

LOUISVILLE GAS AND ELECTRIC COMPANY

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

Case No. 2018-00295

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 LG&E and IBEW Local 2100 was effective November 6, 2017, see Attachment 1. The previous contract is Attachment 2.

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NON-DISCRIMINATION

There shall be no discrimination by the Company or the Union in the application of the terms of this agreement because of race, color, religion, national origin, age, sex, handicap, or status as a disabled veteran or veteran of the Vietnam Era.

The use of the masculine or feminine gender in this Agreement shall be construed as including both genders and not a sex limitation unless the Agreement clearly requires a different construction.

ARTICLE 1 RECOGNITION

The Company recognizes the Union as the exclusive collective bargaining agent for all employees of the Company engaged in operation, production, construction and maintenance, including meter readers, servicemen, collectors and inspectors, temporary and summer employees, and custodial employee classifications, but excluding all other employees in the Commercial Department, Accounting Department, Market Services Department, right-of-way agents, cadet engineers, co-op students and internships, office clerical employees, and all professional employees, guards and supervisors as defined in the National Labor Relations Act, as amended.

ARTICLE 2 MANAGEMENT

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.

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 3

UNION SECURITY

SECTION 3.01: The Union is required under the terms of this Agreement to represent all of the bargaining unit employees of the Company fairly and equally without regard as to whether or not such employee is a member or agency fee payer of the Union. Neither the Company nor the Union shall exert any pressure on, or discriminate against, any such bargaining unit employee as regards such matters.

SECTION 3.02: The Union agrees that it shall from time to time promptly accept for membership in the Union any person, not at such time a member or agency fee payer of the Union, (a) whom the Company desires to employ to perform for the Company work covered by this Agreement and who signifies his willingness to become a member or agency fee payer of the Union, or (b) who is an employee of the Company performing for it work covered by this Agreement and who signifies his willingness to become a member or agency fee payer of the Union.

SECTION 3.03: The term “willingness to become a member of the Union” as used in this Agreement shall mean and refer to a person who applies to the Union for membership therein, tenders the initiation fees uniformly required by the Union as a condition to membership therein and agrees to pay the periodic dues uniformly required by the Union as a condition to membership therein.

SECTION 3.04: The Union shall indemnify and save the Company harmless against any and all claims, demands, suits or other forms of liability that may arise out of or by reason of any action taken or not taken by the Company for purposes of complying with the provisions of this article.

SECTION 3.05: The Company agrees to notify each new bargaining unit employee of the existence of this Agreement. In addition, the Company shall, within a reasonable period of time after the effective date of employment of each new bargaining unit employee, advise the Union in writing as to the name of such new bargaining unit employee, his address, work location and wage rate.

SECTION 3.06: 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 of the agreement expiring November 10, 2017 becomes lawful for any other reason, the language of Article 3 of the agreement expiring November 10, 2017 shall replace the current language in Article 3 without need for any bargaining.

The Company shall make collection of union dues or agency fees of any bargaining unit employee, who is or is not a member or agency fee payer of the Union, through payroll deductions, upon proper authorization in writing signed by such bargaining unit employee and delivered to the Company, within the ten (10) work days after its execution; shall pay monthly to the Financial Secretary of the Local Union the total amount thus deducted from all bargaining unit employees for whom such authorizations are in effect; and shall monthly,

promptly after the first payday, furnish such Financial Secretary an itemized list showing, for the period subsequent to the last previous list, the names, addresses, work locations, and wage rates of the bargaining unit employees in respect of whom the payroll deductions were made and the respective amounts of such deductions. Deductions shall be made only from the wages paid to bargaining unit employees on two (2) of the paydays in the month for which the dues are owing.

SECTION 3.07: The Financial Secretary of the Local Union shall certify to the Treasurer (or other properly designated representative) of the Company, in writing and in such form and detail as the Company shall direct, the amount of the regular monthly union dues or agency fees which shall be deducted for such month under the authorizations provided for in Section 3.08 of this article. In each case where there is any change to be made in the amount so certified, the Financial Secretary shall, on or before the twentieth day of the month immediately preceding the month in which such change is to be effective, certify such fact and the changed amount to be deducted.

SECTION 3.08: Cancellation by a bargaining unit employee of his written authorization for payroll deduction shall be in writing signed by the bargaining unit employee and, upon receipt thereof, the Company shall honor any such cancellation. Cancellations shall be forwarded promptly to the Financial Secretary (or other properly designated representative) of the Union. A bargaining unit employee's authorization shall be deemed automatically canceled if such employee leaves the employ of the Company (including bargaining unit employees who are granted leaves of absence) or is transferred or promoted out of the bargaining unit.

SECTION 3.09: No dues or agency fees shall be deducted when sufficient pay is not available after allowing for all

other authorized deductions. In such a case, the Union dues or agency fees shall be deducted on a subsequent payday (if any) in the same month if sufficient pay is available.

SECTION 3.10: The union will be notified in advance of any formal employee orientation meetings.

Nothing in this Section shall enlarge upon the rights of new employees as set forth elsewhere in this Agreement.

ARTICLE 4 UNION BUSINESS

SECTION 4.01: Any regular employee covered by this Agreement who is or may be elected or appointed to an office in the Union requiring his absence from duty with the Company, upon written request by the Union, shall be granted a leave of absence without pay for the duration of his term or terms of office. He shall be reinstated to employment upon completion of his term of office with restoration of full seniority, including the time served in union office, if he applies for reinstatement within thirty (30) calendar days after expiration of his term. Provided he is capable of performing the work and has retained qualifications, he shall be reinstated to his former position or its equivalent on the shift and at the location he was assigned prior to his term in the Union office, if available. He will be allowed time off from work without pay for any vacation entitlement he may have earned from the Union while on such leave of absence and such time will be treated as though it were vacation for absenteeism purposes. Time off will be granted only to the extent scheduling will permit which does not interfere with the established vacation schedule in accordance with Article 13. The Company shall not be required to grant more than four (4) leaves of absence under this Article at the same time. However, the Company may, upon proper request from the Union, autho-

Two (2) of the above authorized four (4) leave of absence employees may instead be employees chosen by the Union who will remain active, but will be on full-time special assignments. Such employees will primarily focus on the two functions described below or must actually perform services directly related to the administration and enforcement of the CBA to include, without limitation, acting as the Union's chief representative for the Joint Health and Safety Committee as detailed in Article 34. Compensation shall be limited to loss of straight-time wages at the employee's rate immediately prior to the start of his special assignment, adjusted for regular increases.

- One position to focus on working with contractors and Building & Trade unions to improve the potential for union contractors to be competitive in the bidding process.
- One position to focus on safety training for both employees and contractors.

SECTION 4.02: Any regular employee covered by this Agreement who is elected or appointed to an office in the Union requiring his temporary absence from duties with the Company may, upon proper written request to his supervisor, specifying the dates of, and reasons for such absence, be excused from work without pay, provided that the Company can arrange for a substitute to perform the employee's work, and provided further that any such leave or sum of such leaves shall not exceed thirty (30) working days in a calendar year. However, the Company will give additional consideration in this area on a case-by-case basis.

SECTION 4.03: When an employee needs to attend a Union committee meeting during his regular scheduled workday, he shall be excused from work without pay for that purpose,

upon proper written request to his supervisor, provided that the Company can arrange for a substitute to perform the employee's work.

SECTION 4.04: An employee who is elected by the Union to serve as a delegate to Union conventions or other similar Union meetings shall, upon proper written request to his supervisor, be excused from work without pay for sufficient time to attend such conventions or meetings.

SECTION 4.05: The Company shall compensate an employee only for the regular straight-time hours actually lost by such employee because of the employee's documented participation in the contractual grievance procedure, K.O.S.H.A. inspections, and arranged meetings, as outlined below:

- (a) For time spent by Shop Stewards, Chief Stewards and other employees authorized by this Agreement to participate in the processing of a grievance under the terms of the grievance procedure set forth in Article 5.
- (b) For time spent by a Union member who is requested by the Company or K.O.S.H.A. to attend opening or closing conferences or the walkaround of a K.O.S.H.A. inspection of a Company facility.
- (c) For time spent in arranged Company authorized meetings with Company representatives.

SECTION 4.06: Union business except as specifically provided herein, shall not be conducted during employee's working time unless specifically authorized by the Company.

SECTION 4.07: Union members who are excused from work for the conduct of Union business, and who are not eligible for compensation by the Company for time so spent, shall,

upon request by the Union, be compensated by the Company for straight-time hours spent. 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.

SECTION 4.08: An employee who is elected or appointed to a full-time position with the Union shall be permitted to participate only in the following Company fringe benefit plans:

- (a) Group Medical Insurance Program
- (b) Group Dental
- (c) Retirement Income Plan
- (d) The programs described in Section 29.06

Except for the benefits described in subsection (d) above, the total cost of participation in the above-listed fringe benefit plans for an employee elected or appointed to a full-time position with the Union, and who elects to participate in such benefit plans, shall be paid for by the Union. Such cost shall be payable when due, upon proper notification to the Union, for all time the employee holds such elected or appointed position.

SECTION 4.09: For the purpose of Sections 4.02, 4.03 and 4.04 of this article, seven (7) calendar days shall be considered "proper written request" provided the Union is aware of the need for the individual's absence at that time. In any case, the Union will notify the Company as far in advance as possible if the seven (7) calendar day notification cannot be met. In such case, the Company will make every effort to accommodate the

Union's request consistent with operational needs. However, the Company shall not be obligated to release any employee if written notice is received less than forty-six (46) hours prior to the beginning of the employee's scheduled work day from which he seeks to be released in whole, or in part. Leaves of absence shall not be unreasonably withheld by the Company.

SECTION 4.10: With the exception of the provisions of Section 4.05 above, there shall be no other compensation for Union business.

SECTION 4.11: Bulletin boards shall be furnished by the Company for the Union's use for the purpose of posting notices to Union members. 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. Postings on bulletin boards shall be done by the Chief Union Stewards or their designated representatives.

ARTICLE 5

GRIEVANCE PROCEDURE

SECTION 5.01: A grievance is defined as a dispute an employee or the Union may have with the Company arising from or based on the interpretation, application or violation of the express terms of this Agreement and other related contractual agreements or established precedents.

SECTION 5.02: It is the intention of the parties that all complaints and grievances should be presented promptly and discussed within a reasonable time. It is the further intention of the parties that grievances should be settled, whenever possible, at the departmental levels where the greatest familiarity with the subject matter exists. Therefore, prior to filing a grievance at the First Step of the grievance

procedure, an employee who has a complaint or problem which may thereafter be a grievance, may informally discuss such complaint or problem with his immediate supervisor. If the complaint or problem is not resolved at this informal discussion, then it may thereafter be referred to the First Step of the grievance procedure.

It is agreed that all grievances, except those involving discipline or discharge, shall be settled and determined through the following grievance procedure. Discipline and discharge grievances will be processed in accordance with Article 7.

First Step - the Union or any employee who believes that he has a justifiable grievance shall, within fourteen (14) calendar days after the cause of the grievance is known to the employee, or when it could have reasonably been known to the employee, verbally present and discuss the grievance with his immediate supervisor. The Shop Steward shall be present at this meeting and shall identify the verbal presentation as a formal grievance. If the grievance is not resolved at this meeting, the shop steward will specify the issue of the grievance and the date of this meeting on the First Step grievance form provided by the Union. The supervisor will sign acknowledging receipt of the grievance. The supervisor shall, within fourteen (14) calendar days of the initial meeting, notify the employee and the shop steward of the disposition of the matter.

A meeting will be held, within the above fourteen (14) calendar day period, in an attempt to settle the grievance using mutual gains bargaining (MGB) principles. The meeting may be attended by the aggrieved employee, his Shop Steward

and Chief Steward or other designated Steward trained in MGB principles. Also in attendance may be the grievant's immediate supervisor and another management representative trained in MGB principals who shall then attempt to settle the grievance. Any new information the Union may discover after this meeting will be promptly brought to management's attention. The Union will not be unreasonably denied the opportunity to explain the new information, if necessary. Any settlement must be documented on the First step grievance form, signed by both parties and submitted to the Union Office and the Labor Relations Department. Within seven (7) calendar days of such settlement, the Union Office or the Labor Relations Department will have the opportunity to reject the settlement. If neither the Union Office nor the Labor Relations Department rejects the settlement, it may then be implemented. It is understood and agreed that settlements at this level of the grievance procedure shall not constitute a precedent for the interpretation and administration of this Agreement or any other like or similar grievance or grievances.

Second Step - If the grievance is not resolved, and is to be processed further, then within seven (7) calendar days after the supervisor's answer at the First Step of the grievance procedure or in the case of a rejected settlement, within seven (7) calendar days of notice of such rejection, the grievance shall be reduced to writing and submitted, by the President of the Union (or his designated representative) to the person designated by the Company for a Second Step grievance meeting. This meeting will be held

within fourteen (14) calendar days of receipt, if practicable.

At the Second Step grievance meeting, a member of the Labor Relations staff (together with such associates as he may wish to assist him in the matter) shall meet with the Union Grievance Committee (which shall be composed of the Union President, the Chief Steward, the Shop Steward, and the grievant or their designated representatives, together with such non-employee associates as they may wish to assist them in the matter) to discuss and attempt to resolve the grievance.

Within fourteen (14) calendar days after the Second Step grievance meeting is conducted, a person designated by the Company shall answer the grievance in writing and give such answer to the Union President. If the grievance is not resolved at the Second Step of the grievance procedure, then, as prescribed in Article 6 of this Agreement, the President of the Union (or his designated representative) may submit a written demand for arbitration to the American Arbitration Association with a copy to the designated Company representative.

At any time after the expiration of ninety (90) calendar days following the date of the Company's Second Step answer for discharge cases or six (6) months following the date of the Company's Second Step answer for all other cases, the Company may inform the Union Office in writing that such grievance must be submitted to Arbitration within fourteen (14) calendar days after the receipt of such letter, or it shall be defaulted in accordance with the terms of Section 5.03.

SECTION 5.03: Any dispute, complaint or grievance arising from an alleged violation of this Agreement by the Company shall be deemed, considered and held to have been waived unless the same is presented for settlement and determination within the time limits as spelled out in the various steps of the grievance procedure. In the event a grievance is not processed within the specified time limits, unless the Company and the Union mutually agree otherwise, the grievance shall be deemed to have been defaulted and it will thereafter be settled in favor of the non-defaulting party. It is further understood that if a grievance is defaulted or waived it shall not constitute a precedent for the interpretation and administration of this Agreement or any other like or similar grievance or grievances.

SECTION 5.04: It is agreed that the Company will compensate, per Article 4, Section 4.05 of this Agreement, the grievant and the Stewards, who are authorized in this article, for documented time spent in investigating, processing grievances and participating in grievance step meetings with Company representatives. "Substitutes," "assistants," or "replacements" will only be recognized as being entitled to compensation under this Section if, where practicable, written advance notification is received from the Union office naming the changes in designated representatives that the Union desires to make. The Union agrees to keep the Company notified in a timely manner as to who has been designated a Shop Steward or Chief Steward, and which group or groups of employees that each one represents and shall provide the Company with an up-to-date list at the beginning of each calendar month. The Union further agrees to assign each Shop Steward to his current work site or work group.

The First Step of the grievance procedure shall be conducted during the scheduled working hours of the grievant as far

as practicable. Second Step grievance meetings shall be conducted as far as practicable between hours of 8 a.m. to 5 p.m. Time of such meetings shall be by mutual agreement of the parties.

SECTION 5.05: In order to investigate grievances arising hereunder and/or to meet with representatives of the Company to attempt to adjust grievances for those employees in his designated work group or work area, the Union representative authorized to participate at the appropriate grievance step and to represent the grievant may be permitted to consult with any other employee within his designated work group or work area during the working time of either of them, provided he first obtains the permission of his own supervisor and then obtains the permission of the immediate supervisor of the employee being consulted and that such consultation shall not disrupt the Company's operations. The permission of the immediate supervisor in either case shall not unreasonably be withheld. Consultations of this nature shall be as brief as practicable with every reasonable effort made to limit their use to the involvement of only those employees as may be needed to establish the facts in each case.

In addition to the above limitations, grievance investigation as described herein shall be authorized only on Company property. However, after a grievance has been answered following the first step hearing, a Chief Steward may, if necessary, be authorized to attend the Union Office for purposes of grievance investigation provided, however, the appropriate labor relations/management representative receives a written request specifying the grievance being investigated, as well as the date, time and approximate duration of the investigation for which permission is requested. Such request must be received reasonably in advance of the date sought by the Chief Steward and shall be signed by the Union

President or a Business Representative. Permission to attend the Union Office, provided these conditions are met, shall not be unreasonably withheld.

Additionally, should an employee be suspended pending discharge pursuant to Section 7.04 of this Agreement, the appropriate Chief Steward will, if necessary, be authorized to attend the Union Office, during his working time, prior to the suspension hearing after first obtaining the permission of his immediate supervisor. Permission will not be unreasonably withheld.

SECTION 5.06: Whenever a grievance involves two or more employees, not more than two of the employees affected may be substituted for an employee or grievant wherever the words “employee” or “grievant” are used in the grievance procedure.

SECTION 5.07: Grievances which relate to matters which extend beyond a single section or department may originate in Step Two of this grievance procedure, provided that the initial time limits for filing a grievance in Step One of this grievance procedure are met. The time limits to answer at Step Two will apply.

SECTION 5.08: This grievance procedure may be varied at any time by mutual agreement, in writing, of the parties when such action appears to be necessary or desirable.

ARTICLE 6 ARBITRATION

SECTION 6.01: Any grievance not resolved in the Second Step of the grievance procedure may be submitted to impartial arbitration.

SECTION 6.02: The Union shall notify the Company of its intent to arbitrate a grievance by the procedure established in

Article 5, Section 5.02. Such notice shall include the name of the Union's representative.

SECTION 6.03: Within five (5) working days after receiving written notice from the Union that it has requested arbitration of an unresolved grievance, the Company shall notify the Union of its representatives. A meeting will be held between the parties to select one arbitrator from the panel submitted by the American Arbitration Association. This meeting shall be held in a timely manner so as to satisfy the selection requirements of the American Arbitration Association. At such a meeting, the parties shall attempt to resolve the grievance. If the grievance is not resolved at such a meeting, the two parties shall select an impartial arbitrator as hereinafter provided.

SECTION 6.04: Any grievance processed under the terms of this article shall be arbitrated in accordance with the voluntary Labor Arbitration rules of the American Arbitration Association which are then in effect and the Arbitrator for each such case shall be selected in accordance with said rules except that either party may reject one list per case; provided, however, that each list of arbitrators submitted by the American Arbitration Association shall contain the names of at least seven (7) arbitrators who are members of the National Academy of Arbitrators, selected without regard to the geographic location of their residence in relation to Louisville, Kentucky. No more than one grievance shall be simultaneously submitted to any one arbitrator unless the Company and the Union agree otherwise in writing. The Arbitrator so selected shall have power to receive testimony from parties to the dispute and to hear such witnesses as they may desire to present. The parties may, if they so desire, be represented by counsel in all proceedings had before the Arbitrator. The Company shall bear the cost of preparing and presenting its case to the Arbitrator and the Union shall bear

the cost of preparing and presenting its case to the Arbitrator. All other expenses of arbitration, such as but not limited to the Arbitrator's fee, the cost of recording and transcribing testimony if the parties mutually agree to split this cost or if the Arbitrator requests that the hearing be transcribed, and the hiring of a space in which the arbitration proceedings are held, shall be divided equally between the Company and the Union.

SECTION 6.05: The function of the Arbitrator shall be of a judicial rather than a legislative nature. The Arbitrator shall not have the authority to add to, ignore or modify any of the terms or provisions of this Agreement. The Arbitrator shall have power and authority to arbitrate only those matters expressly made subject to arbitration by the terms of this Agreement and shall rule only on the issues submitted to him. The Arbitrator shall have power only to interpret this Agreement and shall not have the power to alter or amend it. Except where prohibited, precluded or preempted by applicable law, the parties agree that in matters the 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. No decision of the Arbitrator shall require the payment of a wage rate or wage basis different from, or the payment of any wages in addition to, those expressly set forth in this Agreement. In any discharge or disciplinary layoff case where the Arbitrator decides that the aggrieved employee should be awarded any back pay, the Company shall be required to make the employee whole to the extent of the Arbitrator's award but shall be entitled to full credit on such award for the employee's gross interim earnings received or receivable by the employee during the period he was not working for the Company. Subject to the foregoing

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

SECTION 6.06: Only the Union shall have the right to process and appeal grievances under this Agreement and only the Union shall have the right to take to arbitration any grievance processed under this Agreement. If the Union fails, refuses or declines to prosecute a grievance on behalf of an employee, or if the Company and the Union settle any grievance on behalf of an employee hereunder, the employee who has filed such grievance or on whose behalf it has been filed shall be conclusively bound thereby and both the Union and the aggrieved employee shall thereafter be estopped to revive or further prosecute said grievance.

SECTION 6.07: Upon mutual agreement of both parties, grievances involving discipline or discharge may be submitted to Expedited Arbitration. Any grievances submitted to Expedited Arbitration under the terms of this article shall be conducted in accordance with the Expedited Labor Arbitration Rules of the American Arbitration Association.

SECTION 6.08: In discharge cases, provided either party desires to file a post-hearing brief, such briefs shall be filed not more than three (3) weeks from the close of the hearing or two (2) weeks from receipt of the transcript of proceedings, whichever occurs first.

ARTICLE 7

DISCIPLINE AND DISCHARGE

SECTION 7.01: The Company shall have the right to discharge an employee during his probationary period with or without cause, and without recourse by the Union or by such probationary employee to the grievance procedure of this Agreement.

SECTION 7.02: The maintenance of discipline is the responsibility of the Company and to that end, the Company shall have the right to discipline or discharge employees, who have completed their probationary period, for just cause. The Company will send the Union Office a copy of any written disciplinary action given to employees covered by this Agreement and also shall provide a copy to the Union Steward. Such notice will be given as soon as possible after the action takes place.

