
- A licensed vocational school, technical school, beautician school, automotive school or similar training school.

Full-time Student status is determined in accordance with the standards set forth by the educational institution.

A Child continues to be a Full-time Student during periods of regular vacation established by the institution. If the Child does not continue as a Full-time Student immediately following the period of vacation, the Full-time Student designation will end on the last day of the calendar month preceding the month in which such period of vacation ended. For example: Spring semester ends May 10 and students

are on vacation for the calendar months of June and July. Fall semester starts August 25 and if students do not return to school, Full-time Student designation will end July 31.

- **College Student Medical Leave**

The plan will extend coverage for up to one year when a college student otherwise would lose eligibility, if a child takes a medically necessary leave of absence from a postsecondary educational institution. Coverage will continue for up to one year of leave, unless dependent coverage ends earlier under another plan provision, such as the parent's termination of employment or the child's age exceeding the plan's limit.

- **Medically necessary change in student status.**

The extended coverage is available if a college student would otherwise lose coverage because a serious illness or injury requires a medically necessary leave of absence or a change in enrollment status (for example, a switch from full-time to part-time student status). The plan must receive written certification from the child's physician confirming the serious illness or injury and the medical necessity of the leave or change in status.

- **Coverage continues even if the plan changes.**

Dependent coverage will continue during the leave as if the child had maintained student eligibility. This requirement applies even if a plan changes during the extended period of coverage.

Generic Drugs - Drugs which have been determined by the FDA to be bioequivalent to Brand Name Drugs and are not manufactured or marketed under a registered trade name or trademark. A drug whose active ingredients duplicate those of a Brand Name Drug and is its bioequivalent, Generic Drugs must meet the same FDA specifications for safety, purity and potency and must be dispensed in the same dosage form (tablet, capsule, cream) as the counterpart Brand Name Drug. On average, Generic Drugs cost about half as much as the counterpart Brand Name Drug.

Health Care Management -- Health Care Management is a process designed to promote the delivery of cost-effective medical care to all Members by assuring the use of appropriate procedures, setting (place of service), and resources through Case Management and through Precertification review requirements which may be conducted either prospectively (Prospective Review), concurrently (Concurrent Review), or retrospectively (Retrospective Review).

Identification Card - A card issued by the Claims Administrator that bears the Subscriber's name, identifies the membership by number, and may contain information about your benefits under the Plan. It is important to carry this card with you.

Independent Contractor - An individual engaged by the Employer to perform services not as a Leased Employee or an Employee, even if such individual is subsequently determined by the Internal Revenue Service, the Department of Labor, a court of competent jurisdiction or the Employer to be a common law employee of the Employer.

Inpatient - A Member who receives care as a registered bed patient in a Hospital or other Provider where a room and board charge is made. It does not mean a Member who is placed under observation for fewer than 24 hours.

Intern - An employee whose position is through the Employer's formal cooperative/internship programs.

Late Enrollee - An individual whose enrollment under the Plan is a Late Enrollment.

Late Enrollment - Enrollment other than on:

- The earliest date on which benefits can become effective under the Plan; or
- The date of an event that qualifies for Special Enrollment.

Leased Employee - An employee is a leased employee if:

- Services are provided under an agreement between the recipient and the leasing organization,
- Services are performed for the recipient or the recipient and related persons on a substantially full-time basis for a period of at least one year, and
- The services are of a type historically performed by employees in the recipient's field of business.

Lifetime Maximum - The maximum dollar amount for Covered Services paid by the Plan during your lifetime. Payments made under any current or former medical option of the Plan are used in determining if the Lifetime Maximum has been reached.

Mail Service - A prescription drug program which offers a convenient means of obtaining maintenance medications by mail if the Member takes prescription drugs on a regular basis. Covered prescription drugs are ordered directly from the licensed Pharmacy Mail Service which has entered into a reimbursement agreement with the Claims Administrator and sent directly to the Member's home.

Maximum Allowable Amount - The amount that the Claims Administrator determines is the maximum amount payable for Covered Services you receive, up to but not to exceed charges actually billed. The determination considers:

- amounts charged by other Providers for the same or similar service;
- any unusual medical circumstances requiring additional time, skill or experience; and/or
- other factors the Claims Administrator determines are relevant, including but not limited to, a resource based relative value scale.
- The amount accepted by a Network Provider as payment in full under the participation agreement for the Plan.

For a Network Provider, the Maximum Allowable Amount is equal to the amount that constitutes payment in full under the Network Provider's participation agreement for this product. If a Network Provider accepts as full payment an amount less than the negotiated rate under the participation agreement, the lesser amount will be the Maximum Allowable Amount.

For a Non-Network Provider who is a Physician or other non-facility Provider, even if the Provider has a participation agreement with the Claims Administrator for another product, the Maximum Allowable Amount is the lesser of the actual charge or the standard rate under the participation agreement used with Network Providers for the Plan.

For a Non-Network Provider which is a facility, the Maximum Allowable Amount is equal to an amount negotiated with that Non-Network Provider facility for Covered Services under the Plan or any other plan. In the absence of a negotiated amount, the Claims Administrator shall have discretionary authority to establish as the Claims Administrator deems appropriate, the Maximum Allowable Amount for a Non-Network Provider facility. The Maximum Allowable Amount is the lesser of the Non-network Provider facility's charge, or an amount determined by the Administrator, after consideration of any one or more of the following: industry cost, peer reimbursement, utilization data, previously negotiated rates, outstanding offers that the Administrator may have made, or other factors the Administrator, on behalf of the Employer, deems appropriate. It is your obligation to pay any Copayments and Deductibles, and any amounts which exceed the Maximum Allowable Amount.

The Maximum Allowable Amount is reduced by any penalties for which a Provider is responsible as a result of its agreement with the Claims Administrator.

Medically Necessary or Medical Necessity – An intervention that is or will be provided for the diagnosis, evaluation and treatment of a condition, illness, disease or injury and that is determined by the Claims Administrator to be:

- Medically appropriate for and consistent with the symptoms and proper diagnosis or treatment of the Member’s condition, illness, disease or injury;
- Obtained from a Provider;
- Provided in accordance with applicable medical and/or professional standards;
- Known to be effective, as proven by scientific evidence, in materially improving health outcomes;
- The most appropriate supply, setting or level of service that can safely be provided to the Member and which cannot be omitted consistent with recognized professional standards of care (which, in the case of hospitalization, also means that safe and adequate care could not be obtained in a less comprehensive setting);
- Cost-effective compared to alternative interventions, including no intervention (“cost effective” does not mean lowest cost);
- Not Experimental/Investigative;
- Not primarily for the convenience of the Member, the Member’s family or the Provider.
- Not otherwise subject to an exclusion under this Benefit Booklet.

The fact that a Provider may prescribe, order, recommend, or approve care, treatment, services or supplies does not, of itself, make such care, treatment, services or supplies Medically Necessary.

The Claims Administrator is the final authority to determine whether services or supplies are Medically Necessary.

Medical Policy -- The Claims Administrator's Medical Policy reflects the standards of practice and medical interventions identified as reflecting appropriate medical practice. The purpose of Medical Policy is to assist in the interpretation of Medical Necessity. However, the Benefit Booklet takes precedence over Medical Policy. Medical technology is constantly changing and the Claims Administrator, reserves the right to review and update Medical Policy periodically. The Claims Administrator is the final authority to determine Medical Policy

Medicare - The program of health care for the aged and disabled established by Title XVIII of the Social Security Act, as amended.

Member - A Subscriber or Dependent who has satisfied the eligibility conditions, applied for coverage, been approved by the Employer and for whom Premium Contribution payment has been made. Members are sometimes called “you” or “your.”

Mental Health Conditions (including Substance Abuse) - A condition identified as a mental disorder in the most current version of the International Classification of Diseases, in the chapter titled “Mental Disorders”.

- **Mental Health** is a condition which manifests symptoms which are primarily mental or nervous, regardless of any underlying physical causes.
- **Substance Abuse** is a condition brought about when an individual uses alcohol or other drug(s) in such a manner that his or her health is impaired and/or ability to control actions is impaired.

In determining whether or not a particular condition is a Mental Health Condition, the Plan may refer to the most current edition of the Diagnostic and Statistical Manual of Mental Conditions of the American Psychiatric Association, or the International Classification of Diseases (ICD) Manual.

Mental Health/Substance Abuse Subcontractor - An organization or entity that the Claims Administrator has a contract with to provide administrative and claims payment services and/or Covered Services regarding Mental Health/Substance Abuse services under this Plan. These administrative services may also be provided directly by the Claims Administrator.

Network Physician - A Physician who has entered into a contractual agreement or is otherwise engaged by the Claims Administrator, or with another organization which has an agreement with the Claims Administrator, regarding payment for Covered Services and certain administration functions for the Network associated with the Plan.

Network Provider - A Provider who has entered into a contractual agreement or is otherwise engaged by the Claims Administrator, or with another organization which has an agreement with the Claims Administrator, regarding payment for Covered Services and certain administration functions for the Network associated with the Plan.

Network Transplant Facility – A Provider who has entered into a contractual agreement or is otherwise engaged by the Claims Administrator with another organization which has an agreement with the Claims Administrator to provide Covered Services and certain administrative functions to you for the network associated with this Plan. A Hospital may be a Network Transplant Facility with respect to:

- Certain Covered Transplant Procedures; or
- All Covered Transplant Procedures.

New FDA Approved Drug Product or Technology - The first release of the brand name product or technology upon the initial FDA New Drug Approval. Other applicable FDA approval for its biochemical composition and initial availability in the marketplace for the indicated treatment and use.

New FDA Approved Drug Product or Technology does not include:

- new formulations: a new dosage form or new formulation of an active ingredient already on the market;
- already marketed drug product but new manufacturer; a product that duplicates another firm's already marketed drug product (same active ingredient, formulation, or combination);
- already marketed drug product, but new use: a new use for a drug product already marketed by the same or a different firm; or
- newly introduced generic medication (generic medications contain the same active ingredient as their counterpart brand-named medications).

Non-Network Provider - A Provider who has not entered into a contractual agreement with Claims Administrator or is not otherwise engaged by Claims Administrator for the network associated with this Plan. Providers who have not contracted or affiliated with Claims Administrator's designated Subcontractor(s) for the services they perform under this Plan are also considered Non-Network Providers.

Non-Network Transplant Facility - Any Hospital which has not contracted with the transplant network engaged by Claims Administrator to provide Covered Transplant Procedures. A Hospital may be a Non-Network Transplant Facility with respect to:

- Certain Covered Transplant Procedures; or
- All Covered Transplant Procedures.

Out-of-Pocket Limit - A specified dollar amount of expense incurred for Covered Services in a Benefit Period as listed in the Schedule of Benefits. Such expense does not include charges in excess of the Maximum Allowable Amount or any non-covered services. Refer to the Schedule of Benefits for other services that may not be included in the Out-of-Pocket Limit. When the Out-of-Pocket Limit is reached, no additional Copayment or Coinsurance is required unless otherwise specified in this Benefit Booklet, subject to the Plan's Lifetime Maximum.

Outpatient - A Member who receives services or supplies while not an Inpatient.

Participating Employer - an Employer who has adopted the Plan as shown in the section titled "ERISA Information and Statement of ERISA Rights".

Pharmacy and Therapeutics Committee - a committee of physicians and pharmacists who review literature and studies which address the safety, efficacy, approved indications, adverse effects, contraindications, medical outcome, and pharmacoeconomics. The committee will develop, review and/or approve guidelines related to how and when certain drugs and/or therapeutic categories will be approved for coverage.

Plan – The LG&E and KU Medical, Dental and Vision Care Plan provided by the Employer and explained in this Benefit Booklet.

Precertification -- Precertification is a Health Care Management feature which requires that an approval be obtained from the Claims Administrator before incurring expenses for certain Covered Services. The Plan's procedures and timeframes for making decisions for Precertification requests differ depending on when the request is received and the type of service that is the subject of the Precertification request.

Premium Contribution(s) - The periodic premium costs specified by the Employer which are required to be paid by you to maintain benefits under the Plan. The Employer has the sole authority to determine your Premium Contribution and may change this amount from time to time. Generally, the Premium Contribution is determined and changed by the Employer for each calendar year. Your contribution is determined by the composite rate for the coverage you select.

Premium Contribution Period – Each calendar month. Each Premium Contribution is due the first day of the calendar month for which the Premium Contribution applies. Your and your Dependents coverage will be terminated for non-payment if you do not pay the required Premium Contribution within 31 days of the date due.

Prescription Legend Drug - A medicinal substance, dispensed for Outpatient use, which under the Federal Food, Drug & Cosmetic Act is required to bear on its original packing label, "Caution: Federal law prohibits dispensing without a prescription." Compounded medications which contain at least one such medicinal substance are considered to be Prescription Legend Drugs. Insulin is considered a Prescription Legend Drug under this Plan.

Prescription Order - A written request by a Provider, as permitted by law, for a drug or medication and each authorized refill for same.

Primary Care Physician (PCP) – A Physician who is in family practice, general practice, internal

medicine, pediatrics or obstetrics/gynecology who supervises, coordinates and provides initial care and basic medical services to a Member. The PCP is responsible for maintaining continuity of patient care.

Prior Authorization - The process applied to certain drugs and/or therapeutic categories to define and/or limit the conditions under which these drugs will be covered. The drugs and criteria for coverage are defined by the Pharmacy and Therapeutics Committee.

Provider - A duly licensed person or facility that provides services within the scope of an applicable license and is a person or facility that the Plan approves. Providers include, but are not limited to, the following persons and facilities:

- **Alternative Care Facility** – A non-hospital health care facility, or an attached facility designated as free standing by a Hospital, that the Plan approves, which provides Outpatient Services primarily for but not limited to:
 1. Diagnostic Services such as Computerized Axial Tomography (CAT scan) or Magnetic Resonance Imaging (MRI);
 2. Surgery;
 3. Therapy Services or rehabilitation.
- **Ambulatory Surgical Facility** - A Provider that:
 1. is licensed as such, where required;
 2. is equipped mainly to do Surgery;
 3. has the services of a Physician and a Registered Nurse (R.N.) at all times when a patient is present;
 4. is not an office maintained by a Physician for the general practice of medicine or dentistry; and
 5. is equipped and ready to initiate emergency procedures with personnel who are certified in advanced cardiac lifesaving skills.
- **Birth Center** - a Provider, other than a Hospital, where births take place following normal, uncomplicated pregnancies. Such centers must be:
 1. constituted, licensed, and operated as set forth in the laws that apply;
 2. equipped to provide low-risk maternity care;
 3. adequately staffed with qualified personnel who:
 - a. provide care at childbirth;
 - b. are practicing within the scope of their training and experience; and
 - c. are licensed if required; and
 4. equipped and ready to initiate emergency procedures in life threatening events to mother and baby by personnel who are certified in advanced cardiac lifesaving skills.
- **Certified Registered Nurse Anesthetist** - Any individual licensed as a Registered Nurse by the state in which he or she practices, who holds a certificate of completion of a course in anesthesia approved by the American Association of Nurse Anesthetists or a course approved by that state's appropriate licensing board and who maintains certification through a recertification process administered by the Council on Recertification of Nurse Anesthetists.
- **Home Health Care Agency** - A public or private agency or organization licensed in the state in which it is located to provide Home Health Care Services.
- **Hospice** - A coordinated plan of home, Inpatient and Outpatient care which provides palliative and supportive medical and other health services to terminally ill patients. An interdisciplinary team

Member
provides a program of planned and continuous care, of which the medical components are under the direction of a Physician. Care must be available 24 hours a day, seven days a week. The Hospice must meet the licensing requirements of the state or locality in which it operates.

- **Hospital** - A Provider constituted, licensed, and operated as set forth in the laws that apply to Hospitals, which:
 1. provides room and board and nursing care for its patients;
 2. has a staff with one or more Physicians available at all times;
 3. provides 24 hour nursing service;
 4. maintains on its premises all the facilities needed for the diagnosis, medical care, and treatment of an illness or injury; and
 5. is fully accredited by the Joint Commission on Accreditation of Health Care Organizations.

The term Hospital does not include a Provider, or that part of a Provider, used mainly for:

1. nursing care;
 2. rest care;
 3. convalescent care;
 4. care of the aged;
 5. Custodial Care;
 6. educational care;
 7. treatment of alcohol abuse; or
 8. treatment of drug abuse.
- **Pharmacy** - An establishment licensed to dispense prescription drugs and other medications through a duly licensed pharmacist upon a Physician's order. A Pharmacy may be a Network Provider or a Non-Network Provider.
 - **Physician** -
 1. a legally licensed doctor of medicine, doctor of osteopathy, or optometry; or
 2. any other legally licensed practitioner of the healing arts rendering services which are:
 - a. covered by the Plan; and
 - b. within the scope of his or her license.

Physician does not include:

1. the Member; or
 2. the Member's Spouse, parent, child, sister, brother, in-law, or someone residing in the Member's home.
- **Skilled Nursing Facility** - A Provider constituted, licensed, and operated as set forth in applicable state law, which:
 1. mainly provides Inpatient care and treatment for persons who are recovering from an illness or injury;
 2. provides care supervised by a Physician;
 3. provides 24 hour per day nursing care supervised by a full-time Registered Nurse;
 4. is not a place primarily for care of the aged, Custodial Care, or treatment of alcohol or drug dependency; and
 5. is not a rest, educational, or custodial Provider or similar place.
 - **Urgent Care Center** - A health care facility that is organizationally separate from a Hospital and

whose primary purpose is the offering and provision of immediate, short-term medical care, without appointment, for Urgent Care.

Recovery – A Recovery is money you receive from another, their insurer or from any "Uninsured Motorist," "Underinsured Motorist," "Medical-Payments," "No-Fault," or "Personal Injury Protection," or other insurance coverage provision as a result of injury or illness. Regardless of how you or your representative or any agreements characterize the money you receive, it shall be subject to the Subrogation and Reimbursement provisions of this Benefit Booklet.

Reemployment Date – The date the Employee first performs service for the Employer following a Severance from Service Date.

Regular, Full-Time Employee - An employee whose position has an indefinite end or whose position is expected to last twelve (12) months or more, and who is scheduled to work 40 hours per week. If the employee works for a Participating Employer that has a full-time workweek of other than 40 hours, the Participating Employer's full-time equivalent will apply, rather than 40 hours.

Regular, Part-Time Employee - An employee whose position has an indefinite end or whose position is expected to last twelve (12) months or more, and who is scheduled to work less than a full-time weekly schedule.

Respite Care – Short-term temporary care for people with disabilities provided by persons trained in the behavioral management of persons with pervasive developmental disorders under the supervision of a professional licensed or certified to provide Mental Health services. The care must be provided at facilities that meet the state and/or local licensing certification requirements.

Service Area - The geographical area within which Covered Services under the Plan are available.

Severance from Service Date – The date on which the employee's employment with a Participating Employer is terminated.

Single Coverage – Coverage for the Subscriber only.

Skilled Care - Care which is Medically Necessary and must be performed or supervised by a skilled licensed professional in the observation and/or assessment of treatment of an illness or injury. It is ordered by a Physician and usually involves a treatment plan.

Specialist – A Physician who is not a Primary Care Physician.

Spouse - The Subscriber's legal spouse in the Subscriber's state of primary residence.

Stabilize - The provision of medical treatment to you in an emergency as may be necessary to assure, within reasonable medical probability that material deterioration of your condition is not likely to result from or during any of the following:

- your discharge from an emergency department or other care setting where Emergency Care is provided to you;
- your transfer from an emergency department or other care setting to another facility; or
- your transfer from a Hospital emergency department or other Hospital care setting to the Hospital's Inpatient setting.

Subcontractor - The Claims Administrator and/or Employer may subcontract particular services to organizations or entities that have specialized expertise in certain areas. This may include but is not limited to prescription drugs and mental health/behavioral health and substance abuse services. Such subcontracted organizations or entities may make benefit determinations and/or perform administrative, claims paying, or customer service duties on the Claims Administrator's or Employer's behalf.

Subscriber - An eligible employee or retired employee or member of the Employer enrolled under the Plan, whose benefits are in effect and whose name appears on the Identification Card issued by the Claims Administrator.

Substance Abuse -- See definition for Mental Health Conditions (including Substance Abuse).

Survivor -- An eligible Survivor is a person who was covered under this Plan as an eligible Dependent of a Regular, Full-Time Employee or a Disabled Employee on the day before the date of death of the Regular, Full-Time Employee or the Disabled Employee.

Temporary Employee - An employee who is scheduled to work a regular workweek but is hired for a limited term of employment that is not expected to exceed twelve (12) months, or an employee whose position does not have a regular work schedule (e.g. a person being called in for emergency duty).

Therapy Services - Services and supplies used to promote recovery from an illness or injury. Covered Therapy Services are limited to those services specifically listed in the Covered Services section.

Urgent Care: An Urgent Care medical problem is an unexpected episode of illness or an injury requiring treatment which cannot reasonably be postponed for regularly scheduled care. It is not considered an Emergency. Urgent Care medical problems include, but are not limited to, ear ache, sore throat, and fever (not above 104 degrees). Treatment of an Urgent Care medical problem is not life threatening and does not require use of an emergency room at a Hospital.

Visually Necessary or Appropriate: Services and materials medically or visually necessary to restore or maintain a patient's visual acuity and health and for which there is no less expensive professionally acceptable alternative.

Waiting Period - Period of employment following an Employment Date or Reemployment Date that is required before a Subscriber's coverage is effective.

ELIGIBILITY AND ENROLLMENT

Benefits payable under the Plan are available to you because of your employment with or membership with the Employer.

In order for you to participate in the Plan, certain requirements must be satisfied. These requirements may include a Waiting Period. The specific time periods and other standards for participation in the Plan are determined by the Employer and/or federal law. Eligibility requirements are below.

Eligibility for Employees

Subscriber

A person is eligible to participate in the Plan as a Subscriber if the person is a Regular, Full-Time Employee of a Participating Employer; or a Regular, Part-Time Employee who is scheduled to work at least 20 hours per week for a Participating Employer; or a person whose employment is covered by a collective bargaining agreement between a Participating Employer and a union who has met the terms specified in the collective bargaining agreement to be eligible for medical and dental benefits. A co-op student or an Intern is only eligible for the High Deductible Health Plan (not eligible for HSA).

A Regular, Part-Time Employee who is scheduled to work less than 20 hours per week, or a Temporary Employee (excluding a co-op student or an Intern) is not eligible.

Leased Employees, nonleased persons who provide services to a Participating Employer pursuant to an agreement with any other person or organization, and any person classified as an Independent Contractor are not an eligible Subscriber, whether or not deemed a common-law employee.

The names of the Participating Employers are found in the ERISA section of this document.

Dependents

To be eligible under the Plan as a Dependent, the person must be:

- the Subscriber's Spouse, or
- the Subscriber's Child.

Enrollment

If you and your Spouse are each an eligible Subscriber, you and your Spouse cannot enroll as both a Subscriber and a Dependent.

Initial Enrollment

An Eligible Person can enroll for Single, Employee and Spouse, Employee and Child(ren) or Family Coverage through the Employer. That enrollment must be received within the 31-day period which begins on the date the Employee is first eligible under the Plan. If the Employer does not receive the initial enrollment within this time period, the Eligible Person can only enroll for benefits during the Open Enrollment period or during a Special Enrollment period, whichever is applicable.

If an Eligible Person has one or more Dependents that qualify for coverage under the Plan at the time of the Initial Enrollment for whom coverage is not elected, those Dependent(s) can only be enrolled for benefits during the Open Enrollment period or during a Special Enrollment period, whichever is applicable.

It is important for you to know which family members are eligible to apply for benefits under Family Coverage. See the section on Eligible Dependents.

Required Documentation When Adding Dependents for Medical/Pharmacy/Vision/Dental Coverage

You will be required to submit documentation to verify the following dependents.

Spouse:

A copy of your marriage certificate

AND

One form of documentation establishing current marital status such as a joint household bill, joint bank/credit account, or the front page of your most recently filed federal tax return (with all financial information concealed).

Child(ren):

A copy of the child's birth certificate which includes the names of the parents or appropriate court order/adoption decree naming you or your spouse as the child's legal guardian

Step-Child:

A copy of the child's birth certificate

AND

Employee's marriage certificate

AND

Joint bill/account listing employee and spouse or last year's federal tax return showing a joint filing.

Disabled Dependent:

A copy of the child's birth certificate which includes the names of the parents or appropriate court order/adoption decree naming you or your spouse as the child's legal guardian

AND

An Affidavit will need to be completed to prove disability through the insurance carrier.

How and When to Submit Required Documentation for Adding New Dependents: Meiman

Documentation is required when new dependents are added to an employee's medical and/or dental plan. Participants have 30 days to add a dependent from the Change in Family Status date and 60 days to submit the required documentation. Failure to submit required documentation within 60 days will result in the dependent being retro-actively removed from coverage. Failure to add your dependent within 30 days will result in waiting until next year's open enrollment.

Documentation can be sent via mail (regular US mail or inter-office) or fax it to the Benefits department.

Regular US Mail:

LG&E Center - Attn: Benefits Department
PO Box 32030
Louisville, KY 40232

Inter-office mail:

LG&E Center 16th floor

Benefits Fax# 502-217-2412

Newborn and Adopted Child Coverage

A child will be considered adopted from the earlier of: (1) the moment of placement in your home; or (2) the date of an entry of an order granting custody of the child to you. The child will continue to be considered adopted unless the child is removed from your home prior to issuance of a legal decree of adoption.

Any Child born while the mother is enrolled as a Subscriber or Subscriber's Spouse will be covered from birth for a period of 31 days. Any Child adopted while the adopting mother is enrolled for coverage as a Subscriber or the Subscriber's Spouse will be covered from the date of placement for purposes of adoption for a period of 31 days.

To continue coverage beyond the 31-day period after the child's birth or adoption you must notify the Employer by submitting a Change of Status Form to add the child under the Plan. The Change of Status Form must be submitted within 31 days after the birth or placement of the child. If the child is not enrolled within 31 days of the date of birth or placement for adoption, coverage will cease at the end of this period of 31 days and the child can only be enrolled for benefits during the Open Enrollment period or during a Special Enrollment period, whichever is applicable.

Qualified Medical Child Support Order

If you are required by a qualified medical child support order or court order, as defined by ERISA, to enroll your child under the Plan, the Employer will permit your child to enroll without regard to any enrollment limits and shall provide the benefits of the Plan in accordance with the applicable requirements of such order. Any claims payable under the Plan will be paid to the child or the child's custodial parent or legal guardian, for any expenses paid by the child, custodial parent, or legal guardian. The Claims Administrator will make information available to the child, custodial parent, or legal guardian on how to obtain benefits and submit claims to the Claims Administrator directly.

Special Enrollment

A Special Enrollment period may occur if an Eligible Person or Dependent with other health coverage declined coverage under this Plan and then loses their other coverage, or if an Eligible Person or Subscriber gains a Dependent through marriage, birth, adoption or placement for adoption. If an Eligible Person or Dependent enrolls during a Special Enrollment period, even if it is at the same time as an open enrollment period, that person will not be treated as a Late Enrollee.

Special Enrollment for Loss of Other Coverage

The Special Enrollment period for loss of other coverage is available to Eligible Persons and their Dependents who meet certain requirements:

- the Eligible Person and/or their Dependent must otherwise be eligible for coverage;
- when coverage under this Plan was declined, the Eligible Person or their Dependent must have been covered under another group plan or must have had other health insurance coverage.

The rights under this Special Enrollment period may apply with respect to:

- an Eligible Person;
- a Dependent of an Eligible Person; or
- both.

An Eligible Person who has not previously enrolled may enroll during the Special Enrollment period if they have lost their other coverage. A Dependent of a Subscriber may enroll during the Special Enrollment period if the Dependent lost their other coverage and the Subscriber is currently enrolled in this Plan. In addition, both the Eligible Person and a Dependent can enroll together if either the Eligible Person or the Dependent loses other coverage.

If the other coverage is COBRA continuation coverage, then Special Enrollment can only be requested after the COBRA continuation coverage has exhausted. If the other coverage is not COBRA continuation coverage, then Special Enrollment for the Eligible Person or Dependent can only be requested after one of the following has occurred:

- eligibility for the other coverage was lost; or
- employer contribution for the other coverage has ended.

Special Enrollment is not available if the other coverage is lost due to failure to pay premium or for fraud or misrepresentation.

Request for Special Enrollment must be made within 31 days of the loss of other coverage. Coverage under Special Enrollment will be effective no later than the first day of the month after the Eligible Person requests enrollment for himself or herself, or a Subscriber requests enrollment on behalf of a Dependent.