SECTION 7.03: Any employee called in for disciplinary action or for an investigation which could result in disciplinary action, for that employee, shall be informed of his right to Union representation and shall be allowed to obtain such representation if he so desires before such action or investigation takes place. A copy of any disciplinary action taken shall be given to the employee. The Union or the employee may, within fourteen (14) calendar days after the administration of disciplinary action, appeal such action directly to the Second Step of the grievance procedure in Article 5.

SECTION 7.04: In cases in which the Company determines that an employee's conduct may justify discharge, such employee shall first be suspended for a period not to exceed the equivalent of forty (40) hours of scheduled work time. During this period of initial suspension, the employee and/or the Union may request a hearing before the appropriate manager or his designated representative. At such hearing, all facts giving rise to the employee's disciplinary action will be presented to the Union and discussed between the parties. The president of the Union (or his designated representative) will be notified and given an opportunity to be present or have his designated representative present. After such hearing, or if no such hearing is requested, the Company shall determine

the appropriate penalty, if any, to be given to the employee. Written notice of such determination shall be given to the employee, with a copy to the Union Office and the Union Steward.

SECTION 7.05: In the event the Company's disposition is unsatisfactory to the Union, the Union may, within five (5) working days after such disposition, appeal the final disciplinary action directly to the Second Step of the grievance procedure in Article 5 without prejudice to Section 7.04 of this article or Sections 5.01 and 5.02 of Article 5. However, only one grievance shall be processed.

SECTION 7.06: Unless additional time is necessary to investigate misconduct, and provided the Union approves of such additional time, the Company shall otherwise impose discipline within five (5) of the employee's workdays from the time the Company knows or could have reasonably known of the conduct for which the discipline is imposed.

SECTION 7.07: 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.

ARTICLE 8 HOURS OF WORK

SECTION 8.01: The normal workday is eight (8) consecutive hours of work between the hours of 6:00 a.m. and 6:00 p.m., exclusive of time out for lunch. The normal workweek is five (5) such regularly scheduled consecutive days (forty [40] hours), Monday through Friday, except where otherwise provided. In the case of shift workers, the normal workweek is either five (5) consecutive scheduled workdays and two scheduled off days or two (2) consecutive scheduled off days and five (5) workdays.

The payroll week shall consist of seven (7) consecutive days beginning 12:01 a.m. Monday and ending the following Sunday midnight. The Company shall not reduce the hours of work below that which constitutes the normal workweek in lieu of layoff as set forth in Article 10, except upon mutual agreement of the parties.

SECTION 8.02: All employees covered by this Agreement shall be classified as “day workers” or “shift workers.”

- (a) Day workers are defined as those employees working the normal workday schedule as described in this article and shall not be entitled to any shift premium as described in Section 8.05.
- (b) Shift workers shall be described as those employees regularly scheduled on other than the normal day workers schedule and shall be entitled to the applicable shift premium attached to the shift so worked as described in Section 8.05. Shift workers working the day schedule shall not be entitled to any shift premium.

SECTION 8.03: The regular starting and quitting time for each employee or group or shift, and the days to be worked in any workweek shall be established from time to time by the Company. The Company will notify an employee of any change in his regular scheduled workweek at least forty-eight (48) hours prior to the change. All schedules shall be posted or given to involved employees, whichever is more appropriate.

SECTION 8.04: Employees who are not given notice as described above shall be entitled to the applicable premium as outlined in Article 9 - Overtime of this Agreement.

SECTION 8.05: For the purposes of identification, work shifts shall be described as the First Shift, Second Shift and

Third Shift. For example:

The First Shift will ordinarily begin at 7:00 a.m. and end at 3:00 p.m.;

The Second Shift will ordinarily begin at 3:00 p.m. and end at 11:00 p.m.;

The Third Shift will ordinarily begin at 11:00 p.m. and end at 7:00 a.m.

When the majority of an employee's hours is worked within the above described Second or Third Shift, shift premium for those hours will be paid as follows:

Second Shift \$.90

Third Shift \$1.05

SECTION 8.06: Shift Premium for hours worked:

- (a) Shift Premium for overtime hours worked by shift workers on a scheduled work day:
- (1) A shift worker scheduled for the second shift who works either call-in or planned overtime before or after his shift, will receive second shift premiums for all hours worked.
 - (2) A shift worker scheduled for the third shift who works either call-in or planned overtime before or after his shift will receive third shift premium for all hours worked.
 - (3) A shift worker scheduled for the first shift who works either call-in or planned overtime before or after his shift, will receive no shift premium for any hours worked.
- (b) Shift Premium for overtime hours worked by shift workers on scheduled offdays:

- (1) If a shift worker works either planned or call-in overtime on a scheduled off day, the applicable shift premium for the hours worked will be paid in accordance with Section 8.05, above.
- (2) The procedure set forth in (a) (1) through (3) above will also be applicable to shift workers who work more than eight (8) hours on a scheduled offday.
- (c) Shift Premium for hours worked by day workers on a scheduled work day:

Shift Premium will be paid to day workers when they are rescheduled to work hours, on a scheduled work day, for which shift premium is applicable.
- (d) Shift Premium for overtime hours worked by day workers on a scheduled offday:
 - (1) Day workers who work planned overtime on their scheduled offday are entitled to the appropriate shift premium.
 - (2) Day workers who work call-in overtime on a scheduled offday are not entitled to shift premium for any hours worked.
 - (3) A day worker who is “called in” for work on his first scheduled offday and is subsequently scheduled to return his second scheduled offday, the first offday is considered “call-in” and shift premium is not applicable. The second offday will be considered “planned” if the employee is notified prior to the end of the shift on his first offday and the employee will be paid the appropriate shift premium as set forth in (d)(1) above.

In (c) and (d) above, if the hours worked are divided evenly between the shifts, shift premium will be paid on the basis of

the shift on which work was started.

SECTION 8.07: Payment for hours worked which are eligible for daily, weekly or holiday overtime shall be calculated on the basis of the employee's basic wage rate plus the shift and/or Sunday premium applicable to the shift for which he is scheduled for the day.

SECTION 8.08: If the Company elects to permanently add a new shift, permanently eliminate an existing shift, or permanently change the hours of an existing shift it will notify the Union as early as possible of the change, and meet and discuss the changes prior to implementation, if requested. However, the establishment of a workweek which is not normal as defined in Section 8.01 will be by mutual agreement of the parties. Permanent, as used in this section, is defined as a change which, at the time of change, the Company anticipates will exceed one hundred twenty (120) calendar days. At any time during the process described below, either Party may notify the other of their desire to negotiate the change.

Once notified that an existing shift is no longer acceptable to the Company, the Union may request that a joint task force be formed to recommend alternative shifts either prior to, or in lieu of, negotiating the change. Recommendations that are acceptable to both the Union and Company may be submitted to the affected employees for a vote. If more than 50% of the votes cast support an approved alternate shift, that shift will become effective for a minimum of 12 months. If no alternative receives more than 50% support, a run off vote of the two highest alternatives will be held. Following a run off vote, if the majority of the votes do not support an alternate shift, the Parties may negotiate the change in the original shift.

If the employees or Union desire to permanently change an existing shift, the Chief Steward will notify the appropriate

Manager and present the issue and suggested solution(s). Upon approval by the Manager, a joint task force may be formed to develop recommendations. Alternatives that are acceptable to both the Union and Company, including the shift in existence at the time, may be submitted to the affected employees for a vote. The shift that receives two-thirds or more support of those votes cast may become effective for a minimum of 12 months. If no choice receives at least two-thirds support, the existing shift shall remain unchanged for at least 12 months, or until the Company elects to permanently change the shift in accordance with this Section.

The above process may also be utilized for any change to a shift selection process which exists under the terms of Section 10.21. Should either a four (4) day, ten (10) hours per day work schedule or 12 hour shift be established, the terms of Appendix B shall apply.

SECTION 8.09: Except when otherwise provided for in this Agreement, an employee shall be required to work, if physically capable thereof, at any time so requested and necessary in the performance of the Company's reasonable needs or its obligations to its customers as a public service corporation unless specifically excused for reasonable cause.

ARTICLE 9 OVERTIME

SECTION 9.01: Overtime shall be defined as time worked in accordance with the provisions of this article and compensation for overtime hours shall be as follows:

- (a) One and one-half (1-1/2) times the employee's straight-time hourly wage rate shall be paid:
 1. For all work performed in excess of eight (8) straight-time hours in any one day or forty (40) straight-time hours in any one workweek;

2. For work on the first scheduled offday of the workweek, provided the employee worked each of his five (5) regularly scheduled work days during the workweek, unless not worked for reasons set forth in Section 16.05. Additionally, for work performed on the second scheduled offday, if the employee has been offered overtime or has been contacted for overtime which he does not work on his first scheduled offday or if the first scheduled offday was not worked at the overtime rate.
3. For the first eight (8) hours worked in any one day for another utility company performing emergency electric service restoration.
4. For any change in an employee's schedule without proper notice as set forth in Section 8.03 of Article 8 and Section 9.03 of Article 9.
5. For the first eight (8) hours of work performed on observed holidays, in addition to the basic holiday pay allowance;
6. For all continuous hours worked by an employee who is called in or who voluntarily reports for an emergency and who is permitted to work more than four (4) hours before his regular starting time. An emergency, as used in this article, is defined as an occurrence or situation which can neither be anticipated, not postponed and which might or could cause loss of or interruption of service or might or could cause personal injury or property damage.
7. For the first scheduled workday following the first off day of an employee's workweek in which the employee is not allowed either two (2) consecutive off days or five (5) consecutive workdays as

described in Article 8, Section 8.01.

- (b) Two (2) times the employee's straight-time hourly wage rate shall be paid:
1. For all hours of work performed in excess of eight (8) hours on an observed holiday;
 2. For all hours worked over eight (8) hours in any one day for another utility company performing emergency electric service restoration, however, if that company's overtime pay practice would provide more wages, then the employee will receive the greater of the two.
 3. For all hours worked in excess of sixteen (16) consecutive hours;
 4. Except as provided in 9.01(a)2, for all work performed on the second scheduled offday of the workweek.

SECTION 9.02: Employees required to work back-to-back shifts, which fall into two regularly scheduled workdays, shall be paid overtime for the hours worked on the second shift, provided the first shift was worked at straight time. However, if an employee voluntarily trades a shift with another employee by mutual agreement and with appropriate approval, he shall not receive overtime for such hours worked, except where he works more than forty (40) hours in any one week. An employee who is required to work a back to back shift may, prior to the start of the second shift, make his desire known to be released after working four (4) hours of the second shift. A reasonable effort to allow the employee to be released will be made, except in emergency situations.

SECTION 9.03: In the event the regular work schedule of an employee is changed without proper notice, as set forth in

Article 8, Section 8.03, the overtime obligation as set forth in Section 9.01(a) (4) will apply only for those days for which the schedule has been altered.

An employee may be scheduled or directed to work overtime before and/or after his regularly scheduled workday, and that shall not constitute a change of schedule.

This Section 9.03 shall have no application if an employee, upon his own request, is permitted to change his daily or weekly work schedule, or if an employee's work schedule is changed as the result of his being transferred because of a job bid or to fill a job promotion or vacancy in accordance with this Agreement.

SECTION 9.04: When an employee is called in to work, or voluntarily reports for and is allowed to work an emergency as defined in Section 9.01(a)6., outside of his regularly established work schedule, he shall be paid a minimum of four (4) hours at the applicable rate from the time the employee reports to work. If an employee is called outside his regularly established work schedule, for information pertaining to Company work which can be handled by phone, the employee will be paid for time actually spent in such conversations at the appropriate overtime rate.

SECTION 9.05: For the purposes of this article, overtime shall be defined as "planned" overtime or "call-in" overtime.

- (a) "Planned" overtime shall be defined as overtime anticipated or scheduled in advance of the overtime and about which the employee was notified, prior to leaving the Company's premises. Additionally, when an employee is directed to report for work outside his regular schedule, directed to continue working at the conclusion of his regular workday (except for emergency work), or

after reporting to his work location such overtime will be treated as planned overtime.

- (b) “Call-in” overtime shall be defined as all overtime worked which requires the Company to call in an employee outside his regular schedule after such employee has been released from work or when held over for emergency work. The employee will be considered to have been contacted for call-in overtime if he has a telephone and a reasonable effort is made to reach the employee at his telephone number appearing on the Company’s records. It is the obligation of the employee to advise the Company of his current telephone number.

SECTION 9.06: Employees who are called-in to work more than four (4) hours before their regular starting time and who are thereafter excused and released from duty for a period of time not to exceed four (4) hours, shall have all hours actually worked treated as continuous hours for the purpose of overtime (exclusive of all hours the employee is released from work). If such employee remains on the Company premises at the direction of the Company or if such release from duty is within two (2) hours of his normal starting time, such time will be paid at the appropriate overtime rate and treated as continuous. Additionally, employees called back within four (4) hours of being released 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.

SECTION 9.07: When, in the opinion of the Company, an employee has worked for such an extended period of time as to impair his effectiveness or present a hazard to the health or safety of his fellow employees, he may be required by the

will an employee be required to work more than sixteen (16) consecutive hours without an eight (8) hour rest period. Such rest period shall be taken in its entirety unless he is requested and agrees to return to work before the expiration of such eight (8) hour rest period. If such rest period runs into the employee's regular workday, he shall be compensated at his regular straight-time rate for all such hours to a maximum of eight (8) straight-time hours unless the rest period was initiated by the employee in accordance with this section or the rest period was initiated after an employee has worked more than sixteen (16) consecutive hours on successive days in response to an emergency as defined in Section 9.01 (a) 6. In the event any such eight (8) hour rest period terminates within two (2) hours or less of the end of the employee's regularly scheduled shift, the employee shall have the election of either returning to work at his regular straight-time hourly rate or not returning to work and forfeiting the remaining hours in his shift.

SECTION 9.08: If an employee is released from duty after sixteen (16) consecutive hours of work and is requested to return to work and agrees to return to work during his regular scheduled workday without the eight (8) hour rest period, such time worked in the regular scheduled workday shall be paid at the overtime rate in effect at the time of release from duty.

SECTION 9.09: It is understood and agreed that overtime will not be paid on overtime or otherwise duplicated or pyramided unless specifically provided herein. Additionally, an employee shall not be paid both daily and weekly overtime for the same hours worked.

Section 9.10: The Company agrees to distribute overtime opportunities as equitably as practicable among the employees where overtime is required. Accordingly, the Company

will make a reasonable effort to equalize overtime opportunities among employees in each work group who are qualified and available to perform the overtime work. Any irregularities in the distribution of overtime that are brought to the attention of supervision by the affected employees will be reviewed on an annual basis. The Company will meet with the Union to determine an appropriate resolution.

Section 9.11: Individual work groups, to include their management, may determine the appropriate system for distributing overtime opportunities in accordance with the following guiding principles:

- The system must be responsive to customer's needs, be cost effective and provide for safe accomplishment of the overtime work.
- The system must be flexible enough to accomplish the first principle under varying situations (i.e., call-in, planned, emergency)
- The system must be simple to administer and rely only on information systems that exist for other business reasons (i.e., Payroll).

For the purpose of determining individualized systems, work groups may vary depending upon organizational design, but will generally consist of employees who are qualified and available to perform the overtime work at a location.

Each work group will notify the Union office and labor relations when an individualized system is chosen and provide a description of the system it is using. The equalization provisions set forth in section 9.10 above shall be applicable until such time as the work group provides this notice.

All issues and disputes arising under this Method are to be resolved within the affected work group. Should a work group be unable to effectively operate its system, or be unable to resolve disputes, the sole and exclusive remedy will be a return to the provisions set forth in section 9.10 above.

ARTICLE 10

SENIORITY

SECTION 10.01: An employee's seniority shall be computed from the date of his most recent employment by the Company (unless otherwise provided herein) except that a new employee shall be on probation for twelve full months from the date of his last employment, and during said period may be discharged with or without cause. However, time away from work by a probationary employee will not be credited toward his probationary period. After serving the probationary period, a new employee shall be placed on the seniority list and given seniority as of the first day he was last hired by the Company. There shall be no seniority among probationary employees and there shall be no responsibility for re-employment of probationary employees if they are laid off or discharged during their probationary period. Probationary employees shall be entitled to the benefits and privileges provided for temporary employees, as outlined in Section 11.04 of Article 11.

SECTION 10.02: Seniority, for the purposes of this Agreement, is the length of continuous service dating back to the first day of the last date the employee was hired by the Company. Where used in this Agreement, the term "seniority" will be construed to mean classification seniority; departmental seniority; or Company seniority.

- a. Classification seniority shall mean an employee's length of continuous service in a given job classification to which the employee has been permanently assigned. For purposes of layoff within a line of progression, classification seniority shall accumulate on all lower job classifications in a line of progression in addition to any service in such lower jobs.
- b. Departmental seniority shall mean an employee's length of continuous service in the payroll division to which the employee has been permanently assigned.
- c. Company seniority shall mean an employee's length of continuous service with the Company.

SECTION 10.03: An employee shall lose seniority and his status as an employee shall cease for any of the following reasons:

- a. If an employee retires, quits or is discharged for cause.
- b. If an employee has not actively worked for the Company twenty-four (24) consecutive months, or for a period of time equal to his Company seniority, whichever is the lesser (unless otherwise provided elsewhere in this Agreement).
- c. If an employee, after having been laid off, fails to report for work within seven (7) calendar days when called by the Company by certified mail or telegram, sent to the employee's last address appearing on the Company's records; provided, however, that where an employee has been laid off for three (3) months or more, he will have seven (7) calendar days from the day called back to work by the Company, as set forth above, to notify the Company of his desire to return to work and he must report for work within five (5) working days thereafter.

SECTION 10.04: Qualifications, experience, physical conditions and ability to perform the available work shall be controlling factors in promotion of employees. Accordingly, in promotions or in selecting a successful job bidder, the Company will promote or select the most senior, qualified employee who possesses these minimum qualifications. In the case of employees being promoted in accordance with the “opportunity to advance” provisions of Appendix A, the effective date of such promotion shall be the beginning of the payroll period nearest the actual date the employee has satisfied the minimum qualifications listed above.

Notwithstanding the preceding paragraph, in the event the Company decides to fill a vacancy in a job classification above journeyman in lines of progression, it will be filled by employees who, in the Company’s judgment, are most qualified to perform the duties of the job. Management will determine the above journeyman selection process and it is agreed seniority will be a component utilized in the process.

Except in the case of employees being promoted in accordance with the “opportunity to advance” provision of Appendix A, if a junior employee is selected for promotion over a senior employee, a written notice of such action, and the reason therefore, will be given to the senior employee and his Chief Union Steward prior to the effective date of the promotion. The failure to promote the senior employee will not affect his consideration for future promotion. An employee may decline consideration for promotion to classifications above journeyman by submitting a written waiver of consideration to his supervisor, with a copy to the Union. However, the preceding sentence shall not apply to those employees who, as of January 1, 1990, have ten (10) or more years of Company seniority, who may waive promotion to any classification. Such waiver shall remain in effect until the employee submits

a written revocation thereof to his supervisor.

An employee promoted into a job classification must satisfactorily progress from possessing the minimum qualifications for that classification to a fully qualified level expected of that classification in a period of time equal to the duration of wage step progressions applicable to the classification. Satisfactory progress shall be defined by application of the Employee Performance Review (EPR) system in effect. At the time of the EPR, an employee shall be counseled with respect to those areas of his evaluation that were deemed to be unsatisfactory. Such employee will be re-evaluated within ninety (90) calendar days. After the ninety (90) calendar day re-evaluation, should such employee's performance still be deemed to be unsatisfactory, that employee may be demoted and will be eligible for promotion only upon showing that the employee possesses the necessary qualifications. A demoted employee may request to be evaluated for the purpose of promotion eligibility after ninety (90) calendar days from the date of his demotion.

SECTION 10.05: Entry level jobs within a line of progression and vacancies in other jobs not in a line of progression, which the Company decides to fill internally, will be posted in accordance with this Section.

Any non-entry level job vacancy within a line of progression, which the Company decides to fill, will be filled by a qualified lower or equal rated employee within such line of progression in accordance with the employee's classification seniority. Where more than one classification of employees in the line of progression are eligible to fill the opening, relative seniority between employees within such classifications will be determined by company seniority. If there are no employees within a line of progression who are qualified for promotion, the Company may, but shall not be required to, post the job

vacancy in accordance with this Section.

In selecting a successful job bidder, job bids from within the Payroll Division where the opening occurs will be given first consideration on the basis of Company Seniority. If no qualified bidder is found there, job bids from other Payroll Divisions of the Department where the opening occurs will receive next consideration. If no qualified bidder is found there, job bidders from the remaining Departments will be considered.

In cases where no qualified employee within the bargaining unit has bid upon a job vacancy, such job vacancy may be filled by the Company with persons from any other source, either within the Company or from outside subject to the limitations contained in Section 10.17 of this Article.

The Company will take final action with respect to all job postings within fourteen (14) calendar days after the posting is taken down, unless additional time is needed for testing, scheduling physicals, etc. Until the Company has selected an employee to fill such job vacancy, the vacant job may be filled temporarily in any manner the Company sees fit.

An employee who submits a bid shall not be declared the 'successful job bidder' until he has been interviewed by a departmental representative in the department wherein the posted job exists. During this interview the employee's questions concerning the job will be answered following which the employee may remove his name from further consideration for the job. If the employee does not remove his name from further consideration and he is otherwise qualified for the posted job, he will be the 'successful job bidder' upon successful completion of the physical examination. Should the job require a Commercial Driver's License (C.D.L.), the employee will have thirty (30) calendar days, or as soon as the

Department of Transportation (D.O.T.) schedules will allow from the date of this interview in which to obtain the required license before being disqualified.

An employee who removes his name from consideration for a posted job following the interview shall not bid again for six (6) months.

Unless no qualified replacement is available as detailed in Section 10.06, and provided a replacement is required before an otherwise successful job bidder can be released, the Company shall take steps to accommodate such release as soon as is practicable under the circumstances.

Should a successful job bidder be disqualified at any time during or prior to his contractual trial period, the job opening will be offered to the next most senior qualified bidder who has not been awarded a job through a subsequent job bid. Should this occur, the job will then be offered to other qualified bidders on the initial bid list in order of Company seniority until the job is filled or the list of bidders has been depleted. Should such offer be made sixty (60) calendar days or more after the bidder was notified that the job was awarded to a senior employee then, the employee will have the option of accepting the job bid or removing his name from the list of bidders for that job. The Company may, but shall not be required to repost the same job vacancy. A job bidder who is disqualified shall be permitted to bid again on any future posting.

All notices of job vacancies will be posted Company-wide for ten (10) calendar days. Employees must submit original job bids online utilizing the applicant tracking system during the posting period. A bidder may withdraw his bid no later than two (2) calendar days after the removal of the job posting through the applicant tracking system.

The job bidder is responsible for providing the staffing department with verification of any educational attainments which are a requirement for the posted job. Such verification must be received no later than fourteen (14) calendar days after the removal of the job posting.

The Company may withdraw a notice of job vacancy at any time after being posted, but the Union shall be notified, in writing, of any such withdrawal and given the reason therefore.

The staffing department will provide the Union Office a copy of all job bids and any withdrawal of job bids submitted. They will also notify the Union Office of the successful bidder for all jobs filled under this section.

If an employee is a successful job bidder, as authorized by any provision of this Article during the term of this Agreement, he shall not bid again unless disqualified during or prior to his contractual trial period.

Notwithstanding the provisions of Section 10.05 and 10.06, employees hired after November 10, 2005 through November 10, 2014 shall have no right to bid on available openings forty-eight (48) months from date of hire. Employees hired after November 10, 2014 shall have no right to bid on available openings for sixty (60) months from date of hire.

SECTION 10.06: Once following May 16, 2001, provided the employee has not already successfully bid as limited by Section 10.05 of this Article, an employee shall be permitted to make a demotional job bid only to an established job

there is a qualified employee available and willing to take his place.

An employee who makes a demotional job bid into another line of progression where there is no incumbent employee qualified for promotion, shall be allowed to fill the highest job classification within that line of progression for which he is qualified and for which there is an opening.

SECTION 10.07: Any employee who is an active participant in a designated formal comprehensive training program above and beyond existing “on the job” training practices and procedures shall be precluded from bidding. Upon request, the Company will provide the Union with a list of all employees who are active participants in such training programs. An employee who is promoted within the training program shall not bid for three (3) years following successful completion of training program.

SECTION 10.08: For purposes of establishing the appropriate rate of pay, the reclassification of an employee for any reason, except as provided in Section 10.24, shall be defined as either Promotional, Lateral or Demotional. Such determination will be based upon the assigned pay grade for the classification the employee occupies relative to the assigned pay grade for the classification to which he is being reclassified. The appropriate rate of pay will be determined as follows:

- a. Promotional: the employee receives a minimum increase of twenty (20) cents per hour, or the entry rate of the new pay grade.
- b. Lateral: the employee retains his rate of pay in effect at

or

(2) that rate of pay is more than the highest rate for his new classification in which case he would receive the highest rate for his new classification.

c. Demotional: the employee receives the pay rate consistent with the rate of pay provisions in Section 10.24 for redeployed employees.

In all cases, classification seniority is established as of the date the employee was reclassified and any wage step progressions are based upon his classification seniority in his new classification.

SECTION 10.09: The Company may fill up to 50% of the job vacancies that occur within each department in a rolling twelve month period from external sources, without regard to the posting provisions of Section 10.05 or redeployment provisions of Section 10.24. For the purposes of this section, redeployment within a department will not constitute a job vacancy. The Company will provide written notification to the Union for the initial filling of a vacancy, whether internal or external for purpose of administering this section.

SECTION 10.10: An employee who is reclassified shall have an on the job trial period not to exceed thirty (30) calendar days. Such thirty (30) calendar day period may be extended by written notice to the employee, for up to an additional thirty (30) calendar days. Such trial period(s) may also be extended in an amount of time equal to all time the employee is off duty during such period(s). An employee who fails to qualify during his trial period(s) will be returned to his previous job and rate of pay with no loss of seniority, if

Section 10.24.

SECTION 10.11: Seniority, qualifications, physical condition and ability to perform the available work shall be controlling factors in layoff and recall of employees. Accordingly, the Company will retain the most senior employees who possess these minimum qualifications and lay off employees with less Company seniority. It is agreed, however, that in case of layoff, no employee, regardless of his qualifications, physical condition, ability or seniority, shall have the right to displace an employee unless he is qualified, without further training and instruction, to satisfactorily perform the work of the employee being displaced.

SECTION 10.12: In layoff and in the elimination of or reduction within a job classification within a Department, the Company generally subscribes to the principle of “last in, first out.” To that end, layoffs will be handled in accordance with the following procedure:

In the event it becomes necessary to reduce the number of employees within a line of progression, the Company shall notify employees whose jobs are eliminated of such elimination. The least senior employees within the line of progression shall have their jobs eliminated first. (For non-line of progression jobs, the least senior employees within the classification shall be affected first.) An employee whose job is eliminated shall have the right to a job within a line of progression (or non-line of progression job) provided there is a less senior incumbent in the line of progression (or non-line of progression job) whose job the employee is qualified to satisfactorily perform without further training and instruction.

Provided the foregoing conditions are met, the least senior

causing the displacement shall be entitled to fill the highest job classification within the line of progression for which he is qualified without regard to the classification held by the displaced employee. Any employee displaced by a more senior qualified employee shall have the same rights under this Section as an employee whose job is eliminated.

Additionally, during the term of the current Collective Bargaining Agreement only, after all displacements are accomplished through the above process, any employee hired prior to November 11, 2008 who does not have a job may displace the most junior employee in the Company provided:

- a) the junior employee was hired after November 10, 2008 and;
- b) the senior employee possesses the minimum qualifications for the entry level classification in the junior employee's line of progression, and
- c) the total number of employees displaced in any line of progression through the combination of normal bumping rights and the additional bumping right of this paragraph will not exceed 10% of the number of employees in the line of progression or 10, whichever is less, by virtue of this additional bumping opportunity.

SECTION 10.13: The Company shall be the judge of qualifications and ability of employees in case of layoffs, recall from layoffs, promotions, and job bids. However, where the strict application of seniority is not applied, such decision may be subject to the grievance and arbitration procedure of this Agreement.

SECTION 10.14: In case of layoff all probationary and temporary employees shall be laid off before any employees who have established seniority are affected, unless there is no

SECTION 10.15: Employees to be laid off will be given as much notice as is reasonably possible prior to the layoff. However, in no event will any employee be given less than two (2) weeks notice in writing prior to a layoff. A copy of such layoff notice will be given to the Chief Union Steward for the department where the layoff will be effective.

SECTION 10.16: The Company will not hire new employees (which shall include probationary and temporary) in any job classification while it has employees on layoff qualified to do the available work until those employees on layoff have been restored to do the available work or removed from the seniority roster as provided for elsewhere in this article.

SECTION 10.17: If an employee is subject to being laid off he may accept any job for which he is eligible and qualified or he may voluntarily choose to accept layoff.

SECTION 10.18: When it becomes necessary to increase the workforce after a layoff, the Company shall first post the job openings in accordance with Section 10.05 of this Article. If there are no qualified bidders, the Company shall recall laid off employees in accordance with their Company seniority.

SECTION 10.19: When an employee in the bargaining unit covered by this Agreement is promoted or transferred to a job outside the bargaining unit he shall retain his earned Company and classification seniority, but shall not have such seniority accumulate during such period of employment outside of the bargaining unit for purposes of this Agreement except for fringe-benefit purposes. Such employee may be returned to his former job classification within the bargaining unit at the Company's discretion not later than one hundred twenty (120) calendar days following his promotion provided, however, that no other employee will be demoted or moved out of the line of progression to permit his return to said job classification.

SECTION 10.20: An employee who is unable to work because of an occupational or non-occupational injury or illness shall have his medical, dental and life insurance coverage continued in accordance with the terms of this Agreement until the end of the twelfth full calendar month following the date the employee's absence began.

SECTION 10.21: When there is a work assignment opening within a job classification, such work assignment may be chosen by the senior qualified employee within the department, by classification seniority, where the opening occurs. The opening shall be filled in accordance with rules and regulations agreed to by the parties. If no qualified employee selects the open work assignment, the Company may assign the least senior qualified employee to the vacancy.

SECTION 10.22: Not less than fourteen (14) calendar days preceding a layoff, the parties shall meet to discuss any subcontracting practices which the Union considers to be in violation of this Agreement should such subcontracting continue. The Union shall be furnished with a complete list of all contractors performing services for the Company and the information called for otherwise in Article 24, Section 24.02 of this Agreement.

In the event a dispute arises as a result of the discussion, the parties shall immediately request a panel of not less than fifteen (15) Arbitrators from the American Arbitration Association who are available to hear and decide the case promptly. The parties shall alternately strike names until three remain. The three remaining names shall be submitted to the American Arbitration Association which shall appoint the Arbitrator most readily available to hear and decide the case.

The preparation of a transcript of proceedings and the submission of briefs shall be in accordance with Article 6,

Section 6.08 of this Agreement.

SECTION 10.23: When a question of seniority arises where two or more employees have identical seniority dates, the following procedure shall be used to determine seniority:

- a. departmental seniority breaks ties in classification seniority;
- b. Company seniority breaks ties in departmental seniority;
- c. ties in Company seniority are broken by a procedure established between the chief steward(s) and the management representative(s) where the tie exists. The affected employees will be given the opportunity to be present where reasonably practicable.

SECTION 10.24: When it becomes necessary to reduce the number of employees in a line of progression or a non-line of progression job, because of operational need and/or technological advancement, and such reductions may be accomplished through a redeployment process in lieu of the layoff process described in Section 10.11 through 10.18, the following process will be used:

The Company will notify the Union of the designated lines of progression or non-line of progression jobs where the number of incumbents exceed the desired level and will specify the desired level of staffing. All employees in the designated line of progression or non-line of progression job are considered subject to redeployment until the number of incumbents is reduced to the desired level. As long as there are employees subject to redeployment, openings are not subject to the posting requirement of Article 10, Section 10.05.

Specific Redeployment:

The Company will notify the Union of the need to ac-

compish a specific redeployment of employees, identifying the specific lines of progression or non-line of progression jobs to be reduced and the available openings designated to accomplish the redeployment, and will meet and discuss the situation, if requested. In a specific redeployment situation, openings will be offered first to employees in the specified lines of progression or non-line of progression jobs who have previous experience or similar line of progression experience which qualify them for a classification higher than entry level in the new line of progression. Thereafter, openings will be offered to qualified employees on the basis of classification seniority. If qualified senior employees do not elect to fill such openings, then the junior qualified employees may be transferred on the basis of classification seniority.

General Redeployment:

Openings which are not designated to accomplish a specific redeployment, in accordance with the preceding paragraph, will be made available through a bidding process to all qualified employees subject to redeployment. In selecting the successful job bidders, the opening will be offered first to employees, on the basis of Company seniority, who have previous experience or similar line of progression experience which qualify them for a classification higher than entry level in the new line of progression. Thereafter, job bids from within the payroll division where the opening occurs will be given first consideration on the basis of company seniority. If insufficient qualified bidders are found there, job bids from other payroll divisions of the department where the opening occurs will receive next consideration. If insufficient qualified bidders

are found there, job bidders from the remaining departments will be considered. If insufficient qualified bidders are found there, the junior qualified employees subject to redeployment may be transferred on the basis of Company seniority.

The bidding process provided for in this section shall be separate from that described in Section 10.05 and shall not constitute a job bid as defined in Section 10.05.

Classification and rates of pay of employees who are reclassified pursuant to this section shall be as follows:

Classification:

Employees will be reclassified to the highest classification in the new line of progression for which they are qualified and an opening exists.

Rate of Pay:

The rate of pay for any employee reclassified under this section will be determined based upon the following table. “From” means the classification held by the employee immediately preceding the transfer. “To” means the classification to which the employee is being reclassified.

FROM	TO	RATE OF PAY²
Journeyman or Above	A Line of Progression Job	The higher of the rate of pay for the intermediate ¹ classification in his former line of progression or his new line of progression.

Journeyman or Above	A Non-Line of Progression Job	Red Circled at the rate of pay for the intermediate ¹ classification in his former line of progression.
Below Journeyman	Any Job	Red Circled at the “50% rate” as defined in Appendix “A.”

NOTE 1: For employees who are journeyman or above in a two classification line of progression (i.e., Customer Service Representative-Meter Reading) the intermediate classification in their old line of progression will be the journeyman classification.

NOTE 2: An employee transferred to a line of progression classification will receive the above wage protection for a period of time equal to the duration of the wage step progression applicable to the classification plus six (6) months after which, if not fully qualified, he will be paid at the appropriate rate of pay for his classification and the provisions outlined in Section 10.04 will apply.

If the application of the above table would result in an increase for any employee, that employee will retain his present rate of pay unless qualified for the higher classification.

Employees who have been redeployed under this section shall have a one-time opportunity to return to their former classification, should openings occur, for a 3-year period.

Employees who are redeployed to a non-line of progression classification shall remain subject to redeployment until they have been offered an opportunity to transfer to a classification in a line of progression.

Notwithstanding the above, consistent with the provisions

of the Company/Union partnership statement on Continuous Improvement, any employee who is redeployed as a result of the Continuous Improvement process will have their rate of pay red-circled subject to the provisions of Note 2 above.

ARTICLE 11 TEMPORARY EMPLOYEES

SECTION 11.01: The Company may, at its option, hire temporary employees from time to time throughout the term of this Agreement. Temporary employees are included in the bargaining unit covered by this Agreement, however, they are not entitled to any of the benefits provided for in this Agreement, except as specified herein. The Company shall have the right to discharge temporary employees with or without cause and without recourse by the Union or by such temporary employee to the grievance procedure of this Agreement. There shall be no seniority among temporary employees and there shall be no responsibility for re-employment of temporary employees if they are laid off or discharged during their temporary employment.

SECTION 11.02: Temporary employees may, at the Company's election, be transferred from temporary status to the Company's regular full-time employment. In the event of such a transfer, the period of time worked as a temporary employee from the date of his last employment shall be credited toward his seniority with the Company and shall be credited toward the computation of his probationary period. Additionally, future eligibility for seniority-related benefits for such employee will be calculated from the date of employment as a temporary employee.

SECTION 11.03: A temporary employee is an employee hired for a limited term of employment not to exceed twelve (12) months or for a particular job or project which, the

Company anticipates at the time of employment, will not extend beyond twelve (12) months. A temporary employee shall be entitled to the temporary help rate. If the employee is hired for specific technical skills, he shall be entitled to the rate for the specific job which he is performing during the period of his employment as set forth in this Agreement.

SECTION 11.04: Temporary employees are entitled to the following contractual benefits as outlined in this Agreement:

- (a) Overtime pay
- (b) Premium pay

SECTION 11.05: The Company agrees to send to the Union a list of all temporary employees showing their respective job classifications (where applicable for temporary employees) and dates of hire. The Company agrees to update the aforementioned temporary employee list when necessary and will mail a copy of said list to the Union.

ARTICLE 12 HOLIDAY PAY

SECTION 12.01: The following days are recognized as Holidays:

New Year's Day	Thanksgiving Day
Good Friday	Friday after Thanksgiving Day
Memorial Day	Christmas Eve
Independence Day	Christmas Day
Labor Day	2 Floating Holidays

SECTION 12.02: At the time of vacation selection, the preference of the Floating Holiday will be determined by seniority. After vacation selection has been completed, selection of the Floating Holiday shall be made on a first come, first served basis. If operational requirements cause the cancellation of this scheduled Floating Holiday, it may

be rescheduled or the employee may be paid as outlined in Article 9.

SECTION 12.03: To be eligible for holiday pay, when referred to herein, an employee shall have completed six months employment from the date of his hire and shall have worked the last scheduled workday before and the first scheduled workday after the day recognized as a holiday. The following shall be considered as excused on the last scheduled workday before and the first scheduled workday after the day recognized as a holiday for the purposes of the administration of this article:

- (a) Permission granted to be absent without pay provided such permission is requested prior to the time employee is to be absent.
- (b) Vacation
- (c) Funeral Leave
- (d) Jury Duty
- (e) Sickness or injury providing the employee works at least one day in the workweek in which the day recognized as a holiday falls, or said holiday immediately precedes, immediately follows or is the first day or last day of such period of disability, and providing, further, the employee reports such cause for absence in a timely manner on the day of the absence or prior thereto, and furnishes a doctor's certificate, if requested by the Company.

SECTION 12.04: An employee who is eligible for holiday pay as set forth above and is not required to work on a day recognized as a holiday, shall be paid for eight (8) hours computed at straight-time hourly rates exclusive of shift premium or any other premium pay. Hours paid for under this

provision, up to eight (8) hours, which fall on an employee's regularly scheduled workday shall be included in computing forty (40) hours of work during such week for the purposes of figuring overtime.

SECTION 12.05: Except for shift workers as set forth below, when any of the holidays fall on a Sunday the following Monday shall be observed as the holiday; should any of the holidays fall on a Saturday, the preceding Friday shall be the observed holiday. However, when Christmas Eve Day (December 24) occurs on Friday, it will be observed on the preceding Thursday and Christmas Day will then be observed on Friday. Additionally, when Christmas Eve Day (December 24) occurs on Sunday, it will be observed on the preceding Friday and Christmas Day will then be observed on Monday.

For a shift worker whose work schedule regularly includes work on Saturdays and/or Sundays and who is scheduled to work on a Saturday and/or Sunday which is a holiday, such holiday shall be observed on the legally recognized holiday instead of the Company observed holiday. A shift worker, scheduled to work on a holiday which falls within his normal workweek and works the holiday, may be permitted, with approval from his supervisor, to reschedule the holiday to some later date. Shift workers may bank no more than three (3) holidays at any given time in the calendar year, excluding those recognized in November and December and such banked holidays must be taken no later than December 15 of that year. Requests to reschedule holidays will be granted only to the extent operational demands and schedules will permit. Furthermore, employees choosing to exercise this option must declare their intent and reschedule such holiday before the end of the pay period in which the holiday is worked. Employees who reschedule a holiday shall receive the appropriate rate of pay for time worked on

such holiday in accordance with Article 9, Section 9.01(a), (5) and 9.01(b)(1), however, the basic holiday allowance as described in Section 12.04 will be postponed until the employees receive time off for the rescheduled holiday or the end of the calendar year, whichever comes first.

The Company will permit at least fifteen per cent (15%) of the employees in its various departments time off on scheduled holidays which are observed Company-wide. Emergencies shall be in addition to the above limitations.

SECTION 12.06: An employee may schedule their Floating Holiday on the day recognized as Martin Luther King's birthday in accordance with Section 12.02. The Company will not unreasonably deny such requests consistent with operational demands. For shift workers, the Company will apply similar staffing levels for company-wide observed holidays, pursuant to Section 12.05.

ARTICLE 13 VACATIONS

SECTION 13.01: The Company will grant full vacation benefits to regular employees who were actively employed in the previous year according to the following schedule provided the employee worked at least 1040 straight-time hours during the previous calendar year. An employee who quits, voluntarily separates, retires, dies or who is discharged for cause on or before December 31, shall not be entitled to vacation in the following year.

- (a) One (1) week of vacation after six (6) months of continuous service.
- (b) Two (2) weeks of vacation after two (2) full years of continuous service.
- (c) Three (3) weeks of vacation after five (5) full years of continuous service.

- (d) Four (4) weeks of vacation after fifteen (15) full years of continuous service.
- (e) Five (5) weeks of vacation after twenty-five (25) full years of continuous service.

SECTION 13.02: Vacation entitlement shall be determined by the anniversary date of an employee's most recent employment by the Company. Any additional vacation for which the employee becomes eligible in any calendar year may not be taken prior to such anniversary date.

SECTION 13.03: Employees who fail to satisfy the 1040 straight-time hours worked requirement for full vacation entitlement shall have their vacation entitlement reduced as follows:

At least 880, but less than 1040 straight-time hours worked - loss of one week of vacation entitlement.

At least 720, but less than 880 straight-time hours worked - loss of up to two weeks of vacation entitlement.

At least 560, but less than 720 straight-time hours worked - loss of up to three weeks of vacation entitlement.

Less than 560 straight-time hours worked - loss of all vacation entitlement.

For purposes of determining "straight-time hours worked," as used in this Section, the following shall be included in an employee's total:

- (a) Days actually worked, including partial days where four (4) or more hours are actually worked, shall count as eight (8) straight-time hours.
- (b) Paid holidays falling in a employee's regularly scheduled workweek.
- (c) Vacations, except in lieu of Sick Leave or Workers' Compensation.

- (d) Jury Duty and Funeral Leave.
- (e) Time lost for personal business authorized for the purpose of attending military summer camp (to a maximum of two weeks, per year) and regular monthly drills (to a maximum of two days per month).
- (f) Any active duty military service time.

Nothing herein shall preempt the rights, as provided by Federal law, of an employee timely reinstated in accordance with such law following absence for military service in the armed forces.

SECTION 13.04: An employee who is off-duty because of sickness, injury or disability may take unused vacation entitlement, to which he was entitled at the onset of such absence, in lieu of sick leave or Workers' Compensation providing the employee requests same from his supervisor prior to the period he desires to take such vacation. Vacation in lieu of sick leave or Workers' Compensation shall not, however, reduce, or be in lieu of, any waiting period as applicable under Articles 16 and 18 of this Agreement except as specifically stated in Article 16, Section 16.03(e). Vacation in lieu of sick leave or Workers' Compensation, where requested and granted, shall not be considered either as equivalent to time worked or reinstatement to active employment, as may be applicable, during the period involved for any purpose under this Agreement.