Special Enrollment for New Dependents

A Special Enrollment period also occurs if an Eligible Person or a Subscriber acquires a new Dependent by marriage, birth, or adoption or placement for adoption. The request to enroll must be made within 31 days following the qualifying event.

- An Eligible Person who has previously declined to enroll is permitted to enroll themselves and their

Dependents when they marry or acquire a new child as result of birth, adoption or placement for adoption.

- A Subscriber may enroll their Spouse separately at the time of marriage or a Child at the time of birth, adoption or placement for adoption.

Special Enrollment period coverage with respect to marriage, birth, adoption, or placement for adoption will be effective on the date of marriage, birth, adoption, or placement for adoption if the Employer receives an application within 31 days of that qualifying event. Application forms are available from the Employer.

If the Employer receives an application to add a Dependent or an Eligible Person more than 31 days after the qualifying event, that person is a Late Enrollee and is not eligible to enroll for coverage with the Plan until the next Open Enrollment Period or a Special Enrollment, whichever occurs first.

Special Enrollment Related to Medicaid and CHIP

Eligible Employees and Dependents may also enroll under two additional circumstances:

- The Employee's or Dependent's Medicaid or Children's Health Insurance Program (CHIP) coverage is terminated as a result of loss of eligibility; or
- The Employee or Dependent becomes eligible for a subsidy (state premium assistance program)

The Employee or Dependent must request Special Enrollment within 60 days of the loss of Medicaid/CHIP or of the eligibility determination.

NOTICE FOR HIPAA SPECIAL ENROLLMENT RIGHTS

If you are declining enrollment for yourself or your dependents because of other health insurance or group health plan coverage, you may be able to enroll yourself and your dependents in this plan if you or your dependents lose eligibility for that other coverage. However, you must request enrollment within 30 days after your or your dependents' other coverage ends. In addition, if you have a new dependent as a result of marriage, birth, adoption, or placement for adoption, you may be able to enroll yourself and your dependents. However, you must request enrollment within 30 days after the marriage, birth, adoption or placement for adoption. To request special enrollment or obtain more information, contact the LG&E and KU Benefits Department at (502) 627-2121.

PREMIUM ASSISTANCE UNDER MEDICAID AND THE CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP)

If you or your children are eligible for Medicaid or CHIP and you are eligible for health coverage from your employer, your State may have a premium assistance programs that can help pay for coverage. These States use funds from their Medicaid or CHIP programs to help people who are eligible for these programs, but also have access to health insurance through their employer. If you or your children are not eligible for Medicaid or CHIP, you will not be eligible for these premium assistance programs.

If you or your dependents are already enrolled in Medicaid or CHIP and you live in a State listed below, you can contact your State Medicaid or CHIP office to find out if premium assistance is available.

If you or your dependents are NOT currently enrolled in Medicaid or CHIP, and you think you or any of your dependents might be eligible for either of these programs, you can contact your State Medicaid or CHIP office or dial **1-877-KIDS NOW** or **www.insurekidsnow.gov** to find out how to apply. If you qualify, you can ask the State if it has a program that might help you pay the premiums for an employer-sponsored plan.

Once it is determined that you or your dependents are eligible for premium assistance under Medicaid or CHIP, as well as eligible under your employer plan, your employer must permit you to enroll in your employer plan if you are not already enrolled. This is called a “special enrollment” opportunity, and **you must request coverage within 60 days of being determined eligible for premium assistance**. If you have questions about enrolling in your employer plan, you can contact the Department of Labor electronically at www.askebsa.dol.gov or by calling toll-free 1-866-444-EBSA (3272).

If you live in one of the following States, you may be eligible for assistance paying your employer health plan premiums. The following partial list of States is current as of July 31, 2014. You should contact your State for further information on eligibility.

<p>INDIANA - Medicaid Website: http://www.in.gov/fssa Phone: 1-800-889-9949</p>	<p>VIRGINIA - Medicaid and CHIP Medicaid Website: http://www.dmas.virginia.gov/rcp-HIPP.htm Medicaid Phone: 1-800-432-5924 CHIP Website: http://www.famis.org/ CHIP Phone: 1-866-873-2647</p>
<p>KENTUCKY - Medicaid Website: http://chfs.ky.gov/dms/default.htm Phone: 1-800-635-2570</p>	<p>WEST VIRGINIA - Medicaid Website: www.dhhr.wv.gov/bms Phone: 1-877-598-5820, HMS Third Party Liability</p>

To see if any more States have added a premium assistance program since July 31, 2014 or for more information on special enrollment rights, you can contact either:

U.S. Department of Labor
Employee Benefits Security Administration
www.dol.gov/ebsa
1-866-444-EBSA (3272)

U.S. Department of Health and Human Services
Centers for Medicare & Medicaid Services
www.cms.hhs.gov
1-877-267-2323, Ext. 61565

Late Enrollment

An Eligible Person or Dependent who did not request enrollment for coverage with the Plan during the initial enrollment period, as a newly eligible person, or a special enrollment period during which the individual was entitled to enroll is considered a Late Enrollee and not eligible to enroll for coverage with the Plan until the next Open Enrollment Period.

Open Enrollment

An Open Enrollment Period shall be held at least once every calendar year. Eligible Members and their eligible Dependents may enroll during this period.

Nondiscrimination

No person who is eligible to enroll will be refused enrollment based on health status, health care needs, genetic information, previous medical information, disability or age.

Effective Date of Coverage

Subscriber coverage is effective on the date coincident with or next following the latest of:

- The Effective Date shown in Schedule of Benefits.
- The date the Subscriber enrolls for coverage.
- The date the Subscriber starts work.

Statements and Forms

Subscribers or applicants for coverage shall complete and submit applications or other forms or statements the Claims Administrator or Employer may request. Subscribers or applicants for coverage represent to the best of their knowledge and belief that all information contained in such applications, questionnaires, forms, or statements submitted to the Plan is true, correct, and complete. Subscribers and applicants for coverage understand that all rights to benefits under the Plan are subject to the condition that all such information is true, correct and complete. Any misrepresentation or failure to provide requested information may result in termination of benefits.

Delivery of Documents

The Claims Administrator will provide an Identification Card for each Subscriber. The Employer will provide a Benefit Booklet for each Eligible Person.

Notice of Ineligibility

You must notify the Claims Administrator and the Employer within 30 days of any changes which will affect your Dependent's eligibility for services or benefits under the Plan.

Eligible Disabled Employee

A Disabled Employee is eligible for coverage under the Plan until the earliest of the following events occurs:

- The end of the calendar month that the Disabled Employee is no longer receiving disability income benefits (including the period of time covered by a lump sum settlement agreement) under the LG&E and KU Long Term Disability Plan;
- The end of the calendar month the Disabled Employee dies;
- The end of the calendar month the Disabled Employee retires;
- The date the Plan is terminated; or
- The beginning of the calendar month the Disabled Employee does not pay the required Premium Contribution.

Eligible Dependent of an Eligible Disabled Employee

If a person is an eligible Disabled Employee as described above and elects to continue coverage, this Disabled Employee may elect to continue coverage for eligible Dependents.

Eligible Survivors

An eligible Survivor is a person who was covered under this Plan as an eligible Dependent of a Regular, Full-Time Employee or a Disabled Employee on the day before the date of death of the Regular, Full-Time Employee or the Disabled Employee.

For a Survivor of a Regular, Full-Time Employee or a Disabled Employee, coverage under the Plan will continue until the earliest of the following events occurred:

- The end of the sixtieth calendar month after the date of death of the Regular, Full-Time Employee or the Disabled Employee;
- The end of the calendar month the Surviving Child no longer meets the definition of a Child;
- The date the Plan is terminated; or
- The beginning of the calendar month the Survivor does not pay the required Premium Contribution.

For a survivor of a Regular, Part-Time Employee, there is no survivor coverage. However, the survivor will be offered continued medical benefits for up to 36 months under the provisions of COBRA.

If the date of death of the Regular, Full-Time Employee; or the Disabled Employee occurs under the provisions of a Former Plan, the Survivor provisions of the Former Plan continue to apply.

30-DAY ADVANCE NOTICE OF COVERAGE RESCISSION

Under the Affordable Care Act, effective for plan years beginning on or after Sept. 23, 2010 (Jan. 1, 2011 in the case of a calendar year group health plan), LG&E and KU may not rescind a participant's coverage (that is, terminate that coverage retroactively) except in the case of fraud or the individual's intentional representation of a material fact, as prohibited by the plan terms.

In addition, LG&E and KU must provide at least 30 days advance written notice to each participant who would be affected before any coverage may be rescinded. Separately, LG&E and KU may cancel coverage, even retroactively, if the termination of coverage is due to a failure to pay required premiums or contributions toward the cost of coverage on a timely basis.

Other requirements of Federal or State law may apply in connection with a rescission of coverage.

TERMINATION AND CONTINUATION

Termination

It is the responsibility of the Employer to notify you if the Plan is terminated.

Except as otherwise provided, your benefits will terminate as follows:

- Subject to the Federal Continuation of Coverage (COBRA), if you cease to meet eligibility requirements as outlined in this Benefit Booklet, your benefits will terminate automatically at midnight of the last day of the calendar month for which Premium Contributions have been paid. You shall notify the Claims Administrator and/or the Employer immediately if you cease to meet the eligibility requirements. You shall be responsible for payment for any services incurred by you after you cease to meet eligibility requirements.
- If you engage in fraudulent conduct or furnish the Employer or Claims Administrator fraudulent or misleading information relating to claims or application for benefits or fail to provide information requested by the Employer or Administrator, then the Employer may terminate your benefits. Termination is effective on the date you engaged in fraudulent conduct or furnished fraudulent or misleading material information, whichever is applicable. You shall be responsible to pay the Employer for the cost of previously received services based on the Maximum Allowable Amounts for such services, less any Deductibles, Coinsurance and/or Copayments made or Premium Contributions paid for such services. The Employer will also terminate your Dependent's benefits, effective on the date your benefits were terminated.
- If you permit the use of your or any other Member's Identification Card by any other person; use another person's card; or use an invalid card to obtain services, your coverage shall terminate immediately. Any Subscriber or Dependent involved in the misuse of an Identification Card will be liable to and must reimburse the Employer for the Maximum Allowable Amounts for services received through such misuse.
- If you fail to pay or fail to make satisfactory arrangements to pay any amount due to the Employer or Network Providers (including the failure to pay required Deductibles, Coinsurance and/or Copayments), the Employer may terminate the rights of the Subscriber and may also terminate the rights of all the Subscriber's Dependents, effective immediately.
- If you fail to pay the Premium Contribution specified by the Employer within the Premium Contribution Period, your and your Dependent's benefits will terminate effective at the end of the most recent Premium Contribution Period for which you have paid the required Premium Contribution.
- A Dependent's benefits terminate on the date that person no longer meets the definition of Dependent.

Federal Continuation of Coverage (COBRA)

Since the Employer is subject to the requirements of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 as amended, the Plan provides that each of the qualified beneficiaries listed below has the right to choose continuation coverage if his or her coverage under the Plan would otherwise end. The election period lasts for 60 days and begins to run on the later of either the date that the qualified beneficiary would lose coverage due to the qualifying event or the date you are sent notice of your right to continuation coverage. Unless the election specifies otherwise, an election by a covered Subscriber or a Spouse is also considered an election on behalf of any other qualified beneficiary who would also lose coverage due to that qualifying event.

Qualifying Events and Qualified Beneficiaries

The following qualified beneficiaries (not including employees of a Participating Employer who are nonresident aliens who received no income constituting earned income under federal law from the Employer and the nonresident aliens' Dependents) have the right to continuation coverage when one of the following qualifying events results in a loss of coverage under the Plan:

1. Upon the death of the covered Subscriber: the Spouse and Children.
2. Upon the covered Subscriber's termination of employment (for other than gross misconduct) or reduction in work hours with a Participating Employer: the Subscriber and his or her eligible Dependents.
3. Upon the divorce or legal separation of the covered Subscriber: the divorced or legally separated Spouse and Children.
4. Upon the covered Subscriber becoming enrolled in Medicare under Title XVIII of the Social Security Act: the Spouse and Children.
5. Upon the disqualification of a Child under the Plan's eligibility requirements: the Child not meeting such requirements.

For the purposes of this section, coverage for a Child includes coverage for any child born to or placed for adoption with a qualified beneficiary after a qualifying event if proper notice is provided to the Employer of the birth or adoption.

Duration of Continuation Coverage

1. For the events explained in items "1," "3," "4," and "5" under "Qualifying Events and Qualified Beneficiaries," continuation coverage is provided for 36 months after the date of the initial qualifying event.
2. For the event explained in item "2" under "Qualifying Events and Qualified Beneficiaries," continuation coverage is provided for 18 months after the date of the qualifying event.

Exceptions:

- a. If the qualifying event under items "1," "3," "4," or "5" above occurs during the 18-month period from date continuation coverage would have ended due to item "2", continuation coverage will be continued an additional 18 months; or
- b. If a qualified beneficiary is determined under Titles II or XVI of the Social Security Act to be disabled at any time prior to or during the first 60 days of continuation coverage under item "2," under "Qualifying Events and Qualified Beneficiaries," continuation coverage will be extended an additional 11 months.

However, coverage will be extended only if the qualified beneficiary gives notice of the disability within 60 days after the disability is determined and before the end of the original 18-month continuation period. When the qualified beneficiary is no longer disabled, you must notify the Employer within 30 days after the final determination is made under Titles II and XVI.

- c. If the Subscriber became enrolled in Medicare prior to the qualifying event, the period of coverage for qualified beneficiaries other than the Subscriber shall be the longer of 30 months from the termination or reduction in hours of employment or 36 months from the earlier Medicare entitlement.

The maximum period for all qualifying events is 36 months.

Premium Contributions

You must pay Premium Contributions for any period of continuation coverage. If you make the election after the qualifying event, any Premium Contributions due must be paid by 45 days after the date of the election.

Cancellation

Continuation coverage will terminate if:

1. the Employer ceases to provide any group health Plan to its Subscribers;
2. Premium Contributions are not paid on time;
3. upon the date, after the date of continuation coverage election, the qualified beneficiary first becomes covered under another group health plan that:
 - a. does not contain any limitation regarding a pre-existing condition of the beneficiary; or
 - b. does contain a pre-existing exclusion or limitation that would apply to the beneficiary but is not applicable because of the Federal Health Insurance Portability and Accountability Act of 1996's rule on pre-existing condition clauses;
4. upon the date, after the date of continuation coverage election, a qualified beneficiary first becomes enrolled in Medicare benefits under Title XVIII of the Social Security Act; or
5. a qualified beneficiary whose continuation period was extended due to disability under paragraph "2b" under "Duration of Continuation Coverage." Continuation coverage will cease on the later of (a) the first day of the month that begins more than 30 days after the date of the final determination, under the Social Security Act, that the qualified beneficiary is no longer disabled, and (b) 18 months after the date of the qualifying event explained in item "2" under "Qualifying Events and Qualified Beneficiaries."

Family and Medical Leave Act

Any Subscriber entitled to FMLA leave may continue their benefits, and any Dependents' benefits, under the Plan as if continuously employed during the entire FMLA leave period. Certain limitations stated below may apply. No new conditions or waiting periods will apply to the benefits upon your return to work.

You may be entitled to FMLA leave for the following reasons:

- Birth of a child, and to care for such child;
- Placement of a child with you for adoption or foster care;
- To care for your seriously ill Spouse, child, or parent;
- A serious health condition that makes you unable to perform your job functions.

The Employer shall be responsible for determination of your eligibility, rights, or length of leave period for FMLA for purposes of continuing your benefits under the Plan.

Continuation of Coverage Due to Military Service

In the event you are no longer at work due to military service in the Armed Forces of the United States,

you may elect to continue health coverage for yourself and your Dependents (if any) under the Plan in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1984, as amended.

“Military service” means performance of duty on a voluntary or involuntary basis, and includes active duty, active duty for training, initial active duty for training, inactive duty training, and full-time National Guard duty.

You may elect to continue to cover yourself and your eligible Dependents (if any) under the Plan by notifying your Employer in advance and payment of any required Premium Contribution for health coverage. This may include the amount the Employer normally pays on your behalf. If your military service is for a period of time less than 31 days, you may not be required to pay more than the active Member Premium Contribution, if any, for continuation of health coverage.

If continuation is elected under this provision, the maximum period of health coverage under the Plan shall be the lesser of:

- The 24 month period beginning on the first date of your absence from work; or
- The day after the date on which you fail to apply for or return to a position of employment.

Regardless whether you continue your health coverage, if you return to your position of employment your health coverage and that of your eligible Dependents (if any) will be reinstated under the Plan. No exclusions or waiting period may be imposed on you or your eligible Dependents in connection with this reinstatement unless a sickness or injury is determined by the Secretary of Veterans Affairs to have been incurred in, or aggravated during, the performance of military service.

Certification of Prior Creditable Coverage

If your coverage under this Plan is terminated, you and your covered Dependents will receive a certification that shows your period of coverage under this health benefit plan. You may need to furnish the certification if you become eligible under another group health plan. You may also need the certification to buy, for yourself or your family, an individual policy that does not exclude coverage for medical conditions that were present before your enrollment. You and your Dependents may request a certification within 24 months of losing coverage under this health benefit plan. If you have any questions, contact the customer service telephone number listed on the back of your Identification Card.

HOW TO OBTAIN COVERED SERVICES

Network Services and Benefits

If your care is rendered by a Network Provider benefits will be provided at the Network level. The Claims Administrator is the final authority to determine if the services are Covered Services.

If the type of Provider is not included in the Network, the Claims Administrator may approve a Non-Network Provider for that service as an Authorized Service.

Network Providers include Physicians, Professional Providers, Hospitals and Facility Providers who contract with the Claims Administrator to perform services for you. For services rendered by Network Providers:

- you will not be required to file any claims for services you obtain directly from Network Providers.
- Network Providers will seek compensation for Covered Services rendered from the Plan and not from you except for approved Copayments, Deductibles and Coinsurance.
- you may be billed by your Network Provider(s) for any non-covered services you receive or where you have not acted in accordance with this Plan.

Health Care Management is the responsibility of the Network Provider.

Contact your Network Provider or the Claims Administrator to be sure that Precertification has been obtained.

Non-Network Services

Services which are not obtained from a Network Provider or not an Authorized Service will be considered a Non-Network Service. The only exceptions are Emergency Care and Urgent Care. In addition, certain services are not covered unless obtained from a Network Provider -- see your Schedule of Benefits.

For services rendered by a Non-Network Provider, you are responsible for:

- obtaining any Precertification which is required;
- filing claims;
- higher cost sharing amounts; and
- any amount charged by the Provider in excess of the Maximum allowable Amount.

Relationship of Parties (Claims Administrator - Network Providers)

The relationship between the Claims Administrator and Network Providers is an independent contractor relationship. Network Providers are not agents or employees of the Claims Administrator, nor is the Claims Administrator, or any employee of the Claims Administrator, an employee or agent of Network Providers.

Neither the Claims Administrator nor the Employer shall be responsible for any claim or demand as a result of damages arising out of, or in any manner connected with, any injuries suffered by a Member while receiving care from any Provider or in any Provider's facilities.

Your Network Provider's agreement for providing Covered Services may include financial incentives or

risk sharing relationships related to provision of services or referrals to other Providers, including Network Providers and Non-Network Providers and disease management programs. If you have questions regarding such incentive or risk sharing relationships, please contact your Provider or the Claims Administrator.

Not Liable for Provider Acts or Omissions

The Claims Administrator and/or the Employer are not responsible for the actual care you receive from any person. The Plan does not give anyone any claim, right, or cause of action against the Claims Administrator and/or the Employer based on what a Provider of health care, services or supplies, does or does not do.

Identification Card

When you receive care from your Network Provider or other Provider, you must show your Identification Card. Possession of an Identification Card confers no right to services or other benefits under the Plan. To be entitled to such services or benefits you must be a Member on whose behalf all applicable Premium Contributions under the Plan have been paid. Any person receiving services or other benefits to which he or she is not then entitled under the provisions of the Plan will be responsible for the actual cost of such services or benefits.

PATIENT PROTECTION DISCLOSURE

LG&E and KU generally allow the designation of a primary care provider. You have the right to designate any primary care provider who participates in our network and who is available to accept you or your family members. For information on how to select a primary care provider, and for a list of the participating primary care providers, contact Anthem at 1-877-750-6062.

For children, you may designate a pediatrician as the primary care provider.

You do not need prior authorization from Anthem or from any other person (including a primary care provider) in order to obtain access to obstetrical or gynecological care from a health care professional in our network who specializes in obstetrics or gynecology. The health care professional, however, may be required to comply with certain procedures, including obtaining prior authorization for certain services, following a pre-approved treatment plan, or procedures for making referrals. For a list of participating health care professionals who specialize in obstetrics or gynecology, contact Anthem at 1-877-750-6062.

ANTHEM HEALTHCARE MANAGEMENT Meiman

Health Care Management is included in your health care benefits to encourage you to seek quality medical care on the most cost-effective and appropriate basis.

Health Care Management is a process designed to promote the delivery of cost-effective medical care to all Members by assuring the use of appropriate procedures, setting (place of service), and resources through Case Management and through Precertification review requirements which may be conducted either prospectively (Prospective Review), concurrently (Concurrent Review), or retrospectively (Retrospective Review).

If you have any questions regarding Health Care Management or to determine which services require Precertification, call the Precertification telephone number on the back of your Identification Card or refer to the Claims Administrator's web site.

Members are entitled to receive upon request and free of charge reasonable access to and copies of documents, records, and other information relevant to the Member's Precertification request.

Your right to benefits for Covered Services provided under this Benefit Booklet is subject to certain policies, guidelines and limitations, including, but not limited to, the Claims Administrator's Medical Policy.

A description of each health care management feature, its purpose, requirements and effects on benefits is provided in this section.

Medical Policy

The Claims Administrator's Medical Policy reflects the standards of practice and medical interventions identified as reflecting appropriate medical practice. The purpose of Medical Policy is to assist in the interpretation of Medical Necessity. However, the Benefit Booklet takes precedence over Medical Policy. Medical technology is constantly changing and the Claims Administrator, reserves the right to review and update Medical Policy periodically. The Claims Administrator is the final authority to determine Medical Policy.

Precertification

NOTICE: Precertification does NOT guarantee coverage for or the payment of the service or procedure reviewed.

Precertification is a Health Care Management feature which requires that an approval be obtained from the Claims Administrator before incurring expenses for certain Covered Services. The Plan's procedures and timeframes for making decisions for Precertification requests differ depending on when the request is received and the type of service that is the subject of the Precertification request.

Urgent Review means a review for medical care or treatment that in the opinion of the treating Provider or any Physician with knowledge of the Member's medical condition, could in the absence of such care or treatment, seriously jeopardize the life or health of the Member or the ability of the Member to regain maximum function, or, in the opinion of a Physician with knowledge of the Member's medical condition,

would subject the Member to severe pain that cannot be adequately managed without such care or treatment. Applying the prudent layperson standard, the Claims Administrator may determine that an Urgent Review should be conducted. Concurrent Reviews of continued Hospital stays will always be considered urgent.

When care is evaluated, both Medical Necessity and appropriate length of stay will be determined. Medical Necessity includes a review of both the services and the setting. For certain services you will be required to use the Provider designated by the Claims Administrator's Health Care Management staff. The care will be covered according to your benefits for the number of days approved unless the Claims Administrator's Concurrent Review determines that the number of days should be revised. If a request is denied, the Provider may request a reconsideration. The Claims Administrator's Physician reviewer will be available by telephone for the reconsideration within one business day of the request. An expedited reconsideration may be requested when the Member's health requires an earlier decision.

Generally, the ordering Provider, facility or attending Physician may call to request a Precertification review ("requesting provider"). The Claims Administrator will work directly with the requesting Provider for the Precertification request. However, you may designate an authorized representative to act on your behalf for a specific Precertification request. The authorized representative can be anyone who is 18 years or older. For Urgent Reviews as defined above, the requesting Provider will be presumed to be acting as your authorized representative. For more information on the Plan's process for designating an authorized representative, call the Precertification telephone number on the back of your Identification Card.

It is your responsibility to obtain Precertification. You should verify that the Provider obtains the required Precertification or obtain the required Precertification yourself. If you do not obtain any required Precertification, you are responsible for all charges for services the Claims Administrator, on behalf of the Employer, determines are not Medically Necessary and a non-compliance penalty of \$300. If you do not obtain the required Precertification, a Retrospective Review will be done to determine if your care was Medically Necessary. You are responsible for all charges for services the Claims Administrator determines are not Medically Necessary.

You are responsible for obtaining Precertification from Anthem for any service that requires precertification. You will need to call Anthem's Precertification customer service phone number on the back of your Anthem ID card and ask if your service requires precertification.

Precertification Procedures

Prospective review means a review of a request for Precertification that is conducted prior to a Member's Hospital admission or course of treatment. For Prospective Reviews, a decision will be made and telephone notice of the decision will be provided to the requesting provider, as soon as possible, taking into account the medical circumstances, but not later than two business days from the time the request is received by the Claims Administrator. For Urgent Reviews, telephone notice will be provided to the requesting provider as soon as possible taking into account the medical urgency of the situation, but not later than one calendar day from the time the request is received by the Claims Administrator.

If additional information is needed to certify benefits for services, the Claims Administrator will notify the requesting Provider by telephone and send written notification to you or your authorized representative and the requesting provider of the specific information necessary to complete the review as soon as possible, but not later than two business days after receipt of the request. For Urgent Reviews the Claims Administrator will notify the requesting provider by telephone of the specific information

necessary to complete the review within 24 hours after receipt of the request by the Claims Administrator.

The requested information must be provided to the Claims Administrator within 45 calendar days. Note: If the 45th day falls on a weekend or holiday, the time frame for submission is extended to the next business day. For urgent reviews, the requested information must be provided within 48 hours after the Claims Administrator's request for specific information.

A decision will be made and telephone notice of the decision will be provided to the requesting provider as soon as possible, but not later than two business days (one calendar day for Urgent Reviews) after the Claims Administrator's receipt of the requested information.

If a response to the Claims Administrator's request for specific information is not received or is not complete, a decision will be made based upon the information in the Claims Administrator's possession and telephone notice of the decision will be provided to the requesting provider not later than two business days (one calendar day for urgent reviews) after the expiration of the period to submit the requested information.

Written notice of Prospective Review decisions will be provided to you or your authorized representative and the Provider(s) within one business day of the date the decision is rendered.

Concurrent Review

Concurrent review means a review of a request for Precertification that is conducted during a Member's Inpatient Hospital stay or course of treatment. As a result of Concurrent Review, additional benefits may be approved for care which exceeds the benefit(s) originally authorized by the Claims Administrator's Health Care Management staff.

If a request for Concurrent Review is received within 24 hours prior to the expiration of the end of the approved care, and it qualifies for Urgent Review, a decision will be made and telephone notice of the decision will be provided to the requesting provider as soon as possible, taking into account the medical urgency of the situation, but not later than 24 hours from the time the request is received by the Claims Administrator. If the request is not received within 24 hours prior to the end of the approved care, the decision will be made and telephone notice of the decision will be provided to the requesting provider within one calendar day from the time the request is received by the Claims Administrator.

For Concurrent Reviews that do not qualify for Urgent Review, the decision will be made and telephone notice will be provided to the requesting provider within one business day from the time the request is received by the Claims Administrator.

If additional information is needed to certify benefits for services for a Concurrent Review that does not qualify for Urgent Review, the Claims Administrator will notify the requesting provider by telephone and will send written notice to you or your authorized representative and the requesting provider of the specific information necessary to complete the review within one business day after receipt of the request. You or your authorized representative and the requesting provider have 45 calendar days from the date of the Claims Administrator's request to provide the information to the Claims Administrator. Note: If the 45th day falls on a weekend or holiday, the time frame for submission is extended to the next business day. A decision will be made and telephone notice of the decision will be provided to the requesting provider within one business day from the time the requested information is received by the

Claims Administrator. If a response to the Claims Administrator's request for specific information is not received or is not complete, a decision will be made based upon the information in the Claims Administrator's possession and telephone notice of the decision will be provided to the requesting provider not later than one business day after expiration of the period to submit the requested information.

Written notice of Concurrent Review decisions will be sent to you or your authorized representative and the Provider(s) within one business day of the date the decision is rendered.

The Claims Administrator will not reduce or terminate a previously approved on-going course of treatment until you or your authorized representative receive telephone notice of the Claims Administrator's decision and have an opportunity to appeal the decision and receive notice of the appeal decision.