SECTION 13.05: Employees who are injured or become ill during a scheduled vacation period may reschedule the remainder of such vacation subsequent to the onset of such injury or illness with prior approval of their supervisor. Days paid for as vacation during such period of injury, illness or disability shall not reduce the waiting period required under Articles 16 and 18 of this Agreement. The waiting period

shall begin effective with the first day that is permitted to be changed from vacation to sick leave and shall be applicable in accordance with the provisions of that article as though the period of injury, illness or disability began on that day.

SECTION 13.06: When a day recognized as a holiday falls on any of the first five (5) days of a workweek during an employee's vacation exclusive of vacation in lieu of sick leave or Workers' Compensation, the employee will be required to schedule the day of vacation upon which the holiday falls, at the time of vacation selection as described in Section 13.10.

SECTION 13.07: In the event an employee is separated for any reason (including extended approved leave of absence, retirement, lay-off, resignation, disability, death or discharge), the Company will pay to the employee, or the employee's estate, an amount equal to any unused vacation benefits to which the employee was otherwise entitled at the time of separation; provided, however, that all such rights shall be forfeited by an employee who is discharged for dishonesty.

Should an employee return to active employment without loss of seniority in the same calendar year as that in which the employee was separated and for which the employee received entitled vacation benefits and/or compensation in lieu of unused vacation benefits, the employee shall not be entitled to further vacation benefits in that year except such additional vacation benefits as may accrue as a result of an anniversary of continuous employment for which further vacation is applicable.

Should the employee be off-duty for any reason at the time of separation, vacation entitlement shall not exceed that for which the employee was eligible on the last day actually worked before such absence. Payment for such unused vacation, as set forth herein, shall not be considered an extension of

employment and the employee shall not be eligible for any benefits of employment after the date of separation solely as a result of such payment in lieu of unused vacation.

SECTION 13.08: The wages which the Company shall pay during vacation period shall be computed on the basis of an eight (8) hour day and forty (40) hour week and shall be at the employee's normal rate of wages applicable during the period, exclusive of shift premium or any other premium pay. Time paid for as vacation pay shall be included as time worked for the purpose of computing forty (40) hours of work during such week for the purposes of figuring overtime.

SECTION 13.09: The Company will, as far as practicable consistent with work requirements, permit vacations to be taken at the time desired by employees, but determinations as to the total number of employees or any employees, the number of employees of a particular classification or at a particular location, the number and classification of employees of a particular working group, to be allowed on vacation at any time; the time within which vacations may be taken; and the make-up of working groups for vacation purposes, are reserved solely to the Company in order to insure the orderly operation of the Company. When these determinations have been made by the Company and there is an opportunity of choice between two or more employees, the employee with the highest seniority roster position shall have first choice of vacation time made available.

SECTION 13.10: For the purposes of vacation preferences under this article, employees shall be permitted to use their Company seniority to schedule vacation periods in two-week increments or less. The Company reserves the right to schedule an employee's fourth and fifth week of vacation separately from the first three (3) weeks of vacation and separately from each other.

It is agreed that vacations shall normally be scheduled to be taken in periods of one full week or more. Shorter periods of vacation may be allowed, however, in the discretion of supervision, for special circumstances when approved in advance for which vacation allowance is requested provided the employee, if requested, verifies the special circumstances for which the shorter period of vacation is requested.

Vacations must be taken within the calendar year in which they are applicable. A regular, full-time employee who has earned vacation for the year, will be allowed to carry over up to forty (40) hours of earned vacation to be used within the following calendar year if the following conditions are met:

- An employee must work a minimum of 1500 straight time hours in the previous calendar year or have been hired in the year in which the vacation was awarded.
- There must be no more than three (3) occurrences (as defined by the applicable Attendance Program) within the current calendar year.
- All rolled over vacation will be subject to standard vacation scheduling processes for the following calendar year.

Employees who do not take the vacation to which they are entitled in any calendar year, except when the employees are caused by the Company to forego all or part of their vacation due to an emergency, shall not be entitled to pay in lieu thereof. Where the employees are caused by the Company to forego vacation due to an emergency, the Company shall either pay compensation in lieu of vacation or designate alternate vacation dates in the following year at the employee's option. Initial vacation schedules, once completed, shall be posted.

SECTION 13.11: Subject to operational requirements, a

regular full-time employee whose spouse is expected to give birth to a child will be entitled to reschedule up to one (1) week's vacation, to begin at any time between the date of the onset of labor and the release from the hospital following delivery, provided the employee notifies his supervisor at least two (2) weeks in advance of the anticipated delivery date, and further notifies his supervisor before starting time on the first day he will miss work due to the birth of the child.

A regular full-time employee who does not reschedule vacation as described above, may be released from duty for not more than four (4) hours, with pay, to accompany his child home from the hospital should the release from the hospital occur on a scheduled workday for the employee. An employee may elect to take the remainder of his scheduled work day as an excused, unpaid absence. The employee must not be off duty for any other reason to be eligible for the four (4) hours pay described herein and must notify his supervisor of his absence for this purpose not later than the day preceding the day his child is released from the hospital.

SECTION 13.12: The Company will grant regular employees who have completed six months employment from the date of hire two (2) Personal Days to be utilized during a calendar year. At the time of vacation selection, the preference of the Personal Day's will be determined by seniority. After vacation selection has been completed, selection of the Personal Day's shall be made on a first come, first served basis. If operational requirements cause the cancellation of the scheduled Personal Day's, it may be rescheduled or the employee may be paid as outlined in Article 9. In the event an employee is separated for any reason, the Company shall not pay the employee for any unused Personal Days.

ARTICLE 14

PHYSICAL EXAMINATION

SECTION 14.01: In addition to the physical examination which is given to all new employees before they are accepted for employment, the Company may require additional physical examinations (including periodic examinations for certain types of work, and examinations upon transfer of employees from one job to another) and it is understood and agreed that continuous employment is dependent at all times upon the employee's satisfactorily passing such physical examinations as the Company may, from time to time, require such employees to take. Physical examinations will normally be scheduled as early in an employee's regularly scheduled work day as operational needs will permit.

SECTION 14.02: The Company agrees that upon an employee's return to work after an illness or disability, consideration will be given to the employee's physical condition and, if possible, a less strenuous type of work will be granted.

SECTION 14.03: All medical expense made necessary by this article shall be paid for by the Company. Except for an employee's examination in connection with acceptance for employment or as otherwise set forth herein, employees shall receive pay for time spent, not to exceed eight (8) hours including time worked on that day, having such physical examinations. Following a period of sickness or non-work related injury, when an employee is released by his doctor to return to work he shall notify the Company of such release immediately. If the supervisor deems it necessary that the employee be examined by the Company's doctor to verify the employee's capability to perform his normal duties, the employee is expected to report to the Company doctor prior to the date of his release to return to work, if possible, and such

time will be considered as part of his illness. An employee who is unable to visit the Company doctor before the date upon which his private physician has released him to return to work, shall be paid as follows:

- (a) An employee eligible for sick pay shall be entitled to utilize up to one additional day of his sick leave entitlement subject to being required to report back for duty as set forth below.
- (b) An employee not eligible for sick pay shall receive (as time worked) his straight-time hourly rate for all time spent, not to exceed eight (8) hours, in connection with such physical examination.

NOTE: An employee who returns to work from a period of sickness or non-work related injury without a release from his private physician shall be paid in accordance with (a) or (b) immediately above if directed to visit the Company doctor.

An employee shall not be required to visit the Company's doctor if released by his private physician after 12:00, noon, that day. The employee shall, however, report his release to the Company as set forth above.

An employee is required to report back for duty at the completion of his physical examination unless excused by his supervisor. An employee required to go to the Company doctor for physical examination on a regular off-day is entitled to overtime at his appropriate rate for a minimum of two (2) hours or time actually spent in the doctor's office (not to exceed eight [8] hours), whichever is greater. For the purposes of this section only, "regular off-day" shall mean the off-day of the schedule the employee would have been on had he been at work.

If an employee is required to see the Company doctor during a period of absence under this Article or, if his supervisor

deems it necessary, after the employee is released by his personal physician to return to work, such employee shall be allowed to visit the Company doctor closest to his residence.

SECTION 14.04: Examinations by the Company's doctor which may be required during the course of an illness shall be considered a part of the employee's absence due to sickness and the employee shall be entitled to pay as sick leave for time spent having such examinations as provided for in Article 16. Examinations or treatment for compensable injuries are subject to the laws and regulations pertaining to Workers' Compensation and to another applicable article of this Agreement and are not subject to the provisions of this Article.

SECTION 14.05: Notwithstanding the previous paragraph, whenever an employee who is at work is required by the Company to leave his assigned place of work for the purpose of receiving a physical examination, the Company may provide transportation to the employee or a mileage allowance in lieu thereof. It is the employee's responsibility to keep his appointment for the physical examination and the election described herein is the Company's and not the employee's. Should the Company elect to pay mileage, it shall be to reimburse the employee for use of his personal vehicle and shall be determined by multiplying the Company's regular mileage rate for occasional use of personal vehicles by the one-way distance from the point of departure to the point of destination. In the event the employee is required to report back to work following a physical examination, mileage, if payable, shall be paid for the return trip.

ARTICLE 15
NO STRIKE AND NO-LOCKOUT CLAUSE

SECTION 15.01: The Union agrees that during the entire term of this Agreement the Union, its officers, representatives, members and the employees covered by this Agreement shall not take part in any strike, slow down or stoppage of work, boycott, sympathy strike, picketing or any other interruption of or interference with the work and business of the Company. The participation by an employee in any conduct prohibited by this article or the failure or refusal on the part of any employee to comply with any provision of this article shall be cause for disciplinary action, including suspension or discharge.

SECTION 15.02: In consideration of this no-strike covenant and pledge by the Union and employees, the Company agrees that it shall not lockout employees during the period of this Agreement. The term "lockout" is hereby defined so as not to include the discharge, suspension, termination, layoff, failure to recall or failure to return to work of employees by the Company or the curtailment or discontinuance of operations by the Company in the exercise of its rights as set forth in any provision of this Agreement.

SECTION 15.03: Whenever the work of the Company requires that employees covered by this Agreement cross a legal picket line established by any other labor organization, the Union Office shall be notified of the need for such crossing as soon as is reasonably practicable under all of the circumstances. The notice called for by this Section shall in no way delay or excuse an employee from the performance of his duties.

ARTICLE 16

SICKNESS LEAVE OF ABSENCE

SECTION 16.01: The Company grants, for the term of this Agreement, to all regular employees covered by this Agreement, payment for time lost because of:

- (a) Any accident occurring while the employee is not working for wage or profit, or
- (b) Any sickness for which the employee is not entitled to benefits under any Workers' Compensation or Occupational Disease Laws or Acts.

SECTION 16.02: Payment will be made for regularly scheduled workdays on the basis of not to exceed eight (8) hours for any scheduled workday and not to exceed forty (40) hours in any workweek, computed at straight-time exclusive of shift premium or any other premium pay. Regularly scheduled workday shall mean one of the first five (5) regularly scheduled workdays which constitute the basic forty (40) hours per week. This shall not include scheduled overtime days.

SECTION 16.03: Payments will be made for time so lost beginning with the fourth (4th) scheduled workday of any one continuous absence except:

- (a) If two (2) consecutive scheduled off-days fall within such three (3) day waiting period, they shall be counted as one (1) day of the waiting period. If four (4) consecutive scheduled off-days fall within such three (3) day waiting period, they shall be counted as two (2) days of the waiting period.
- (b) If an employee is forced by illness to leave the employee's working place before the employee's regular quitting time on the last scheduled workday before

scheduled off-days, any two (2) such off-days, if consecutive, shall be counted as one (1) day of the waiting period.

- (c) An employee who reports for work on a regularly scheduled workday but is forced by illness to leave work before working more than four (4) hours shall have that day counted as one (1) day of the required waiting period. An employee who is forced by illness to leave work after working more than four (4) hours but less than eight (8) hours may be paid on the third (3rd) day of the waiting period an equivalent number of hours as those lost because of sickness on the last day worked if the third (3rd) day of the waiting period is a scheduled workday. Such partial day payment shall not be counted against an employee's total day entitlement.
- (d) Payment will also be made for any regularly scheduled workday of the waiting period: (1) Upon admission to a hospital requiring overnight stay (does not include emergency room, x-rays, diagnostic testing, unless sedation is administered) or, (2) upon admission to an outpatient care facility for procedures or treatment (does not include emergency room, x-rays, diagnostic testing, unless sedation is administered). Notwithstanding the general exclusions for dental procedures, payment will also be made for any regularly schedule workday of the waiting period upon admission to an outpatient care facility for procedures performed by an oral and maxillofacial surgeon which sedation is administered. Excludes elective or cosmetic procedures.
- (e) An employee who becomes eligible for paid sick leave under this Article may substitute earned Vacation benefits for any time lost during the waiting period as described in this Section, provided he requests such by

the close of the normal business day which follows the day he first becomes eligible.

SECTION 16.04: Payment will be made for time lost as outlined below:

- (a) First year of regular employment - no sick leave.
- (b) After one (1) full year of continuous service as a regular employee, and on July 1st of each succeeding year thereafter, a regular employee will earn twenty (20) days of paid sick leave if he has less than twenty (20) years of company seniority, or twenty-five (25) days of paid sick leave if he has twenty (20) years or more company seniority. Unused sick leave may be carried over from one year to the next, not to exceed one hundred (100) days. Paid sick leave earned as described herein will be credited to regular employees on July 1st unless the employee is not at work for any reason other than those set forth in Section 16.05. If not at work on July 1st, for reasons other than set forth in Section 16.05, the days of paid sick leave will be credited to the employee following his return to work for two (2) full weeks (eighty (80) hours) of regular duty.

SECTION 16.05: For the purposes of Section 16.04(b), the following will count as time worked:

- (a) Days actually worked, including partial days where four (4) or more hours are actually worked.
- (b) Paid holidays falling in an employee's regularly scheduled workweek.
- (c) Vacations, except in lieu of Sick Leave or Workers' Compensation.
- (d) Jury duty and funeral leave.

- (e) Time lost for personal business authorized for the purpose of attending military summer camp (to a maximum of two weeks per year) and regular monthly drills (to a maximum of two days per month).
- (f) Any active duty military service time.

SECTION 16.06: As a further condition of making payments for illness, the employee, or someone on the employee's behalf, must report absence because of illness on the first day of absence and thereafter as directed. The employee may be required to furnish a doctor's certificate after three (3) days and periodically during the employee's period of illness and/or upon release to return to duty, if requested by the Company. The Company may require an employee to report to the Company doctor if, in its opinion, sufficient cause exists for such action.

As a further condition of making payments under this Article an employee shall not engage in any physical activity for personal gain or profit unless such activity is authorized by the employee's physician, subject to review by the Company doctor. An employee who engages in physical activity for personal gain or profit without such authorization while accepting benefits under this Article shall be subject to discharge or other disciplinary action including forfeiture of any sick leave benefits otherwise payable for the period of absence disqualified.

SECTION 16.07: The employee is obligated to return to work at the earliest day recovery from an illness will permit, including making himself available for limited service in accordance with Article 19. Failure to return to duty when able, or falsifying the necessity for sick leave, shall be cause for discharge or other disciplinary action, including forfeiture of sick pay for the period of absence disqualified.

SECTION 16.08: A period of sickness, including waiting days, must be continuous, except:

- (a) A return to work for not in excess of two (2) days, or a paid holiday, shall not interrupt or cancel a waiting period, beginning of sick pay or continuation of sick pay.
- (b) A return to work for not in excess of five (5) days, or a paid holiday, shall not interrupt or cancel a waiting period, beginning of sick pay or continuation of sick pay provided the employee meets the criteria as defined in Section 16.03 (d).
- (c) In the case of an employee who is able to return to work in some capacity after suffering from a catastrophic illness or injury and who thereafter must receive long term occasional medical treatment or rehabilitation which is not reasonably available outside the employee's regular working hours. An illness or injury shall be considered catastrophic if the employee suffered major head trauma, spinal cord injury, amputation, severe burn, severe stroke, amyotrophic lateral sclerosis, cancer requiring radiation or chemotherapy treatments, acquired immune deficiency syndrome (AIDS), severe cardiac disease, severe hepatitis, anorexia nervosa, bulimia, or severe congenital anomalies.

ARTICLE 17 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 18**SUPPLEMENT TO WORKERS' COMPENSATION**

SECTION 18.01: When an employee is injured while working for the Company and is entitled (or would by passage of time become entitled) to benefits under Workers' Compensation or Occupational Disease Laws or Acts, the Company agrees to supplement such benefits, as earned by the employee under Section 18.05, by paying such employee the difference between such benefits (irrespective of the employee's receipt of the benefits) and one hundred percent (100%) of the employee's net wages received on the basis of a forty (40) hour workweek, computed at straight-time exclusive of shift premium, or any other premium pay, beginning with the fourth (4th) scheduled workday of such absence except:

- (a) If two (2) consecutive scheduled off-days fall within such three (3) day waiting period, they shall be counted as one (1) day of the waiting period. If four (4) consecutive scheduled off-days fall within such three (3) day waiting period, they shall be counted as two (2) days of the waiting period.
- (b) If an employee is forced by injury to leave the employee's working place before regular quitting time on the last scheduled workday before scheduled off-days, any two (2) such off-days, if consecutive, shall be counted as one (1) day of the waiting period.
- (c) If an employee is injured after reporting for work or is required to go to the Company's doctor for treatment on a scheduled workday, the employee shall be paid at the employee's regular straight-time rate for the remaining hours in the employee's regularly scheduled workday, not to exceed eight (8) hours in total for such day, except that no such payment shall be made for time

required to visit the doctor on any day the employee is off duty for any reason while the employee is still receiving benefits under this article.

- (d) Payment will also be made for any regularly scheduled workday of the waiting period: (1) during which the employee is a bed patient in a hospital and for which a room charge is levied; (2) which follows a period of such internment, even if internment is on an off-day; or (3) for time spent not to exceed eight (8) straight-time hours, visiting the Company doctor on waiting period days when the employee does not subsequently become eligible for Workers' Compensation benefit for such days.

SECTION 18.02: The employee is obligated to return to work at the earliest date recovery from an injury will permit, including making himself available for limited service in accordance with Article 19. Failure to return to duty when able, or falsifying the necessity for compensable leave, shall be cause for discharge or other disciplinary action, including forfeiture of the Supplement for period of absence disqualified.

As a condition precedent to receipt of benefits under this Article, an employee shall not engage in any physical activity for personal gain or profit during the twenty-two week period of his supplemental benefits for occupational injury or illness unless such activity is authorized by the employee's physician, subject to review by the Company doctor. An employee who engages in physical activity for personal gain or profit without such authorization while accepting supplemental benefits under this Article shall be subject to discharge or other disciplinary action including forfeiture of the Supplement.

SECTION 18.03: The pay of employees working on

overtime hours who are injured and required to go to the Company doctor will cease when they leave their work site. If it is necessary for the employees to return to their work site for their own convenience after their regularly scheduled workday is completed, whether transported by Company vehicle or not, they will not be paid for such time.

SECTION 18.04: Determination of first day considered as “lost time” is as follows:

- (a) Workers’ Compensation - Next calendar day after day of injury.
- (b) For Supplement - Next regularly scheduled workday on which the employee is absent due to the injury subject to provisions of (a), (b), (c), and (d) above.

SECTION 18.05: Supplemental payment will be made for time lost as outlined below:

- (a) First year of regular employment - no supplement.
- (b) After one (1) full year of continuous service as a regular employee, and on July 1st of each succeeding year thereafter, a regular employee will earn twenty-five (25) days of supplemental pay. The supplement may be carried over from one year to the next, not to exceed one hundred (100) days. Supplemental pay earned as described herein will be credited to regular employees on July 1st unless the employee is not at work for any reason other than those set forth in Section 16.05. If not at work on July 1st, for reasons other than set forth in Section 16.05, the twenty-five (25) days of supplemental pay will be credited to the employee following his return to work for two (2) full weeks (eighty (80) hours) of regular duty.

ARTICLE 19

LIMITED SERVICE

SECTION 19.01: An employee who sustains a temporary or permanent partial disability from an illness or injury shall be permitted to return to work in whatever capacity his disability will permit, where work is available.

The duration of a limited service assignment, the affected employee's classification, and his rate of pay will be as follows:

A. For partial disabilities which are not compensable under Kentucky or other applicable Workers' Compensation statutes -

1. Classification and Rate of Pay: Will be subject to the employee's length of continuous service on the onset of his disability, in accordance with the following:

(a) If the employee has 25 years or more of Company seniority, his classification and rate of pay in effect on the onset of his disability will be continued for forty (40) work days, following which the employee will be reclassified to Limited Service Helper. His rate of pay will be the "50% rate" as defined in Appendix "A" or his current rate of pay, whichever is less, for the duration of his limited service assignment.

(b) If the employee has 15 or more years, but less than 25 years of Company seniority, his classification and rate of pay in effect on the onset of the disability will continue for thirty (30) work days, following which the employee will be reclassified to Limited Service Helper

and be paid the rate for Limited Service Helper or his current rate of pay, whichever is less, for the duration of his limited service assignment.

- (c) If the employee has less than 15 years of Company seniority, his classification and rate of pay in effect on the onset of the disability will continue for twenty (20) work days, following which the employee will be reclassified to Limited Service Helper and be paid the rate for Limited Service Helper or his current rate of pay, whichever is less, for the duration of his limited service assignment.

2. Duration: The duration of any limited service assignment under this section for any employee shall not exceed one hundred (100) work days in a calendar year.

B. Except for those injuries described in Section (c), below, for partial disabilities which are compensable under Kentucky or other Workers' Compensation statutes:

1. Classification and Rate of Pay: Will remain the same as that in effect on the onset of his disability for the duration of his limited service assignment.

2. Duration: The duration of any limited service assignment under this section for any employee shall not exceed one hundred (100) work days in a calendar year.

C. For employees who may suffer partial disabilities arising from; spinal cord injuries, severe head trauma, severe burns, amputations or loss of sight, which are compensable under Kentucky or other Workers' Compensation statutes:

1. Classification: Will remain the same as that held by the employee prior to the onset of his disability for not more than two hundred (200) work days at which time the employee will be reclassified to Limited Service Helper.
2. Rate of Pay: The wage rate in effect for the employee prior to the onset of his disability will be continued for one hundred (100) work days, following which the employee's rate will be reduced by ten percent (10%), and the reduced rate will be paid for the next one hundred (100) days. Thereafter, when the employee has been reclassified to Limited Service Helper, he shall be red-circled at the reduced rate which shall remain in effect until such time as the rate for the top of the paygrade nearest the "50% rate" as defined in Appendix "A" equals or exceeds the employee's red-circled rate.
3. Duration: There is no limitation upon the duration of a limited service assignment for disabilities described by this Section (c).

SECTION 19.02: An employee on limited service who is able to return to his prior job classification, will not have the time spent on limited service credited toward minimum time-in-grade requirements or wage step progression increases within the prior classification. General wage increases shall, however, apply to limited service employees except as otherwise provided. A general wage increase occurring at a time when a limited service employee is being paid at ninety percent (90%) of his prior rate shall be applicable only to the extent of ninety percent (90%) of the increase otherwise applicable to the employee's prior rate.

Should an employee suffer successive partial disabilities

within a calendar year, the eligibility for limited service as a consequence of the most recent disability will be reduced by the limited service entitlement utilized by the employee with respect to the prior disability or disabilities.

SECTION 19.03: In order to be eligible for limited service as described in this Article, the employee must have worked a minimum of eighty (80) straight-time hours of regular duty within the calendar year. An employee on limited service as of December 31 of any calendar year may utilize the remainder of his limited service eligibility for that year, in the following year, provided the period of limited service is continuous. However, an employee on limited service on December 31 must work at least eighty (80) straight-time hours of regular duty in the following year to again be eligible for the full period of limited service.

If an employee is unable to return to regular duty at the end of his period of limited service eligibility, he will be placed off work until he can return to regular duty unless reclassified as described in Section 19.04.

SECTION 19.04: Regardless of the duration of an employee's limited service assignment and rate of pay applicable thereto, an employee on limited service who is certified by a medical doctor of the Company's choosing to be permanently restricted may be reclassified to any vacant job in a classification the duties of which the employee is qualified and physically able to perform. The rate of pay for employees reclassified under this section shall be as follows:

Workers' Compensation Injuries

Employees with 25 or more years of service will have their rate of pay reduced by ten percent (10%) upon being reclassified and the reduced rate will be paid for the next one hundred (100) days.

Thereafter, he shall be red-circled at the reduced rate which shall remain in effect until such time as the rate for the top of the paygrade nearest the “50% rate” as defined in Appendix “A” equals or exceeds the employee’s red-circled rate.

Employees with less than 25 years of service will receive the rate for the top of the paygrade nearest the “50% rate” as defined in Appendix “A” upon reclassification.

Non-Workers’ Compensation Injuries

Employees with 25 or more years of Company seniority will receive the rate for the top of the paygrade nearest the “50% rate” as defined in Appendix “A” upon reclassification.

Employees with less than 25 years of Company seniority will be paid at the rate for his new classification. Employees subject to reclassification as described herein, will have their cases discussed with the Union and their seniority status decided by mutual agreement.

SECTION 19.05: Where practicable and if appropriate, limited service employees described in Section 19.01 (b) and (c) will be reclassified to regular job classifications before exhaustion of their limited service eligibility provided work is available.

Employees who, prior to November 13, 1989, have been reclassified to regular job classifications from limited service and whose wages have been protected will be red-circled at their existing rates until such time as the rate for the classification exceeds the red-circled rate, or until an employee changes job classifications under Article 10.

SECTION 19.06: An employee's ability to return to his former job, or to be placed in a job of a higher classification, shall be subject to review at any time the employee's physical condition improves. If the employee is capable of performing the duties of his former job, he shall be returned to his former job provided an opening exists, and his seniority status shall be determined by mutual agreement. An employee may be placed in a job in a higher classification which was not his former job upon mutual agreement of the parties.

SECTION 19.07: Subject to the foregoing, an employee who is released to return to work in a limited service capacity shall promptly notify his department limited service representative who shall assign the disabled employee first to whatever work the employee's disability will permit in that department or payroll division. If no suitable work is available, the employee's department limited service representative shall then notify the designated Company representative responsible for the assignment of limited service employees. The disabled employee shall then be assigned to whatever suitable work that is available anywhere in the Company. Such assignments may be made on a daily basis, if necessary, and no assignment shall be held to constitute a change of schedule nor shall such assignments be made on the basis of an employee's seniority. Limited service assignments shall be considered as temporary assignments.

SECTION 19.08: Nothing in this Article shall be construed to abrogate or diminish any rights an employee would otherwise have under this Agreement, the Americans with Disabilities Act, the Workers' Compensation laws of Kentucky or other applicable laws.

SECTION 19.09: Notwithstanding Section 18.01 of this Agreement, an employee who is on limited service due to an injury or illness and who has once satisfied the waiting period

described in those sections shall not be required to satisfy an additional waiting period should the Company remove him from limited service duty due to a lack of suitable work.

ARTICLE 20

PERSONAL LEAVES OF ABSENCE

SECTION 20.01: When, in the opinion of the Company, the requirements of the business will permit, an employee may, upon written request to the Company stating the reason why such leave of absence is desired, be granted a leave of absence for legitimate personal reasons without pay for a period not to exceed one hundred eighty (180) calendar days. Seniority will accumulate only during the first one hundred eighty (180) calendar days of any leave of absence granted under this Agreement for personal reasons. The Company may, but shall not be required to extend any leave of absence granted under this Agreement.

SECTION 20.02: It shall be cause for discharge if any employee misrepresents or falsely states to the Company in any application for a leave of absence (under this or any other article relating to a leave of absence), or any extension thereof, the reason for requesting such leave of absence. It shall also be cause for discharge if an employee, during a leave of absence under this Agreement, accepts gainful employment or becomes gainfully employed in any capacity by any other person, firm or corporation, or engages in any business for gain or profit on his own account, without first having obtained approval in writing for such other employment or business from the Chief Administrative Officer, or his designated representative. An employee who fails to return to work at the expiration of a leave of absence shall be conclusively presumed to have quit his employment with the Company.

SECTION 20.03: The Union recognizes that when employees

are granted leaves of absence, it may be necessary for the Company to make arrangements to fill such employee's job during the entire period of such leave of absence. The Union therefore agrees that no employee may return to work without the Company's consent and approval prior to the date on which his leave of absence expires.

SECTION 20.04: Employees granted leaves of absence under this article shall have the coverage of the following benefit plans continued to the end of the month in which the leave commences:

Group Life Insurance Program

Group Medical Insurance Program

Group Dental Insurance Program

If the employee desires to obtain continued coverage under these programs after the period specified above, such employees shall pay the full monthly cost of the benefit plan premiums or contributions up to and including the month in which the employee returns to work from his leave of absence. Full monthly cost shall include both employee and employer premiums or contributions. Such payments shall commence and be submitted to the Benefits Department by the first day of any succeeding months of the leave of absence. Failure to make timely payments as prescribed shall cause the immediate cancellation of the program coverage.

SECTION 20.05: An employee who is permitted to return from a personal leave of absence, prior to the approved return date, will be reinstated at his former rate of pay and will retain his position on the seniority roster, subject to the provisions of Section 20.01 of this Article.

SECTION 20.06: Any regular full-time employee covered by this Agreement who is elected to a public office requiring

their absence from duty with the Company, may request leave of absence without pay for the duration of their term or terms. Such request shall not unreasonably be denied.

Employees granted a personal leave of absence under this section may have such leave for the duration of their term of office without regard to the one hundred eighty (180) calendar day limitation on Section 20.01, and without loss of seniority. However, the seniority limitation of Article 10, Section 10.03(b) will apply.

Upon completion of their term they shall be reinstated to their former position, if it is available. If it is unavailable, they may be redeployed to another available position under the terms of Article 10, Section 10.24. Employees subject to reclassification under the terms of this section will have their cases discussed with the Union.

SECTION 20.07: Employees shall report to the Company and submit to such physical examinations as the Company may require prior to returning to work from leave of absence granted hereunder.

ARTICLE 21

FUNERAL LEAVE

SECTION 21.01: The Company will grant to all regular employees covered by this Agreement payment, exclusive of shift premium, or any other premium pay, for time lost on their regularly scheduled workdays, up to a maximum of five (5) days, in connection with the death of the employee's spouse, employee's children and employee's parents, and step-children of the employee who are children of the employee's present spouse who have lived in the employee's home. For purposes of this section, "employee's parents" shall include the spouse of either of the employee's natural parents and legal parents. All leave granted under this section shall be

taken between the date of death and two days following the date of the funeral or service, inclusive.

SECTION 21.02: The Company will grant to all regular employees covered by this Agreement payment, exclusive of shift premium, or any other premium pay, for time lost on their regularly scheduled workdays, up to a maximum of three (3) days because of death of any other member of an employee's immediate family. Under this provision, other members of an employee's immediate family are recognized as being grandparents, grandchildren, sons-in-law, daughters-in-law, brothers, and sisters of the employee, spouses of employee's brothers and sisters, employee's spouse's brothers, sisters and parents, employee's spouse's grandparents or other close relative living in the home of the employee. All leave granted under this section shall be taken between the date of death and the date of the funeral or service, inclusive.

SECTION 21.03: The employee must report absence because of death in family to the proper supervisor on the first day of such absence and shall indicate the date of the funeral or service, if known, or as soon thereafter as the date becomes known. In the case of vacation interruption, because of death in family, the employee must notify the proper supervisor within two (2) work days of the date of death and shall similarly indicate the date of the funeral or service.

SECTION 21.04: The provisions of this Article will apply within the time limits of an employee's scheduled vacation, but will not apply when an employee is off-duty due to illness or injury or for any other reason. Note: This means that subject to the conditions of this section which determines an employee's eligibility for up to either three (3) or five (5) days off for death in family, and subject to the operating requirements of his department, an employee who suffers a "death in family" during the time he is on vacation may reschedule as vacation

the number of vacation days interrupted by death in family for which the employee is eligible.

SECTION 21.05: Employees who are requested to serve as pallbearers (honorary pallbearers not included) at the funeral of an employee or retired employee should be released from duty, where operational requirements permit, for the amount of time necessary to attend the funeral. An employee who serves in this capacity shall not lose straight-time pay (exclusive of shift premium) on that account. Where practicable and appropriate, the employee is expected to work before and/or after attending the funeral. The Company may require verification of the employee's service in this capacity.

ARTICLE 22 JURY DUTY

Employees serving on Jury Duty shall not lose straight-time pay (exclusive of shift premium) on that account and will be paid the difference between money received for such Jury Duty, exclusive of expense allowance, and their normal straight-time earnings exclusive of shift premium.

Employees scheduled to work the day shift, who are required to report for Jury Duty before noon, shall, upon request and notification to their Department Superintendent, be excused from reporting for work prior to reporting for Jury Duty and shall be required to return to work only if released from Jury Duty at, or prior to, the expiration of four (4) hours from his scheduled starting time. Where practicable, and upon request to the employee's supervisor, an employee scheduled for shift work will be rescheduled to day work (Monday through Friday) for the entire period he is scheduled for Jury Duty.

An employee subpoenaed to testify and who testifies in a civil or criminal judicial proceeding not involving the employee, his family, or any interest of the employee, will suffer no

reduction in straight-time pay, for time lost in testifying and will be paid the difference between money received for honoring the subpoena and normal straight-time earnings, exclusive of shift premium, provided the employee provides prompt notice of his receipt of a subpoena.

The Company may require for each day, in such form as it deems necessary to the conduct and administration of this provision, evidence of the employee's requirement to report for Jury Duty, or to honor a subpoena, proof of attendance, time of reporting, time of release and amounts received as compensation.

ARTICLE 23

MILITARY SERVICE

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 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 to 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.

ARTICLE 24

SUBCONTRACTING

SECTION 24.01: 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 to 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 or utilize the terms set forth in Article 10, Section 10.24 in 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 either gas or 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 notwithstanding the fact that a reduction in force in a different area has caused the displacement of incumbent employees by more senior employees pursuant to Article 10. However, should a journeyman be removed from his line of progression due to a reduction in force, and as a result displace a less senior employee in a below journeyman classification in a different line of progression, he shall be considered a journeyman under this Section in the event of a subsequent reduction in force in his new line of progression for not more than the period of time equal to the minimum time in grade requirement for promotion to journeyman, plus six (6) months.

SECTION 24.02: 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.

SECTION 24.03: It is agreed that outside contractors working on a cost/plus annually renewable contract will not perform work, normally performed by employees covered by this Agreement, on the sixth or seventh workdays of a week 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 on the sixth or seventh day for the contractor to complete the work he is performing. However, contractors working on unit cost contracts, fixed bid contracts, or cost/plus emergency contracts will not be affected by this section. It is not a violation of this Section for a contractor to continue or complete work on the 6th & 7th workday, provided the contractor is responsible for that work during the week.

Section 24.04: The Company agrees that, other 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.

ARTICLE 25

WAGES - JOB CLASSIFICATIONS - PAY PROGRESSIONS

SECTION 25.01: The wage rates for job classifications covered by this Agreement are described in Appendix “A,” which is attached hereto and made a part hereof. Nothing in this Agreement shall prohibit the Company and the Union from mutually agreeing to modify the rate of pay for any job classification set forth in Appendix “A” at any time during the term of this Agreement.

SECTION 25.02: The Company will furnish the Union a copy of an accurate, up-to-date job description for all job classifications listed in Appendix “A.”

It is understood that the purpose of the job descriptions referred to herein is to classify the work properly, to give guidance in making assignments and to determine the proper rate of pay therefore. It is agreed that the job descriptions referred to herein describe, in general, responsibilities and

duties normally performed, but do not limit the work of an employee to the particular duties listed and the duties incidental thereto. It is agreed that job descriptions list typical duties of a classification and that numerous related tasks incidental to the typical duties listed which reasonably cannot be enumerated in the job description are included in the work of the classification.

SECTION 25.03: It is 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.

SECTION 25.04: The rates of pay for any newly created job classifications, or for any existing job classifications which have been changed by the addition of new or different tasks which require significantly greater skills or responsibilities or by the removal of any tasks which result in requiring significantly lesser skills or responsibilities, and the seniority placement of any employees who may be affected by such changes will be negotiated with the Union by the Company. The Company will prepare proposed job descriptions in such cases and deliver a copy to the Union with notification as to the rate of pay at least fourteen (14) calendar days prior to putting the new or changed job classifications in effect, and will discuss them with the Union if so requested. However, the performance of work as assigned by the Company shall not be delayed either by discussion between the parties regarding new or changed jobs or by any arbitration regarding newly created or modified jobs as provided in Section 25.05. In either instance, wage rates for new or modified jobs as

finally determined will be retroactive to the date the new changed duties were first performed.

SECTION 25.05: If the parties are unable to agree on the proposed establishment of new jobs or modifications and revisions to existing jobs, such issue may be submitted to arbitration at the request of the Union as provided for in Article 6 of this Agreement. In resolving such dispute, the Arbitrator shall only have the authority to establish an appropriate wage rate in proper relation to other existing job classifications for any new or revised job and may not create, revise or abolish job descriptions or specifications.

SECTION 25.06: If the Union believes that the job description for any existing job does not accurately describe the duties or responsibilities of the job due to creeping job changes or changes about which the Union was not formally notified, the Union shall notify the labor relations department of its desire to discuss such issue, and a meeting shall be scheduled within fourteen (14) calendar days. Such meeting shall be conducted by a Representative of the labor relations department, and attended by representatives of the Company and Union who are knowledgeable of the matters to be discussed. If negotiations between the parties do not result in an agreement as to the accuracy of any such job description, the Union may appeal the matter directly to arbitration under Article 6. Such appeal to arbitration shall be not earlier than thirty (30) calendar days following the parties' first meeting. The Arbitrator shall have authority to determine only the appropriate wage rate for the duties performed by the employee(s) in the affected classification and may not create, revise or abolish job descriptions.

SECTION 25.07: An employee who is temporarily assigned to a higher job classification for more than four (4) hours, shall receive the rate of pay for the classification for the

entire day of the assignment. An employee assigned to fill a temporary job vacancy in a lower job classification shall suffer no reduction in pay. This section shall not be construed to modify or restrict any other provision of this Agreement.

SECTION 25.08: When an employee is temporarily assigned to a supervisory position outside the bargaining unit, he shall be paid seventy-five cents (75¢) per hour above his regular hourly rate of pay and shall not perform bargaining unit work except as provided in Article 29, Section 29.02. It is understood that any such assignment or assignments for any individual employee will not exceed one hundred (100) work days in any calendar year provided, however, the Company may, upon notice to the Union, extend an individual's assignment beyond the one hundred (100) day limit if the employee is substituting for the extended absence of a Supervisor whose return to work is anticipated, but not subject to accurate prediction.

ARTICLE 26

MEDICAL AND DENTAL INSURANCE

SECTION 26.01: An employee is eligible to participate in the Medical and Dental Plan upon his or her date of hire.

Employees covered by this Agreement will participate in medical and dental plans on the same basis as all other regular full-time employees of the Company. The details of such medical and dental benefits shall be as specifically provided in the master plan documents covering the terms of such plans.

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 joint Health Care Task Force will continue to meet biannually to review trends in health care, review current

Company Medical benefit plans, and make cost containment recommendations. In the second and third year of the contract, the joint Health Care Task Force will 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 plans so long as benefits for employees covered by this Agreement are similar and comparable to the benefits applicable to all other regular full-time employees of the Company.

Effective January 1, 2009, the Company shall make a contribution to a health spending, health reimbursement or health savings account, as determined by the Company and established under a Company plan or applicable law, for the benefit of eligible Employees. Such contribution, which will be in the form of cash or credit, shall be made on an annual basis to the account of regular full-time Employees on the Company's payroll as of December 31st of the year prior to the year of contribution. The employee's use of the contribution shall be governed by the provisions of the applicable health spending, health reimbursement or health savings account plan or law. The Company reserves the right to alter, amend, or discontinue any contributions to such plans at its discretion, but will provide employees covered by this Agreement similar and comparable contributions as those applicable to all other regular full-time employees of the Company.

SECTION 26.02: Retiree Medical Insurance

A. 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. The Company will credit monthly the following amounts toward the premiums for any medical plan sponsored by the Company, for those living retirees subscribing to such insurance through the Company.

For employees retiring January 1, 2018 or after, up to \$220.00 toward the cost of insurance premium for employee who retired at age of 55 or over, with at least 10 years of continuous service with the Company. 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 employee's spouse or other dependent will be eligible for an additional \$100.00 credit 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. 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, 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.

SECTION 26.03: For the purpose of Section 26.02 of this Article, subscription to such insurance through the Company by retirees and any contribution by the Company toward the payment of premiums shall be contingent on the insured persons' being covered by the Company's medical plans at the time of the employee's retirement and the maintenance of continuous coverage and timely payment of all premiums.

SECTION 26.04: Payments made in accordance with Section 26.02 A. of this Article will exclude premiums for new spouses or dependents acquired through marriage after retirement. Such payments to retiree's spouse or other dependent will cease at the earliest of:

- (a) the end of the 60th calendar month after the date of death of the retiree,

- (b) the end of the calendar month the dependent no longer is eligible under the terms of the Retiree Medical Continuation Plan,
- (c) the date the survivor dies, or
- (d) the beginning of the calendar month the survivor does not pay the required premium contribution under the terms of the Retiree Medical Continuation Plan.

Even if such payments cease under item (a) above, the survivor may continue to participate under the terms of the Retiree Medical Continuation Plan by paying the full premium.

SECTION 26.05: If, pursuant to any Federal or State Law which may become effective during the term of this Agreement, the Company is required to make contributions or pay taxes for providing benefits which are already provided for under Company plans, then to the extent such benefits under any such Federal or State program would duplicate the benefits under the Company's plans, the Company shall be relieved of the obligation to provide such benefits under the Company's benefit plans.

ARTICLE 27

LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

SECTION 27.01: Effective 12/1/2008 the Company shall maintain the basic life insurance and accidental death and dismemberment plan on the basis of 2 times base rate of pay, maximum benefit of \$150,000. It will be provided on the same basis as it has in the past for those employees who are eligible and enroll in this plan.

Employees who retire on or after January 1, 2004 will be provided retiree life insurance based on the following schedule:

Age	Amount of Retiree Life Insurance
Age 55 but less than age 65	1 times base rate of pay as of the date of retirement
Age 65 but less than age 70	.5 times base rate of pay as of the date of retirement
Age 70 or older	\$10,000

SECTION 27.02: The Company will pay one hundred per cent (100%) of the total premium for the basic life insurance and accidental death and dismemberment plan for eligible employees who enroll in the plan.

SECTION 27.03: Employees may elect to participate in the optional life insurance plan at the rate of one (1), two (2), or three (3) times base salary. The employee will authorize payment of the applicable premium through payroll deduction.

SECTION 27.04: Employees may elect to participate in the dependent life insurance plan for a spouse and dependent child(ren) of either:

- 1) \$5,000 for a spouse and \$2,500 on each child, or
- 2) \$10,000 for a spouse and \$5,000 on each child, or
- 3) \$25,000 for a spouse and \$10,000 on each child, or
- 4) \$50,000 for a spouse and \$20,000 on each child. *

** Enrollment in this fourth option will be subject to medical evidence of insurability and regulations imposed by the Kentucky Department of Insurance.*

The employee will authorize payment of the applicable premium through payroll deduction.

SECTION 27.05: Effective 1/1/09, an employee is eligible to participate in the basic life insurance, accidental death and dismemberment insurance, optional life insurance and

dependent life insurance upon his/her date of hire. The details of the foregoing Plans shall be as specifically provided in the master plan documents covering the terms of such Plans.

ARTICLE 28
RETIREMENT INCOME PLAN AND DISABILITY
BENEFITS

SECTION 28.01: For employees employed by the Company on December 31, 2005, the Company will maintain in effect and pay the full cost for retirement income plan.