Retrospective Review

Retrospective review means a review of a request for Precertification that is conducted after health care services have been provided to a Member but prior to a claim being submitted. It does not include the review of a claim. If Precertification is required and approval is not obtained prior to the service being rendered, the Claims Administrator will conduct a Retrospective Review.

For Retrospective Review, a decision will be made within 2 business days from the time the request is received by the Claims Administrator.

If additional information is needed to certify benefits for services, the Claims Administrator will notify you or your authorized representative and the requesting provider in writing of the specific information necessary to complete the review within 2 business days after receipt of the request.

You or your authorized representative and the requesting provider have 45 calendar days from the date of the Claims Administrator's request to provide the information to the Claims Administrator. Note: If the 45th day falls on a weekend or holiday, the time frame for submission is extended to the next business day.

A decision will be made within 2 business days from the time the requested information is received by the Claims Administrator. If a response to the Claims Administrator's request for specific information is not received or is not complete, a decision will be made based upon the information in the Claims Administrator's possession not later than 2 business days after expiration of the period to submit the requested information.

Written notice of Retrospective Review decisions will be provided to you or your authorized representative and the Provider(s) within 2 business days from the time the request is received by the Claims Administrator.

If additional information is requested for a Retrospective Review, written notice of the decision will be provided within 2 business days of receiving the requested information or 2 business days of the expiration of the time period for submitting the information, whichever occurs first.

Case Management

Case Management is a Health Care Management feature designed to assure that your care is provided in

the most appropriate and cost effective care setting. This feature allows the Claims Administrator to customize your benefits by approving otherwise non-covered services or arranging an earlier discharge from an Inpatient setting for a patient whose care could be safely rendered in an alternate care setting. That alternate care setting or customized service will be covered only when arranged and approved in advance by the Claims Administrator's Health Care Management staff. In managing your care, the Claims Administrator has the right to authorize substitution of Outpatient Services or services in your home to the extent that benefits are still available for Inpatient Services.

ANTHEM COVERED SERVICES

This section describes the Covered Services available under your health care benefits when provided and billed by Providers. **Care must be received from a Network Provider to be covered at the Network level, except for Emergency Care, Urgent Care and Ambulance Services. Services which are not received from a Network Provider will be considered a Non-Network Service, unless otherwise specified in this Benefit Booklet or considered an Authorized Service by the Claims Administrator.** The amount payable for Covered Services varies depending on whether you receive your care from a Network Provider or a Non-Network Provider.

If you use a Non-Network Provider, you are responsible for the difference between the Non-Network Provider's charge and the Maximum Allowable Amount, in addition to any applicable Copayment or Deductible. The Claims Administrator or the Employer cannot prohibit Non-Network Providers from billing you for the difference in the Non-Network Provider's charge and the Maximum Allowable Amount.

All Covered Services and benefits are subject to the conditions, exclusions, limitations, terms and provisions of this Benefit Booklet, including any attachments, riders and endorsements. Covered Services must be Medically Necessary and not Experimental/Investigative. The fact that a Provider may prescribe, order, recommend or approve a service, treatment or supply does not make it Medically Necessary and does not guarantee payment. To receive maximum benefits for Covered Services, you must follow the terms of the Benefit Booklet, including use of Network Providers, and obtain any required Precertification. Contact your Network Provider to be sure that Precertification has been obtained. The Claims Administrator bases its decisions about Precertification, Medical Necessity, Experimental/Investigative services and new technology on the Claims Administrator's Medical Policy. The Claims Administrator may also consider published peer-review medical literature, opinions of experts and the recommendations of nationally recognized public and private organizations which review the medical effectiveness of health care services and technology. The Claims Administrator is the final authority to determine Medical Policy or whether services or supplies are Medically Necessary.

Benefits for Covered Services may be payable subject to an approved treatment plan created under the terms of this Benefit Booklet. Benefits for Covered Services are based on the Maximum Allowable Amount for such service. Plan payment for Covered Services will be limited by any applicable Deductible, Coinsurance, Copayment, Benefit Period maximum, or Lifetime Maximum in this Benefit Booklet.

Preventive Care Services

Preventive Care Services mean care which is rendered to prevent future health problems for a Member who does not exhibit any current symptoms. See your Schedule of Benefits for any limitations. The medical plan covers preventive care services at 100% when members receive these services from in-network providers. Please call Anthem to confirm whether the service is considered preventive. Preventive Care Services include but are not limited to the following:

Child preventive care (birth through 18 years)

- Preventive physical exams
- Screening Tests (depending on age) – call Anthem to find out which tests are considered preventive. Screening tests may include behavioral counseling to promote a healthy diet, blood

pressure, cholesterol, depression, development and behavior, hearing, height, weight, BMI, hemoglobin, lead testing, newborn, obesity, sexually transmitted infections

- Immunizations - call Anthem to find out which immunizations are considered preventive. Immunizations may include Diphtheria, Tetanus, Pertussis, Haemophilus Influenza type b, Hepatitis A, Hepatitis B, HPV, Influenza, Measles, Mumps, Rubella, Meningococcal, Pneumococcal, Polio, Rotavirus, Varicella

Adult preventive care (19 years and older)

- Preventive physical exams
- Screening tests and services (depending on age) - call Anthem to find out which tests and services are considered preventive. Screening tests and services may include aortic aneurysm screening, blood pressure, bone density, breast cancer including exam and mammogram, breastfeeding support, supplies and counseling (female), cholesterol, colorectal cancer, FDA approved birth control methods, depression, hearing, height, weight, BMI, HIV, HPV, intervention services (counseling and education), pelvic exam and pap test including screening for cervical cancer, prostate cancer including digital rectal exam and PSA test, screenings during pregnancy, sexually transmitted infections, screening for iron deficiency anemia in pregnant women, tobacco use counseling, breast cancer testing in conjunction with genetic counseling and evaluation, and polyp removal during colonoscopy screening.
- Immunizations - call Anthem to find out which immunizations are considered preventive. Immunizations may include Diphtheria, Tetanus, Pertussis, Hepatitis A, Hepatitis B, HPV, Influenza, Meningococcal, MMR, Pneumococcal, Varicella, Zoster (shingles)

Diabetes Self Management Training

Diabetes self-management training is covered for an individual with insulin dependent diabetes, non-insulin dependent diabetes, or elevated blood glucose levels induced by pregnancy or another medical condition when:

- Medically Necessary;
- Ordered in writing by a Physician or a podiatrist; and
- Provided by a Health Care Professional who is licensed, registered, or certified under state law.

Coverage for diabetes self-management training is limited to:

- One (1) visit after receiving an initial diagnosis of diabetes;
- One (1) visit after receiving a diagnosis by a Physician or a podiatrist that represents a significant change in your symptoms or condition and makes changes in your self-management Medically Necessary; and
- One (1) visit for reeducation or refresher training per Benefit Period.

For the purposes of this provision:

- A "Health Care Professional" means the Physician or podiatrist ordering the training or a Provider who has obtained certification in diabetes education by the American Diabetes Association.
- A "visit" means a 2 to 3 hour maximum diabetes education session provided by a Health Care Professional in an Outpatient facility or in a Physician's or podiatrist's office.

Physician Office Services

Office Services include care in a Physician's office that is not related to Maternity and Mental Health Conditions, except as specified. Refer to the sections entitled Maternity Services and Mental Health/Substance Abuse Services for services covered by the Plan. For Emergency Accident or Medical

Care refer to the Emergency Care and Urgent Care section. Physician office services include:

Office visits for medical care and consultations to examine, diagnose, and treat an illness or injury performed in the Physician's office. Office visits also include injections, serum and allergy testing. When allergy injection, testing or serum is the only charge from a Physician's office a specific Copayment may apply as stated in the Schedule of Benefits under Physician Office Services.

Diagnostic Services when required to diagnose or monitor a symptom, disease or condition.

Surgery and Surgical services including anesthesia and supplies. The surgical fee includes normal post-operative care.

Therapy Services for Physical Medicine Therapies and Other Therapies when rendered in the office of a Physician or other professional Provider.

Inpatient Services

Inpatient Services do not include care related to Maternity and Mental Health Conditions, except as specified. Refer to the sections entitled **Maternity Services** and **Mental Health/Substance Abuse Services** for services covered by the Plan. Inpatient Services include:

- charges from a Hospital or other Provider for room, board and general nursing services;
- ancillary services; and
- professional services from a Physician while an Inpatient.

Room, Board, and General Nursing Services

- a room with two or more beds;
- a private room. The private room allowance is the Hospital's average semi-private room rate unless it is Medically Necessary that you occupy a private room for isolation and no isolation facilities are available;
- a room in a special care unit approved by the Claims Administrator. The unit must have facilities, equipment and supportive services for intensive care of critically ill patients.

Ancillary Services

- operating, delivery and treatment rooms and equipment;
- prescribed drugs;
- anesthesia, anesthesia supplies and services given by an employee of the Hospital or other Provider;
- medical and surgical dressings, supplies, casts and splints;
- Diagnostic Services; and
- Therapy Services.

Professional Services

- **Medical care visits** limited to one visit per day by any one Physician.
- **Intensive medical care for** constant attendance and treatment when your condition requires it for a prolonged time.
- **Concurrent care** for a medical condition by a Physician who is not your surgeon while you are in the Hospital for Surgery. Care by two or more Physicians during one Hospital stay when the nature or severity of your condition requires the skills of separate Physicians.
- **Consultation** which is a personal bedside examination by another Physician when requested by your

Physician. Staff consultations required by Hospital rules are excluded.

- **Surgery and the administration of general anesthesia.**
- **Newborn exam.** A Physician other than the Physician who performed the obstetrical delivery must do the examination.

Outpatient Services

Outpatient Services include both facility and professional charges when rendered as an Outpatient at a Hospital, Alternative Care Facility or other Provider as determined by the Plan. Outpatient Services do not include care that is related to Maternity or Mental Health/Substance Abuse Services, except as otherwise specified. Professional charges only include services billed by a Physician or other professional.

For Emergency Accident or Medical Care refer to the Emergency Care and Urgent Care section.

Emergency Care and Urgent Care

Emergency Care

Medically Necessary Emergency Care under this Benefit Booklet includes Emergency Accident Care and Emergency Medical Care rendered at a Hospital. Services which the Claims Administrator determines to meet the definition of Emergency Care will be covered, whether the care is rendered by a Network Provider or Non-Network Provider. Emergency Care rendered by a Non-Network Provider will be covered and reimbursed by the Plan at the Network level. The Member is not required to pay more than would have been required for services from a Network Provider. Follow-up care is not considered Emergency Care.

Whenever you are admitted as an Inpatient directly from a Hospital emergency room, your treatment will always be considered an Emergency and the emergency room Copayment will be waived. For Inpatient admissions following Emergency Care, you should contact the Claims Administrator within 48 hours of admission or as soon as reasonably possible in order to obtain authorization for a specific length of stay. When the Claims Administrator is contacted for authorization, you will be notified of the number of days considered Medically Necessary for your diagnosis. Thus, you may avoid having to pay charges for any excessive Inpatient days which the Plan does not consider Medically Necessary.

Care and treatment provided once you are Stabilized is not Emergency Care. Continuation of care from a Non-Network Provider beyond that needed to evaluate or Stabilize your condition in an Emergency will be treated as Non-Network unless the Claims Administrator authorizes the continuation of care and it is Medically Necessary.

Urgent Care

Often an Urgent Care rather than an Emergency medical problem exists. Urgent Care Covered Services obtained from a Network Provider are subject to the Urgent Care Copayment. Urgent Care services obtained from a Non-Network Provider are subject to the Deductible and Coinsurance for a Network Provider. If you experience an accidental injury or a medical problem, the Plan will determine whether your injury or condition is an Urgent Care or Emergency Care situation for coverage purposes, based on your diagnosis and symptoms.

An Urgent Care medical problem is an unexpected episode of illness or an injury requiring treatment which cannot reasonably be postponed for regularly scheduled care. It is not considered an Emergency. Urgent Care medical problems include, but are not limited to, ear ache, sore throat, and fever (not above 104 degrees). Treatment of an Urgent Care medical problem is not life threatening and does not require use of an emergency room at a Hospital. If you call your Physician prior to receiving care for an urgent medical problem and your Physician authorizes you to go to an emergency room, your care will be paid at the level specified in the Schedule of Benefits for emergency room care.

See your Schedule of Benefits for benefit limitations.

Ambulance Services

Local transportation by a vehicle designed, equipped and used only to transport the sick and injured:

- from your home, scene of accident or medical emergency to a Hospital;
- between Hospitals;
- between Hospital and Skilled Nursing Facility;
- from a Hospital or Skilled Nursing Facility to your home.

Ambulance services are a Covered Service only when Medically Necessary, except:

- When ordered by an employer, school, fire, or public safety official and the Member is not in a position to refuse.
- When a Member is required by the Claims Administrator to move from a non-Network Provider to a Network Provider.

Trips must be to the closest local facility that can give Covered Services appropriate for your condition. If none, you are covered for trips to the closest such facility outside your local area.

Diagnostic Services

Coverage for Diagnostic Services when provided as part of Preventive Care Services, Physician Office Services, Inpatient Services, Outpatient Services, Home Care Services, and Hospice Services is limited to the following:

- X-ray and other radiology services;
- Laboratory and pathology services;
- Cardiographic, encephalographic, and radioisotope tests;
- Ultrasound services;
- Allergy tests; and
- Hearing tests (unless related to an examination for prescribing or fitting of a hearing aid).

Surgical Services

Coverage for Surgical Services when provided as part of Physician Office Services, Inpatient Services, or Outpatient Services is limited to the following:

- Performance of generally accepted operative and other invasive procedures;
- The correction of fractures and dislocations;
- Anesthesia (including services of a Certified Registered Nurse Anesthetist) and surgical assistance when Medically Necessary;
- Usual and related pre-operative and post-operative care; and

- Other procedures as approved by the Employer.

The surgical fee includes normal post-operative care.

Sterilization

Regardless of Medical Necessity, you are covered for sterilization.

Mastectomy Notice

WOMEN'S HEALTH AND CANCER RIGHTS ACT NOTICE

If you have had or are going to have a mastectomy, you may be entitled to certain benefits under the Women's Health and Cancer Rights Act of 1998 (WHCRA). For individuals receiving mastectomy-related benefits, coverage will be provided in a manner determined in consultation with the attending physician & the patient, for:

- All stages of reconstruction of the breast on which the mastectomy was performed;
- Surgery and reconstruction of the other breast to produce a symmetrical appearance;
- Prostheses; and
- Treatment of physical complications of the mastectomy, including lymphedema.

These benefits will be provided subject to the same deductibles and coinsurance applicable to other medical and surgical benefits provided under this plan. Contact Anthem at 1-877-750-6062 for more information.

Therapy Services

Coverage for Therapy Services when provided as part of Physician Office Services, Inpatient Facility Services, Outpatient Services, or Home Care Services is limited to the following:

Physical Medicine Therapy Services

The expectation must exist that the therapy will result in a practical improvement in the level of functioning within a reasonable period of time. Physical medicine therapy services include:

- **Physical therapy** including treatment by physical means, hydrotherapy, heat, or similar modalities, physical agents, bio-mechanical and neuro-physiological principles and devices. Such therapy is given to relieve pain, restore function, and to prevent disability following illness, injury, or loss of a body part.
- **Speech therapy** for the correction of a speech impairment resulting from illness, injury, or surgery. Speech therapy does not include language training for educational, psychological or developmental speech delays.
- **Occupational therapy** for the treatment of a physically disabled person by means of constructive activities designed and adapted to promote the restoration of the person's ability to satisfactorily accomplish the ordinary tasks of daily living and those tasks required by the person's particular occupational role. Occupational therapy does not include diversional recreational vocational therapies (e.g. hobbies, arts and crafts).
- **Spinal manipulation services** to correct by manual or mechanical means structural imbalance or subluxation to remove nerve interference from or related to distortion, misalignment or subluxation

of or in the vertebral column. Manipulation whether performed and billed as the only procedure or manipulations performed in conjunction with an exam and billed as an office visit will be counted toward any maximum for Spinal Manipulations as specified in the Schedule of Benefits.

Other Therapy Services

- **Cardiac rehabilitation** to restore an individual's functional status after a cardiac event. Home programs, on-going conditioning and maintenance are not covered.
- **Chemotherapy** for the treatment of a disease by chemical or biological antineoplastic agents.
- **Dialysis treatments** of an acute or chronic kidney ailment which may include the supportive use of an artificial kidney machine.
- **Radiation therapy** for the treatment of disease by X-ray, radium, or radioactive isotopes.
- **Inhalation therapy** for the treatment of a condition by the administration of medicines, water vapors, gases, or anesthetics by inhalation.

Physical Medicine and Rehabilitation Services

A structured therapeutic program of an intensity that requires a multidisciplinary coordinated team approach to upgrade the patient's ability to function as independently as possible; including skilled rehabilitative nursing care, physical therapy, occupational therapy, speech therapy and services of a social worker or psychologist. The goal is to obtain practical improvement in a reasonable length of time in the appropriate setting.

Physical medicine and rehabilitation involves several types of therapy, not just physical therapy, and a coordinated team approach. The variety and intensity of treatments required is the major differentiation from an admission primarily for physical therapy.

Certain Therapy Services rendered on an Inpatient or Outpatient basis are limited. See the Schedule of Benefits.

Home Care Services

Home Care Services are services performed by a Home Health Care Agency or other Provider in your residence. The services must be provided on a part-time visiting basis according to a course of treatment. Covered Services may include the following:

- Intermittent Skilled Nursing Services (by an R.N. or L.P.N.);
- Medical/Social Services;
- Diagnostic Services;
- Nutritional Guidance;
- Home Health Aide Services;
- Therapy Services (Outpatient visit limits specified in the Schedule of Benefits do not apply when rendered in the home);
- Medical/Surgical Supplies;
- Durable Medical Equipment;
- Prescription Drugs (only if provided and billed by a Home Health Care Agency).

Home infusion therapy will be paid only if you obtain prior approval. Benefits for home infusion therapy include a combination of nursing, durable medical equipment and pharmaceutical services which

are delivered and administered intravenously in the home. Home IV therapy includes but is not limited to: injections (intra-muscular, subcutaneous, continuous subcutaneous), Total Parenteral Nutrition (TPN), Enteral nutrition therapy, Antibiotic therapy, pain management and chemotherapy.

Hospice Services

Hospice care may be provided in the home or Hospice for medical, social and psychological services used as palliative treatment for patients with a terminal illness and includes routine home care, continuous home care, Inpatient Hospice and Inpatient respite. To be eligible for Hospice benefits, the patient must have a life expectancy of six months or less, as certified by the attending Physician.

Covered Services include the following only when authorized by your Network Provider:

- Skilled Nursing Services (by an R.N. or L.P.N.)
- Diagnostic Services
- Physical, speech and inhalation therapies
- Medical supplies, equipment and appliances
- Counseling services (except bereavement counseling)
- Inpatient confinement at a Hospice
- Prescription Drugs obtained from the Hospice

Human Organ and Tissue Transplant Services

For cornea and kidney transplants, the transplant and tissue services benefits or requirements described below do not apply. These services are paid as Inpatient Services, Outpatient Services or Physician Office Services depending where the service is performed.

Covered Transplant Procedure

Any of the following Medically Necessary Human Organ and Tissue Transplants:

Adult Procedures

- Bone marrow or stem cell including:
 - Autologous Bone Marrow including High Dose Chemotherapy
 - Related allogeneic Bone Marrow including High Dose Chemotherapy
 - Unrelated allogeneic Bone Marrow including High Dose Chemotherapy
- Heart;
- Heart/Lung;
- Lung;
- Liver;
- Pancreas and Kidney when performed simultaneously or Pancreas transplant after a Kidney transplant (Kidney transplant alone may be covered under medical and is not part of this transplant benefit)

Pediatric Procedures

- Bone marrow or stem cell including:
 - Autologous Bone Marrow including High Dose Chemotherapy
 - Related allogeneic Bone Marrow including High Dose Chemotherapy
 - Unrelated allogeneic Bone Marrow including High Dose Chemotherapy

- Heart;
- Liver;

As additional diagnoses cease to be Experimental/Investigative, the Employer may amend the above Covered Transplant Procedure list to include such procedures.

When the Claims Administrator considers a Human Organ or Tissue Transplant to be Experimental/Investigative the transplant and all Covered Services performed in relation to the transplant are excluded under this benefit. If a covered Human Organ or Tissue Transplant is done in conjunction with an Experimental/Investigative transplant, the Claims Administrator will determine the portion of the charges which relate to the covered Human Organ or Tissue Transplant and allow only those charges.

Prior Approval

In order to receive transplant benefits, you or your provider must contact the Claims Administrator's Transplant Department, for a pre-determination of coverage, as soon as the Member becomes aware a transplant is needed. If benefits are approved through pre-determination, you or your Provider must call the Claims Administrator's Transplant Department for Precertification prior to the transplant surgery. For both pre-determination and Precertification, call the Precertification toll-free telephone number listed on the back of your Medical Plan ID Card.

Benefit Period

Transplant coverage starts one day prior to the organ transplant surgery or one day prior to myeloblation therapy (high dose chemotherapy and/or irradiation). Any services performed more than one day prior to the transplant are eligible for coverage under the medical benefit with the exception of services in conjunction with BMT/Stem Cell harvesting. Transplant coverage ends the earlier of the following:

- 364 days from the date of the transplant surgery or first myeloblation therapy;
- The day before a re-transplant, if within one year. (Upon re-transplant a new transplant benefit period starts.)

Transplant Related Expenses

Transplant Related Expenses mean Medically Necessary items that are required as a result of a Covered Transplant Procedure and would not be incurred if the person were not having a Covered Transplant Procedure. Services related to the diagnosis causing the need for a Covered Transplant Procedure which would have been performed whether or not the patient received a Covered Transplant Procedure are not considered a Transplant Related Expense. Transplant Related Expenses during a transplant benefit period include only the following:

- Acquisition costs, also referred to as procurement (live or cadaver). Acquisition costs include Medically Necessary services in connection with the preparation, harvesting and storage of bone marrow, stem cell or solid organ for a Covered Transplant. For a living donor, acquisition costs also include the Medically Necessary Inpatient services for the recovery of the donor post surgery and any complications that arise as a direct result of the actual acquisition procedure for a period of six weeks from the date of the acquisition or as otherwise determined within the limits determined by the Plan. Cord blood is payable if the transplant is approved. Harvesting and storage of cord blood, bone marrow or stem cells for a possible future transplant is not eligible under this transplant benefit.
- Transportation and lodging. The Plan will provide assistance with reasonable and necessary travel

expenses as determined by the Claims Administrator when you obtain prior approval and are required to travel more than 75 miles from your residence to reach a Network Transplant Facility. The Plan's assistance with travel expenses includes transportation to and from the Network Provider facility and lodging for the patient and one companion. If the Member receiving treatment is a minor, then reasonable and necessary expenses for transportation and lodging may be allowed for two companions. The Member must submit itemized receipts for transportation and lodging expenses in a form satisfactory to the Claims Administrator when claims are filed. Contact the Claims Administrator for detailed information.

- Hospital charges and professional fees for the Covered Transplant Procedure.
- Inpatient Services, Outpatient Services, or Home Care Services for treatment of complications of bone marrow or stem cell transplant, or for complications and/or rejection of the transplanted organ.
- Physician fees for medical care following Hospital discharge, which are identified as post transplant.

Medical Supplies, Durable Medical Equipment, and Appliances

The supplies, equipment and appliances described below are covered under this benefit. If the supplies, equipment and appliances include comfort, luxury, or convenience items which are not Medically Necessary, the amount of benefits is the Maximum Allowable Amount for the eligible standard item. Any expense that exceeds the Maximum Allowable Amount for the standard item is your responsibility. However, certain supplies and equipment for management of diseases which the Employer has approved are covered under the Prescription Drug Benefit in this Benefit Booklet.

Medical and Surgical Supplies

Medical and surgical supplies are syringes, needles, oxygen, surgical dressings, splints and other similar items which serve only a medical purpose. Covered Services do not include items usually stocked in the home for general use like Band-Aids, thermometers, and petroleum jelly.

Durable Medical Equipment

The rental (or, at the Claims Administrator's option, the purchase) of durable medical equipment prescribed by a Physician or other Provider is covered under this benefit. Rental costs must not be more than the purchase price. This equipment must serve only a medical purpose and be able to withstand repeated use. Repair of medical equipment is covered.

Non-covered items include but are not limited to air conditioners, humidifiers, dehumidifiers, special lighting or other environmental modifiers, surgical supports, and corsets or other articles of clothing.

Prosthetic Appliances

Purchase, fitting, needed adjustment, repairs, and replacements of prosthetic devices and supplies that:

- replace all or part of a missing body part and its adjoining tissues;
- replace all or part of the function of a permanently useless or malfunctioning body part.

Benefits for prosthetic appliances include:

- the first lens(es) following cataract surgery.
- breast prostheses and two surgical brassieres each Benefit Period following a mastectomy.
- the first wig following chemotherapy.

Non-covered items include but are not limited to dental prosthesis, eyeglasses or contact lenses or their fitting except as provided above.

Orthotic Devices

A rigid or semi-rigid supportive device which limits or stops motion of a weak or diseased body part.

Non-covered items include but are not limited to orthopedic shoes.

Oral Surgery and Dental Services

Oral surgery is a Covered Service if needed as a necessary, but incidental, part of a larger service in treatment of an underlying medical condition.

Outpatient Services, Physician Office Services, Emergency Care Services, and Urgent Care Services for dental work and oral surgery are covered if they are for the initial repair of an injury to the jaw, sound natural teeth, mouth or face. "Initial" dental work to repair injuries due to an accident means performed within 12 months from the injury, or as reasonably soon thereafter as possible and includes all examinations and treatment to complete the repair. For a child requiring facial reconstruction due to dental related injury, there may be several years between the accident and the final repair.

Injury as a result of chewing or biting is not considered an accidental injury.

Covered Services for accidental dental include, but are not limited to:

- Oral examinations
- X-rays
- Tests and laboratory examinations
- Restorations
- Prosthetic services
- Oral surgery
- Mandibular/maxillary reconstruction
- Anesthesia

Non-covered services for accidental dental include, but are not limited to:

- charges for any Investigational/Experimental treatment, procedure, facility, equipment, drug, device, or supply;
- surgery or treatments to change the size, shape or appearance of facial or body features (such as your nose, eyes, ears, cheeks, chin), except for reconstructive services performed to correct a physical functional impairment of any area caused by disease, trauma, congenital anomalies, or previous therapeutic process.

The only other dental expenses that are Covered Services are facility charges for Outpatient Services. Benefits are payable only if the patient's medical condition or the dental procedure requires a Hospital setting to ensure the safety of the patient.

Maternity Services

Newborns' and Mothers' Health Protection Act Notice

Group health plans and health insurance issuers generally may not, under Federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a cesarean section. However, Federal law generally does not prohibit the mother's or newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours as applicable). In any case, plans and issuers may not, under Federal law, require that a provider obtain authorization from the plan or the insurance issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

Maternity Services include Inpatient Services, Outpatient Services and Physician Office Services for normal pregnancy, complications of pregnancy, miscarriage, therapeutic abortion, and ordinary routine nursery care for a well newborn.

One Deductible and Copayment will apply to both the mother and the newborn child for Maternity Services **only** if the newborn care is routine nursery care.

If Maternity Services are not covered for any reason, Hospital charges for ordinary routine nursery care for a well newborn are also not covered.

Coverage for the Inpatient postpartum stay for you and your newborn child in a Hospital will be, at a minimum, for the length of stay recommended by the American Academy of Pediatrics and the American College of Obstetricians and Gynecologists in their Guidelines for Perinatal Care. Coverage for a shorter length of stay may be permitted if you concur and if your attending Physician determines further Inpatient postpartum care is not necessary for you or your newborn child, provided the following are met:

- In the opinion of your attending Physician, the newborn child meets the criteria for medical stability in the Guidelines for Perinatal Care prepared by the American Academy of Pediatrics and the American College of Obstetricians and Gynecologists that determine the appropriate length of stay based upon evaluation of:
 1. the antepartum, intrapartum, and postpartum course of the mother and infant;
 2. the gestational stage, birth weight, and clinical condition of the infant;
 3. the demonstrated ability of the mother to care for the infant after discharge; and
 4. the availability of postdischarge follow-up to verify the condition of the infant after discharge.
- One (1) at-home post delivery care visit is provided to you at your residence (at your discretion, this visit may occur at the Physician's office) by a Physician or Nurse performed no later than forty-eight (48) hours following you and your newborn child's discharge from the Hospital. Coverage for this visit includes, but is not limited to:
 1. parent education;
 2. assistance and training in breast or bottle feeding; and
 3. performance of any maternal or neonatal tests routinely performed during the usual course of Inpatient care for you or your newborn child, including the collection of an adequate sample for the hereditary and metabolic newborn screening.