Effective January 1, 2018, the basic pension formula was amended as follows:

Effective 1/1/2018

Pay grades 1-5:	\$85 per month per year of service (maximum of thirty (30) years)
Pay grades 6-9:	\$99 per month per year of service (maximum of thirty (30) years)
Pay grades 10-14:	\$107 per month per year of service (maximum of thirty (30) years)

Effective 1/1/2019

Pay grades 1-5:	\$87 per month per year of service (maximum of thirty (30) years)
Pay grades 6-9:	\$102 per month per year of service (maximum of thirty (30) years)
Pay grades 10-14:	\$110 per month per year of service (maximum of thirty (30) years)

Effective 1/1/2020

Pay grades 1-5:	\$89 per month per year of service (maximum of thirty (30) years)
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Pay grades 6-9:	\$104 per month per year of service (maximum of thirty (30) years)
Pay grades 10-14:	\$113 per month per year of service (maximum of thirty (30) years)

Employees hired by the Company on or after January 1, 2006 are not eligible to participate in the retirement plan. Instead, they are eligible to participate in the retirement income account under the terms of the savings plan.

SECTION 28.02: There will be no interruption in the accumulation of retirement benefits under the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan unless an employee's pay ceases. If the employee becomes entitled to additional "sick pay" after interruption of the employee's "sick pay" there will be no accumulation of retirement benefits for the period covered by the additional "sick pay." Accumulation of retirement benefits will be resumed after the employee returns to work.

If the employee's initial date of disability is after January 1, 2004 and the employee is receiving benefits under the Long-Term Disability Plan, the employee will continue to accrue Service and Credited Service under the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan.

SECTION 28.03: A retired employee shall be entitled only to those benefits provided by the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan which are in effect at the time of the employee's retirement. Any changes in the employee's Social Security benefits which become effective after the employee retires shall not reduce the benefits which the employee draws under the Plan.

SECTION 28.04: The Company may set reasonable requirements for advance notice to the Company by an

employee who elects to retire before age 65 but may, at the discretion, waive such requirements on an individual basis, for good cause, without any obligation similarly to waive such requirements in any other case.

SECTION 28.05: If the employee's initial date of disability is after January 1, 2004, the Company will provide the following Long-Term Disability benefits:

- (a) Employees who become totally and permanently disabled will be eligible for disability income under the Long Term Disability Plan if they have completed five (5) years of service at the time of disability.
- (b) The amount of monthly disability income payable to a disabled employee is determined as follows:

Sixty percent (60%) of the employee's basic monthly earnings computed at his straight-time hourly rate immediately prior to the time of disability, to a maximum benefit of \$15,000, reduced by;

1. One hundred percent (100%) of any Social Security Benefit, and
2. One hundred per cent (100%) of any benefits payable under Kentucky Workers' Compensation laws or the Workers' Compensation laws of any other State or benefits payable under any Federal government benefit plans.

SECTION 28.06: The Company shall amend the Plan to reflect the amendments to same as set forth in this Article 28. The Company reserves the right to make such Amendments to the Plan as are necessary to comply with the Employee Retirement Income Security Act of 1974, any amendments thereof or regulations pertaining thereto, and all other Federal or State laws or regulations.

SECTION 28.07: Employees covered by this Agreement will participate in the company's employee savings plan on the same basis as all other regular full-time employees of the Company.

SECTION 28.08: Employees hired by the Company on or after January 1, 2006, will be eligible for the retirement income account on the same basis as all other regular full-time employees of the Company.

ARTICLE 29 GENERAL PROVISIONS

SECTION 29.01: Severe Weather - The Company agrees that it will not require employees to work in exposed and unprotected areas during severe weather conditions except in the event of an emergency or where such work is necessary to protect life, limb, property or maintain continuity of service or operations. Where such severe weather conditions exists, which prevent an employee from performing his normal work, the employee may be assigned by his supervisor to other available work.

SECTION 29.02: Supervisors Working - The Company's intention is to not perform bargaining unit work with supervisors except in emergencies or training situations (including maintaining and updating the supervisor's own job knowledge and proficiency). The union agrees that it is not a violation of this section if a supervisor performs bargaining unit work due to an unscheduled absence of an employee during the first two (2) or last two (2) hours of a shift.

SECTION 29.03: Commercial Drivers License (CDL)

(a) The Company will reimburse an employee required to have a CDL in the performance of his duties an amount equal to the difference between the cost of the CDL and a standard drivers license.

(b) The Company will pay for up to two tests and the associated fees for employees who are required to hold a CDL. Any fees associated with obtaining a CDL beyond the two tests must be paid for in full by the employee.

SECTION 29.04: Should an employee suffer an occupational injury to his person, and as a direct result of such injury, suffer damage to his eyeglasses, hearing aid or dentures, the Company shall, upon presentation of the damaged item and verification of the injury to the employee, reimburse the employee for the expense incurred in the repair or, if necessary, replacement of the item. Any items replaced under this Section shall be of the equivalent quality and price as the item damaged or destroyed as a direct result of the occupational injury.

SECTION 29.05: All bargaining unit employees who wish to exercise their right to vote on Election Day will be expected to do so either before or after their regularly scheduled workday. Time off with pay, up to a maximum of two hours, may be allowed an individual to vote if all of the following conditions are met:

- (a) Arrangements are made prior to the end of the employee's shift on the day preceding the election;
- (b) When the employee does not have sufficient time, either before or after his shift to vote; and,
- (c) Any time off with pay for this purpose will be at the beginning of the employee's shift.

Employees who are excused from work to work at the polls will not be entitled to any compensation.

SECTION 29.06: Educational Assistance - The Company sponsors both a Tuition Refund Plan and a Basic Education and Vocational Training Support Program in which bargaining

unit employees are eligible to participate. These educational programs are described in documents available in the Human Resources Department. These programs are subject to expansion, modification or termination by the Company.

SECTION 29.07: Dependent Care - The Company and the Union agree to continue, pursuant to Section 129 of the Internal Revenue Code, a payroll deduction plan for dependent care services. This program will be continued unless, by later action, the Internal Revenue Service or other governmental entity repeals or otherwise eliminates the advantage, to employees, of participating in such a program.

Section 29.08: Work Practices – The Union agrees to meet with local management during the term of this agreement to discuss changes in work practices that may be unique to the area and/or site.

ARTICLE 30 SPECIAL PREMIUMS

SECTION 30.01: Hot Stick Premium - When employees assigned to Electric Distribution Operations are required to do hot stick work on 33KV and above, a premium of fifty cents (\$.50) per hour will be paid for the entire day on which such work is performed. When such employees perform the duties of transmission patrol, a premium of twenty-five cents (\$.25) per hour will be paid for the entire day on which such work is performed.

SECTION 30.02: Sunday Premium - A premium of one dollar and twenty-five cents (\$1.25) per hour will be paid for all hours (including overtime hours) worked on a Sunday by an employee for whom Sunday is one of his five (5) regularly scheduled workdays for that week. Additionally, Sunday premium will be paid for all planned overtime hours worked on Sunday.

The premium will not be paid for call-in overtime hours worked on Sunday; however, in the case of an employee initially scheduled for planned overtime on Sunday, and who, because of an emergency arising during the course of the planned overtime assignment has the overtime converted to call-in, the premium will remain in effect for the duration of the original planned overtime assignment.

SECTION 30.03: 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. The adverse work premium will not be paid when an employee is being paid at his overtime rate and the adverse work premium will not be compounded with other premium payments.

Adverse work shall mean emergency duties of an unusual nature involving significant risks, which are not commonly incurred in the performance of his normal duties, or the performance of duties under conditions of weather, environment, or other situations which materially increase the hazards involved in the performance of those duties which shall include but not be limited to the electric line repair work in connection with storm damage.

This premium will not be paid for permanent repairs required at locations temporary repairs were made to restore service at the time of the initial weather related customer service interruption.

ARTICLE 31 MILEAGE ALLOWANCE

SECTION 31.01:

Personal Vehicle Usage:

If an employee is instructed to report to work at another

location, he will be reimbursed for personal vehicle usage while on Company business at the approved reimbursement rate. The employee will be reimbursed for mileage in excess of their normal round trip mileage. Normal round trip is defined as travel from home to the normal Company work location and back home. This rule includes reporting to either another Company location or off-site for training or other business purposes.

This mileage allowance does not apply to those employees whose regular job requires them to report at various locations, nor to employees who are transferred from one work location to a new work location on a permanent assignment.

SECTION 31.02: Employees permanently assigned to payroll division 53 who are required to use their personal vehicles in the performance of Company duties (except travel to work from home and back) shall be paid mileage at the Company's regular mileage rate for occasional use of personal cars in accordance with Section 31.01 above. For purposes of administration, each book will have a defined mileage assigned that is reflective of the mileage required to read the book.

ARTICLE 32

SERVICE WATCH AND STANDBY

The Company routinely assigns employees to weekly service watches to answer calls and make service runs outside their normal scheduled workday. These assignments are made at the beginning of the employee's regular workweek and continue for seven (7) consecutive days. Each employee who is assigned to a weekly service watch will be paid one-hundred dollars (\$100.00) per week in year one of the contract, one-hundred twenty-five (\$125) in year two of the contract, and one-hundred and fifty (\$150) in year three of

the contract per week. . If an employee works on service calls outside his normal scheduled workday during his watch week, he will be paid for such time worked in accordance with Article 9 - Overtime. However, time spent during such service watches will not be counted as overtime hours for equalization purposes under Article 9.

If an employee is assigned a service watch or required to “standby” 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 is assigned to a service watch or required to “standby” for service calls. Only actual hours worked will be counted for overtime equalization purposes under Article 9.

ARTICLE 33

PERSONAL TOOLS AND SAFETY EQUIPMENT

SECTION 33.01: If an employee is required by the Company to use his personal tools in connection with his work, the Company will replace such tools if they are stolen or destroyed while in the custody and control of the Company.

SECTION 33.02: The Company will continue to furnish employees with tools and equipment which it usually and customarily furnishes employees. Additionally, the Company will furnish employees all safety equipment and protective devices, including leather work gloves, required by the Company or by law to maintain recognized standards of safety. An employee shall wear or utilize all safety equipment and protective devices issued to him. The employee will be subject to appropriate disciplinary action if such tools and/or equipment is intentionally damaged or destroyed by the employee.

SECTION 33.03: The Company will provide an annual tool and equipment allowance in the amount of \$100.00, to

be paid on the employee's anniversary date of employment for employees permanently assigned to the below-listed job classifications:

Substation Control Technician A, B & Specialist

Substation Equipment Technician A, B & Lead

SECTION 33.04: At the request of the Union, the Company agrees to review any present or future job classification to determine which tool allowance rate, if any, is appropriate for that particular job classification.

ARTICLE 34 HEALTH AND SAFETY

SECTION 34.01: 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.

SECTION 34.02: Working conditions which adversely and unreasonably impair the health and safety of employees shall be brought to the attention of supervision for immediate correction, if necessary. The Company agrees to investigate conditions which have a legitimate impact on the health and safety of employees. Accordingly, upon reasonable advance notice, the Company will meet with the appropriate Union Safety Committee member to discuss the nature of the complained of condition and to determine what, if any, remedial measures shall be taken. The Union shall keep the Director, Safety & Technical Training, fully advised of the members of its Safety Committee which shall be made up of not more than one individual per department and per shift, if appropriate, at each location.

SECTION 34.03: The Company and the Union agree to continue the 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 Director, Safety & Technical Training, and shall meet at least monthly. This Committee shall consist of not more than three (3) members of the Company and three (3) members of the Union. The Union representatives who shall attend a particular meeting shall be made known to the Director, Safety & Technical Training not less 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 Director, Safety & Technical Training, shall appoint two (2) associates to attend the meeting whose names shall be made known to the Union not later than one (1) week prior to the meeting.

SECTION 34.04: It is agreed that the establishment and enforcement of safety rules and regulations is a proper function of management and to that end the final determination as to adoption and implementation of any proposed changes in safety rules and regulations shall be the sole responsibility of the Company.

SECTION 34.05: It is understood that any dispute arising out of the interpretation, application or implementation of written health and safety rules shall be proper subjects for Articles 5 and 6 of this Agreement.

SECTION 34.06: Meetings as described in Section 34.03 shall be conducted between the hours of 8:00 a.m. and 5:00 p.m. on a week day. Union representatives authorized to attend such meetings shall be compensated by the Company not to exceed eight (8) straight-time hours on the day of the meeting. The Union Safety Director will be released from

regularly assigned duties on the workday which coincides with a scheduled meeting of the Joint Health and Safety Advisory Committee and up to two (2) additional days, if needed, for purposes of preparing for and participating in the meeting. The Union Safety Director shall suffer no reduction in straight-time earnings.

ARTICLE 35 NON-DISCRIMINATION

SECTION 35.01: There shall be no discrimination by the Company or the Union in the application of the terms of this Agreement because of race, color, religion, national origin, age, sex, handicap, or status as a disabled veteran or veteran of the Vietnam Era.

SECTION 35.02: The use of the masculine or feminine gender in this Agreement shall be construed as including both genders and not a sex limitation unless the Agreement clearly requires a different construction.

ARTICLE 36 SAVING CLAUSE

It is understood and agreed that the provisions of this Agreement are in all respects subject to all applicable laws and governmental regulations now or hereafter in effect and to the lawful rulings and orders of all regulatory commissions now or hereafter having jurisdiction. Should any provision of this Agreement be found to be in conflict with any lawful ruling or regulation, the parties will meet for the purpose of discussing and/or modifying that portion of the Agreement only.

ARTICLE 37 ENTIRE AGREEMENT

This Agreement sets out the entire understanding between the

Company and the Union. 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, provided, however, that the execution of this Agreement shall not invalidate any written agreement between the parties which is not in conflict with the terms of this Agreement, though such written agreement may have been reached prior to the date of this Agreement. Nothing herein shall be construed, however, to prevent the parties from reaching agreements after the effective date of this Agreement which are in conflict with the terms of this Agreement. (Such conflicting agreements must be approved by the Union President or a Business Representative and a representative of the Company's labor relations staff.) Such written agreement shall be incorporated in this Agreement and shall be valid for the life of this Agreement and any extension thereof, unless rescinded by the parties hereto.

ARTICLE 38

DURATION OF AGREEMENT

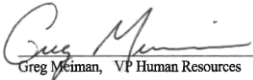
The effective date of this Agreement is November 11, 2017. This Agreement shall be in full force and effect for the entire period from November 11, 2017, through midnight of November 10, 2020, and from year to year thereafter, unless either party hereto shall, at least sixty (60) days prior to November 10, 2020, or the tenth day of November, in any year thereafter, notifies the other party in writing of its intention and desire to terminate this Agreement.

This Agreement may be extended by the mutual agreement of the parties. Such extension must be in writing and the extension may thereafter be terminated at any time by either party by giving forty-eight (48) hours written notice to the other party of the desire to terminate such extension.

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

For the Company:
Louisville Gas and Electric Company

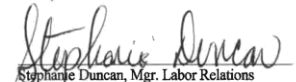
For the Union:
International Brotherhood of
Electrical Workers
Local 2100

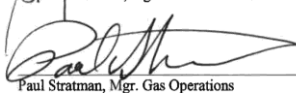

Greg Meiman, VP Human Resources

Curtis Stratton, President/Business Mgr.

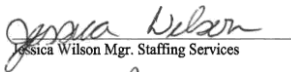



PJBreeding, Vice President

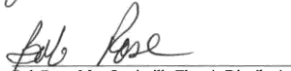

Stephanie Duncan, Mgr. Labor Relations


Paul Stratman, Mgr. Gas Operations


Cecil G. Milby, Committee Member


Jessica Wilson Mgr. Staffing Services


Dian F. Hoskins, Committee Member


Rob Rose


Rob Calebs, Committee Member


Mark Payne, Mgr. Operations & Maintenance


Sarah Gibson, Human Resources Generalist


Tandra Miller, Sr. Human Resources Generalist

APPENDIX A

Wages

a) Effective November 6, 2017, there shall be a two and one-half percent (3%) general wage increase applied to the wage rates in effect, rounded to the nearest one (1) cent.

b) Effective November 5, 2018, there shall be a two and one-half percent (2.5%) general wage increase applied to the wage rates in effect, rounded to the nearest one (1) cent.

c) Effective November 4, 2019, there shall be a two and one-half percent (2.5%) general wage increase applied to the wage rates in effect, rounded to the nearest one (1) cent.

Effective January 1, 2003, employees covered by this collective bargaining agreement will be eligible to participate in the Team Incentive Award Program (TIA), subject to the terms of such TIA program as determined and modified by the Company from time to time. The first payout will be due in March, 2004 and will be targeted (100% rate) at 6% of the employee's annual earnings including overtime and premium pay.

Lines of progression and assigned paygrades are contained in a separate document.

Employees presently in classifications which have received an upgrade by virtue of a new assigned paygrade will receive the appropriate upgrade.

Employees who have received a downgrade by virtue of a new assigned paygrade; or who are presently in classifications which have had the rate for the paygrade reduced, will be "red-circled" at their rate of pay until such time as the rate for the employee's assigned paygrade equals and exceeds the employee's rate of pay or until the employee changes job classification under Article 10.

The preceding two (2) paragraphs are general rules which shall apply to all employees described therein unless expressly agreed otherwise by separate Memorandum of Agreement, or by Article 19 of this Agreement.

The “50% rate” as used in this Agreement shall be defined as the rate of pay which results from reducing an employee’s 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.

NOTE: Lines of progression are utilized for the purpose of establishing classifications with assigned paygrades, minimum times in grade to attain the necessary experience for promotional consideration, and journeyman levels in the lines of progression. An asterisk (*) indicates those lines of progression wherein employees, hired prior to January 1, 2000, will be afforded opportunity to advance to the journeyman job classification without regard to whether or not a vacancy exists in that classification. An employee in such a line of progression must, however, meet the minimum qualifications for advancement into the next higher classification. The asterisk in the lines of progression denotes the journeyman job classification to which the employee may advance under this paragraph. Advancement of qualified employees pursuant to this paragraph shall be effective at the beginning of the payroll period nearest an employee’s having satisfied the minimum time in grade requirement for his classification.

Employees hired after January 1, 2000, will be afforded the opportunity to advance to the classification below journeyman without regard to whether or not a vacancy exists in that classification. An employee in such a line of progression must, however, meet the minimum qualifications for advancement into the higher classification. Advancement of qualified employees pursuant to this paragraph shall be

effective at the beginning of the payroll period nearest an employee's having satisfied the minimum time in grade requirement for his classification.

Employees hired after November 13, 1989, who for any reason, fail to satisfactorily progress to and retain a journeyman classification, or a lower classification deemed necessary by the Company as described with this Note, may be separated without regard to other provisions of Article 10.

Employees reclassified to a lower rated job in a similar line of progression as the result of a layoff or a reduction in their line of progression (where no layoff occurs due to openings elsewhere), may have the minimum time in grade requirements for promotion to the next higher rated job reduced to the following:

- (a) Six (6) months for employees reclassified to entry level classifications; or
- (b) One (1) year for employees reclassified to higher than entry level classification.

Nothing herein shall be construed, however, to require the Company to promote an employee who, despite serving the minimum time(s) set forth above, is not qualified as set forth in Article 10 of this Agreement.

APPENDIX B

Contractual benefits will be modified for employees who are working abnormal shifts as follows:

- I. For employees working four (4) days, ten (10) hours per workday schedule (“four/tens” hereafter).
 - A. Overtime
 - (1) Employees working a “four/tens” schedule shall be afforded overtime for hours worked beyond ten (10) in one day, or forty (40) in one week notwithstanding the provisions of Article 9, Section 9.01(a)(1).
 - (2) For work on the first and second scheduled offday of the workweek, the employee will receive compensation as provided for in Article 9, Section 9.01(a)(2).
 - (3) For work on the third scheduled offday of the workweek, the employee will receive compensation as provided for in Article 9, Section 9.01(a)(2) and Article 9, Section 9.01(b)(4).
 - B. Vacations
 - (1) Vacation entitlement as described in Article 13, Section 13.01 shall be converted to straight-time hours for employees working a “four/tens” schedule. Thus, employees on such a schedule taking one (1) week’s vacation shall receive payment for four (4) days, ten (10) hours per day.
 - (2) Vacations shall normally be scheduled in periods of one (1) full week or more. Shorter periods of vacation will be allowed in ac-

cordance with the provisions of Article 13, Sections 13.09 and 13.10. Additionally, the wages the Company shall pay during a period of vacation of less than one full week shall be computed on the basis of a ten (10) hour workday. Thus, employees on a “four/tens” work schedule taking periods of vacation of less than one full week shall receive ten hours of pay provided they have at least ten (10) hours of vacation entitlement remaining.

- (3) For the purposes of determining “straight-time hours worked” as used in Article 13, Section 13.03 for those employees working a “four/tens” schedule, days actually worked including partial days where five (5) or more hours are actually worked, shall count as ten (10) straight-time hours. Additionally, such employees taking a period of vacation of less than one full week as described in items B.(1) and (2) above shall have such days count as ten (10) straight-time hours provided they have at least five (5) hours of compensation for vacation on such day.
- (4) For the purposes of determining “straight-time hours worked” as used in Article 13, Section 13.03 for those employees working a four (4) day, ten (10) hour per day work schedule utilizing Jury Duty benefits as described in Article 22 of the Contract and item H. below, such days shall count as ten (10) straight-time hours provided they receive at least five (5) hours of jury duty pay.

C. Holidays

- (1) For all weeks on which a Company-wide holiday falls, an employee's work schedule will revert back to a five (5) day, eight (8) hour per day work schedule.
- (2) An employee utilizing a floating holiday as provided for in Article 12 shall receive eight (8) hours of straight-time holiday pay at the applicable wage rate. Additionally, the employee may elect to utilize two (2) hours of vacation entitlement.

D. Physical Exams

Pursuant to Article 14, Section 14.03, all medical expense made necessary by the Article shall be paid for by the Company. Except for an employee's examination in connection with acceptance for employment or as otherwise set forth in Article 14, employees working a "four/tens" schedule shall receive pay for time spent, not to exceed ten (10) hours including time worked that day, having such physical examination.

E. Sickness Leave of Absence

- (1) For the purposes of Article 16, Section 16.02 as applied to employees working a "four/tens" schedule, payment will be made for regularly scheduled workdays on the basis of not to exceed ten (10) hours for any scheduled workday and not to exceed forty (40) hours in any workweek, computed at straight-time exclusive of shift premium or any other premium pay. Regularly scheduled workday shall mean one of the first four (4) regularly scheduled workdays which constitute the ba-

sic forty (40) hours per week.

- (2) For the purposes of Article 16, Section 16.03 as applied to employees working a “four/tens” schedule, payment will be made for time so lost beginning with the expiration of the twenty-four (24) scheduled work hours of any one continuous absence except:
 - a. If one (1) scheduled offday falls within such three (3) day waiting period, it shall not count as one (1) day of the waiting period. If two (2) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as ten (10) hours of the waiting period. If three (3) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as ten (10) hours of the waiting period. If four (4) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as twenty (20) hours of the waiting period.
 - b. If an employee is forced by illness to leave the employee’s workplace before the employee’s regular quitting time on the last scheduled workday before scheduled offdays, any two (2) such offdays, if consecutive, shall be counted as ten (10) hours of the waiting period.
 - c. An employee who reports for work on a regularly scheduled workday, but is forced by illness to leave work before

working more than five (5) hours shall have that day count as ten (10) hours of the required waiting period. An employee who is forced by illness to leave work after working more than five (5) hours, but less than ten (10) hours may be paid on the third (3rd) day of the waiting period an equivalent number of hours as those lost because of the sickness on the last day worked if the third (3rd) day of the waiting period is a scheduled workday. Such partial of payment shall not be counted against an employee's total day entitlement.

- (3) For purposes of Article 16, Section 16.04(b) as applied to employees working a "four/tens" schedule, days actually worked including partial days where five (5) or more hours are actually worked will count as time worked.

F. Supplement to Workers' Compensation

- (1) For the purposes of Article 18, Section 18.01 as applied to employees working a "four/tens" schedule, payment will begin at the expiration of twenty-four (24) work hours of such absence as described in Article 18, Section 18.01 except:
 - a. If one (1) scheduled offday falls within such three (3) day waiting period, it shall not count as one (1) day of the waiting period. If two (2) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as

ten (10) hours of the waiting period. If three (3) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as ten (10) hours of the waiting period. If four (4) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as twenty (20) hours of the waiting period.

- b. If an employee is forced by injury to leave the employee's workplace before the employee's regular quitting time on the last scheduled workday before scheduled offdays, any two (2) such offdays, if consecutive, shall be counted as ten (10) hours of the waiting period.
- c. If an employee is injured after reporting to work or is required to go to the Company's doctor for treatment on a scheduled workday, the employee shall be paid at the employee's regular straight-time rate for the remaining hours of the employee's regularly scheduled workday, not to exceed ten (10) hours in total for such day, except that no payment shall be made for time required to visit the doctor on any day the employee is off duty for any reason while the employee is still receiving benefits under Article 18.

G. Funeral Leave

Employees on a "four/tens" schedule will be entitled to ten (10) hours of straight-time pay for each

day of Funeral Leave entitlement.

H. Jury Duty

Employees on a “four/tens” schedule will be entitled to ten (10) hours of straight-time pay for each day of Jury Duty entitlement subject to the provisions of Article 22.

II. For employees working a 12-hour shift per workday schedule:

A. Shift Premiums

Employees who work the day shift of a 12-hour schedule are not entitled to shift premium. Employees who work the night shift of a 12-hour schedule are eligible for the third shift premium described in Article 8, Section 8.05.

B. Overtime

(1) Employees working a 12-hour shift schedule shall be afforded overtime for hours worked beyond twelve (12) in one day, or forty (40) in one week notwithstanding the provisions of Article 9, Section 9.01(a)(1).

(2) For work on the last scheduled off-day of the workweek, the employee will receive two (2) times the employees straight-time hourly wage rate assuming the following conditions have been met:

a) Employee has worked each of his regular scheduled work days, unless not worked for reasons set forth in Section 16.05.

b) The employee has worked at least one scheduled off day and that day was paid

at the overtime rate or the employee was not offered overtime on previous scheduled off days.

- (3) For all other scheduled off days of the work-week, the employee will receive one and one half (1½) times the employee's straight-time hourly wage rate assuming the following condition has been met.
 - a) Employee has worked each of his regular scheduled work days, unless not worked for reasons set forth in Section 16.05.

C. Vacations

- (1) Vacation entitlement as described in Article 13, Section 13.01 shall be converted to straight-time hours for employees working a 12-hour shift schedule. Employees on such a schedule taking one (1) week's vacation shall receive straight-time payment for regular scheduled hours in that workweek, provided they have vacation entitlement remaining.
- (2) Vacations shall normally be scheduled in periods of one (1) full week or more. Shorter periods of vacation will be allowed in accordance with the provisions of Article 13, Sections 13.09 and 13.10. Additionally, the wages the Company shall pay during a period of vacation of less than one full week shall be computed on the basis of a twelve (12) hour workday. Thus, employees on a 12-hour shift schedule taking periods of vacation of less than one full week shall receive twelve (12) hours of pay provided they have at least

twelve (12) hours of vacation entitlement remaining.

- (3) Days actually worked or partial days where six (6) or more hours are actually worked, shall count as twelve (12) straight-time hours for the purposes of determining “straight-time hours worked” as used in Article 13, Section 13.03 for those employees working a 12-hour shift schedule. Additionally, such employees taking a period of vacation of less than one full week as described in items C.(1) and (2) above shall have such days count as twelve (12) straight-time hours provided they have at least six (6) hours of compensation for vacation on such day.
- (4) For the purposes of determining “straight-time hours worked” as used in Article 13, Section 13.03 for those employees working a 12-hour shift schedule utilizing Jury Duty benefits as described in Article 22 of the Contract and item I. below, such days shall count as twelve (12) straight-time hours provided they receive at least six (6) hours of jury duty pay for such day they receive jury duty pay.

D. Holidays

- (1) For all weeks on which a Company-wide holiday falls, an employee who is scheduled to work the holiday, but does not actually work such holiday will receive eight (8) hours of straight-time holiday pay at the applicable wage rate. Additionally, the employee may elect to utilize four (4) hours of vacation entitlement.

- (2) An employee utilizing a floating holiday provided for in Article 12, shall receive eight (8) hours of straight-time holiday pay at the applicable wage rate. Additionally, the employee may elect to utilize four (4) hours of vacation entitlement.

E. Physical Exams

Pursuant to Article 14, Section 14.03, all medical expense made necessary by the Article shall be paid for by the Company. Except for an employee's examination in connection with acceptance for employment or as otherwise set forth in Article 14, employees working a 12-hour shift schedule shall receive pay for time spent, not to exceed twelve (12) hours including time worked that day, having such physical examination.

F. Sickness Leave of Absence

- (1) Sick leave entitlement as described in Article 16, Section 16.02, shall be converted to straight-time hours for employees working a 12-hour shift schedule. Payment will be made for regularly scheduled workdays not to exceed twelve (12) hours for any scheduled workday, computed at straight-time exclusive of shift premium or any other premium pay.
- (2) For the purposes of Article 16, Section 16.03 as applied to employees working a 12-hour shift schedule, payment will be made for time so lost beginning with the expiration of the twenty-four (24) scheduled work hours of any one continuous absence except:

- a. If one (1) scheduled offday falls within such 24-hour waiting period, it shall not count toward the waiting period. If two (2) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twelve (12) hours of the waiting period. If three (3) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twelve (12) hours of the waiting period. If four (4) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twenty-four (24) hours of the waiting period.
- b. If an employee is forced by illness to leave the employee's workplace before the employee's regular quitting time on the last scheduled workday before scheduled offdays, any two (2) such offdays, if consecutive, shall be counted as twelve (12) hours of the waiting period.
- c. An employee who reports for work on a regularly scheduled workday, but is forced by illness to leave work before working more than six (6) hours shall have that day count as twelve (12) hours of the required waiting period. An employee who is forced by illness to leave work after working more than six (6) hours, but less than twelve (12) hours may be paid on a day of the waiting period an equivalent number of hours as those lost because of

the sickness on the last day worked if the day of the waiting period is a scheduled workday. Such partial of payment shall not be counted against an employee's total day entitlement.

- (3) For purposes of Article 16, Section 16.04(b) as applied to employees working a 12-hour shift schedule, days actually worked including partial days where six (6) or more hours are actually worked will count as time worked.

G. Supplement to Workers' Compensation

- (1) Supplement to Workers' Compensation entitlement as described in Article 18, Section 18.01, shall be converted to straight-time hours for employees working a 12-hour shift schedule. Payment will begin at the expiration of twenty-four (24) work hours of such absence as described in Article 18, Section 18.01 except:
 - a. If one (1) scheduled offday falls within such 24-hour waiting period, it shall not count toward the waiting period. If two (2) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twelve (12) hours of the waiting period. If three (3) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twelve (12) hours of the waiting period. If four (4) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as

twenty-four (24) hours of the waiting period.

- b. If an employee is forced by injury to leave the employee's workplace before the employee's regular quitting time on the last scheduled workday before scheduled offdays, any two (2) such offdays, if consecutive, shall be counted as twelve (12) hours of the waiting period.
- c. If an employee is injured after reporting to work or is required to go to the Company's doctor for treatment on a scheduled workday, the employee shall be paid at the employee's regular straight-time rate for the remaining hours of the employee's regularly scheduled workday, not to exceed twelve (12) hours in total for such day, except that no payment shall be made for time required to visit the doctor on any day the employee is off duty for any reason while the employee is still receiving benefits under Article 18.

H. Funeral Leave

Employees on a 12-hour shift schedule will be entitled to twelve (12) hours of straight-time pay for each day of Funeral Leave entitlement.

I. Jury Duty

Employees on a 12-hour shift schedule will be entitled to twelve (12) hours of straight-time pay for each day of Jury Duty entitlement subject to the provisions of Article 22.

III. For employees working on abnormal shifts other than “four/tens” or 12-hour shift schedules the application of contractual benefits will be negotiated upon implementation of that schedule.

November 11, 2017

Mr. Curtis Stratton, President
International Brotherhood
of Electrical Workers
Local 2100
10400 Dixie Highway
Louisville, KY 40272

Re: Trimble County Assignments

Dear Mr. Stratton:

This will confirm the continuation of the agreement negotiated in 2001 reached between Louisville Gas and Electric Company and Local 2100, International Brotherhood of Electrical Workers, regarding travel allowance and moving expense payable to employees who are assigned to the Company's Trimble County Plant.

For all purposes below "inside Trimble County" shall mean any point within a 15-mile radius of the Trimble County Courthouse in Bedford, Kentucky and "outside Trimble County" shall mean any point outside of that same radius.

A. Permanent Assignments:

Except for employees hired after January 15, 1980, specifically for the Trimble County Plant site, employees who are permanently assigned to the Trimble County Power Plant will be eligible for reimbursement of moving expenses as described in "C." below and will be eligible for a travel allowance of \$8.00 per day for each day the employee is scheduled to report for work and reports for work at the Trimble County Plant site. The travel allowance described in this paragraph will be paid the latest of: (1) an eligible employee's relo-

cation from outside Trimble County for which moving expense is payable; or (2) six (6) months from the date the employee first reports to the Trimble County Plant site after being permanently assigned to that location.

B. Temporary Assignments:

(1) Assignments to Trimble County Plant Site

Employees temporarily assigned to the Trimble County Plant site who do not live inside Trimble County will be eligible for the Travel Allowance described herein.

(2) Assignments from Trimble County Plant Site

Employees permanently assigned to the Trimble County Plant site who live inside Trimble County will be eligible for the Travel Allowance described herein if they are temporarily assigned to another work site outside Trimble County.

C Moving expenses as described herein shall not exceed \$1,500.00 per eligible employee, and shall be available only to employees who are permanently assigned to the Trimble County Plant site and who remain employees of the Company for one year after the moving allowance is paid. The moving expense is payable only to those employees who relocate from a point outside the 15-mile radius of the Trimble County Courthouse in Bedford, Kentucky, to a point inside such 15-mile radius, unless otherwise provided. To be reimbursed for moving expenses, an eligible employee must notify the Company in advance, in writing, of his intent to move his household goods, the approximate date of the move, the location moved from, the location moved to, and the identity of the mover being used. Once the move has been made, the employee must, within thirty (30)

days, present to the Company an itemized bill furnished by the mover.

- D. Employees who voluntarily bid under the terms of Article 10, Section 10.05 are ineligible for moving expenses and travel allowance.
- E. This policy applies only to the Trimble County Plant site and shall govern the payment of travel allowance and moving expenses for employees assigned to or from said site on a permanent or temporary basis.

Sincerely, Stephanie
Duncan Manager, Labor
Relations

LETTER OF UNDERSTANDING**Regarding Power Generation**

(excluding Maintenance Lines of Progression)

This will confirm the understanding reached during the 1983 negotiations, and amended in the 1989, and the 1995 negotiations between Local 2100, IBEW and Louisville Gas and Electric Company concerning the above-referenced departments.

When, in the Company's opinion, it becomes necessary to transfer employees from one payroll division to another because of the retirement of a generating plant or part thereof, or the startup of a new generating plant or part thereof, the following procedure shall be followed:

1. Any employee transferred shall have his classification seniority dovetailed with that of the employees in the classification at the location to which the employee is transferred. However, where minimum time in classification requirements exists as a qualification for promotion, the following time must be served within the line of progression to which the employee is transferred:
 - a. Three (3) months for employees in entry level classifications.
 - b. Six (6) months for employees in higher than entry level classifications.
2. If some, but not all, of the employees at a location within a payroll division are to be transferred to a new payroll division at a different location, the employees subject to transfer shall be allowed to exercise their Company seniority to fill available job openings within their classification in the payroll division to which the Company decides to transfer the employees. Should an

insufficient number of employees be willing to choose transfer to the available openings in a different payroll division, the Company shall assign the employees to the available openings in inverse order of their Company seniority.

3. In the case of the initial staffing of a new plant or part thereof, the Company shall list the number of job openings in each classification above entry level to be filled. The employees in the other payroll divisions within the department shall be allowed to state their preference for the available job openings in each classification. With consideration being given to the list of employee preference, the Company shall assign, at its discretion, employees to fifty percent (50%) of the openings within each classification. The remaining openings within each classification shall be filled on a senior may, junior must basis.
4. For the purposes of Paragraph 3, above, the Company shall determine the total number of employees, by classification, at each location from which the employees will be transferred to the new plant. The Company shall then prepare a list of employees, by name, in an equal number as are sought for reassignment. The Union shall then prepare a list of employees, by name, who desire to be transferred to the new plant not limited as to the number of available openings. Any employee whose name appears on both lists shall be reassigned. All employees so reassigned shall reduce the fifty percent (50%) of available openings which the Company may fill by assignment. If an insufficient number of employees desire by preference to be reassigned to initially staff a new generating station or part thereof, then the Company shall assign the least senior employee

from its (the Company's) list sufficient to meet the fifty percent (50%) of available openings which the Company may fill by assignment.

5. The Company shall determine initial staffing requirements and the selection/assignment procedure shall be completed at one time. However, the Company shall determine which employee or groups of employees shall be transferred at any particular time thereafter.

LETTER OF UNDERSTANDING

Regarding Power Generation

Maintenance Lines of Progression

This will confirm the understanding reached during the 1983, and amended in the 1995 negotiations between Local 2100, IBEW and Louisville Gas and Electric Company concerning the above-referenced department.

When, in the Company's opinion, it becomes necessary to transfer employees from one location to another because of the retirement of a generating plant or part thereof, or the startup of a new generating plant or part thereof, the following procedure shall be followed:

1. If some, but not all, of the employees at a location with a payroll division are to be transferred to a different location, the employees subject to transfer shall be allowed to exercise their Company seniority to fill available job openings within their classification. Should an insufficient number of employees be willing to choose transfer to the available openings at a different location, the Company shall assign the employees to the available openings in inverse order of their Company seniority.
2. In the case of the initial staffing of a new plant or part thereof, the Company shall list the number of job openings in each classification above entry level to be filled. The employees at other locations within the department shall be allowed to state their preference for the available job openings in each classification. The remaining openings within each classification shall be filled on a senior may, junior must basis.
3. For the purposes of Paragraph 2, above, the Company

shall determine the total number of employees, by classification, at each location from which the employees will be transferred to the new plant. The Company shall then prepare a list of employees, by name, who desire to be transferred to the new plant not limited as to the number of available openings. Any employee whose name appears on both lists shall be reassigned. All employees so reassigned shall reduce the fifty percent (50%) of available openings which the Company may fill by assignment. If an insufficient number of employees desire by preference to be reassigned to initially staff a new generating station or part thereof, then the Company shall assign the least senior employees from its (the Company's) list sufficient to meet the fifty percent (50%) of available openings which the Company may fill by assignment.

4. The Company shall determine initial staffing requirements and the selection/assignment procedure shall be completed at one time. However, the Company shall determine which employee or groups of employees shall be transferred at any particular time thereafter.

The Company (Louisville Gas & Electric) and the Union (Local 2100 International Brotherhood of Electrical Workers) agree as follows:

To clarify “Payroll Division” and “Department” in Section 10.05 of the current Collective Bargaining Agreement, “Payroll Division” and “Department” will be defined as:

“Department” is Distribution/Customer Services, Power Production and Telecommunications.

“Payroll Divisions” for Energy Delivery:

- (10) Meter/Meter Assets
- (21) Substation Construction & Maintenance
- (30) Electric
- (40) Gas
- (50) Facility Maintenance

“Payroll Division” for Power Production:

- Trimble County
- Mill Creek
- Cane Run
- Generation Engineering

LETTER OF UNDERSTANDING

For the purposes of Article 10, Section 10.21, the following shall be considered as an “open work assignment” in the payroll divisions as indicated:

POWER GENERATION

Employees in the Laboratory line of progression shall be allowed to bid for openings on a shift or a reporting location different from their own based on skill requirements.

Employees in the Records Coordinator lines of progression shall be allowed to bid for openings at a reporting location different from their own.

Employees in the Maintenance lines of progression shall be allowed to bid for openings at a reporting location different from their own based on skill requirements.

ENERGY DELIVERY

Employees in the Line Technician classification shall be allowed to bid for openings on a shift, reporting location or schedule different from their own.

Employees in the Construction & Maintenance Cable Splicing line of progression shall be allowed to bid for a reporting location different from their own.

Employees in the Gas Construction and Maintenance line of progression shall be allowed to bid for a reporting location different from their own.

Employees in the Trouble Technician - Gas classification shall be allowed to bid for openings on a shift different from their own.

Employees in the Distribution Operations Records Coordinator line of progression assigned to a Service Center shall be allowed to bid for a reporting location different from their own.

Employees in the Facility Attendant classification shall be allowed to bid for a reporting location different from their own.

Employees in the Facility Maintenance line of progression shall be allowed to bid for a reporting location different from their own based on skill requirements.

Employees in the Customer Service Representatives - Field Services line of progression shall be allowed to bid an open work assignment in the established work districts.

Employees in the Customer Service Representatives - Meter Reader line of progression shall be allowed to continue the present practice of “book” selection.

Employees in the Transportation Department - Garage line of progression shall be allowed to bid for openings on a shift or reporting location different from their own based on skill requirements.

Employees in the Transportation Office line of progression shall be allowed to bid for a reporting location different from their own.

Employees in the Warehouse line of progression shall be allowed to bid for openings on a shift or reporting location different from their own.

Open work assignments shall be limited to journeyman job classifications and above (or non-line of progression jobs) and further the concept of pre-bidding a preferred location

or shift shall be utilized unless otherwise mutually agreed.

An open work assignment is when it can reasonably be anticipated at the time of the assignment that the duration of the assignment will be at least one-hundred twenty (120) days.

Any open work assignment which is not filled as described above may be filled by the least senior qualified employee in the classification.

This constitutes, unless hereafter otherwise agreed, the entire understanding between the parties as to the meaning of “open work assignment” as that term is used in Article 10, Section 10.21 of the Collective Bargaining Agreement.

November 11, 2017

Mr. Curtis Stratton, President
International Brotherhood of
Electrical Workers
Local 2100
10400 Dixie Highway
Louisville, KY 40272

Re: Severance Benefits

Dear Mr. Stratton:

This confirms the continuation of the agreement negotiated in 2001 for a successor to the 1998-2001 collective bargaining agreement (“CBA”) regarding severance benefits. During the term of the 2001 CBA, employees who receive notice of a General Redeployment pursuant to Article 10, section 10.24, shall have the right to elect severance benefits throughout the period they remain subject to redeployment. Eligible employees shall be entitled to a severance benefit equal to one week’s pay for each full year of service, with a maximum benefit of twenty-six weeks. Additionally, the Company will pay the employees’ group medical and dental premiums at the rate in effect at the time of their termination, for up to three (3) months of the period covered by the Consolidated Omnibus Budget Reconciliation Act (“COBRA”). 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. While the terms of this release will be left to the sole discretion of the Company, the terms will be substantially similar to those contained in the attached exhibit.

Sincerely,
Stephanie Duncan
Manager, Labor Relations

LETTER OF UNDERSTANDING**Regarding Cane Run Station**

This will confirm the understanding reached during the 2011 negotiations between Local 2100, IBEW and Louisville Gas and Electric Company concerning the Cane Run Station.