Coverage for the Inpatient postpartum stay for you and your newborn child in a Hospital will, at a minimum, be for the length of stay recommended by the American Academy of Pediatrics and the American College of Obstetricians and Gynecologists in their Guidelines for Perinatal Care. In addition,

coverage is provided for an examination given at the earliest feasible time to your newborn child for the detection of the following disorders:

- Phenylketonuria;
- Hypothyroidism;
- Hemoglobinopathies, including sickle cell anemia;
- Galactosemia;
- Maple Syrup urine disease;
- Homocystinuria;
- Inborn errors of metabolism that result in mental retardation and that are designated by the state department of health;
- Physiologic hearing screening examination for the detection of hearing impairments;
- Congenital adrenal hyperplasia;
- Biotinidase deficiency;
- Disorders detected by tandem mass spectroscopy or other technologies with the same or greater capabilities as tandem mass spectrometry.

Mental Health/Substance Abuse Services

Inpatient Services, Outpatient Services, and Physician Office Services for the treatment of Mental Health Conditions or Substance Abuse are covered for the diagnosis, crisis intervention and short-term treatment of Mental Health Conditions or for detoxification and/or rehabilitation of Substance Abuse. Copayments and limits are specified in the Schedule of Benefits.

Inpatient services. Inpatient Services to treat Mental Health Conditions or Substance Abuse, including:

- Individual psychotherapy
- Group psychotherapy
- Psychological testing
- Family counseling with family members to assist in your diagnosis and treatment.
- Convulsive therapy including electroshock treatment or convulsive drug therapy.

Partial hospitalization services. The services covered for Inpatient Services are also covered for partial hospitalization. Partial hospitalization may be substituted for Inpatient benefits at two days for each available Inpatient day.

Outpatient services. The services covered for Inpatient Services are also covered for Outpatient (except Room, Board and General Nursing Service).

Autism. Therapeutic rehabilitative and Respite Care

FDA-Approved Clinical Trial for Life Threatening Disease

If a member is part of an FDA-approved clinical trial for a life-threatening disease, medical expenses that are currently covered under the plan that happen during that trial will be covered.

ANTHEM EXCLUSIONS

This section indicates items which are excluded and are not considered Covered Services. This information is provided as an aid to identify certain common items which may be misconstrued as Covered Services. This list of Exclusions is in no way a limitation upon, or a complete listing of, such items considered not to be Covered Services. The Claims Administrator is the final authority to determine whether services or supplies are not covered under the Plan.

The Plan does not provide benefits for services or supplies:

- Which are determined not Medically Necessary.
- Health services and supplies that do not meet the definition of a Covered Service.
- Received from an individual or entity that is not a Provider, as defined in this Benefit Booklet.
- Which are Experimental/Investigative, or related to such, whether incurred prior to, in connection with, or subsequent to the Experimental/Investigative service or supply, as determined by the Claims Administrator.
- For any condition, disease, defect, ailment, or injury arising out of and in the course of employment if benefits are available under any Worker's Compensation Act or other similar law. This exclusion applies if you receive the benefits in whole or in part. This exclusion also applies whether or not you claim the benefits or compensation. It also applies whether or not you recover from any third party.
- Any abortion other than to save the life of the mother.
- To the extent that they are provided as benefits by any governmental unit, unless otherwise required by law or regulation.
- For illness or injury that occurs as a result of any act of war, declared or undeclared.
- For a condition resulting from direct participation in a riot, civil disobedience, nuclear explosion, or nuclear accident.
- For court ordered testing or care unless Medically Necessary.
- For which you have no legal obligation to pay in the absence of this or like coverage.
- Received from a dental or medical department maintained by or on behalf of an employer, mutual benefit association, labor union, trust or similar person or group.
- Prescribed, ordered, referred by, or received from a member of your immediate family, including your Spouse, parent, child, sister, brother, in-law, self, or someone residing in the Member's home.
- For completion of claim forms or charges for medical records or reports unless otherwise required by law.
- For missed or canceled appointments.
- For mileage costs or other travel expenses, except as authorized by the Claims Administrator.
- Charges in excess of the Maximum Allowable Amount.
- Incurred prior to your Effective Date.
- Incurred after the termination date of this coverage except as specified elsewhere in this Benefit Booklet.
- For any procedures, services, equipment or supplies provided in connection with cosmetic services. Cosmetic services are primarily intended to preserve, change or improve your appearance or are furnished for psychiatric or psychological reasons. No benefits are available for surgery or treatments to change the texture or appearance of your skin or to change the size, shape or appearance of facial or body features (such as your nose, eyes, ears, cheeks, chin, chest or breasts), except benefits are provided for a reconstructive service performed to correct a physical functional impairment of any area caused by disease, trauma, congenital anomalies, or previous therapeutic process. Reconstructive services are payable only if the original procedure would have been a Covered Service under this Plan.

WOMEN'S HEALTH AND CANCER RIGHTS ACT NOTICE

If you have had or are going to have a mastectomy, you may be entitled to certain benefits under the Women's Health and Cancer Rights Act of 1998 (WHCRA). For individuals receiving mastectomy-related benefits, coverage will be provided in a manner determined in consultation with the attending physician & the patient, for:

- All stages of reconstruction of the breast on which the mastectomy was performed;
- Surgery and reconstruction of the other breast to produce a symmetrical appearance;
- Prostheses; and
- Treatment of physical complications of the mastectomy, including lymphedema.

These benefits will be provided subject to the same deductibles and coinsurance applicable to other medical and surgical benefits provided under this plan. Contact Anthem at 1-877-750-6062 for more information.

- Services which are solely performed to preserve the present level of function or prevent regression of functions for an illness, injury or condition which is resolved or stable.
- For ace bandages, support hose and pressure garments.
- For seat lift chairs.
- For passive range of motion (ROM) devices, hot packs, diathermy, hydrocollator, infra-red, whirlpool baths; paraffin baths, Hubbard Tank, cold packs, ice packs and contrast baths.
- For non-Skilled physical therapy services.
- For non-chemical addictions such as gambling, sexual, spending, shopping, working and religious.
- Relating to treatment of co-dependency nicotine addiction or caffeine addiction.
- Relating to chronic pain disorders, gender identity disorders and parent-child problems.
- For Custodial Care, domiciliary or convalescent care, whether or not recommended or performed by a professional.
- For foot care only to improve comfort or appearance including, but not limited to care for flat feet, subluxations, corns, bunions (except capsular and bone surgery), calluses, and toenails.
- For any treatment of teeth, gums or tooth related service except as otherwise specified as covered in this Benefit Booklet.
- Related to weight loss or treatment of obesity, except for surgical treatment of morbid obesity for a life threatening condition; surgery for removal of excess skin or fat after pregnancy or weight loss due to any cause;
- For the treatment of eating disorders such as bulimia and anorexia. However benefits will be provided for the treatment of an Inpatient in a Hospital for dehydration and electrolyte imbalance associated with eating disorder. Benefits will be provided only for services meeting the Plan's medical criteria.
- For the treatment of alcoholism and/or substance abuse if you: 1) fail to complete the treatment plan for a specific phase of treatment; 2) are non-compliant with the treatment program; or 3) are discharged against the medical advice of the attending physician.
- For treatment of attempted suicide.
- For sex transformation surgery and related services, or the reversal thereof.
- For marital counseling.
- For eyeglasses or contact lenses. This exclusion does not apply for initial prosthetic lenses or sclera shells following intra-ocular surgery, or for soft contact lenses due to a medical condition.
- For hearing aids or examinations for prescribing or fitting them.

- For services or supplies primarily for educational, vocational, or training purposes, except as otherwise specified herein.
- For reversal of sterilization.
- For artificial insemination; fertilization (such as in vitro or GIFT) or procedures and testing related to fertilization; infertility drugs and related services following the diagnosis of infertility.
- For personal hygiene and convenience items.
- For care received in an emergency room which is not Emergency Care, except as specified in this Benefit Booklet.
- For expenses incurred at a health spa or similar facility.
- For self-help training and other forms of non-medical self care, except as otherwise provided herein.
- For examinations relating to research studies or screenings.
- For stand-by charges of a Physician.
- Physical exams and immunizations required for enrollment in any insurance program, as a condition of employment, for licensing, or for other purposes.
- Related to radial keratotomy or keratomileusis or excimer laser photo refractive keratectomy.
- Related to any mechanical equipment, device, or organ. However, this Exclusion does not apply to a left ventricular assist device when used as a bridge to a heart transplant.
- For Private Duty Nursing Services rendered in a Hospital or Skilled Nursing Facility.
- For Private Duty Nursing Services except when provided through the Home Care Services benefit.
- Services and supplies related to sex transformation or male or female sexual or erectile dysfunctions or inadequacies, regardless of origin or cause. This Exclusion includes sexual therapy and counseling. This exclusion also includes penile prostheses or implants and vascular or artificial reconstruction, prescription drugs, and all other procedures and equipment developed for or used in the treatment of impotency, and all related diagnostic testing.
- Any new FDA Approved Drug Product or Technology (including but not limited to medications, medical supplies, or devices) available in the marketplace for dispensing by the appropriate source for the product or technology, including but not limited to Pharmacies, for the first six months after the product or technology received FDA New Drug Approval or other applicable FDA approval. The Plan may at its sole discretion, waive this exclusion in whole or in part for a specific New FDA Approved Drug Product or Technology.
- For (services or supplies related to) alternative or complementary medicine. Services in this category include, but are not limited to, acupuncture, holistic medicine, homeopathy, hypnosis, aroma therapy, massage therapy, reiki therapy, herbal, vitamin or dietary products or therapies, naturopathy, thermograph, orthomolecular therapy, contact reflex analysis, bioenergetic synchronization technique (BEST) and iridology-study of the iris.
- Acupuncture, except for the treatment of nausea and vomiting associated with surgery, chemotherapy and pregnancy, when considered medically necessary.
- Biofeedback, except for treatment of tension and migraine headaches, when considered medically necessary.

EXPRESS SCRIPTS PRESCRIPTION DRUG CARD PROGRAM

You will automatically be enrolled in the Prescription Drug Card Program if you participate in either of the following medical options:

- Anthem Blue Access PPO Standard,
- Anthem Blue Access PPO Low Deductible, or
- Anthem Blue Preferred EPO.

Prescription Management

The pharmacy benefits available to you under this Benefit Booklet are managed by the Claims Administrator. The management and other services that the Claims Administrator provides include, among others, making recommendations to, and updating, the Formulary and managing a network of retail pharmacies and operating a Mail Service pharmacy. The Claims Administrator also provides services to promote and enforce the appropriate use of pharmacy benefits, such as review for possible excessive use; proper dosage; drug interactions or drug/pregnancy concerns.

You may review a copy of the current Formulary on the Claims Administrator's website. You may also request a copy of the Formulary by calling the Claims Administrator at the number on the back of your Identification Card. The Formulary is subject to periodic review and amendment. Inclusion of a drug or related item on the Formulary is not a guarantee of coverage. Refer to the Prescription Drug benefit sections in this Benefit Booklet for information on coverage, limitations and exclusions.

Prescription Drugs, unless otherwise stated below, must be Medically Necessary and not Experimental/Investigative, in order to be Covered Services. For certain Prescription Drugs, the prescribing Physician may be asked to provide additional information before the Claims Administrator can determine Medical Necessity. The Claims Administrator may, in its sole discretion, establish quantity limits for specific Prescription Drugs. Covered Services will be limited based on Medical Necessity, quantity limits established by the Plan, or utilization guidelines.

Prior Authorization, Step Therapy and Quantity Limits may be required for certain Prescription Drugs or for the prescribed quantity of a particular drug. Prior Authorization, Step Therapy and Quantity Limits help promote appropriate utilization, cost effectiveness and enforcement of guidelines for Prescription Drug benefit coverage. At the time you fill a prescription, the Network pharmacist is informed of the Prior Authorization, Step Therapy and/or Quantity Limit requirement through the pharmacy's computer system and the pharmacist is instructed to contact the Claims Administrator. The Plan uses pre-approved criteria, developed by the Claims Administrator's Pharmacy and Therapeutics Committee. The Claims Administrator communicates the results of the decision to the pharmacist. The Claims Administrator may contact your prescribing Physician if additional information is required to determine whether Prior Authorization should be granted or if Step Therapy or Quantity Limits are needed.

If Prior Authorization is denied, you have the right to appeal through the appeals process outlined in the Complaint and Appeals section of this Benefit Booklet.

For a list of the current drugs requiring Prior Authorization, Step Therapy and/or Quantity Limits, please contact the Claims Administrator at the number on the back of your ID card or their website. The Formulary is subject to periodic review and amendment. Inclusion of a drug or related item on the

Formulary is not a guarantee of coverage.

Refer to the Prescription Drug benefit sections in this Benefit Booklet for information on coverage, limitations and exclusions.

Please ask your Provider or Network pharmacist to check with the Claims Administrator to verify Formulary Drugs, any quantity limits, or appropriate brand or Generic Drugs recognized under the Plan.

Covered Prescription Drug Benefits

- Federal Legend Drugs
- Emergency Allergic Kits
- Migraine medications (injectable form - the other forms are covered under Federal Legend Drugs)
- Insulin
- Glucagon Emergency Kits
- Lancets
- Urine/Blood Test Strips & Tapes
- Blood Glucose Testing Monitors
- Continuous Glucose Monitor/Transmitters/Sensors
- Insulin Syringes with or without Needles
- Contraceptive medication – prescribed and OTC contraception medication covered by the plan at 100% with no member copay
- Contraceptive Emergency Kit - prescribed and OTC contraception medication covered by the plan at 100% with no member copay
- Injectable Contraceptives - prescribed and OTC contraception methods covered by the plan at 100% with no member copay
- Inhaler assisting devices
- Impotency Treatment Drugs
- Influenza Treatments
- Topical Vitamin A derivatives (prior authorization needed for age 26 or older)
- Standard Self-Injectable Medications
- Standard Specialty Drug List
- Standard Specialty Limited Distribution Drugs
- Non-Insulin Syringes with or without Needles
- Legend Prenatal Prescription Vitamins
- Legend Pediatric Fluoride Prescription Vitamins
- Legend Hemantinics Prescription Vitamins
- Folic Acid - generic Rx and generic OTC covered by the plan at 100% with no member copay subject to Express Scripts' standards
- Vitamin D - generic Rx and generic OTC covered by the plan at 100% with no member copay subject to Express Scripts' standards
- Androgens and Anabolic Steroids (injectables) - prior authorization required
- Substance Abuse Treatment
- Prescription Smoking Deterrents
- Synagis – prior authorization required
- Diaphragms and Cervical Caps – prescribed and OTC contraception methods covered by the plan at 100% with no member copay
- Over the Counter Contraceptives for Women - covered by the plan at 100% with no member copay subject to Express Scripts' standards
- Botulinum Toxins – prior authorization required
- Prescription Legend Fluoride Products

- Vaccines - covered by the plan at 100% with no member copay subject to Express Scripts' standards
 - Smoking Cessation - generic Rx and generic OTC and Chantix covered by the plan at 100% with no member copay subject to Express Scripts' standards
 - Iron - generic Rx and generic OTC covered by the plan at 100% with no member copay subject to Express Scripts' standards
 - Oral Fluoride – generic Rx and generic OTC covered by the plan at 100% with no member copay subject to Express Scripts' standards
 - Aspirin – generic OTC covered by the plan at 100% with no member copay subject to Express Scripts' standards
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- Certain supplies and equipment obtained by the Mail Order Pharmacy or from a Network Retail Pharmacy (such as diabetic supplies, prescribed & OTC contraception medication/methods and other items noted above) are covered without any Copayment. Contact the Claims Administrator to determine approved covered supplies. If certain supplies, equipment or appliances are not obtained by Mail Service or from a Network Retail Pharmacy then they are covered as Medical Supplies, Durable Medical Equipment and Appliances instead of under Prescription Drug Benefits.
 - Therapeutic Substitution of Drugs is a program approved and managed by the Claims Administrator. This is a program designed to inform members and Physicians about Formulary or generic alternatives to non-Formulary and Formulary Brand drugs. The Claims Administrator may contact you and your prescribing Physician to make you aware of Formulary or Generic Drug substitution options. Therapeutic substitution may also be initiated at the time the prescription is dispensed. Only you and your Physician can determine whether the therapeutic substitute is appropriate for you. For a list of therapeutic drug substitutes that have been identified, contact the Claims Administrator by calling the telephone number on the back of your ID card. You may also review the list of therapeutic drug substitutes on the Claim Administrator's website. The therapeutic drug substitutes list is subject to periodic review and amendment.

Not Covered under Prescription Drug Benefits

- Alcohol Swabs
- OTC Hyperglycemic products
- Standard Rx/OTC Equivalents
- Anti-obesity medications
- Fertility Medications
- Injectable Progesterone in Oil
- Leuprolide Acetate 1mg
- Supplements to treat specific medical conditions excluding PKU - Rx & OTC
- Supplements to treat PKU - Rx & OTC
- Infant Formulas - Rx & OTC
- Standard Enteral Nutritional Medications Managed with Prior Authorization only
- Ostomy Supplies - Rx & OTC
- Vitamins (OTC)

- GlucoWatch Products
- Insulin pumps
- Insulin pumps supplies
- Other OTC Products
- Hair Growth Stimulants and products indicated only for cosmetic use
- Injectable Medications other than those previously mentioned
- Plasma/Blood Products
- Hemophilia factors
- Non-specialty Implantable medications
- Allergy Serums
- Drugs in quantities exceeding the quantity prescribed or in excess of the Claims Administrator's quantity limitation (if applicable), or for any refill dispensed later than one year after the date of the original Prescription Order.
- Drugs received from a Non-Network Pharmacy.
- Charges for the administration of any drug.
- Drugs consumed at the time and place where dispensed or where the Prescription Order is issued, including but not limited to samples provided by a Physician.
- Drugs in quantities which exceed the limits established by the Plan.
- Any new FDA Approved Drug Product or Technology (including but not limited to medications, medical supplies, or devices) available in the marketplace for dispensing by the appropriate source for the product or technology, including but not limited to Pharmacies, for the first six months after the product or technology received FDA New Drug Approval or other applicable FDA approval. The Plan may at its sole discretion, waive this exclusion in whole or in part for a specific New FDA Approved Drug Product or Technology.

Prescription Copayment -- Each Prescription Order may be subject to a Copayment. If the Prescription Order includes more than one covered drug, a separate Copayment will apply to each covered drug. Your Prescription Drug Copayment will be the lesser of your scheduled Copayment amount or the retail price charged for your prescription by the pharmacy that fills your prescription. Please see the Schedule of Benefits for the applicable Copayment.

Prescription Days Supply -- The number of days' supply of a drug which you may receive is limited. The days supply limit applicable to Prescription Drug coverage is shown in the Schedule of Benefits.

Prescription Formulary -- The Plan follows a drug Formulary in determining payment and Covered Services. Your Copayment amount depends on whether a Formulary or non-Formulary drug is obtained. Please see the Schedule of Benefits.

Payment of Prescription Benefits

The amount of benefits paid is based upon whether you receive Covered Services from a Network Pharmacy, a Non-Network Pharmacy, or a Mail Service Program. It is also based upon whether you obtain a Generic or Brand Name Prescription Legend Drug and whether Formulary Prescription Legend Drugs were dispensed. Please see the Schedule of Benefits for the applicable amounts, and for applicable limitations on number of days supply.

Note: If you obtain a Brand Name Drug, the Brand Name Drug Copayment will always apply, regardless of whether:

- no Generic Drug equivalent is available;
- the Prescription Order specifies “Dispense as Written;” or
- you chose the Brand Name Drug instead of the Generic Equivalent.

Your Copayment(s) amounts will not be reduced by any discounts, rebates or other funds received by the Subcontractor and/or the Plan from drug manufacturers or similar vendors.

How to Obtain Prescription Benefits

Network Pharmacy -- Present your written Prescription Order from your Physician, and your Identification Card to the pharmacist at a Network Pharmacy. The Pharmacy will file your claim for you. You will be charged at the point of purchase for applicable Copayment amounts. If you do not present your Identification Card, you will have to pay the full cost of the prescription. If you do pay the full charge, ask your pharmacist for an itemized receipt and submit it to the Claims Administrator with a written request for refund. See information below regarding certain refills.

Non-Network Pharmacy -- You are responsible for payment of the entire amount charged by the Non-Network Pharmacy. Drugs received from a Non-Network Pharmacy are not covered under the Plan.

Mail Service Pharmacy -- Complete the Order and Patient Profile Form. You will need to complete the patient profile information only once. You may mail written prescriptions from your Physician, or have your Physician fax the prescription to the Mail Service. Your Physician may also phone in the prescription to the Mail Service Pharmacy. You will need to submit the applicable Copayment amounts to the Mail Service when you request a prescription or refill.

Mail Order Required for Refills Beginning January 1, 2010

- **Maintenance Prescriptions** - Beginning January 1, 2010, members are required to use the plan’s mail order pharmacy for refilling maintenance prescriptions. Members are allowed three refills at a retail pharmacy. Starting with the fourth refill for that medication, the member must use Express Script’s Mail Order Pharmacy for the prescription to be covered by the plan. Members should call Express Scripts at 1-866-677-8928 with questions.
- **Specialty Prescriptions** – Beginning January 1, 2010 members using a specialty prescription are required to receive refills using the plan’s specialty mail order pharmacy. Members should call Express Scripts at 1-866-677-8928 with questions.

VISION SERVICE PLAN

Beginning 1/1/2014, vision coverage is offered as a separate, voluntary, employee-paid benefit.

Covered Vision Services and Materials

The vision benefits available to you under this Benefit Booklet are outlined in the Schedule of Benefits and include benefits for eye examinations, lenses, frames and contact lenses. All Covered Services and benefits are subject to the limitations, exclusions, terms and provisions of this Benefit Booklet and the Group Vision Care Policy between the Employer and the Vision Service Plan Insurance Company. If there is ever a discrepancy between this Benefits Booklet and the Group Vision Care Policy, the terms of the Group Vision Care Policy will take precedence. The Vision Care Policy is available on the Employer's intranet website.

Covered Services must be Visually Necessary or Appropriate. The fact that a Provider may prescribe, order, recommend or approve a service, treatment or supply does not make it Visually Necessary or Appropriate. To receive maximum benefits for Covered Services, you must follow the terms of the Benefit Booklet, including use of Network Providers, and obtain any required Precertification. The Claims Administrator bases its decisions about Precertification, Visually Necessary or Appropriate services, Experimental/Investigative services and new technology on the Claim Administrator's Vision Policy. The Claims Administrator may also consider published peer-review literature, opinions or experts and the recommendations of nationally recognized public and private organizations which review the effectiveness of health care services and technology. The Claims Administrator is the final authority to determine Vision Policy or whether services or supplies are Visually Necessary or Appropriate.

Plan payment for Covered Services will be limited by any applicable Copayment or Benefit Period maximum in this Benefit Booklet. Vision care Covered Services may be received from any licensed optometrist, ophthalmologist, or dispensing optician, whether Network or Non-Network Provider. Covered Services include:

- Complete initial vision analysis that includes an appropriate examination of visual functions, including the prescription of corrective eyewear where indicated;
- Prescribing and ordering proper lenses;
- Assisting in the selection of frames;
- Verifying the accuracy of the finished lenses;
- Proper fitting and adjustment of frames;
- Subsequent adjustments to frames to maintain comfort and efficiency;
- Progress or follow-up work as necessary;
- Complete low vision analysis and diagnosis that includes a comprehensive examination of visual functions, including the prescription of corrective eyewear or vision aids where indicated; and
- Subsequent low vision therapy as Visually Necessary or Appropriate.

The Vision Service Plan is designed to cover visual needs rather than cosmetic materials. When the Member selects any of the following extras, the Vision Service Plan will pay the Maximum Allowable Amount for the basic lenses and frames and the Member will pay the additional costs for the options.

- Optional cosmetic processes;
- Anti-reflective coating;
- Color coating;

- Mirror coating;
- Scratch coating;
- Blended lenses;
- Cosmetic lenses;
- Laminated lenses;
- Oversize lenses;
- Photochromic lenses, tinted lenses except Pink #1 and Pink #2;
- Progressive multifocal lenses;
- UV (ultraviolet) protected lenses; and
- A frame that costs more than the Maximum Allowable Amount.

Excluded Vision Services and Materials

There are no benefits for professional services or materials connected with:

- Orthoptics or vision training and any associated supplemental testing; plano lenses (less than a $\pm .38$ diopter power); or two pair of glasses in lieu of bifocals;
- Replacement of lenses and frames furnished under this Plan that are lost or broken, except at the normal intervals when services are otherwise available;
- Medical or surgical treatment of the eyes;
- Any eye examination or any corrective eyewear required by an employer as a condition of employment; and
- Corrective vision treatment of an experimental nature, such as, but not limited to, RK and PRK Surgery.

The Claims Administrator may, at its discretion, waive any of the Vision Service Plan limitations if, in the sole opinion of the Claims Administrator's optometric consultants, it is necessary for the visual welfare of the Member.

CLAIMS PAYMENT

How to Obtain Benefits

When your care is rendered by a Network Provider you are not required to file a claim. Therefore, provisions below regarding “Claim Forms” and “Notice of Claim” do not apply, unless the claim was not filed by the Provider.

For services received from a Non-Network Provider, you are responsible for making sure a claim is filed in order to receive benefits. Many Hospitals, Physicians, and other Providers, who are Non-Network Providers, will submit your claim for you. If you submit the claim use a claim form.

How Benefits Are Paid

The Plan shares the cost of your medical expenses with you up to the amount of the Maximum Allowable Amount. For services subject to a Deductible, you pay a portion of the bill before the Plan begins to pay its share of the balance. Some services are subject to a Copayment, others may be subject to both a Deductible and Coinsurance.

Network Providers will seek compensation from the Plan for Covered Services. When using a Network Provider you are only responsible for Copayments, Deductibles, Coinsurance and non-covered charges. Network Providers have agreed to accept the Maximum Allowable Amount as payment in full. If you receive Covered Services from a Non-Network Provider, you are responsible for the difference between the actual charge billed and the Maximum Allowable Amount plus any Deductible, Coinsurance and non-covered charges. Copayments, Deductibles and Coinsurance are your share of the cost and are generally due at the time you receive the medical service. Refer to the Schedule of Benefits to see what Deductible, Coinsurance and/or Copayment is required for each Covered Service.

The amount you pay may differ by the type of service you receive or by Provider. Refer to the Schedule of Benefits to see what amount you are required to pay for each service. Claims for Covered Services do not need to be sent to the Claims Administrator in the same order that expenses were incurred.

If you receive Covered Services in a Network Provider Facility from a Non Network Provider who is employed by or otherwise affiliated with that Network Provider Facility, benefits will be paid at the Network level. Payment will not exceed the Maximum Allowable Amount that would constitute payment in full under a Network Provider's participation agreement for this product. You may be liable for the difference between the billed charge and the Plan's Maximum Allowable Amount.

If you receive Covered Services from a Non-Network Provider for Emergency Care, Urgent Care or ambulance services, benefits will be paid at the Network level. Payment will not exceed the Maximum Allowable Amount that would constitute payment in full under a Network Provider's participation agreement for this product. You may be liable for the difference between the billed charge and the Plan's Maximum Allowable Amount.

The Claims Administrator will deny that portion of any charge which exceeds the Maximum Allowable Amount.

Payment of Benefits

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You authorize the Claims Administrator to make payments directly to Providers for Covered Services. The Claims Administrator also reserves the right to make payments directly to you. Payments may also be made, and notice regarding the receipt and/or adjudication of claims, to an Alternate Recipient, or that person's custodial parent or designated representative. Any payments made by the Claims Administrator will discharge the Employer's obligation to pay for Covered Services. You cannot assign your right to receive payment to anyone else, except as required by a "Qualified Medical Child Support order" as defined by ERISA or any applicable state law.

Once a Provider performs a Covered Service, the Claims Administrator will not honor a request to withhold payment of the claims submitted.

Assignment

The coverage and any benefits under the Plan are not assignable by any Member without the written consent of the Plan, except as provided above.

Notice of Claim

The Plan is not liable, unless the Claims Administrator receives written notice that Covered Services have been given to you. An expense is considered incurred on the date the service or supply was given.

The notice must be given to the Claims Administrator within 90 days of receiving the Covered Services, and must have the data the Claims Administrator needs to determine benefits. If the notice submitted does not include sufficient data the Claims Administrator needs to process the claim, then the necessary data must be submitted to the Claims Administrator within the time frames specified in this provision or no benefits will be payable except as otherwise required by law. Failure to give the Claims Administrator notice within 90 days will not reduce any benefit if you show that the notice was given as soon as reasonably possible. No notice can be submitted later than one year after the date the service or supply was given.

Note: You have the right to obtain an itemized copy of your billed charges from the Hospital or facility which provided services.

Claim Forms

Many Providers will file for you. If the forms are not available, either send a written request for claim forms to the Claims Administrator or contact customer service and ask for claim forms to be sent to you. The form will be sent to you within 15 days. If you do not receive the forms, written notice of services rendered may be submitted to the Claims Administrator without the claim form. The same information that would be given on the claim form must be included in the written notice of claim. This includes:

- Name of patient
- Patient's relationship with the Subscriber
- Identification number
- Date, type and place of service
- Your signature and the Provider's signature

Proof of Claim

Written proof of claim satisfactory to the Claims Administrator must be submitted to the Claims Administrator within 90 days after the date of the event for which claim is made. If proof of claim is not sent within the time required, the claim will not be reduced or denied if it was not possible to send proof within this time. However, the proof must be sent as soon as reasonably possible. In any case, the proof required must be sent to the Claims Administrator no later than one year following the date the service or supply was given, unless you were legally incapacitated.

Claim Processing Timeframe

Urgent Care Claims

Your claim may require immediate action if a delay in treatment could significantly increase the risk to your health or the ability to regain maximum function or cause severe pain. In these urgent situations, you or your Physician should call the Claims Administrator as soon as possible. The Claims Administrator will provide you with a written or electronic determination within 72 hours following receipt by the Claims Administrator of your request taking into account the seriousness of your condition.

Pre-Service Claims

Pre-service claims are claims for a benefit, for which the Plan requires you to receive approval of the benefit in advance of receiving medical care (prior authorization or Precertification), as a condition to receive the Plan's stated benefit. For pre-service claims, the Claims Administrator will provide you with a written response indicating the Plan's decision within a reasonable period of time appropriate to condition, but not later than 15 days of the date the Claims Administrator receives your pre-service claim.

Post-Service Claims

Post-service claims are claims for a benefit under the Plan for services already received, for which prior approval is not required by the Plan. For post-service claims, the Plan will pay all benefits within 30 days. If the Claims Administrator has not received the information needed to process a post-service claim, the Claims Administrator will ask for the additional information necessary to complete the claim. Generally, you will receive a copy of that request for additional information, for your information. In those cases, the Claims Administrator cannot complete the processing of the claim until the additional information requested has been received. The Claims Administrator generally will make a request for additional information within 30 days of the Claims Administrator's initial receipt of the claim and will complete processing of the claim within 15 days after the Claims Administrator's receipt of all requested information.

At the Claims Administrator's discretion, benefits will be paid to you or the Provider of services. You may not assign any payment. If other parties have paid benefits under this Plan, the Plan may reimburse those other parties and be fully discharged from that portion of its liability.

Unclaimed Benefits

If, after diligent effort, a Subscriber who is entitled to benefits cannot be located within a reasonable period of time after the date such benefit was to be paid, the benefit amount shall be held in the Plan. Such amounts held in the Plan shall be forfeited as of each December 31, and shall be used to reduce Company contributions. If the Subscriber subsequently presents a valid claim for the benefit to the Claims Administrator, the Claims Administrator shall cause the benefit, equal to the amount which was forfeited hereunder, to be paid from the Plan.

Member's Cooperation

Each Member shall complete and submit to the Claims Administrator such consents, releases, assignments and other documents as may be requested by the Claims Administrator, in order to obtain or assure reimbursement under Medicare, Worker's Compensation or any other governmental program. Any Member who fails to cooperate (including a Member who fails to enroll under Part B of the Medicare program where Medicare is the responsible payor) will be responsible for any charge for services.

Confidentiality Policy

The Plan is required to comply with the provisions of HIPAA, and is governed by the Notice of Privacy Practices. In the event of certain breaches related to protected health information certain notice requirements will be applicable under recently enacted legislation. You should consult the notice for a statement of your rights. A copy of the Notice of Privacy Practices can be obtained from the Benefits portion of the Employer's intranet website.

YOU MAY REQUEST AN IMPORTANT HEALTH NOTICE

As required by the Health Insurance Portability and Accountability Act (HIPAA), we would like to remind you that as a health plan participant, you have the right to obtain a notice of patients' privacy rights as well as a copy of the company's privacy practices. Please contact the LG&E and KU Benefits Department at (502) 627-2121 to request this information.

The Claims Administrator's Customer Service Area may release information to you or your Spouse concerning a claim for benefits, or your coverage under the Plan. If you do NOT want the Claims Administrator to release such information to anyone but yourself, you must notify the Claims Administrator in writing. Your Spouse or any Child over age 18 must also notify the Claims Administrator in writing if they do not wish such information regarding their claims or coverage released to you by Customer Service. However, the Explanation of Benefit forms will contain information on all claims for benefits under your coverage, and will be sent to the person in whose name the coverage is held (except as prohibited by law).

Plan Information Practices Notice

The purpose of this information practices notice is to provide a notice to Members regarding the Plan's standards for the collection, use, and disclosure of information gathered in connection with the Claims Administrator's business activities.

- The Claims Administrator may collect personal information about a Member from persons or entities other than the Member.
- The Claims Administrator may disclose Member information to persons or entities outside of the Claims Administrator and Employer without Member authorization in certain circumstances.
- A Member has a right of access and correction with respect to all personal information collected by the Claims Administrator.
- The Claims Administrator takes reasonable precautions to protect Member information in its possession, including the use of restricted computer access.

Explanation of Benefits

After you receive medical care, you will generally receive an Explanation of Benefits (EOB). The EOB is a summary of the coverage you receive. The EOB is not a bill, but a statement sent by the Claims Administrator to help you understand the coverage you are receiving. The EOB shows:

- Total amounts charged for services/supplies received;
- The amount of the charges satisfied by your coverage;
- The amount for which you are responsible (if any); and
- general information about your Appeals rights and for ERISA plans, information regarding the right to bring an action after the Appeals process.

Anthem BlueCard

When you obtain health care services through the Anthem BlueCard outside the geographic area the Claims Administrator serves, the amount you pay for Covered Services is calculated on the lower of:

- The billed charges for your Covered Services, or
- The negotiated price that the on-site Blue Cross and/or Blue Shield Plan ("Host Blue") passes onto the Claims Administrator.

Often this "negotiated price" will consist of a simple discount which reflects the actual price paid by the Host Blue. But sometimes it is an estimated price that factors into the actual price, expected settlements, withholds, any contingent payment arrangements, and non-claims transactions with your health care Provider or with a specified group of Providers. The negotiated price may also be billed charges reduced to reflect an average expected savings with your health care Provider or with a specified group of Providers. The price that reflects average savings may result in greater variation (more or less) from the actual price paid than will the estimated price. The negotiated price will also be adjusted in the future to correct for over-or-underestimation of past prices. However, the amount you pay is considered a final price.

Statutes in a small number of states may require the Host Blue to use a basis for calculating Member liability for Covered Services that does not reflect the entire savings realized or expected to be realized on a particular claim or to add a surcharge. Should any state statutes mandate Member liability calculation methods that differ from the usual BlueCard method noted above in paragraph one of this section or require a surcharge, the Claims Administrator would then calculate your liability for any Covered Services in accordance with the applicable state statutes in effect at the time you received your care.

You will be entitled to benefits for health care services received by you either inside or outside the geographic area the Claims Administrator serves if the Plan covers those health care services. Due to variations in Host Blue medical practice protocols you may also be entitled to benefits for some health care services obtained outside the geographic area the Claims Administrator serves even though you might not otherwise have been entitled to benefits if you had received those health care services inside the geographic area the Claims Administrator serves. But in no event will you be entitled to benefits for health care services wherever you received them that are specifically excluded or limited from coverage by the Plan.

GENERAL PROVISIONS

Entire Agreement

This Benefit Booklet, the Administrative Services Agreement, the Employer's application, any Riders, Endorsements or attachments, and the individual applications of the Subscribers and Members, if any, constitute the entire agreement between the Claims Administrator and the Employer and as of the Effective Date, supersede all other agreements between the parties. Any and all statements made to the Claims Administrator by the Employer, and any and all statements made to the Employer by the Claims Administrator, are representations and not warranties, and no such statement unless it is contained in a written application for coverage under the Plan, shall be used in defense to a claim under the Plan.

Amendment or Termination of the Plan

The Employer reserves the right, by written action of the Chief Executive Officer, at any time, and from time-to-time, and retroactively if deemed necessary or appropriate, to amend any or all of the provisions of the Plan by delivery of written instruction to the Plan Administrator.

No amendment to the Plan, specifically including a Plan amendment with a retroactive effective date, may negate or reduce a benefit to which you or your covered dependents are entitled under the Plan when the claim is incurred prior to the effective date of the Plan amendment.

The Employer reserves the right to terminate the Plan, in whole or in part, at any time, provided that Plan termination is effected by a written resolution adopted by a majority of the Board of Directors of the Employer.

Cost of the Plan

Portions of the Plan are self-insured by the Employer. The Employer and you share the cost of coverage. The Employer shall be entitled to retain any refund, rebate or other proceeds paid under or in connection with the Plan.

Form or Content of Benefit Booklet

No agent or employee of the Claims Administrator is authorized to change the form or content of this Benefit Booklet. Such changes can be made only through an endorsement authorized and signed by an officer of the Employer.

Disagreement with Recommended Treatment

Each Member enrolls in the Plan with the understanding that the Provider is responsible for determining the treatment appropriate for their care. You may, for personal reasons, refuse to accept procedures or treatment by Providers. Providers may regard such refusal to accept their recommendations as incompatible with continuance of the physician-patient relationship and as obstructing the provision of proper medical care.

If you refuse to follow a recommended treatment or procedure, the Provider may believe that no professionally acceptable alternative exists and advise you so. In such case, the Plan shall have no further responsibility to pay benefits for the condition under treatment or any complications thereof.

Circumstances Beyond the Control of the Plan

The Claims Administrator shall make a good-faith effort to arrange for an alternative method of administering benefits. In the event of circumstances not within the control of the Claims Administrator or Employer, including but not limited to: a major disaster, epidemic, the complete or partial destruction of facilities, riot, civil insurrection, labor disputes not within the control of the Claims Administrator, disability of a significant part of a Network Provider's personnel or similar causes, or the rendering of health care services covered by the Plan is delayed or rendered impractical the Claims Administrator shall make a good-faith effort to arrange for an alternative method of administering benefits. In such event, the Claims Administrator shall administer services under the Plan insofar as practical, and according to their best judgment; but the Claims Administrator and the Employer shall incur no liability or obligation for delay, or failure to administer or arrange for services if such failure or delay is caused by such an event.

Coordination of Benefits

All benefits provided under this Plan are subject to Coordination of Benefits, except Prescription Drug Benefits.

When you or your family members are covered by another group plan in addition to this one, this Plan will follow Coordination of Benefit rules to determine which plan is primary and which is secondary. You must submit all bills first to the primary plan. If this Plan is the primary plan, it will pay its full benefits as if you had no other coverage. If the other plan is the primary plan and it denies the claim or does not pay the full bill, you may then submit the balance to the secondary plan.

This Plan pays for health care only when you follow its rules and procedures. If its rules conflict with those of another plan, it may be impossible to receive benefits from both plans and you will be forced to choose which plan to use.

Plans That Do Not Coordinate

This Plan will pay benefits without regard to benefits paid by the following kinds of coverage:

- Medicaid;
- Group hospital indemnity plans which pay less than \$100 per day;
- School accident coverage; and
- Some supplemental sickness and accident policies.

How This Plan Pays When Primary

When this Plan is primary, it will pay the full benefit allowed by this Plan as if you had no other coverage.

How This Plan Pays When Secondary

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When this Plan is secondary, its payments will be based on the balance left after the primary plan has paid. It will pay no more than that balance. In no event will this coverage pay more than it would have paid if it had been primary.

- This Plan will pay only for expenses that are Covered Services in this Benefit Booklet.
- This Plan will pay only if you have followed all of this Plan's procedural requirements, etc.
- This Plan will pay no more than the "allowable expenses" for the health care involved. If this Plan's allowable expense is lower than the primary plan's, then the primary plan's allowable expense will be used unless a Provider has agreed to accept this Plan's allowable expense as payment in full. The allowable expense may be less than the actual bill.

Which Plan Is Primary

To decide which plan is primary, consider both the coordination provisions of the other plan and which member of your family is the patient. The primary plan will be determined by the first of the following which applies:

1. **Non-coordinating Plan**
If you have another group coverage which does not coordinate benefits, that plan will always be primary.
2. **Employee**
The plan which covers the patient as the employee is primary to the plan which covers the patient as a dependent;
3. **Children (Parents Divorced or Separated)**
If the court decree makes one parent responsible for health care expenses, that parent's plan is primary. If the court decree gives joint custody and does not mention health care, this Plan follows the birthday rule. If neither of these rules applies, the order will be determined in following order:
 - a. The plan of the parent with custody;
 - b. The plan of the Spouse of the parent with custody;
 - b. The plan of the parent not having custody; and
 - c. The plan of the Spouse of the parent not having custody.
4. **Children and the Birthday Rule**
When your children's health care expenses are involved, the "birthday rule" is followed. The plan of the parent with the first birthday in a calendar year is always primary for the children. If your birthday is in January and your Spouse's birthday is in March, your plan will be primary for all of your children. If the parents' birthdays are the same, then whichever parent's plan has been in effect longer is primary.

However, if your Spouse's plan has some other coordination rule (for example, a "gender rule" which says the father's coverage is always primary), then the rules of that plan will be followed.

5. **Active Employment vs. Layoff or Retirement**
The plan which covers the person as an active employee (or that employee's dependent) is primary to another plan which covers that person as a laid off employee or a retiree (or that person's dependent). If both plans do not include this same rule, then it will be ignored. This rule does not supersede rule 2, employee vs. dependent.

6. State or Federal Continuation Coverage
When the person's coverage is provided under a right of continuation under federal law (e.g. COBRA) or state law, any other plan covering that person will be primary to the plan covering the person under such continuation provision unless that other plan does not include this same rule.
7. Length of Time Covered by the Plan
The plan which has covered the person for the longer period of time is primary to another plan.

Coordination of Benefits with Medicare

You normally become eligible for Medicare at age 65 or when you have been entitled to Social Security disability benefits for 24 months. The age 65 eligibility will also apply to your spouse. Medicare eligibility due to disability also applies to your spouse or any covered disabled dependent. The coordination of the Plan with Medicare will depend on your status and the reason you are eligible for Medicare.

Active Employees and their Spouses Eligible for Medicare

If you are actively working and you or your spouse are eligible for Medicare due to being age 65 or over, you have the right to reject coverage under the Employer's Plan and use Medicare as your only source of health benefits. Please remember that Medicare may not provide adequate coverage.

Unless the Employer receives written notice that you wish to reject coverage under the Employer's Plan, the Employer will continue to provide primary medical coverage for active employees age 65 or over and Medicare will be secondary. This also applies to over age 65 spouses of active employees.

Active Employees and their Dependents who are Disabled due to End Stage Renal Disease

If you are actively working and you or one of your covered dependents is eligible for Medicare due to end stage renal disease, the benefits of the Plan will be primary for the first eighteen months of dialysis and Medicare will be secondary. At the end of the initial 30-month period, Medicare will become primary and the Plan will become secondary.

"Medicare is secondary" means the benefits from the Employer's Plan will be coordinated with Medicare Part A and Part B by reducing the benefits payable under the Plan by the amount which covered charges are paid by Medicare. Whenever the "Employer Plan is secondary", it will be assumed that the benefits paid by Medicare are equal to the amount that would have been paid if the individual had been enrolled in both Part A and Part B of Medicare and had filed claims for benefits under both parts.

Other Disabled Participants Eligible for Medicare

If you are eligible for Medicare due to being entitled for Social Security disability benefits for 24 months, you must enroll in Medicare Part A and Part B to have medical coverage with the Employer. Medicare will be primary and the Plan will be secondary.

"The Employer Plan is secondary", means it will be assumed that the benefits paid by Medicare are equal to the amount that would have been paid if the individual had been enrolled in both Part A and Part B of Medicare and had filed claims for benefits under both parts.

If you choose not to enroll in Medicare Part A and/or Part B, the Employer Plan will coordinate as if you had enrolled in Medicare Part A and Part B.

Eligible Survivors Eligible for Medicare

If the Eligible Survivor is eligible for Medicare, they must enroll in Medicare Part A and Part B to have medical coverage with the Plan. Medicare will be primary and the Plan will be secondary.

"The Employer Plan is secondary", means it will be assumed that the benefits paid by Medicare are equal to the amount that would have been paid if the individual had been enrolled in both Part A and Part B of Medicare and had filed claims for benefits under both parts.

If you choose not to enroll in Medicare Part A and/or Part B, the Employer Plan will coordinate as if you had enrolled in Medicare Part A and Part B.

Right to Receive and Release Needed Information

Certain facts are needed to apply COB rules. The Claims Administrator has the right to decide which facts are needed. This Plan may get needed facts from or give them to any other organization or person. The Plan need not tell you, or get your consent to do this. Each person claiming benefits under this Plan must provide any facts needed to pay the claim.

Facility of Payment

A payment made under another plan may include an amount which should have been paid under this Plan. If it does, this Plan may pay that amount to the organization which made that payment. That amount will then be treated as though it was a benefit paid under this Plan and this Plan will not have to pay that amount again. The term "payment made" includes providing benefits in the form of services, in which case "payment made" means reasonable cash value of the benefits provided in the form of services.

Overpayment

If the amount of the payments made by this Plan is more than should have been paid under the Plan's terms, including this COB provision, this Plan may recover the excess from one or more of:

- The persons it has paid or for whom it has paid;
- Another plan; or,
- The provider of service.

The Plan reserves the right to deduct or offset any amounts paid in error from any pending or future claim. The "amount of the payments made" includes the reasonable cash value of any benefits provided in the form of services.

Coordination Disputes

If you believe that this Plan has not paid a claim properly, you should first attempt to resolve the problem by contacting the Claims Administrator. Follow the steps described in the **Complaint Procedure**

section of this document.

Physical Examination

The Claims Administrator reserves the right to cause you to be examined by an applicable Provider as often as may be reasonably required during the pendency of a claim.

Worker's Compensation

The benefits under the Plan are not designed to duplicate any benefit for which Members are eligible under the Worker's Compensation Law. All sums paid or payable by Worker's Compensation for services provided to a Member shall be reimbursed by, or on behalf of, the Member to the Plan to the extent the Plan has made or makes payment for such services. It is understood that coverage hereunder is not in lieu of, and shall not affect, any requirements for coverage under Worker's Compensation.

Other Government Programs

Except insofar as applicable law would require the Plan to be the primary payor, the benefits under the Plan shall not duplicate any benefits to which Members are entitled, or for which they are eligible under any other governmental program. To the extent the Plan has duplicated such benefits, all sums payable under such programs for services to Members shall be paid by or on behalf of the Member to the Plan.

Subrogation and Right of Reimbursement

These provisions apply when Plan benefits are paid as a result of injuries or illness you sustained and you have a right to a Recovery or have received a Recovery.

Subrogation

The Plan has the right to recover Plan payments made on your behalf from any party responsible for compensating you for your injuries. The following apply:

- The Claims Administrator has the first priority for the full amount of benefits it has paid from any Recovery regardless of whether you are fully compensated, and regardless of whether the payments you receive make you whole for your losses and injuries.
- You and your legal representative must do whatever is necessary to enable the Plan to exercise the Plan's rights and do nothing to prejudice them.
- The Plan has the right to take whatever legal action they see fit against any party or entity to recover the benefits paid under the Plan.
- To the extent that the total assets from which a Recovery is available are insufficient to satisfy in full the Plan's subrogation claim and any claim still held by you. The Plan's subrogation claim shall be first satisfied before any part of a Recovery is applied to your claim, your attorney fees, other expenses or costs.
- The Plan is not responsible for any attorney fees, other expenses or costs without its prior written consent. The "common fund" doctrine does not apply to any funds recovered by any attorney you hire regardless of whether funds recovered are used to repay benefits paid by the Claims Administrator.

Reimbursement

If you obtain a Recovery and the Plan has not been repaid for the benefits the Plan paid on your behalf, the Plan shall have a right to be repaid from the Recovery in the amount of the benefits paid on your behalf and the following apply:

- You must reimburse the Claims Administrator to the extent of Plan benefits the Claims Administrator paid on your behalf from any Recovery.
- Notwithstanding any allocation made in a settlement agreement or court order, the Plan shall have a right of Recovery, in first priority, against any Recovery.
- You and your legal representative must hold in trust for the Plan the proceeds of the gross Recovery (i.e., the total amount of your Recovery before attorney fees, other expenses or costs) to be paid to the Plan immediately upon your receipt of the Recovery. You must reimburse the Employer, in first priority and without any set-off or reduction for attorney fees, other expenses or costs. The “common fund” doctrine does not apply to any funds recovered by any attorney you hire regardless of whether funds recovered are used to repay benefits paid by the Plan.
- If you fail to repay the Plan, the Plan shall be entitled to deduct any of the unsatisfied portion of the amount of benefits the Plan has paid or the amount of your Recovery whichever is less, from any future benefit under the Plan if:
 1. The amount the Plan paid on your behalf is not repaid or otherwise recovered by the Plan; or
 2. You fail to cooperate.
- In the event that you fail to disclose to the Plan the amount of your settlement, the Plan shall be entitled to deduct the amount of the Plan’s lien from any future benefit under the Plan.
- The Plan shall also be entitled to recover any of the unsatisfied portion of the amount paid or the amount of your settlement, whichever is less, directly from the Providers to whom the Claims Administrator has made payments. In such a circumstance, it may then be your obligation to pay the Provider the full billed amount, and the Plan would not have any obligation to pay the Provider.
- The Plan is entitled to reimbursement from any Recovery, in first priority, even if the Recovery does not fully satisfy the judgment, settlement or underlying claim for damages or fully compensate or make you whole.

Your Duties

- You must notify the Claims Administrator promptly of how, when and where an accident or incident resulting in personal injury or illness to you occurred and all information regarding the parties involved.
- You must cooperate with the Claims Administrator in the investigation, settlement and protection of the rights of the Plan.
- You must not do anything to prejudice the rights of the Plan.
- You must send the Claims Administrator copies of all police reports, notices or other papers received in connection with the accident or incident resulting in personal injury or illness to you.
- You must promptly notify the Claims Administrator if you retain an attorney or if a lawsuit is filed on your behalf.

Relationship of Parties (Employer-Member-Claims Administrator)

Neither the Employer nor any Member is the agent or representative of the Claims Administrator.

The Employer is fiduciary agent of the Member. It is the Employer’s duty to notify the Claims Administrator of eligibility data in a timely manner.

Claims Administrator Note

The Employer, on behalf of itself and its participants, hereby expressly acknowledges its understanding that the Administrative Services Agreement (which includes this Benefit Booklet) constitutes a contract solely between the Employer and the Claims Administrator, and that the Claim Administrator is an independent corporation. This paragraph shall not create any additional obligations whatsoever on the part of Claims Administrator other than those obligations created under other provisions of the Administrative Services Agreement or this Benefit Booklet.

Notice

Any notice given under the Plan shall be in writing. The notices shall be sent to: The Employer at its principal place of business; to you at the Subscriber's address as it appears on the records or in care of the Employer.

Modifications

This Benefit Booklet shall be subject to amendment, modification, and termination in accordance with any of its provisions by the Employer, or by mutual agreement between the Claims Administrator and the Employer without the consent or concurrence of any Member. By electing benefits under the Plan or accepting the Plan benefits, all Members legally capable of contracting, and the legal representatives of all Members incapable of contracting, agree to all terms, conditions, and provisions hereof.

Conformity with Law

Any provision of the Plan which is in conflict with the applicable state and federal laws and regulations is hereby amended to conform with the minimum requirements of such laws.

Clerical Error

Clerical error, whether of the Claims Administrator or the Employer, in keeping any record pertaining to this coverage will not invalidate coverage otherwise validly in force or continue benefits otherwise validly terminated.

Policies and Procedures

The Claims Administrator may adopt reasonable policies, procedures, rules and interpretations to promote the orderly and efficient administration of the Plan with which a Member shall comply.

Waiver

No agent or other person has authority to waive any conditions or restrictions of the Plan, to extend the time for making a payment to the Plan, or to bind the Plan by making any promise or representation or by giving or receiving any information.

Employer's Sole Discretion

The Employer may, in its sole discretion, cover services and supplies not specifically covered by the Plan. This applies if the Employer, with advice from the Claims Administrator, determines such services

and supplies are in lieu of more expensive services and supplies which would otherwise be required for the care and treatment of a Member.

Reservation of Discretionary Authority

The Claims Administrator, or anyone acting on its behalf, shall determine the administration of benefits and eligibility for participation in such a manner that has a rational relationship to the terms set forth herein. However, the Claims Administrator, or anyone acting on its behalf, has complete discretion to determine the administration of your benefits. The Claims Administrator's determination shall be final and conclusive and may include, without limitation, determination of whether the services, care, treatment, or supplies are Medically Necessary, Experimental-Investigative, whether surgery is cosmetic, and whether charges are consistent with the Plan's Maximum Allowable Amount. However, a Member may utilize all applicable Complaint and Appeals procedures.

The Claims Administrator, or anyone acting on its behalf, shall have all the powers necessary or appropriate to enable it to carry out its duties in connection with the operation and administration of the Plan. This includes, without limitation, the power to determine all questions arising under the Plan, to resolve Member Complaints and Appeals and to make, establish and amend the rules, regulations and procedures with regard to the interpretation and administration of the provisions of this Plan. However, these powers shall be exercised in such a manner that has reasonable relationship to the provisions of the Administrative Services Agreement, the Benefit Booklet, Provider agreements, and applicable state or federal laws. A specific limitation or exclusion will override more general benefit language.

COMPLAINT AND APPEALS PROCEDURES Meiman **ANTHEM MEDICAL BENEFITS**

The Claims Administrator's customer service representatives are specially trained to answer your questions about your health benefit plan. Please call during business hours, Monday through Friday, with questions regarding:

- your coverage and benefit levels, including Copayment, Deductible and Coinsurance amounts;
- specific claims or services you have received;
- doctors or Hospitals in the Network;
- referral processes or authorizations; and/or
- Network Provider directories.

The Complaint Procedure

A complaint procedure has been established to provide fair, reasonable, and timely review of complaints that you may have concerning the Plan. The Claims Administrator invites you to share any concerns that you may have over benefit determinations, coverage cancellations, or the quality of care rendered by medical Providers in the Claims Administrator's Networks.

If you have a complaint, problem, or claim concerning benefits or services, please contact the Claims Administrator. Please refer to your Identification Card for the Claims Administrator's address and telephone number.

A complaint is an expression of dissatisfaction that can often be resolved by an explanation from the Claims Administrator of its procedures and contracts. You may submit your complaint by letter or by telephone call. Or, if you wish, you may meet with your local service representative to discuss your complaint. If your complaint involves issues of Covered Services, you may be asked to sign a medical records release form so the Claims Administrator can request medical records for its review.

Your Right to Appeal

For purposes of these Appeal provisions, "claim for benefits" means a request for benefits under the plan. The term includes both pre-service and post-service claims.

- A pre-service claim is a claim for benefits under the plan for which you have not received the benefit or for which you may need to obtain approval in advance.
- A post-service claim is any other claim for benefits under the plan for which you have received the service.

If your claim is denied or if your coverage is rescinded:

- you will be provided with a written notice of the denial or rescission; and
- you are entitled to a full and fair review of the denial or rescission.

The procedure the Claims Administrator will satisfy following the minimum requirements for a full and fair review under applicable federal regulations.

Notice of Adverse Benefit Determination

If your claim is denied, the Claims Administrator's notice of the adverse benefit determination (denial) will include:

- information sufficient to identify the claim involved
- the specific reason(s) for the denial;
- a reference to the specific plan provision(s) on which the Claims Administrator's determination is based;
- a description of any additional material or information needed to perfect your claim;
- an explanation of why the additional material or information is needed;
- a description of the plan's review procedures and the time limits that apply to them, including a statement of your right to bring a civil action under ERISA if you appeal and the claim denial is upheld;
- information about any internal rule, guideline, protocol, or other similar criterion relied upon in making the claim determination and about your right to request a copy of it free of charge, along with a discussion of the claims denial decision; and
- information about the scientific or clinical judgment for any determination based on medical necessity or experimental treatment, or about your right to request this explanation free of charge, along with a discussion of the claims denial decision.
- the availability of, and contact information for, any applicable office of health insurance consumer assistance or ombudsman who may assist you

For claims involving urgent/concurrent care:

- the Claims Administrator's notice will also include a description of the applicable urgent/concurrent review process; and
- the Claims Administrator may notify you or your authorized representative within 72 hours orally and then furnish a written notification.

Appeals

You have the right to appeal an adverse benefit determination (claim denial or rescission of coverage). You or your authorized representative must file your appeal within 180 calendar days after you are notified of the denial or rescission. You will have the opportunity to submit written comments, documents, records, and other information supporting your claim. The Claims Administrator's review of your claim will take into account all information you submit, regardless of whether it was submitted or considered in the initial benefit determination.

- The Claims Administrator shall offer a single mandatory level of appeal and an additional voluntary second level of appeal which may be a panel review, independent review, or other process consistent with the entity reviewing the appeal. The time frame allowed for the Claims Administrator to complete its review is dependent upon the type of review involved (e.g. pre-service, concurrent, post-service, urgent, etc.).

For pre-service claims involving urgent/concurrent care, you may obtain an expedited appeal. You or your authorized representative may request it orally or in writing. All necessary information, including the Claims Administrator's decision, can be sent between the Claims Administrator and you by telephone, facsimile or other similar method. To file an appeal for a claim involving urgent/concurrent care, you or your authorized representative must contact the Claims Administrator at the number shown on your identification card and provide at least the following information:

- the identity of the claimant;

- The date (s) of the medical service;
- the specific medical condition or symptom;
- the provider's name
- the service or supply for which approval of benefits was sought; and
- any reasons why the appeal should be processed on a more expedited basis.

All other requests for appeals should be submitted in writing by the *Member* or the *Member's authorized representative*, except where the acceptance of oral *appeals* is otherwise required by the nature of the *appeal* (e.g. urgent care). You or your authorized representative must submit a request for review to:

Anthem Blue Cross and Blue Shield, ATTN: Appeals, P.O. Box 33200, Louisville, Kentucky
40232-3200

Upon request, the Claims Administrator will provide, without charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim. "Relevant" means that the document, record, or other information:

- was relied on in making the benefit determination; or
- was submitted, considered, or produced in the course of making the benefit determination; or
- demonstrates compliance with processes and safeguards to ensure that claim determinations are made in accordance with the terms of the plan, applied consistently for similarly-situated claimants; or
- is a statement of the plan's policy or guidance about the treatment or benefit relative to your diagnosis.

The Claims Administrator will also provide you, free of charge, with any new or additional evidence considered, relied upon, or generated in connection with your claim. In addition, before you receive an adverse benefit determination on review based on a new or additional rationale, the Claims Administrator will provide you, free of charge, with the rationale.

How Your Appeal will be Decided

When the Claims Administrator considers your appeal, the Claims Administrator will not rely upon the initial benefit determination or, for voluntary second-level appeals, to the earlier appeal determination. The review will be conducted by an appropriate reviewer who did not make the initial determination and who does not work for the person who made the initial determination. A voluntary second-level review will be conducted by an appropriate reviewer who did not make the initial determination or the first-level appeal determination and who does not work for the person who made the initial determination or first-level appeal determination.

If the denial was based in whole or in part on a medical judgment, including whether the treatment is experimental, investigational, or not medically necessary, the reviewer will consult with a health care professional who has the appropriate training and experience in the medical field involved in making the judgment. This health care professional will not be one who was consulted in making an earlier determination or who works for one who was consulted in making an earlier determination.

Notification of the Outcome of the Appeal

If you appeal a claim involving urgent/concurrent care, the Claims Administrator will notify you of the outcome of the appeal as soon as possible, but not later than 72 hours after receipt of your request for appeal.

If you appeal any other pre-service claim, the Claims Administrator will notify you of the outcome of the appeal within 30 days after receipt of your request for appeal

If you appeal a post-service claim, the Claims Administrator will notify you of the outcome of the appeal within 60 days after receipt of your request for appeal.

Appeal Denial

- If your appeal is denied, that denial will be considered an adverse benefit determination. The notification from the Claims Administrator will include all of the information set forth in the above section entitled “Notice of Adverse Benefit Determination.”

Voluntary Second Level Appeals

If you are dissatisfied with the Plan's mandatory first level appeal decision, a voluntary second level appeal may be available. If you would like to initiate a second level appeal, please write to the address listed above. Voluntary appeals must be submitted within 60 calendar days of the denial of the first level appeal. You are not required to complete a voluntary second level appeal prior to submitting a request for an independent External Review.

External Review

If the outcome of the mandatory first level appeal is adverse to you, you may be eligible for an independent External Review pursuant to federal law.

You must submit your request for External Review to the Claims Administrator within four (4) months of the notice of your final internal adverse determination.

A request for a External Review must be in writing unless the Claims Administrator determines that it is not reasonable to require a written statement. You do not have to re-send the information that you submitted for internal appeal. However, you are encouraged to submit any additional information that you think is important for review.

For pre-service claims involving urgent/concurrent care, you may proceed with an Expedited External Review without filing an internal appeal or while simultaneously pursuing an expedited appeal through our internal appeal process. You or your authorized representative may request it orally or in writing. All necessary information, including the Claims Administrator’s decision, can be sent between the Claims Administrator and you by telephone, facsimile or other similar method. To proceed with an Expedited External Review, you or your authorized representative must contact the Claims Administrator at the number shown on your identification card and provide at least the following information:

- the identity of the claimant;
- The date (s) of the medical service;
- the specific medical condition or symptom;
- the provider’s name
- the service or supply for which approval of benefits was sought; and
- any reasons why the appeal should be processed on a more expedited basis.

All other requests for External Review should be submitted in writing unless the Claims Administrator determines that it is not reasonable to require a written statement. Such requests should be submitted by you or your authorized representative to:

Anthem Blue Cross and Blue Shield, ATTN: Appeals, P.O. Box 33200, Louisville, Kentucky
40232-3200

This is not an additional step that you must take in order to fulfill your appeal procedure obligations described above. Your decision to seek External Review will not affect your rights to any other benefits under this health care plan. There is no charge for you to initiate an independent External Review. The External Review decision is final and binding on all parties except for any relief available through applicable state laws or ERISA.

Requirement to file an Appeal before filing a lawsuit

No lawsuit or legal action of any kind related to a benefit decision may be filed by you in a court of law or in any other forum, unless it is commenced within three years of the Plan's final decision on the claim or other request for benefits. If the Plan decides an appeal is untimely, the Plan's latest decision on the merits of the underlying claim or benefit request is the final decision date. You must exhaust the Plan's internal Appeals Procedure but not including any voluntary level of appeal, before filing a lawsuit or taking other legal action of any kind against the Plan. If your health benefit plan is sponsored by your employer and subject to the Employee Retirement Income Security Act of 1974 (ERISA) and your appeal as described above results in an adverse benefit determination, you have a right to bring a civil action under Section 502(a) of ERISA.

We reserve the right to modify the policies, procedures and timeframes in this section upon further clarification from Department of Health and Human Services and Department of Labor.

COMPLAINT AND APPEALS PROCEDURES Meiman
EXPRESS SCRIPTS PHARMACY BENEFITS

For appeals of all claims other than direct claims:

The following section addresses appeals of initial adverse determinations, other than direct claims which are set forth below. This section should be used for appeals of denials of coverage determinations or other pre-service claims determinations.

In the event you receive an adverse benefit determination following a request for coverage of a prescription benefit claims, you have the right to appeal the adverse benefit determination in writing within 180 days of receipt of notice of the initial coverage decision. An appeal may be initiated by you or your authorized representative (such as your physician). To initiate an appeal for coverage, provide in writing your name, member ID, phone number, the prescription drug for which benefit coverage has been denied, the diagnosis code and treatment codes to which the prescription relates (together with the corresponding explanation for those codes) and any additional information that may be relevant to your appeal. This information should be mailed to Express Scripts, 8111 Royal Ridge Parkway, Irving, TX 75063. A decision regarding your appeal will be sent to you within 15 days of receipt of your written request. The notice will include information to identify the claim involved, the specific reasons for the decision, new or additional evidence, if any considered by the plan in relation to your appeal, the plan provisions on which the decision is based, a description of applicable internal and external review processes and contact information for an office of consumer assistance or ombudsman (if any) that might be available to assist you with the claims and appeals processes and any additional information needed to perfect your claim. You have the right to receive, upon request and at no charge, the information used to review your appeal.

If you are not satisfied with the coverage decision made on appeal, you may request in writing, within 90 days of the receipt of notice of the decision, a second level appeal. A second level appeal may be initiated by you or your authorized representative (such as your physician). To initiate a second level appeal, provide in writing your name, member ID, phone number, the prescription drug for which benefit coverage has been denied the diagnosis code and treatment codes to which the prescription relates (and the corresponding explanation for those codes) and any additional information that may be relevant to your appeal. This information should be mailed to Express Scripts, 8111 Royal Ridge Parkway, Irving, TX 75063. You have the right to review your file and present evidence and testimony as part of your appeal, and the right to a full and fair impartial review of your claim. A decision regarding your request will be sent to you in writing within 15 days of receipt of your written request for an appeal. The notice will include information to identify the claim involved, the specific reasons for the decision, new or additional evidence, if any considered by the plan in relation to your appeal, the plan provisions on which the decision is based, a description of applicable internal and external review processes and contact information for an office of consumer assistance or ombudsman (if any) that might be available to assist you with the claims and appeals processes. You have the right to receive, upon request and at no charge, the information used to review your second level appeal. If new information is received and considered or relied upon in the review of your second level appeal, such information will be provided to you together with an opportunity to respond prior to issuance to any final adverse determination of this appeal. The decision made on your second level appeal is final and binding.

If your second level appeal is denied and you are not satisfied with the decision of the second level appeal or your adverse benefit determination notice or final adverse benefit determination notice does not contain all of the information required under ERISA, you also have the right to bring a civil action under section 502(a) of the Employee Retirement Income Security Act of 1974 (ERISA).

You also may have the right to obtain an independent external review. Details about the process to initiate an external review will be described in any notice of an adverse benefit determination. External reviews are not available for decisions relating to eligibility.

In the case of a claim for coverage involving urgent care, you will be notified of the benefit determination within 72 hours of receipt of the claim. An urgent care claim is any claim for treatment with respect to which the application of the time periods for making non-urgent care determinations could seriously jeopardize the life or health of the claimant or the ability of the claimant to regain maximum function, or in the opinion of a physician with knowledge of the claimant's medical condition, would subject the claimant to severe pain that cannot be adequately managed. If the claim does not contain sufficient information to determine whether, or to what extent, benefits are covered, you will be notified within 24 hours after receipt of your claim of the information necessary to complete the claim. You will then have 48 hours to provide the information and will be notified of the decision within 24 hours of receipt of the information. If you don't provide the needed information within the 48-hour period, your claim will be deemed denied.

You have the right to request an urgent appeal of an adverse benefit determination (including a deemed denial) if you request coverage of a claim that is urgent. Urgent appeal requests may be oral or written. You or your physician may call 800-864-1135 or send a written request to Express Scripts, Inc., 8111 Royal Ridge Parkway, Irving, TX 75063, Attn: Urgent Appeals. In the case of an urgent appeal for coverage involving urgent care, you will be notified of the benefit determination within 72 hours of receipt of the claim. This coverage decision is final and binding. You have the right to receive, upon request and at no charge, the information used to review your appeal. If new information is received and considered or relied upon in the review of your appeal, such information will be provided to you together with an opportunity to respond prior to issuance to any final adverse determination of this appeal. The decision made on your second level appeal is final and binding. You also have the right to bring a civil action under section 502(a) of Employee Retirement Income Security Act of 1974 (ERISA) if your appeal is denied or your adverse benefit determination notice or final adverse benefit determination notice does not contain all of the information required under ERISA. You also have the right to obtain an independent external review. In situations where the timeframe for completion of an internal review would seriously jeopardize your life or health or your ability to regain maximum function you could have the right to immediately request an expedited external review, *prior to* exhausting the internal appeal process, provided you simultaneously file your request for an internal appeal of the adverse benefit determination. Details about the process to initiate an external review will be described in any notice of an adverse benefit determination.

For direct claims:

Your plan provides for reimbursement of prescriptions when you pay 100% of the prescription price at the time of purchase. This claim will be processed based on your plan benefit. To request reimbursement you will send your claim to Express Scripts, P.O. Box 14711, Lexington, KY 40512. If your claim is denied, you will receive a written notice within 30 days of receipt of the claim, as long as all needed information was provided with the claim. You will be notified within this 30 day period if additional information is needed to process the claim, and a one-time extension not longer than 15 days

may be requested and your claim pended until all information is received. Once notified of the extension, you then have 45 days to provide this information. If all of the needed information is received within the 45-day time frame and the claim is denied, you will be notified of the denial within 15 days after the information is received. If you don't provide the needed information within the 45-day period, your claim will be deemed denied.

If you are not satisfied with the decision regarding your benefit coverage or your claim is deemed denied, you have the right to appeal this decision in writing within 180 days of receipt of notice of the initial decision. To initiate an appeal for coverage, you or your authorized representative (such as your physician), must provide in writing your name, member ID, phone number, the prescription drug for which benefit coverage has been reduced or denied, the diagnosis code and treatment codes to which the prescription relates (together with the corresponding explanation for those codes) and any additional information that may be relevant to your appeal. This information should be mailed to Express Scripts, 8111 Royal Ridge Parkway, Irving, TX 75063.

A decision regarding your appeal will be sent to you within 30 days of receipt of your written request. The notice will include information to identify the claim involved, the specific reasons for the decision, new or additional evidence, if any considered by the plan in relation to your appeal, the plan provision on which the decision is based, a description of applicable internal and external review processes and contact information for an office of consumer assistance or ombudsman (if any) that might be available to assist you with the claims and appeals processes and any additional information needed to perfect your claim. You have the right to receive, upon request and at no charge, the information used to review your appeal.

If you are not satisfied with the coverage decision made on appeal, you may request in writing, within 90 days of receipt notice of the decision, a second level appeal. A second level appeal may be initiated by you or your authorized representative (such as your physician). To initiate a second level appeal, provide in writing your name, member ID, phone number, the prescription drug for which benefit coverage has been reduced or denied, the diagnosis code and treatment codes to which the prescription relates (and the corresponding explanation for those codes) and any additional information that may be relevant to our appeal. This information should be mailed to Express Scripts, 8111 Royal Ridge Parkway, Irving, TX 75063. You have the right to review your file and present evidence and testimony as part of your appeal, and the right to a full and fair impartial review of your claim. A decision regarding your request will be sent to you in writing within 30 days of receipt of your written request for appeal. The notice will include information to identify the claim involved, the specific reasons for the decision, new or additional evidence, if any considered by the plan in relation to your appeal, the plan provisions on which the decision is based, a description of applicable internal and external review processes and contact information for an office of consumer assistance or ombudsman (if any) that might be available to assist you with the claims and appeals processes. You have the right to receive, upon request and at no charge, the information used to review your second level appeal. If new information is received and considered or relied upon in the review of your second level appeal, such information will be provided to you together with an opportunity to respond prior to issuance to any final adverse determination of this appeal. The decision made on your second level appeal is final and binding.

If your second level appeal is denied and you are not satisfied with the decision of the second level appeal or your adverse benefit determination notice or final adverse benefit determination notice does not contain all the information required under ERISA, you also have the right to bring a civil action under section 502(a) of the Employee Retirement Income Security Act of 1974 (ERISA). You also

may have the right to obtain an independent external review. Details about the process to initiate an external review will be described in any notice of an adverse benefit determination. External reviews are not available for decisions relating to eligibility.

COMPLAINT AND APPEALS PROCEDURES Meiman
DELTA DENTAL - DENTAL BENEFITS

CLAIMS APPEAL PROCEDURE

Delta Dental will notify you, in writing, if a claim is denied in whole or in part. It will be forwarded to you within 30 days after the completed claim is received, unless circumstances require an extension of time to act on a claim. Additional periods of 45 days may be taken by Delta Dental to evaluate your claim for an initial determination. Delta Dental will notify you of the additional time period. The notice will explain why benefits were denied. It will also describe the Claims Appeal Procedure. You may appeal, in writing, the denial within 60 days of the date the notice of the claim denial is received by you. The appeal must state all the reasons why the claim should be paid. The appeal will be decided within 60 days of receipt for review, unless circumstances require a longer time. After review of the appeal, Delta Dental will notify you of the decision concerning the appeal.

LIMITATION OF ACTIONS

No lawsuit may be filed by you to recover benefits on a claim submitted under your Certificate unless it is filed within 12 months from the date your claim was originally denied.

COMPLAINT AND APPEALS PROCEDURES Meiman
VISION SERVICE PLAN - VISION BENEFITS

You have the right to appeal if:

- You do not agree with VSP's decision about your health care.
- VSP will not approve or give you care you feel it should cover.
- VSP is stopping care you feel you still need.

VSP normally has 30 days to process your appeal. In some cases, you have a right to a faster, 24-hour appeal. You can get a fast appeal if your health or ability to function could be seriously harmed by waiting 30 days for a standard appeal. If you ask for a fast appeal, VSP will decide if you get a 24-hour/fast appeal. If not, your appeal will be processed in 30 days. If any doctor asks VSP to give you a fast appeal, or supports your request for a fast appeal, it must be given to you.

If you want to file an appeal which will be processed within 30 days, do the following:

File the request in writing with VSP at the following address:

Vision Service Plan
Attn: Appeals Department
P.O. Box 2350
Rancho Cordova, CA 95741

Even though you may file your requests with VSP, VSP may transfer your request to the appropriate agency for processing. Your appeal request will be processed within 30 days from the date your request is received.

If you want to file a fast appeal, which will be processed within 24 hours, do the following

- File an oral or written request for a 24-hour appeal. Specifically state that "I am requesting an: expedited appeal, fast appeal or 24-hour appeal." Or "I believe that my health could be seriously harmed by waiting 30 days for a normal appeal."
- To file a request orally, call (800) 877-7195. VSP will document the oral request in writing.

Help with your appeal:

If you decide to appeal and want help with your appeal, you may have your doctor, a friend, lawyer, or someone else help you. There are several groups that can help you. If you are covered by Medicare, you may contact the Medicare Rights Center toll free at 888-HMO-9050. You may also contact the National Aging Information Center at (202) 619-7501 to request the phone number of your local Area Agency on Aging or health Insurance Counseling and Assistance Program (HICAP).

ERISA INFORMATION AND STATEMENT OF ERISA RIGHTS

The Employee Retirement Income Security Act of 1974 (ERISA) requires that certain information be furnished to each participant in an employee benefit plan. This information is outlined below.

Plan Name	LG&E and KU Medical, Dental and Vision Care Plan
Employer Identification	20-0523163
Plan Number	502
Maintained By	LG&E and KU Energy LLC 220 West Main Street Louisville, KY 40202
Type of Plan	Welfare: Medical, Dental and Vision Care Plan
Type of Administration	The day-to-day administrative operations of the Plan are handled by the Plan Administrator. The claims processing and claims questions are handled by the contracted Claims Administrator listed below.
Plan Administrator	LG&E and KU Energy LLC is legally known as the “Plan Administrator”, but a company may be appointed to carry out specific duties under the Plan. Questions and correspondence concerning the Plan should be directed to the Benefits Department.
Agent for Services of Legal Process	The Director Human Resources, Corporate has been designated as the Plan’s Agent for Service of Legal Process. Accordingly, if legal disputes involving the Plan arise, any legal documents should be served upon this agent at the following address: LG&E and KU Energy LLC Benefits Department 220 West Main Street Louisville, KY 40202 (502) 627-2121
Participating Employers	<ul style="list-style-type: none"> • Kentucky Utilities Company • LG&E and KU Services Company • Louisville Gas & Electric Company

<p>Fiduciary</p>	<p>The Employer self-insures the following medical and dental options:</p> <ul style="list-style-type: none"> • Anthem Blue Access PPO Standard, • Anthem Blue Access PPO Low Deductible, • Anthem Blue Access High Deductible Health Plan, • Anthem Blue Preferred EPO, • Delta Dental PPO Plus Premier High Option, and • Delta Dental PPO Plus Premier Basic Option <p>The Employer is the fiduciary for purposes of funding the benefits paid from these self-insured medical and dental options. The Claims Administrator is the fiduciary for purposes of all aspects of claims administration.</p> <p>The Vision Service Plan is insured by Vision Service Plan Insurance Company. Vision Service Plan Insurance Company is the fiduciary for this insured portion of the Plan.</p>
<p>Plan Effective Date</p>	<p>Effective January 1, 2018</p>
<p>Funding</p>	<p>Benefits are paid from Company assets.</p>
<p>Source of Contributions to the Plan</p>	<p>The Plan is contributory. The cost of the Plan is shared by participants through Premium Contributions and by the Employer.</p>
<p>Plan Year</p>	<p>January 1 through December 31</p>
<p>Name of Claims Administrator</p>	<p>Anthem Blue Cross and Blue Shield is the Claims Administrator for the following medical options:</p> <ul style="list-style-type: none"> • Anthem Blue Access PPO Standard, • Anthem Blue Access PPO Low Deductible, • Anthem Blue Access High Deductible Health Plan, and • Anthem Blue Preferred EPO. <p>Express Scripts is the Claims Administrator for the Prescription Drug Card Program.</p> <p>Vision Service Plan Insurance Company is the Claims Administrator for the Vision Service Plan.</p> <p>Delta Dental Plan of Kentucky, Inc. is the Claims Administrator for the following dental options:</p> <ul style="list-style-type: none"> • Delta Dental PPO Plus Premier High Option • Delta Dental PPO Plus Premier Basic Option

STATEMENT OF ERISA RIGHTS

Meiman

As a participant in the Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- **Receive Information about Your Plan and Benefits**

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

- **Continue Group Health Plan Coverage**

Continue health care coverage for yourself, Spouse or Dependents if there is a loss of coverage under the Plan as a result of a qualifying event. You or your Dependents may have to pay for such coverage. Review this summary plan description and the documents governing the Plan on the rules governing your COBRA continuation coverage rights.

- **Prudent Actions by Plan Fiduciaries**

In addition to creating rights for plan participants ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

- **Enforce Your Rights**

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are

discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

- **Assistance with Your Questions**

If you have any questions about your plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated September 19, 2018**

Case No. 2018-00294

Question No. 41

Responding Witness: Gregory J. Meiman

- Q-41. Provide detailed descriptions of all early retirement plans or other staff reduction programs the utility has offered or intends to offer its employees during either the base period or the forecasted test period. Include all cost-benefit analyses associated with these programs.
- A-41. There are no anticipated early retirement plans or staff reduction plans occurring during the base period or the forecasted test period.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated September 19, 2018**

Case No. 2018-00294

Question No. 42

Responding Witness: Gregory J. Meiman

Q-42. Concerning employee fringe benefits:

- a. Provide a detailed list of all fringe benefits available to the utility's employees and the expected cost of each benefit in the base period and the forecasted test period. Indicate any fringe benefits which are limited to management employees.
- b. Provide comparative cost information for the 12 months preceding the base period and the base period. Explain any changes in fringe benefits occurring over this 24-month period.

A-42.

- a. See attached for a detailed list of benefits and costs for the periods requested. No fringe benefits were limited to management employees.
- b. See attached for comparative cost information for the periods requested. The majority of benefit changes occurred in pension plan expense due to an increase in discount rate, partially offset by a decrease in expected return on asset, and the achievement of a higher team incentive award.

Kentucky Utilities Company
Case No. 2018-00294
Question 42(a)
Listing of Fringe Benefits
Base Period and the Forecasted Test Year

	<u>Base Period</u>	<u>Forecasted Test Year</u>
Pension	\$11,237,732	\$5,302,432
Post Retirement - SFAS 106 (ASC 715)	\$2,007,148	\$502,420
Post Employment - SFAS 112 (ASC 712)	-\$589,116	\$0
401(k)	\$7,079,634	\$7,219,259
Retirement Income Account	\$2,601,212	\$3,014,956
Medical Insurance	\$21,341,430	\$22,168,379
Dental Insurance	\$1,115,848	\$1,063,993
Workers Compensation	\$1,001,842	\$1,110,266
Group Life Insurance	\$880,122	\$915,869
Long Term Disability Insurance	\$833,969	\$946,275
Other Benefits	\$2,024,539	\$1,932,391
Team Incentive Award	\$15,631,529	\$15,941,120
Tuition Reimbursement	\$393,951	\$404,833
	<u>\$65,559,840</u>	<u>\$60,522,193</u>

Kentucky Utilities Company
Case No. 2018-00294
Question 42(b)
Listing of Fringe Benefits
Current 12 month period & Base Period

	<u>Base Period</u>	<u>12 Months Preceding Base</u>
Pension	\$11,237,732	\$15,223,746
Post Retirement - SFAS 106 (ASC 715)	\$2,007,148	\$3,002,660
Post Employment - SFAS 112 (ASC 712)	-\$589,116	\$861,830
401(k)	\$7,079,634	\$6,918,936
Retirement Income Account	\$2,601,212	\$2,604,412
Medical Insurance	\$21,341,430	\$15,565,900
Dental Insurance	\$1,115,848	\$906,256
Workers Compensation	\$1,001,842	\$2,413,721
Group Life Insurance	\$880,122	\$748,499
Long Term Disability Insurance	\$833,969	\$796,662
Other Benefits	\$2,024,539	\$1,534,913
Team Incentive Award	\$15,631,529	\$17,872,456
Tuition Reimbursement	\$393,951	\$394,244
	<u>\$65,559,840</u>	<u>\$68,844,234</u>

KENTUCKY UTILITIES COMPANY

Response to Commission Staff's First Request for Information

Dated September 19, 2018

Case No. 2018-00294

Question No. 43

Responding Witness: Gregory J. Meiman

Q-43. Provide a complete description of the utility's Other Post-Employment Benefits package(s) provided to its employees.

A-43. KU currently offers employees who retire from active employment, the following Post-Retirement Benefits package:

Post-Retirement Medical

- Future retirees, age 55 with at least 10 years of service, with a hire or rehire date on or after 1/1/2006 are eligible for a retiree medical premium account that is credited with a one-time contribution credit equal to \$2,500 multiplied by the retiree's full years of service after age 45, but not to exceed \$37,500. In addition, for the retiree's dependents, a separate premium account equal to fifty percent of the retiree's premium account is provided. Retirees can only use the premium account to pay for the full cost or partial cost for retiree medical coverage; however, when the premium account is depleted, the retiree pays the full monthly cost of the retiree medical coverage.
- Future retirees, age 55 with at least 10 years of service, with a hire or rehire date before 1/1/2006 are eligible to receive a fixed monthly retiree medical premium credit (\$220/mo. between ages 55 and 60, \$510/mo. between ages 60 and 65, and \$220/mo. after age 65). Also, retiree dependents covered by the retiree medical plan receive a fixed \$100 monthly dependent medical premium credit to apply toward company sponsored medical options. The retiree pays the difference between the monthly premium cost of the medical coverage and the monthly medical premium credit.
- Retirees who retired prior to 1/1/2012 with the retiree medical premium credit received a fixed \$220 monthly retiree premium credit and a fixed \$100 monthly dependent medical premium credit under similar plan provisions in effect at their retirement.
- KU retirees who retired prior to 1/1/2000 continue on similar plan provisions in effect at the time of their retirement.

Post-Retirement Dental & Vision

Other than COBRA, post-retirement dental and vision are not offered.

Post-Retirement Life Insurance

Retirees age 55 with at least 10 years of service, retired on or after 1/1/2000, are entitled to coverage equal to one hundred percent of their base annual salary with a \$100,000 maximum benefit. At age 65, the retiree life benefit reduces to 50% of the annual base pay, with a \$50,000 maximum benefit. At age 70, the retiree life benefit reduces to a \$10,000 death benefit.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated September 19, 2018**

Case No. 2018-00294

Question No. 44

Responding Witness: Daniel K. Arbough

Q-44. Provide a complete description of the financial reporting and ratemaking treatment of the utility's pension costs.

A-44. The financial accounting and reporting of pension costs for KU are as follows:

KU's pension costs for the year are determined by an actuarial firm (Willis Towers Watson) and follow the requirements of Statement of Financial Accounting Standards ("SFAS") No. 87, "Employers' Accounting for Pensions" as amended by SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – An Amendment of FASB Statements No. 87, 88, 106 and 132(R)". These standards were codified under "Accounting Standards Codification ("ASC") 715". Pension costs are applied to all labor charged during the year to distribute the costs between capital, expense, and regulatory assets.

For rate-making, a pro forma adjustment was made to the net periodic pension costs projected for calendar years 2019 and 2020 to account for the time period covered by the test year. The test year covers the last eight months of 2019 and the first four months of 2020, therefore the pension costs projected for the test year are the sum of 2/3 of the cost for 2019 and 1/3 of the cost for 2020.

Under SFAS 87, employer's providing pension benefits recognized, as a minimum pension liability in the statement of financial position, an amount equivalent to the unfunded accumulated benefit obligation ("unfunded ABO"). The unfunded ABO is the amount by which the accumulated benefit obligation (based on employees' history of service and compensation without an estimate of future compensation levels) exceeds the fair value of plan assets. Since the unfunded ABO was subject to market price fluctuations in the value of plan assets, the unfunded ABO could result in a reduction in equity for a loss, or an increase in equity for a gain, that may never be incurred. Under SFAS 87, those gains and losses would be recognized in future periods and subject to inclusion in future base rates. Accordingly, it was appropriate to record a regulatory asset related to that future recovery, rather than impact current rates through the reduction in capital.

In its Order in Case No. 2003-00433, the Commission granted the Company's request to record the unfunded ABO calculated under SFAS 87, as a regulatory asset instead of an adjustment to equity in other comprehensive income under the provisions of SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation", which is now "ASC 980-10".

In applying the provisions of SFAS 158 (which amended SFAS 87 and is also codified under ASC 715), effective December 31, 2006, KU adjusted the regulatory asset related to Pensions. Under FAS 158, no minimum pension liability is recorded, rather the funded status of pension plans are now recorded as the pension liability on the balance sheet. Funded status of a benefit plan is measured as the difference between the fair value of plan assets and the Projected Benefit Obligation ("PBO"). The PBO is based on employees' history of service and compensation adjusted to reflect future compensation levels to the extent that the pension benefit formula defines pension benefits wholly or partially as a function of future compensation levels.

The Company continues to record a regulatory asset for the portion of the obligation that will be recognized in future periods and subject to inclusion in future base rates. The regulatory asset represents the expected future recovery of accumulated prior service costs and actuarial gains and losses, and it is adjusted as prior service cost and actuarial gains and losses are amortized in net periodic benefit cost.

On November 26, 2014, KU filed a request with the Kentucky Public Service Commission ("KPSC") for an increase in annual base rates for KU's electric operations (Case No. 2014-00371). On April 20, 2015, KU and other parties to the proceedings filed a unanimous settlement agreement with the KPSC. The settlement agreement was approved by the KPSC on June 30, 2015. Among other things, the agreement required amortization of accumulated actuarial gains and losses over 15 years. The difference between a) pension costs recorded in accordance with KU's pension accounting policy on record with the Securities and Exchange Commission and in accordance with Generally Accepted Accounting Principles ("GAAP") and b) pension costs as recorded using the 15 year amortization period was recorded as a regulatory asset. The new rates and all elements of the settlement became effective July 1, 2015.

Not all of KU's costs are regulated by the KPSC. A portion of KU's costs are regulated by either the Virginia State Corporation Commission ("VSCC") for Virginia customers, the Tennessee Public Utility Commission ("TPUC") for Tennessee customers, or the Federal Energy Regulatory Commission ("FERC") for municipal customers. KU records amortization costs based on the 15 year amortization methodology agreed upon in the June 30, 2015 KPSC settlement. This settlement does not apply to the portion of the amortization cost that needs to be attributed to KU's VSCC, TPUC, or FERC customers. Therefore, KU records journal entries for the additional amortization based on its GAAP amortization

methodology as compared to the 15 year amortization already recorded for the portion of the cost attributed to VSCC, TPUC, and FERC customers. None of the amortization on the GAAP amortization basis is attributed to the KPSC regulated customers.

LG&E and KU Services Company (LKS) allocates a portion of its pension costs (including amortization of gains and losses) to KU. LKS records amortization costs based on the 15 year amortization methodology agreed upon in the June 30, 2015 KPSC settlement. Because a portion of LKS's costs get allocated to KU's VSCC, TPUC, and FERC customers, LKS makes the journal entries to adjust those customers back to the GAAP amortization methodology in the same fashion as KU. None of the amortization on the GAAP amortization basis is attributed to the KPSC regulated customers.

On March 10, 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2017-07 ("ASU 2017-07"). This guidance amends ASC 715 regarding the presentation of net periodic pension costs. Under previous guidance, all components of pension costs were presented, net, as an operating cost and were eligible for capitalization. Beginning in 2018, ASU 2017-07 requires bifurcation of pension costs into service costs and non-service costs. Service costs are to be presented as a component of employee compensation or capital assets, as appropriate. The non-service costs are to be presented as a component of other income and expense. Non-service costs are no longer eligible for capitalization under GAAP.

Accounting requirements for pension costs under the FERC Uniform System of Accounts have not been modified to incorporate the impact of ASU 2017-07. In FERC guidance issued 12/28/17, FERC stated that companies can elect to change their capitalization policy for FERC accounting and reporting purposes consistent with ASC 715 or companies can continue to capitalize all the components of net pension costs.

Consistent with the accounting reviewed with KPSC staff and AG representatives in a meeting on December 11, 2017, for regulatory accounting purposes, FERC accounting standards for pension costs allow KU and entities that provide services to KU, such as LKS, to continue capitalization of non-service costs for regulatory reporting.

KU makes GAAP accounting adjustments to the regulatory accounting records to eliminate the capitalized non-service costs through consolidation. A contra fixed asset is recorded to reduce the fixed asset balances for GAAP reporting purposes with an offsetting entry to a regulatory asset. The regulatory asset is amortized over the weighted average life of the assets put into service within each calendar year and the contra fixed asset is depreciated in concert with the regulatory asset. There is no change to net income or retained earnings for KU using this approach. The

expensed portion of the pension costs are mapped to operations and maintenance expense for regulatory reporting and other income and expense for GAAP reporting.

KENTUCKY UTILITIES COMPANY

Response to Commission Staff's First Request for Information

Dated September 19, 2018

Case No. 2018-00294

Question No. 45

Responding Witness: Daniel K. Arbough / Christopher M. Garrett

Q-45. For each of the following Statements of Financial Accounting Standards (SFAS), provide the information listed concerning implementation by the utility.

a. SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."

(1) The date the utility adopted the SFAS.

(2) The effect on the financial statements.

(3) Whether the base period or forecasted test period includes any impact of the implementation. If so, provide a detailed description of the impact.

b. SFAS No. 112, "Employers' Accounting for Postretirement Benefits."

(1) The date the utility adopted the SFAS.

(2) The effect on the financial statements.

(3) Whether the base period or forecasted test period includes any impact of the implementation. If so, provide a detailed description of the impact.

c. SFAS No. 143, "Accounting for Asset Retirement Obligations."

(1) The date that the utility adopted the SFAS.

(2) The effect on the financial statements.

(3) Whether the base period or forecasted test period includes any impact of the implementation. If so, provide a detailed description of the impact.

- d. A schedule comparing the depreciation rates utilized by the utility prior to and after the adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.
- e. SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans."
 - (1) The date the utility adopted the SFAS.
 - (2) The effect on the financial statements.
 - (3) Whether the base period or forecasted test period includes any impact of the implementation. If so, provide a detailed description of the impact.

A-45.

- a. SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."
 - (1) KU adopted SFAS No. 106, now referred to as Accounting Standards Codification ("ASC") 715-10, effective January 1, 1993.
 - (2) At the date of adoption, KU debited Post Retirement Expenses for \$998,528 and Regulatory Assets for \$86,613, and credited Other Deferred Liabilities for \$1,085,141.
 - (3) Neither the base period nor the forecasted test period includes any impact from the implementation.
- b. KU assumes the request refers to SFAS No. 112, "Employers' Accounting for Postemployment Benefits", and responds accordingly.
 - (1) KU adopted SFAS No. 112, now referred to as Accounting Standards Codification ("ASC") 712-10, effective December 1993.
 - (2) At the date of adoption, KU debited Postemployment Benefits Expense for \$1,394,396 and credited Accumulated Provision for Pension and Benefits for the same amount.
 - (3) Neither the base period nor the forecasted test period includes any impact from the implementation.
- c. SFAS No. 143, "Accounting for Asset Retirement Obligations."

- (1) KU adopted SFAS No. 143¹, as of January 1, 2003.

 - (2) Asset Retirement Obligations (“AROs”) are the projected fair value of the legal obligations associated with the retirement of tangible, long-lived assets. ARO liabilities are recorded in Account 230-Asset Retirement Obligations on the Balance Sheet. An offsetting asset representing Asset Retirement Costs (“ARCs”) is recorded in Account 101-Plant In Service on the Balance Sheet. Depreciation is calculated on the ARCs and recorded in Account 108-Accumulated Provision for Depreciation on the Balance Sheet and in Account 403.1- Depreciation Expense on the Income Statement. The ARO liability increases over time through accretion expense which is recorded in Account 411.10-Accretion Expense on the Income Statement. Accretion and depreciation expense is reversed on the income statement and recorded as a Regulatory Asset in Account 182. In Case No. 2016-00027, the PSC approved the amortization of the Regulatory Asset, for actual surface-impoundment-closure costs in order to comply with the federal Coal Combustion Residuals final rule for its active generating stations and for the closed Green River, Pineville, and Tyrone generating stations. The amortization is based on the non-levelized actual costs incurred over 25 years for the active generating stations and 10 years for the closed generating stations. The monthly amortization amounts are being collected through the environmental cost recovery mechanism.

 - (3) No, the base period and forecasted test period do not include any impact from the implementation. The amortization of the regulatory asset discussed in response 2 above, included in the base period and forecasted test period, is eliminated through the environmental cost recovery pro forma adjustment.
- d. See attached.
- e. SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans.”
- (1) KU adopted SFAS No. 158, now referred to as Accounting Standards Codification (“ASC”) 715-20, effective December 31, 2006.

 - (2) The impact of the implementation of SFAS No. 158 is discussed in Question 44.

¹ The guidance in SFAS No. 143 is now contained in FASB Accounting Standards Codification Topic 410, effective September 30, 2009.

- (3) Neither the base period nor the forecasted test period includes any impact from the implementation.

Kentucky Utilities Company
 Depreciation Rates Utilized Subsequent to the Adoption of SFAS No. 143

Facility Name	Asset #	Asset Description	Pre SFAS 143 Depreciation Rate as of 12/31/02	Post SFAS 143 Depreciation Rate as of 1/1/03
BROWN CT TRANSMISSION SUBSTATION	114313AROP	GSU 130MVA XFRM 3P,G0053	2.21%	2.21%
BROWN CT TRANSMISSION SUBSTATION	123128AROP	GSU 130 MVA XFMR G0054, 145-13 KV, 3P	2.21%	2.21%
BROWN CT TRANSMISSION SUBSTATION	137939AROP	GSU TRANSF. 130MVA,13.8KV,3P,ABB,S/N:LNM59612	2.21%	2.21%
BROWN CT TRANSMISSION SUBSTATION	137940AROP	GSU TRANSF. 130MVA,13.8KV,3P,ABB,S/N:LNM59611	2.21%	2.21%
BROWN CT TRANSMISSION SUBSTATION	142246AROP	GSU POWER TRANSFORMER- CT 6	2.21%	2.21%
BROWN CT TRANSMISSION SUBSTATION	142247AROP	GSU POWER TRANSFORMER - CT 7	2.21%	2.21%
BROWN NORTH TRANSMISSION SUBSTATION	062433AROP	GSU MCGRAW EDISON 450 MVA 30 POWER TRANSFORMER	2.21%	2.21%
BROWN PLANT TRANSMISSION SUBSTATION	058941AROP	GSU WEST TRANSFORMER, MAIN POWER, 120000 KVA, 30 13800	2.21%	2.21%
BROWN PLANT TRANSMISSION SUBSTATION	059009AROP	GSU GE TRANSFORMER, FDA-T-60 1850,000KVA-138,000KVA	2.21%	2.21%
E W BROWN CT UNIT 11	PIP2BRAROC	AROC - CT FUEL OIL PIPING	0.00%	3.55%
E W BROWN CT UNIT 9	114355AROC	AROC - CT9 FUEL OIL TANKS	0.00%	3.39%
E W BROWN CT UNIT 9	114355AROP	FUEL TANK/BERM&LINER	3.39%	3.39%
E W BROWN STEAM UNIT 1	101524AROC	AROC - BR 1 COAL STORAGE	0.00%	2.25%
E W BROWN STEAM UNIT 1	101524AROP	COAL STORAGE	2.90%	2.90%
E W BROWN STEAM UNIT 1	114424AROC	AROC - ASH POND	0.00%	2.25%
E W BROWN STEAM UNIT 1	114424AROP	ASH POND	2.90%	2.90%
E W BROWN STEAM UNIT 1	COALBRAROC	AROC - COAL PILE RETENTION POND	0.00%	2.25%
E W BROWN STEAM UNIT 3	102462AROC	AROC - BR 3 FUEL OIL TANKS	0.00%	3.39%
E W BROWN STEAM UNIT 3	102462AROP	FUEL OIL STORAGE TANK	3.91%	3.91%
E W BROWN STEAM UNIT 3	132682AROC	AROC - BR3 SEWAGE TREATMENT PLANT	0.00%	3.39%
E W BROWN STEAM UNIT 3	132682AROP	SEPTIC TANK	3.91%	3.91%
E W BROWN STEAM UNIT 3	1763547AROP	GSU CT5 TRANSFORMER	2.21%	2.21%
E W BROWN STEAM UNIT 3	PIPBRAROC	AROC - STATION FUEL OIL PIPING	0.00%	3.39%
E W BROWN STEAM UNIT 3	RADBRAROC	AROC - RADIATION SOURCES	0.00%	3.39%
GHENT PLANT TRANSMISSION SUBSTATION	063991AROC	AROC - GH4 GSU TRANSFORMER	0.00%	1.90%
GHENT PLANT TRANSMISSION SUBSTATION	063991AROP	GSU MAIN POWER TRANSFORMER	2.21%	2.21%
GHENT PLANT TRANSMISSION SUBSTATION	064114AROC	AROC - GH1 GSU TRANSFORMER	0.00%	1.90%
GHENT PLANT TRANSMISSION SUBSTATION	064114AROP	GSU MAIN POWER TRANSF. COMPLETE W/ACCESS., 550MVA,3O,	2.21%	2.21%
GHENT PLANT TRANSMISSION SUBSTATION	064115AROC	AROC - GH2 GSU TRANSFORMER	0.00%	1.90%

Kentucky Utilities Company
 Depreciation Rates Utilized Subsequent to the Adoption of SFAS No. 143

Facility Name	Asset #	Asset Description	Pre SFAS 143 Depreciation Rate as of 12/31/02	Post SFAS 143 Depreciation Rate as of 1/1/03
GHENT PLANT TRANSMISSION SUBSTATION	064115AROP	GSU MAIN POWER TRANSF.540MVA	2.21%	2.21%
GHENT PLANT TRANSMISSION SUBSTATION	1732720AROC	AROC - GH SPARE GSU TRANSFORMER	0.00%	1.90%
GHENT PLANT TRANSMISSION SUBSTATION	1732720AROP	GSU 145/18KV,600 MVA TRANSFORMER SPARE	2.21%	2.21%
GHENT PLANT TRANSMISSION SUBSTATION	1732740AROC	AROC - GH3 GSU TRANSFORMER	0.00%	1.90%
GHENT PLANT TRANSMISSION SUBSTATION	1732740AROP	GSU 345/21KV,605 MVA TRANSFORMER GHENT 3	2.21%	2.21%
GHENT UNIT 1	104329AROC	AROC - COAL STORAGE	0.00%	2.82%
GHENT UNIT 1	104329AROP	ADDITION TO COAL YARD BASE	3.12%	3.12%
GHENT UNIT 1	104352AROC	AROC - SEWAGE TREATMENT PLANT	0.00%	2.82%
GHENT UNIT 1	104352AROP	SEWER SYSTEM AND SEWAGE TREATING PLANT	3.12%	3.12%
GHENT UNIT 1	104400AROC	AROC - UG TANK COAL YARD	0.00%	2.82%
GHENT UNIT 1	104400AROP	100,000 GAL. OIL TANK, COMPLETE	3.12%	3.12%
GHENT UNIT 1 SCRUBBER	133299AROC	AROC - GYPSUM STACK	0.00%	5.11%
GHENT UNIT 1 SCRUBBER	133299AROP	GYPSUM STACK DECANT STRUCTURE	5.67%	5.67%
GHENT UNIT 2	104973AROC	AROC - STATION FUEL OIL PIPING	0.00%	1.49%
GHENT UNIT 2	104973AROP	FUEL OIL PIPING	1.84%	1.84%
GHENT UNIT 4	105544AROC	AROC - CHEMICAL TANKS GH4	0.00%	1.93%
GHENT UNIT 4	105544AROP	CHEMICAL FEED TANK	2.16%	2.16%
GHENT UNIT 4	133391AROC	AROC - ASH POND GH4	0.00%	1.93%
GHENT UNIT 4	133391AROP	ASH POND (WET OR DRY)	2.16%	2.16%
GHENT UNIT 4	RADGHAROC	AROC - RADIATION SOURCES	0.00%	1.93%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045084AROC	AROC - GR3 GSU TRANSFORMER	0.00%	1.90%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045084AROP	GSU G.E. POWER TRANSFORMER 48000/64000/8000 KVA 30	2.21%	2.21%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045085AROC	AROC - GSU SPARE TRANSFORMER	0.00%	1.90%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045085AROP	GSU G.E. TYPE OA/FA/FA-T AUTO TRANSFORMER 60000/80000/	2.21%	2.21%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045207AROC	AROC - G1-2 GSU TRANSFORMER	0.00%	1.90%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045207AROP	GSU TRANSF. 12500KVA,69000/13200KV, TYPE H-60,W91,2,3,	2.21%	2.21%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045281AROC	AROC - GR4 GSU TRANSFORMER	0.00%	1.90%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045281AROP	GSU 3 OHM TRANSFORMER 120/134.4MVA	2.21%	2.21%
GREEN RIVER UNIT 4	103939AROC	AROC - OIL STORAGE TANKS	0.00%	2.32%

Kentucky Utilities Company
 Depreciation Rates Utilized Subsequent to the Adoption of SFAS No. 143

Facility Name	Asset #	Asset Description	Pre SFAS 143 Depreciation Rate as of 12/31/02	Post SFAS 143 Depreciation Rate as of 1/1/03
GREEN RIVER UNIT 4	103939AROP	500,000 GALLON TANK	3.10%	3.10%
GREEN RIVER UNIT 4	132623AROC	AROC - SEWAGE TREATMENT PLANT	0.00%	2.32%
GREEN RIVER UNIT 4	132623AROP	SEWAGE LIFT STATION PUMP AND M	3.10%	3.10%
GREEN RIVER UNIT 4	HAZGRAROC	AROC - HAZARDOUS MATERIAL TANK	0.00%	2.32%
GREEN RIVER UNIT 4	MERCGRAROC	AROC - MERCURY SOURCES	0.00%	2.32%
GREEN RIVER UNIT 4	NUCGRAROC	AROC - NUCLEAR SOURCE	0.00%	2.32%
GREEN RIVER UNITS 1 & 2	102983AROC	AROC - ASH POND	0.00%	0.89%
GREEN RIVER UNITS 1 & 2	102983AROP	SLUDGE POND FOR S02 SCRUBBER	1.71%	1.71%
GREEN RIVER UNITS 1 & 2	103022AROC	AROC - COAL STORAGE	0.00%	0.89%
GREEN RIVER UNITS 1 & 2	103022AROP	DRAINAGE SYSTEM AROUND COAL YARD	1.71%	1.71%
GREEN RIVER UNITS 1 & 2	103234AROC	AROC - LIMESTONE SILO	0.00%	0.89%
GREEN RIVER UNITS 1 & 2	103234AROP	500 TON LIME STORAGE BIN	1.71%	1.71%
GREEN RIVER UNITS 1 & 2	1706389AROC	AROC - UNDERGROUND TANKS 1& 2	0.00%	0.89%
GREEN RIVER UNITS 1 & 2	1706389AROP	CAUSTIC STORAGE TANK	1.71%	1.71%
SYSTEM LABORATORY	LABBRAROC	AROC - LAB	0.00%	4.22%
TYRONE PLANT TRANSMISSION SUBSTATION	051476AROP	GSU TRANSFORMER, 12,500KVA, 39830/69000Y T106	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051477AROP	GSU TRANSFORMER, 12,500KVA, 39830/69000Y T107	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051478AROP	GSU TRANSFORMER, 12,500KVA, 39830/69000Y T109	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051480AROP	GSU TRANSFORMER, 12,500KVA, 39830/69000Y B-99	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051481AROP	GSU TRANSFORMER, 12,500KVA, 39830/69000Y B-100	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051482AROP	GSU TRANSFORMER, 12,500KVA, 39830/69000Y B-101	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051486AROP	GSU TRANSFORMER, G.E. 80000KVA 13200 69000VOLTS #G-2	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051487AROP	GSU TRANSFORMER, G.E. 6,250 KVA 69000Y/24000	2.21%	2.21%
TYRONE UNIT 3	101197AROC	AROC - COAL STORAGE	0.00%	1.03%
TYRONE UNIT 3	101197AROP	COAL STORAGE AREA	2.13%	2.13%
TYRONE UNIT 3	101251AROC	AROC - SEWAGE TREATMENT PLANT	0.00%	1.03%
TYRONE UNIT 3	101251AROP	SEWAGE TREATMENT PLANT	2.13%	2.13%
TYRONE UNIT 3	101281AROC	AROC - ASH POND	0.00%	1.03%
TYRONE UNIT 3	101281AROP	ASH BASIN LINE	2.13%	2.13%

Kentucky Utilities Company
 Depreciation Rates Utilized Subsequent to the Adoption of SFAS No. 143

Facility Name	Asset #	Asset Description	Pre SFAS 143 Depreciation Rate as of 12/31/02	Post SFAS 143 Depreciation Rate as of 1/1/03
TYRONE UNIT 3	101358AROC	AROC - SVC WATER PUMP STATION	0.00%	1.03%
TYRONE UNIT 3	101358AROP	WESTINGHOUSE CIRCULATING WATER PUMPS, VERTICAL FLO	2.13%	2.13%
TYRONE UNIT 3	122567AROC	AROC - FUEL OIL TANKS	0.00%	1.03%
TYRONE UNIT 3	122567AROP	FUEL OIL STORAGE TANK-550 GALL	2.13%	2.13%
TYRONE UNIT 3	MERCYAROC	AROC - MERCURY SOURCES	0.00%	1.03%
TYRONE UNIT 3	PIPTYAROC	AROC - STATION FUEL OIL PIPING	0.00%	1.03%
TYRONE UNITS 1 & 2	100858AROC	AROC - FUEL OIL TANKS UNIT 1	0.00%	1.03%
TYRONE UNITS 1 & 2	100858AROP	14000 GAL FUEL OIL TANK	2.13%	2.13%

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated September 19, 2018**

Case No. 2018-00294

Question No. 46

Responding Witness: Christopher M. Garrett

Q-46. As the historical data becomes available, provide detailed monthly income statements for each forecasted month of the base period including the month in which the Commission hears this case.

A-46. See attached.

Kentucky Utilities Company
Comparative Statement of Income
July 31, 2018

	Current Month			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues.....	\$ 150,554,265.41	\$ 163,892,008.28	\$ (13,337,742.87)	(8.14)
Rate Refunds.....	-	-	-	-
Total Operating Revenues.....	150,554,265.41	163,892,008.28	(13,337,742.87)	(8.14)
Fuel for Electric Generation.....	42,181,848.95	47,031,508.62	(4,849,659.67)	(10.31)
Power Purchased.....	2,578,419.21	1,751,671.77	826,747.44	47.20
Other Operation Expenses.....	24,758,374.84	23,625,117.27	1,133,257.57	4.80
Maintenance.....	14,608,930.41	9,000,852.55	5,608,077.86	62.31
Depreciation.....	21,244,314.58	20,747,417.58	496,897.00	2.40
Amortization Expense.....	1,519,383.64	1,495,710.07	23,673.57	1.58
Regulatory Debits.....	459,400.29	64,623.19	394,777.10	610.89
Regulatory Credits.....	-	-	-	-
Taxes				
Federal Income.....	6,220,567.20	15,995,826.12	(9,775,258.92)	(61.11)
State Income.....	1,559,039.40	2,917,171.94	(1,358,132.54)	(46.56)
Property and Other.....	3,750,782.54	3,470,863.52	279,919.02	8.06
Investment Tax Credit.....	-	-	-	-
Loss (Gain) from Disposition of Allowances.....	-	-	-	-
Total Operating Expenses.....	118,881,061.06	126,100,762.63	(7,219,701.57)	(5.73)
Net Operating Income.....	31,673,204.35	37,791,245.65	(6,118,041.30)	(16.19)
Other Income Less Deductions				
Amortization of Investment Tax Credit.....	186,151.00	168,803.00	17,348.00	10.28
Other Income Less Deductions.....	53,004.79	55,613.55	(2,608.76)	(4.69)
AFUDC - Equity.....	66,680.03	22,271.24	44,408.79	199.40
Total Other Income Less Deductions.....	305,835.82	246,687.79	59,148.03	23.98
Income Before Interest Charges.....	31,979,040.17	38,037,933.44	(6,058,893.27)	(15.93)
Interest on Long-Term Debt.....	7,603,623.90	7,599,643.73	3,980.17	0.05
Amortization of Debt Expense - Net.....	270,988.03	277,105.45	(6,117.42)	(2.21)
Other Interest Expenses.....	438,276.67	215,757.52	222,519.15	103.13
AFUDC - Borrowed Funds.....	(41,032.67)	(8,712.26)	(32,320.41)	(370.98)
Total Interest Charges.....	8,271,855.93	8,083,794.44	188,061.49	2.33
Net Income.....	\$ 23,707,184.24	\$ 29,954,139.00	\$ (6,246,954.76)	(20.86)

Kentucky Utilities Company
Comparative Statement of Income
August 31, 2018

	Current Month			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues.....	\$ 152,608,643.57	\$ 155,438,965.14	\$ (2,830,321.57)	(1.82)
Rate Refunds.....	-	-	-	-
Total Operating Revenues.....	152,608,643.57	155,438,965.14	(2,830,321.57)	(1.82)
Fuel for Electric Generation.....	42,946,156.70	42,880,778.29	65,378.41	0.15
Power Purchased.....	2,541,355.69	1,756,074.16	785,281.53	44.72
Other Operation Expenses.....	25,767,611.25	24,536,064.88	1,231,546.37	5.02
Maintenance.....	11,746,979.97	8,815,052.21	2,931,927.76	33.26
Depreciation.....	21,271,077.12	20,682,200.14	588,876.98	2.85
Amortization Expense.....	1,524,956.00	1,470,057.32	54,898.68	3.73
Regulatory Debits.....	524,961.20	70,329.61	454,631.59	646.43
Regulatory Credits.....	-	-	-	-
Taxes				
Federal Income.....	6,821,064.97	14,519,452.26	(7,698,387.29)	(53.02)
State Income.....	1,709,540.09	2,184,107.48	(474,567.39)	(21.73)
Deferred Federal Income - Net.....	-	(207,502.23)	207,502.23	100.00
Deferred State Income - Net.....	-	398,230.22	(398,230.22)	(100.00)
Property and Other.....	3,798,891.68	3,508,240.84	290,650.84	8.28
Investment Tax Credit.....	-	-	-	-
Loss (Gain) from Disposition of Allowances.....	-	-	-	-
Total Operating Expenses.....	118,652,594.67	120,613,085.18	(1,960,490.51)	(1.63)
Net Operating Income.....	33,956,048.90	34,825,879.96	(869,831.06)	(2.50)
Other Income Less Deductions				
Amortization of Investment Tax Credit.....	186,151.00	165,709.00	20,442.00	12.34
Other Income Less Deductions.....	(61,788.50)	(26,315.72)	(35,472.78)	(134.80)
AFUDC - Equity.....	70,688.42	23,397.57	47,290.85	202.12
Total Other Income Less Deductions.....	195,050.92	162,790.85	32,260.07	19.82
Income Before Interest Charges.....	34,151,099.82	34,988,670.81	(837,570.99)	(2.39)
Interest on Long-Term Debt.....	7,672,532.60	7,594,377.96	78,154.64	1.03
Amortization of Debt Expense - Net.....	271,876.36	277,703.43	(5,827.07)	(2.10)
Other Interest Expenses.....	394,775.42	183,062.93	211,712.49	115.65
AFUDC - Borrowed Funds.....	(43,499.29)	(9,152.87)	(34,346.42)	(375.25)
Total Interest Charges.....	8,295,685.09	8,045,991.45	249,693.64	3.10
Net Income.....	\$ 25,855,414.73	\$ 26,942,679.36	\$ (1,087,264.63)	(4.04)

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated September 19, 2018**

Case No. 2018-00294

Question No. 47

Responding Witness: Christopher M. Garrett

Q-47. Provide the amount of excess deferred federal income taxes resulting from the reductions in the corporate tax rate in 1979, 1986, and 2018, as of the end of the most recent calendar year. Show the amounts associated with each reduction separately.

A-47. The amount of excess deferred federal income taxes are as follows:

1979 - \$0; 1986 - \$852,239; 2018 - \$489,660,864

As of 12/31/17, there were no remaining excess deferred taxes applicable to the reduction in the federal income tax rate from 48 to 46 percent in 1979.

The 1986 amount shown above is the gross amount and does not include (\$2,184,308) for the federal benefit of the state excess deferred income taxes.

The 2018 amount shown above is the gross amount and does not include (\$20,687,314) for the federal benefit of the state excess deferred income taxes.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated September 19, 2018**

Case No. 2018-00294

Question No. 48

Responding Witness: Christopher M. Garrett

Q-48. Provide the following tax data for the most recent calendar year:

a. Income taxes:

- (1) Federal operating income taxes deferred - accelerated tax depreciation.
- (2) Federal operating income taxes deferred - other (explain).
- (3) Federal income taxes - operating.
- (4) Income credits resulting from prior deferrals of federal income taxes.
- (5) Investment tax credit net.
 - (a) Investment credit realized.
 - (b) Investment credit amortized - Pre-Revenue Act of 1971.
 - (c) Investment credit amortized - Revenue Act of 1971.
- (6) The information in Item 48a(1-4) for state income taxes.
- (7) A reconciliation of book to federal taxable income as shown in Schedule 48a(1) and a calculation of the book federal income tax expense for the base period using book taxable income as the starting point.
- (8) A reconciliation of book to state taxable income as shown in Schedule 48a(2) and a calculation of the book state income tax expense for the base period using book taxable income as the starting point.
- (9) A copy of federal and state income tax returns for the most recent tax year, including supporting schedules.

(10) 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 Kentucky Other Operating Taxes as shown in Schedule 48b.

A-48.

a. Income Taxes:

(1) Federal operating income taxes deferred – accelerated tax depreciation:

Account 410101	\$181,208,381
Account 411101	<u>(\$137,933,308)</u>
Total	\$43,275,073

(2) Federal operating income taxes deferred – other:

Account 410101	\$129,822,887
Account 411101	<u>(\$35,535,951)</u>
Total	\$94,286,936

The \$94,286,936 represents taxes on all temporary differences other than depreciation-related items (e.g. employee benefits differences, regulatory adjustments, cash basis adjustments, net operating losses, etc.).

(3) Federal Income Tax – operating: Account 409101 \$ 971,580

(4) Income Credits

From A-48 (a)(1) above	Account 411101	(\$137,933,308)
From A-48 (a)(2) above	Account 411101	<u>(\$35,535,951)</u>
Total		(\$173,469,259)

(5) Investment tax credit:

(a) Realized:	\$10,450
(b) Amortized – Pre-Revenue Act of 1971:	\$0
(c) Amortized – Revenue Act of 1971:	(\$1,926,636)

(6) State operating income taxes deferred – accelerated tax depreciation:

Account 410102	\$30,590,876
Account 411102	<u>(\$20,954,944)</u>
Total	\$9,635,932

State operating income taxes deferred – other:

Account 410102	\$10,986,800
Account 411102	<u>(\$4,204,417)</u>
Total	\$6,782,383

The \$6,782,383 represents taxes on all temporary differences other than depreciation-related items (e.g. employee benefits differences, regulatory adjustments, cash basis adjustments, etc.).

State income taxes – operating:	Account 409102	\$6,811,912
Income credits:		
From state “depreciation” above	Account 411102	(\$20,954,944)
From state “other” above	Account 411102	<u>(\$4,204,417)</u>
Total		(\$25,159,361)

- (7) See attached.
- (8) See attached.
- (9) The 2017 pro forma federal income tax return is attached and provided under seal. The 2017 pro forma state income tax returns are in the process of being prepared. The Company will file the state returns prior to their respective filing deadlines; October 15, 2018 (KY and TN) and November 15, 2018 (VA). The state returns will be provided to the KY Commission at that time. The tax returns are considered confidential and are being filed under seal pursuant to a Petition for Confidential Protection.
- (10) Franchise fees are collected from customers and remitted to the city or municipality imposing the franchise fee; therefore, they are not included in the forecasted test year. The below information is for calendar year 2017.

See Attachment 1. Franchise payments remitted to each city imposing the franchise are based on 3.00% of the total residential and commercial electric sales generated for the period on customer accounts located within the boundaries of that city.

See Attachment 2. Franchise payments remitted to each city imposing the franchise are based on 3.00% of the total retail electric sales (i.e., residential, commercial, industrial, and public authority) generated for the period on customer accounts located within the boundaries of that city.

See Attachment 3. Franchise payments remitted to each city imposing the franchise are based on a franchise percentage other than 3.00%. The franchise fee percentages listed in the attachment are applied to total retail

electric sales (i.e., residential, commercial, industrial, and public authority) generated for the period on customer accounts located within the boundaries of that city.

b. See attached.

Schedule 48a(10), 1 of 3		
Kentucky Utilities Company Case No. 2018-00294 Schedule of Franchise Fees Paid to Cities, Towns, or Municipalities For the Calendar Year 2017		
Line No.	Franchise Location	2017
1.	AUGUSTA	\$ 29,423
2.	BARLOW	15,327
3.	BEAVER DAM	85,562
4.	BRADFORDSVILLE	6,690
5.	BREMEN	16,155
6.	BURNSIDE	31,538
7.	CLINTON	40,013
8.	COLUMBIA	128,318
9.	CUMBERLAND	52,271
10.	DAWSON SPRINGS	54,977
11.	DIXON	19,062
12.	DRAKESBORO	13,768
13.	ELIZABETHTOWN	603,122
14.	EUBANK	7,920
15.	FAIRFIELD	3,257
16.	FERGUSON	16,828
17.	GLENCOE	6,356
18.	HARLAN	94,737
19.	HARLAN COUNTY FISCAL COURT*	11,448
20.	HODGENVILLE	70,419
21.	HORSE CAVE	56,228
22.	JEFFERSONVILLE	31,402
23.	KUTTAWA	22,749
24.	LA CENTER	30,678
25.	LIVERMORE	28,399

* Franchise payments to the Harlan County Fiscal Court were collected from customers in the City of Wallins whose government was dissolved.

Schedule 48a(10), 1 of 3		
Kentucky Utilities Company Case No. 2018-00294 Schedule of Franchise Fees Paid to Cities, Towns, or Municipalities For the Calendar Year 2017		
Line No.	Franchise Location	2017
26.	LORETTO	\$ 20,199
27.	LYNCH	18,337
28.	MACKVILLE	5,096
29.	MADISONVILLE	118,074
30.	MANCHESTER	69,176
31.	MARION	87,930
32.	MAYSVILLE	306,158
33.	MIDDLESBORO	306,630
34.	MILLERSBURG	17,616
35.	MORGANFIELD	85,675
36.	MORTONS GAP	17,135
37.	MT STERLING	222,929
38.	NORTH MIDDLETOWN	14,097
39.	OWENTON	40,979
40.	PARIS	117,448
41.	RICHMOND	727,317
42.	SADIEVILLE	7,262
43.	SALEM	23,903
44.	SCIENCE HILL	17,493
45.	SOMERSET	446,883
46.	SPARTA	4,004
47.	STANFORD	71,962
48.	STURGIS	41,260
49.	WHITE PLAINS	18,927
50.	WILLIAMSBURG	140,592
51.	TOTAL	\$ 4,423,729

Schedule 48a(10), 2 of 3		
Kentucky Utilities Company Case No. 2018-00294 Schedule of Franchise Fees Paid to Cities, Towns, or Municipalities For the Calendar Year 2017		
Line No.	Franchise Location	2017
1.	BEATTYVILLE	\$ 40,517
2.	BLOOMFIELD	29,920
3.	BRODHEAD	31,114
4.	BROOKSVILLE	23,666
5.	BURGIN	24,973
6.	BUTLER	14,820
7.	CALHOUN	33,401
8.	CALIFORNIA*	2,057
9.	CAMARGO**	24,154
10.	CAMPBELLSVILLE**	182,176
11.	CANEYVILLE	16,386
12.	CARROLLTON	280,354
13.	CAVE CITY	44,844
14.	CENTERTOWN	12,275
15.	CENTRAL CITY	183,950
16.	CLARKSON	35,984
17.	CLAY	29,048
18.	COLUMBUS	5,485
19.	CORINTH*	6,155
20.	CORYDON	15,544
21.	CRAB ORCHARD	22,307
22.	CROFTON	18,608
23.	CYNTHIANA	177,225
24.	DANVILLE*	811,037
25.	DOVER	7,080
* The basis for these franchise locations changed from Total Residential and Commercial Electric Sales to Total Retail Electric Sales in 2016.		
** The basis for these franchise locations changed from Total Residential and Commercial Electric Sales to Total Retail Electric Sales in 2017.		

Line No.	Franchise Location	2017
Schedule 48a(10), 2 of 3		
Kentucky Utilities Company Case No. 2018-00294 Schedule of Franchise Fees Paid to Cities, Towns, or Municipalities For the Calendar Year 2017		
26.	EARLINGTON	\$ 45,148
27.	EDDYVILLE*	98,118
28.	EMINENCE	89,588
29.	EVARTS**	23,378
30.	FLEMINGSBURG	84,673
31.	GERMANTOWN	5,445
32.	GHENT*	11,710
33.	GRATZ	1,635
34.	GREENSBURG	62,398
35.	GREENVILLE	169,101
36.	HANSON	54,200
37.	HARTFORD**	55,484
38.	HUSTONVILLE	10,909
39.	IRVINE	63,329
40.	ISLAND	10,705
41.	JAMESTOWN	74,205
42.	JUNCTION CITY	50,470
43.	KEVIL	18,205
44.	LAGRANGE	281,712
45.	LAKEVIEW HEIGHTS	5,010
46.	LANCASTER	104,955
47.	LAWRENCEBURG	259,188
48.	LEITCHFIELD	201,007
49.	LIBERTY**	64,109
50.	LIVINGSTON	4,725
<p>* The basis for these franchise locations changed from Total Residential and Commercial Electric Sales to Total Retail Electric Sales in 2016.</p>		
<p>** The basis for these franchise locations changed from Total Residential and Commercial Electric Sales to Total Retail Electric Sales in 2017.</p>		

Line No.	Franchise Location	2017
Schedule 48a(10), 2 of 3		
Kentucky Utilities Company Case No. 2018-00294 Schedule of Franchise Fees Paid to Cities, Towns, or Municipalities For the Calendar Year 2017		
51.	LONDON	\$ 466,079
52.	LOYALL**	16,041
53.	MCHENRY	12,057
54.	MENTOR*	3,952
55.	MIDWAY	57,180
56.	MILTON**	5,895
57.	MOREHEAD	219,208
58.	MT OLIVET*	8,239
59.	MT VERNON	112,051
60.	MUNFORDVILLE	67,328
61.	NEBO*	5,676
62.	NEW CASTLE	25,182
63.	NEW HAVEN	26,771
64.	NICHOLASVILLE*	153,707
65.	OWINGSVILLE*	53,464
66.	PERRYVILLE	17,399
67.	PINEVILLE	73,627
68.	PLEASUREVILLE	17,586
69.	POWDERLY	42,621
70.	PRESTONVILLE	6,349
71.	RADCLIFF	304,136
72.	RAVENNA*	14,155
73.	RUSSELL SPRINGS	186,768
74.	SACRAMENTO	12,140
75.	SANDERS**	4,875
* The basis for these franchise locations changed from Total Residential and Commercial Electric Sales to Total Retail Electric Sales in 2016.		
** The basis for these franchise locations changed from Total Residential and Commercial Electric Sales to Total Retail Electric Sales in 2017.		

Schedule 48a(10), 2 of 3		
Kentucky Utilities Company Case No. 2018-00294 Schedule of Franchise Fees Paid to Cities, Towns, or Municipalities For the Calendar Year 2017		
Line No.	Franchise Location	2017
76.	SEBREE	\$ 37,294
77.	SHARPSBURG	5,685
78.	SIMPSONVILLE	136,771
79.	SLAUGHTERS	5,989
80.	SONORA	17,750
81.	SPRINGFIELD	192,053
82.	STAMPING GROUND	21,771
83.	TAYLORSVILLE	29,092
84.	UNIONTOWN	28,244
85.	UPTON	16,911
86.	VINE GROVE	73,364
87.	WARSAW	79,258
88.	WAVERLY	7,474
89.	WHEATCROFT**	4,513
90.	WICKLIFFE	29,740
91.	WILMORE	135,576
92.	WORTHVILLE	4,953
93.	TOTAL	\$ 6,661,411
<p>* The basis for these franchise locations changed from Total Residential and Commercial Electric Sales to Total Retail Electric Sales in 2016.</p>		
<p>** The basis for these franchise locations changed from Total Residential and Commercial Electric Sales to Total Retail Electric Sales in 2017.</p>		

Schedule 48a(10), 3 of 3			
Kentucky Utilities Company Case No. 2018-00294 Schedule of Franchise Fees Paid to Cities, Towns, or Municipalities For the Calendar Year 2017			
Line No.	Franchise Location	2017	Franchise Percentage
1.	BEDFORD	\$ 18,571	2.30%
2.	BERRY	7,609	3.50%
3.	BONNIEVILLE*	12,395	4.00%
4.	CAMPBELLSBURG	16,051	2.50%
5.	CARLISLE**	65,179	5.00%
6.	FREDONIA*	16,640	5.00%
7.	GEORGETOWN**	655,807	1.75%
8.	HARRODSBURG	230,388	1.50%
9.	LEBANON	311,025	2.00%
10.	LEBANON JUNCTION	78,889	2.00%
11.	LEXINGTON	14,347,665	4.00%
12.	NORTONVILLE*	26,787	2.75%
13.	ROCKPORT	8,579	4.00%
14.	SALT LICK**	7,446	2.80%
15.	SHELBYVILLE	263,041	2.10%
16.	SMITHFIELD	1,504	1.50%
17.	ST CHARLES**	4,844	3.50%
18.	VERSAILLES	402,873	2.00%
19.	WINCHESTER*	570,046	1.75%
20.	TOTAL	\$ 17,045,339	
* The basis for these franchise locations changed from Total Residential and Commercial Electric Sales to Total Retail Electric Sales in 2016.			
** The basis for these franchise locations changed from Total Residential and Commercial Electric Sales to Total Retail Electric Sales in 2017.			

Kentucky Utilities Company
Case No. 2018-00294
Reconciliation of Book Net Income and Federal Taxable Income
12ME 12/31/17

Line No.	Item (a)	Total Company (b)	Total Company Non-Operating (c)	Operating	
				Kentucky Retail (d)	Other Jurisdictional (e)
1.	Net income per books	257,108,756	363,623	231,761,095	24,984,038
2.	Add income taxes:				
3.	Federal income tax - current	971,580		873,763	97,817
4.	Federal income tax - deferred depreciation	43,275,073		38,918,209	4,356,864
5.	Federal income tax - deferred other	94,286,936		84,794,281	9,492,655
6.	Investment tax credit adjustment	(1,916,186)	(1,926,636)	10,450	0
7.	Federal income taxes charged to other income and deductions	(1,779,184)	(1,779,184)		
8.	State income taxes	23,230,227		20,891,446	2,338,781
9.	State income taxes charged to other income and deductions	(356,217)	(356,217)		
10.	Total	414,820,985	(3,698,414)	377,249,243	41,270,156
11.	Flow through items:				
12.	Add: AFUDC equity flowback	1,179,784		0	1,179,784
13.	Deduct: AFUDC equity provision	289,221		0	289,221
14.	Book taxable income	415,711,548	(3,698,414)	377,249,243	42,160,719
15.	Differences between book taxable income and taxable income per tax return:				
16.	Add (See Below)	42,676,593	3,572,713	31,413,291	7,690,589
17.	Deduct (See Below)	458,388,141	2,655,243	406,813,071	48,919,827
18.	Taxable income per return	0	(2,780,944)	1,849,464	931,480

Differences between book taxable income and taxable income per tax return

Add:

19.	Capitalized Interest & Cont In Aid Const	14,275,000		12,731,409	1,543,591
20.	Contingent Liabilities	1,155,234		1,043,943	111,291
21.	Environmental Cost Recovery	432,000		432,000	0
22.	Equity in Subsidiary Earnings - EEI	2,967,600	2,967,600	0	0
23.	Green River Regulatory Asset	1,995,992		1,995,992	0
24.	Interest Rate Swaps	957,732		854,170	103,562
25.	Loss on Reacquired Debt - Amortization	610,000		544,039	65,961
26.	Meals and Entertainment (50%)	269,936		240,747	29,189
27.	Muni True-Up Regulatory Liability	4,598,279		0	4,598,279
28.	Non-Deductible Business Expenses	411,821	411,821	0	0
29.	Performance Incentive	282,685		255,452	27,233
30.	Plant Outage Normalization - Reg Liability	1,220,138		1,220,138	0
31.	Post Employment Benefits	1,129,081		1,020,309	108,772
32.	Refined Coal - KY - Reg Liability	2,324,559		2,324,559	0
33.	Refined Coal - VA - Reg Liability	289,861		0	289,861
34.	Regulatory Expenses	156,929		135,830	21,099
35.	State Income Tax Expense	177,195	177,195	0	0
36.	State Tax Current	1,516,647		1,363,953	152,694
37.	Storm Damages - 2009 Winter Storm	5,723,676		5,723,676	0
38.	Storm Damages - VA Mountain Storm	472,826		0	472,826
39.	Workers Compensation	1,431,992		1,294,039	137,953
40.	Other	277,410	16,097	233,033	28,280
		<u>42,676,593</u>	<u>3,572,713</u>	<u>31,413,291</u>	<u>7,690,589</u>

Deduct:

41.	Bad Debt Reserve	290,439		259,325	31,114
42.	Bonus Depreciation	120,144,970		107,142,601	13,002,369
43.	Capitalized Property Tax	418,829		373,540	45,289
44.	Coal Combustion Residual ARO Ponds	18,878,527		16,551,471	2,327,056
45.	Cost of Removal	22,010,191		19,630,175	2,380,016
46.	Customer Advances For Construction	678,918		658,616	20,302
47.	Deferred Rent Payable	1,311,398		1,185,063	126,335
48.	Demand Side Management	1,947,358		1,947,358	0
49.	Fuel Adjustment Clause	5,957,000		5,957,000	0
50.	FAS 106 Subsidy	262,498		237,210	25,288
51.	Federal Net Operating Loss	169,924,645		151,550,277	18,374,368
52.	Over/Under Collections - VA	863,000		0	863,000
53.	Pension	35,274,976		31,876,714	3,398,262
54.	Post Retirement Benefits	2,894,628		2,615,770	278,858
55.	Life Insurance	2,655,243	2,655,243	0	0
56.	Method Life/Tax Depreciation	44,122,276		39,347,260	4,775,016
57.	Repair Deduction	23,350,804		20,823,726	2,527,078
58.	State Income Tax Expense	6,811,912		6,126,100	685,812
59.	Tenant Incentive Amortization	357,045		322,649	34,396
60.	Other	233,484		208,216	25,268
		<u>458,388,141</u>	<u>2,655,243</u>	<u>406,813,071</u>	<u>48,919,827</u>

Kentucky Utilities Company
Case No. 2018-00294
Reconciliation of Book Net Income and State Taxable Income
12ME 12/31/17

Line No.	Item (a)	Total Company (b)	Total Company Non-Operating (c)	Operating	
				Kentucky Retail (d)	Other Jurisdictional (e)
1.	Net income per books	257,108,756	363,623	231,761,095	24,984,038
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4.	Federal income tax - deferred depreciation	43,275,073		38,918,209	4,356,864
5.	Federal income tax - deferred other	94,286,936		84,794,281	9,492,655
6.	Investment tax credit adjustment	(1,916,186)	(1,926,636)	10,450	0
7.	Federal income taxes charged to other income and deductions	(1,779,184)	(1,779,184)	0	
8.	State income taxes	23,230,227		20,891,446	2,338,781
9.	State income taxes charged to other income and deductions	(356,217)	(356,217)	0	
10.	Total	414,820,985	(3,698,414)	377,249,243	41,270,156
11.	Flow through items:				
12.	Add: AFUDC equity flowback	1,179,784		0	1,179,784
13.	Deduct: AFUDC equity provision	289,221		0	289,221
14.	Book taxable income	415,711,548	(3,698,414)	377,249,243	42,160,719
15.	Differences between book taxable income and taxable income per tax return:				
16.	Add (See Below)	40,982,751	3,395,518	30,049,338	7,537,895
17.	Deduct (See Below)	319,030,551	2,655,243	282,593,094	33,782,214
18.	Taxable income per return	137,663,748	(2,958,139)	124,705,488	15,916,400

Differences between book taxable income and taxable income per tax return

Add:

19.	Capitalized Interest & Cont In Aid Const	14,275,000		12,731,409	1,543,591
20.	Contingent Liabilities	1,155,234		1,043,943	111,291
21.	Environmental Cost Recovery	432,000		432,000	0
22.	Equity in Subsidiary Earnings - EEI	2,967,600	2,967,600	0	0
23.	Green River Regulatory Asset	1,995,992		1,995,992	0
24.	Interest Rate Swaps	957,732		854,170	103,562
25.	Loss on Reacquired Debt - Amortization	610,000		544,039	65,961
26.	Meals and Entertainment (50%)	269,936		240,747	29,189
27.	Muni True-Up Regulatory Liability	4,598,279		0	4,598,279
28.	Non-Deductible Business Expenses	411,821	411,821	0	0
29.	Performance Incentive	282,685		255,452	27,233
30.	Plant Outage Normalization - Reg Liability	1,220,138		1,220,138	0
31.	Post Employment Benefits	1,129,081		1,020,309	108,772
32.	Refined Coal - KY - Reg Liability	2,324,559		2,324,559	0
33.	Refined Coal - VA - Reg Liability	289,861			289,861
34.	Regulatory Expenses	156,929		135,830	21,099
35.	Storm Damages - 2009 Winter Storm	5,723,676		5,723,676	0
36.	Storm Damages - VA Mountain Storm	472,826			472,826
37.	Workers Compensation	1,431,992		1,294,039	137,953
38.	Other	277,410	16,097	233,033	28,280
		<u>40,982,751</u>	<u>3,395,518</u>	<u>30,049,338</u>	<u>7,537,895</u>

Deduct:

39.	Bad Debt Reserve	290,439		259,325	31,114
40.	Capitalized Property Tax	418,829		373,540	45,289
41.	Coal Combustion Residual ARO Ponds	18,878,527		16,551,471	2,327,056
42.	Cost of Removal	22,010,191		19,630,175	2,380,016
43.	Customer Advances For Construction	678,918		658,616	20,302
44.	Deferred Rent Payable	1,311,398		1,185,063	126,335
45.	Demand Side Management	1,947,358		1,947,358	0
46.	Fuel Adjustment Clause	5,957,000		5,957,000	0
47.	FAS 106 Subsidy	262,498		237,210	25,288
48.	IRC 199 Manufacturing Deduction	5,671,917		5,180,761	491,156
49.	Over/Under Collections - VA	863,000		0	863,000
50.	Pension	35,274,976		31,876,714	3,398,262
51.	Post Retirement Benefits	2,894,628		2,615,770	278,858
52.	Life Insurance	2,655,243	2,655,243	0	0
53.	Method Life/Tax Depreciation	195,974,296		174,765,500	21,208,796
54.	Repair Deduction	23,350,804		20,823,726	2,527,078
55.	Tenant Incentive Amortization	357,045		322,649	34,396
56.	Other	233,484		208,216	25,268
		<u>319,030,551</u>	<u>2,655,243</u>	<u>282,593,094</u>	<u>33,782,214</u>

Kentucky Utilities Company
Case No. 2018-00294
Analysis of Other Operating Taxes
12 ME 12/31/17
"000" Omitted

Line No.	Item (a)	Charged Expense (b)	Charged to Construction (c)	Charged to Other (Note 1) (d)	Amounts Accrued (e)	Amounts Paid (f)
1	Kentucky Retail					
	(a) State Income	6,812		(177)	6,635	5,118
	(b) Franchise Fees			28,130	28,130	28,130
	(c) Ad valorem	25,307	372	19	25,698	24,662
	(d) Payroll (employers portion)	8,869	2,391	(5,221)	6,039	6,024
	(e) Other taxes	3,289	6,323		9,612	9,497
2	Total Retail [Line1(a) through L1(e)]	44,277	9,086	22,751	76,114	73,431
3	Other Jurisdictions	4,055	321	(555)	3,821	3,692
4	Total per books (L2 and L3)	48,332	9,407	22,196	79,935	77,123

Note 1: Amounts in the Charged to Other column d represent the following:

- Line 1 a. State Income tax recorded to Other Income and Deductions.
- Line 1 b. Franchise Fees recorded on the balance sheet in FERC account 241, Tax Collections Payable, these amounts are collected from customers and remitted to taxing authorities.
- Line 1 c. Ad Valorem (Property) tax recorded to Other Income and Deductions.
- Line 1 d. Payroll tax accrued on affiliated companies. For example, when an Energy Services employee does work for KU that employee's payroll taxes are charged to KU but the payroll tax liability and payment are recorded at Energy Services company.

**Attachment pages provided under
confidential seal have been removed.**

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated September 19, 2018**

Case No. 2018-00294

Question No. 49

Responding Witness: Christopher M. Garrett

- Q-49. Provide the following information with regard to uncollectible accounts for the three most recent calendar years for gas operations:
- a. Reserve account balance at the beginning of the year;
 - b. Charges to the reserve account (accounts charged off);
 - c. Credits to the reserve account;
 - d. Current year provision;
 - e. Reserve account balance at the end of the year; and
 - f. Percent of the provision to total revenue.

A-49. See attached.

Schedule 49						
Kentucky Utilities Company						
Case No. 2018-00294						
Summary of Uncollectible Accounts Reserves						
Year	Reserve Account Balance Beginning of Year	Charges to Reserve Account	Credits to Reserve Account	Current Year Provision	Reserve Account Balance End of Year	Percent of Provision to Total Revenue (1)
	a.	b.	c.	d.	e.	f.
Total Company Operations						
2017	\$ 1,414,761	\$ 4,919,820	\$ 567,057	\$ 4,348,878	\$ 1,410,876	0.28%
2016	\$ 1,726,174	\$ 5,695,352	\$ 1,278,837	\$ 4,105,102	\$ 1,414,761	0.26%
2015	\$ 2,084,655	\$ 6,022,914	\$ 497,489	\$ 5,166,944	\$ 1,726,174	0.33%
Kentucky Operations						
2017	\$ 1,277,406	\$ 4,689,748	\$ 542,925	\$ 4,214,125	\$ 1,344,708	0.28%
2016	\$ 1,609,701	\$ 5,122,024	\$ 1,148,372	\$ 3,641,357	\$ 1,277,406	0.24%
2015	\$ 1,979,685	\$ 5,590,828	\$ 470,884	\$ 4,749,960	\$ 1,609,701	0.31%
Old Dominion Operations						
2017	\$ 137,355	\$ 230,072	\$ 24,132	\$ 134,753	\$ 66,168	0.20%
2016	\$ 116,473	\$ 573,328	\$ 130,465	\$ 463,745	\$ 137,355	0.65%
2015	\$ 104,970	\$ 432,086	\$ 26,605	\$ 416,984	\$ 116,473	0.56%
(1) - Percent of Provision to Total Revenue has been updated to reflect the manner in which the monthly bad debt reserve is calculated, which is based upon monthly billed revenues plus monthly late payment charges.						