If, in the Company's opinion, it becomes necessary to reduce the workforce at the Cane Run Station because of the retirement of the Cane Run Station's coal fired units or part thereof, or the startup of a new generating plant or part thereof at the Cane Run generating station, the following procedure shall be followed:

1. The Company shall not lay off any Cane Run employees as a direct result of the retirement of the Cane Run generating station's coal fired units.
2. In the case of the initial staffing of a new plant or part thereof at the Cane Run Station, the Company shall assign, at its discretion, employees to fill all openings within each classification at the new plant. The Company shall fill all initial openings for a new plant or part thereof at the Cane Run Station with current Cane Run employees.
3. The Company shall provide a list of open positions to be filled at Mill Creek, Trimble County, and/or Ohio Falls to any employee at the Cane Run Station coal fired units not assigned to a new position at the new plant or part thereof at the Cane Run Station. The employees provided with this list shall be allowed to state their preference for the available openings at Mill Creek, Trimble County, and Ohio Falls. With consideration being given to the list of employee preference, the available openings shall be filled on a senior may,

junior must basis utilizing Company seniority. An employee placed into a comparable classification pursuant to this paragraph shall have his classification seniority dovetailed with that of the employees in the classification at the location to which the employee is placed. For example, if a Cane Run operator was placed in an operator position at Mill Creek, his classification seniority shall be dovetailed. An employee placed into a different classification (i.e., a Cane Run operator is placed in a material handling position at Mill Creek) shall receive a new classification seniority date and their pay shall be red-circled and the pension multiplier will not be reduced as provided in the pension plan.

4. Employees at the Cane Run coal fired generating station who are permanently assigned to a position at Trimble County pursuant to paragraph 3 of this Letter of Understanding shall receive a one-time lump sum payment in the amount of \$3,400.00, subject to applicable withholdings, per eligible employee, provided the employee relocates from a point outside the 15-mile radius of the Trimble County Courthouse in Bedford, Kentucky, to a point inside such 15-mile radius and remains an employee of the Company for one year after the lump sum payment is made. Employees receiving the lump sum payment described in this paragraph shall not be eligible for any of the benefits set forth in the letter agreement regarding Trimble County Assignments, including, but not limited to the travel allowance and the reimbursement of moving expenses.
5. Within 36 months from the date of transfer, employees must pass the Minimum Qualifications for entry into their assigned classification. If the employee does not pass the minimum qualifications for entry, they will be

subject to demotion within the established line of progression until such time they pass in accordance with the Employee Performance Review System for Bargaining Unit Employees.

6. All filling of vacancies for positions at the new Cane Run plant, Mill Creek, Trimble County, or Ohio Falls facilities pursuant to paragraphs 2 or 3 of this Letter of Understanding shall count as an internal posting for purposes of Section 10.09 of the Agreement.
7. All vacancies for positions at the Cane Run coal-fired generating units which occur prior to the retirement of these units and which the Company, at its discretion, decides to fill shall be first posted internally. The Company, at its discretion, shall determine the classification at the appropriate pay grade and qualifications required for each position posted pursuant to this paragraph. The Company shall be the sole judge of an employee's qualifications for such positions.
8. An employee of the Cane Run coal fired generating station shall have the right to elect severance benefits provided he remains employed at Cane Run until the Company releases him following the retirement of the coal fired generating units and completion of all related work. Employees assigned to fill openings at the new plant at the Cane Run Station or placed in positions at Mill Creek, Trimble County or Ohio Falls pursuant to paragraph 3 above, will have the option of either electing severance benefits or accepting assignment to a new position. Cane Run's coal fired generating station employees shall be entitled to a severance benefit equal to two week's pay for each full year of service, with a maximum benefit of fifty-two weeks. Additionally, the Company will pay the employees' group medical

and dental premiums for up to three months of the period covered by COBRA. 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.

9. 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 Cane Run coal fired generation employees. Furthermore, the individual qualifications of such employees shall not serve as a precedent for any future applications of their classification.
10. With respect to coal fired generation Cane Run employees, the provisions in this Letter of Understanding shall supersede the provisions set forth in Article 10 of the Agreement, the Letter of Understanding Regarding Power Generation (excluding Maintenance Lines of Progression), and the Letter of Understanding Regarding Power Generation Maintenance Lines of Progression.
11. The Company shall determine staffing requirements and in the timing and the procedure for completing the selection and/or assignment subject to the provisions set forth herein.

**PAYGRADES FOR BARGAINING UNIT
EMPLOYEES**

**EFFECTIVE NOVEMBER 06, 2017 THROUGH
NOVEMBER 04, 2018**

GRADE	Start	6 mos.	12 mos.	18 mos.	24 mos.
14	40.49	41.10			
13	39.61	40.05	40.49		
12	38.22	38.63	39.98		
11A	34.66	35.80	36.96	38.17	39.55
11	34.66	35.75	36.82	37.82	39.14
10	34.04	35.01	36.09	37.17	38.22
9	33.56	34.39	35.30	36.09	36.96
8	32.54	33.34	34.20	35.01	35.93
7	30.22	31.02	31.89	32.76	33.56
6	28.74	29.61	30.44	31.33	32.11
5	28.12	29.02	29.82	30.70	31.52
4	26.88	27.76	28.59	29.45	30.29
3	26.11	26.78	27.50	28.21	28.96
2	24.42	25.28	26.05		
1A	24.42	24.84	25.14		
1	24.16	24.39	24.80		

1st Period 2nd Period

Temporary Help*: \$8.00 \$8.50

*The general wage increase does not apply.

**PAYGRADES FOR BARGAINING UNIT
EMPLOYEES
EFFECTIVE NOVEMBER 05, 2018 THROUGH
NOVEMBER 03, 2019**

GRADE	Start	6 mos.	12 mos.	18 mos.	24 mos.
14	41.50	42.13			
13	40.60	41.05	41.50		
12	39.18	39.60	40.98		
11A	35.53	36.70	37.88	39.12	40.54
11	35.53	36.64	37.74	38.77	40.12
10	34.89	35.89	36.99	38.10	39.18
9	34.40	35.25	36.18	36.99	37.88
8	33.35	34.17	35.06	35.89	36.83
7	30.98	31.80	32.69	33.58	34.40
6	29.46	30.35	31.20	32.11	32.91
5	28.82	29.75	30.57	31.47	32.31
4	27.55	28.45	29.30	30.19	31.05
3	26.76	27.45	28.19	28.92	29.68
2	25.03	25.91	26.70		
1A	25.03	25.46	25.77		
1	24.76	25.00	25.42		

1st Period 2nd Period
Temporary Help*:\$8.00 \$8.50

*The general wage increase does not apply.

**PAYGRADES FOR BARGAINING UNIT
 EMPLOYEES
 EFFECTIVE NOVEMBER 04, 2019 THROUGH
 NOVEMBER 01, 2020**

GRADE	Start	6 mos.	12 mos.	18 mos.	24 mos.
14	42.54	43.18			
13	41.62	42.08	42.54		
12	40.16	40.59	42.00		
11A	36.42	37.62	38.83	40.10	41.55
11	36.42	37.56	38.68	39.74	41.12
10	35.76	36.79	37.91	39.05	40.16
9	35.26	36.13	37.08	37.91	38.83
8	34.18	35.02	35.94	36.79	37.75
7	31.75	32.60	33.51	34.42	35.26
6	30.20	31.11	31.98	32.91	33.73
5	29.54	30.49	31.33	32.26	33.12
4	28.24	29.16	30.03	30.94	31.83
3	27.43	28.14	28.89	29.64	30.42
2	25.66	26.56	27.37		
1A	25.66	26.10	26.41		
1	25.38	25.63	26.06		

1st Period 2nd Period
 Temporary Help*:\$8.00 \$8.50

*The general wage increase does not apply.

AGREEMENT

between

**LOUISVILLE GAS AND
ELECTRIC COMPANY**



and

**INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS**



IBEW
LOCAL 2100

2014 - 2017



OFFICERS

PRESIDENT/BUSINESS MANAGER

CURTIS STRATTON

VICE-PRESIDENT

GREG PURVIS

RECORDING SECRETARY

RANDY BARMORE

TREASURER

RICK RAYMER

EXECUTIVE BOARD

DANNY CLEMONS

TERRY CUNDIFF

DAVID JOYNER

CECIL MILBY

RON MILES

PHILLIP WALKER

CHIP WHEELER

OFFICE PHONE NO.

(502) 935-4010

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NON-DISCRIMINATION

There shall be no discrimination by the Company or the Union in the application of the terms of this agreement because of race, color, religion, national origin, age, sex, handicap, or status as a disabled veteran or veteran of the Vietnam Era.

The use of the masculine or feminine gender in this Agreement shall be construed as including both genders and not a sex limitation unless the Agreement clearly requires a different construction.

ARTICLE 1 RECOGNITION

The Company recognizes the Union as the exclusive collective bargaining agent for all employees of the Company engaged in operation, production, construction and maintenance, including meter readers, servicemen, collectors and inspectors, temporary and summer employees, and custodial employee classifications, but excluding all other employees in the Commercial Department, Accounting Department, Market Services Department, right-of-way agents, cadet engineers, co-op students and internships, office clerical employees, and all professional employees, guards and supervisors as defined in the National Labor Relations Act, as amended.

ARTICLE 2 MANAGEMENT

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.

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 3 UNION SECURITY

SECTION 3.01: The Union is required under the terms of this Agreement to represent all of the bargaining unit employees of the Company fairly and equally without regard as to whether or

not such employee is a member or agency fee payer of the Union. Accordingly, it is deemed fair that each such bargaining unit employee pay his own way and assume his fair share of the obligation along with the grant of equal benefits contained in this Agreement. Neither the Company nor the Union shall exert any pressure on, or discriminate against, any such bargaining unit employee as regards such matters.

SECTION 3.02: The Union agrees that it shall from time to time promptly accept for membership in the Union any person, not at such time a member or agency fee payer of the Union, (a) whom the Company desires to employ to perform for the Company work covered by this Agreement and who signifies his willingness to become a member or agency fee payer of the Union, or (b) who is an employee of the Company performing for it work covered by this Agreement and who signifies his willingness to become a member or agency fee payer of the Union.

SECTION 3.03: The term "willingness to become a member of the Union" as used in this Agreement shall mean and refer to a person who applies to the Union for membership therein, tenders the initiation fees uniformly required by the Union as a condition to membership therein and agrees to pay the periodic dues uniformly required by the Union as a condition to membership therein.

SECTION 3.04: Each regular bargaining unit employee who was employed on or before September 29, 1980, shall, as a condition of continued employment, pay to the Union directly or by way of proper authorization for payroll deduction in the manner provided in Section 3.08 of this article, until the expiration of this Agreement, an amount of money uniformly required from the members or agency fee payer of the Union, which shall be limited to an amount of money equal to the Union's regular and established initiation fee, if applicable, and the Union's regular and established monthly dues or agency fees.

All employees covered by this Agreement who are in the employ of the Company on the effective date of this Agreement and who at that time are members or agency fee payers of the Union or who thereafter become members or agency fee payers of the Union shall, during the remainder of the term of this Agreement, as a condition of continued employment maintain their membership or agency fee payer status in the Union.

All employees covered by this Agreement who have been employed since September 29, 1980, or who are employed during the term of this Agreement, shall become and remain members or agency fee payers of the Union on the effective date of this Agreement, or in the case of newly hired employees, on the thirty-first day of employment.

SECTION 3.05: Any regular bargaining unit employee, who fails to comply with the foregoing provisions, shall, within ten (10) work days after the Company is in receipt of due notice by registered or certified mail from the Union, be notified by the Company in writing that he is being placed upon thirty (30) calendar days notice, and at the end of such period, having failed to comply with this provision, shall be discharged.

SECTION 3.06: The Union shall indemnify and save the Company harmless against any and all claims, demands, suits or other forms of liability that may arise out of or by reason of any action taken or not taken by the Company for purposes of complying with the provisions of this article.

SECTION 3.07: The Company agrees to notify each new bargaining unit employee of the existence of this Agreement. In addition, the Company shall, within a reasonable period of time after the effective date of employment of each new bargaining unit employee, advise the Union in writing as to the name of such new bargaining unit employee, his address, work location and wage rate.

SECTION 3.08: The Company shall make collection of union dues or agency fees of any bargaining unit employee, who is or is not a member or agency fee payer of the Union, through payroll deductions, upon proper authorization in writing signed by such bargaining unit employee and delivered to the Company, within the ten (10) work days after its execution; shall pay monthly to the Financial Secretary of the Local Union the total amount thus deducted from all bargaining unit employees for whom such authorizations are in effect; and shall monthly, promptly after the first payday, furnish such Financial Secretary an itemized list showing, for the period subsequent to the last previous list, the names, addresses, work locations, and wage rates of the bargaining unit employees in respect of whom the payroll deductions were made and the respective amounts of such deductions. Deductions shall be made only from the wages paid to bargaining unit

employees on two (2) of the paydays in the month for which the dues are owing.

SECTION 3.09: The Financial Secretary of the Local Union shall certify to the Treasurer (or other properly designated representative) of the Company, in writing and in such form and detail as the Company shall direct, the amount of the regular monthly union dues or agency fees which shall be deducted for such month under the authorizations provided for in Section 3.08 of this article. In each case where there is any change to be made in the amount so certified, the Financial Secretary shall, on or before the twentieth day of the month immediately preceding the month in which such change is to be effective, certify such fact and the changed amount to be deducted.

SECTION 3.10: Cancellation by a bargaining unit employee of his written authorization for payroll deduction shall be in writing signed by the bargaining unit employee and, upon receipt thereof, the Company shall honor any such cancellation. Cancellations shall be forwarded promptly to the Financial Secretary (or other properly designated representative) of the Union. A bargaining unit employee's authorization shall be deemed automatically canceled if such employee leaves the employ of the Company (including bargaining unit employees who are granted leaves of absence) or is transferred or promoted out of the bargaining unit.

SECTION 3.11: No dues or agency fees shall be deducted when sufficient pay is not available after allowing for all other authorized deductions. In such a case, the Union dues or agency fees shall be deducted on a subsequent payday (if any) in the same month if sufficient pay is available.

Any employee who is a member of and adheres to established and traditional tenets or teachings of a bona fide religion, body or sect which has historically held conscientious objections to joining or financially supporting labor organizations shall not be required to join or financially support the Union as a condition of employment hereunder; provided, however, that such employee shall be required to pay, in lieu of periodic dues or agency fees and initiation fees, sums equal to such dues or agency fees and initiation fees to a nonreligious, non-labor organization charitable fund exempt from taxation under Section 501(c)(3) of Title 26 of the Internal Revenue

Code, chosen by such employee from the following three funds:

1. Old Kentucky Home Council, Boy Scouts of America
2. Kentuckiana Council, Girl Scouts of America
3. Metro United Way

If such employee who holds conscientious objections pursuant to this provision requests the Union to use the grievance-arbitration procedures on his behalf, the Union has the right, in accordance with Section 19 of the National Labor Relations Act, as amended, to charge the employee for the reasonable cost, which shall be determined by the Union, of using such procedure.

SECTION 3.12: Each new employee during his orientation shall be provided by his Department with the following:

- (a) A copy of this Agreement;
- (b) A copy of the Company's work rules, including Absenteeism and Tardiness rules and regulations;
- (c) A copy of the Safety Manual;
- (d) The telephone number(s) to call to report absence or tardiness;
- (e) The names of employee's immediate supervisor and the supervisor's immediate superior; and,
- (f) A list of Stewards and Chief Stewards furnished the Department by the Union.

The Company will provide the appropriate Chief Steward, or his designated representative, with written notification of any newly-hired employee assigned to the Chief Steward's area within two (2) weeks of such assignment. The Union will be notified in advance of any formal employee orientation meetings.

Nothing in this Section shall enlarge upon the rights of new employees as set forth elsewhere in this Agreement.

ARTICLE 4

UNION BUSINESS

SECTION 4.01: Any regular employee covered by this Agreement who is or may be elected or appointed to an office in the Union requiring his absence from duty with the Company, upon written request by the Union, shall be granted a leave of absence without pay for the duration of his term or terms of office. He shall be reinstated to employment upon completion of his term of office with restoration of full seniority, including the time served in union office, if he applies for reinstatement within thirty (30) calendar days after expiration of his term. Provided he is capable of performing the work and has retained qualifications, he shall be reinstated to his former position or its equivalent on the shift and at the location he was assigned prior to his term in the Union office, if available. He will be allowed time off from work without pay for any vacation entitlement he may have earned from the Union while on such leave of absence and such time will be treated as though it were vacation for absenteeism purposes. Time off will be granted only to the extent scheduling will permit which does not interfere with the established vacation schedule in accordance with Article 13. The Company shall not be required to grant more than four (4) leaves of absence under this Article at the same time. However, the Company may, upon proper request from the Union, authorize more than four (4) such leaves of absence. Two (2) of the above authorized four (4) leave of absence employees may instead be employees chosen by the Union who will remain active, but will be on full-time special assignments. Such employees will primarily focus on the two functions described below or must actually perform services directly related to the administration and enforcement of the CBA to include, without limitation, acting as the Union's chief representative for the Joint Health and Safety Committee as detailed in Article 34. Compensation shall be limited to loss of straight-time wages at the employee's rate immediately prior to the start of his special assignment, adjusted for regular increases.

- One position to focus on working with contractors and Building & Trade unions to improve the potential for union contractors to be competitive in the bidding process.
- One position to focus on safety training for both employees and contractors.

SECTION 4.02: Any regular employee covered by this Agreement who is elected or appointed to an office in the Union requiring his temporary absence from duties with the Company may, upon proper written request to his supervisor, specifying the dates of, and reasons for such absence, be excused from work without pay, provided that the Company can arrange for a substitute to perform the employee's work, and provided further that any such leave or sum of such leaves shall not exceed thirty (30) working days in a calendar year. However, the Company will give additional consideration in this area on a case-by-case basis.

SECTION 4.03: When an employee needs to attend a Union committee meeting during his regular scheduled workday, he shall be excused from work without pay for that purpose, upon proper written request to his supervisor, provided that the Company can arrange for a substitute to perform the employee's work.

SECTION 4.04: An employee who is elected by the Union to serve as a delegate to Union conventions or other similar Union meetings shall, upon proper written request to his supervisor, be excused from work without pay for sufficient time to attend such conventions or meetings.

SECTION 4.05: The Company shall compensate an employee only for the regular straight-time hours actually lost by such employee because of the employee's documented participation in the contractual grievance procedure, K.O.S.H.A. inspections, and arranged meetings, as outlined below:

- (a) For time spent by Shop Stewards, Chief Stewards and other employees authorized by this Agreement to participate in the processing of a grievance under the terms of the grievance procedure set forth in Article 5.
- (b) For time spent by a Union member who is requested by the Company or K.O.S.H.A. to attend opening or closing conferences or the walkaround of a K.O.S.H.A. inspection of a Company facility.
- (c) For time spent in arranged Company authorized meetings with Company representatives.

SECTION 4.06: Union business except as specifically provided herein, shall not be conducted during employee's working time unless specifically authorized by the Company.

SECTION 4.07: Union members who are excused from work for the conduct of Union business, and who are not eligible for compensation by the Company for time so spent, shall, upon request by the Union, be compensated by the Company for straight-time hours spent. 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.

SECTION 4.08: An employee who is elected or appointed to a full-time position with the Union shall be permitted to participate only in the following Company fringe benefit plans:

- (a) Group Medical Insurance Program
- (b) Group Dental
- (c) Retirement Income Plan
- (d) The programs described in Section 29.06

Except for the benefits described in subsection (d) above, the total cost of participation in the above-listed fringe benefit plans for an employee elected or appointed to a full-time position with the Union, and who elects to participate in such benefit plans, shall be paid for by the Union. Such cost shall be payable when due, upon proper notification to the Union, for all time the employee holds such elected or appointed position.

SECTION 4.09: For the purpose of Sections 4.02, 4.03 and 4.04 of this article, seven (7) calendar days shall be considered "proper written request" provided the Union is aware of the need for the individual's absence at that time. In any case, the Union will notify the Company as far in advance as possible if the seven (7) calendar day notification cannot be met. In such case, the Company will make every effort to accommodate the Union's request consistent with operational needs. However, the Company shall not be obligated to

release any employee if written notice is received less than forty-six (46) hours prior to the beginning of the employee's scheduled work day from which he seeks to be released in whole, or in part. Leaves of absence shall not be unreasonably withheld by the Company.

SECTION 4.10: With the exception of the provisions of Section 4.05 above, there shall be no other compensation for Union business.

SECTION 4.11: Bulletin boards shall be furnished by the Company for the Union's use for the purpose of posting notices to Union members. 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. Postings on bulletin boards shall be done by the Chief Union Stewards or their designated representatives.

ARTICLE 5

GRIEVANCE PROCEDURE

SECTION 5.01: A grievance is defined as a dispute an employee or the Union may have with the Company arising from or based on the interpretation, application or violation of the express terms of this Agreement and other related contractual agreements or established precedents.

SECTION 5.02: It is the intention of the parties that all complaints and grievances should be presented promptly and discussed within a reasonable time. It is the further intention of the parties that grievances should be settled, whenever possible, at the departmental levels where the greatest familiarity with the subject matter exists. Therefore, prior to filing a grievance at the First Step of the grievance procedure, an employee who has a complaint or problem which may thereafter be a grievance, may informally discuss such complaint or problem with his immediate supervisor. If the complaint or problem is not resolved at this informal discussion, then it may thereafter be referred to the First Step of the grievance procedure.

It is agreed that all grievances, except those involving discipline or discharge, shall be settled and determined through the following grievance procedure. Discipline and discharge grievances will be processed in accordance with Article 7.

First Step - the Union or any employee who believes that he has a justifiable grievance shall, within fourteen (14) calendar days after the cause of the grievance is known to the employee, or when it could have reasonably been known to the employee, verbally present and discuss the grievance with his immediate supervisor. The Shop Steward shall be present at this meeting and shall identify the verbal presentation as a formal grievance. If the grievance is not resolved at this meeting, the shop steward will specify the issue of the grievance and the date of this meeting on the First Step grievance form provided by the Union. The supervisor will sign acknowledging receipt of the grievance. The supervisor shall, within fourteen (14) calendar days of the initial meeting, notify the employee and the shop steward of the disposition of the matter.

A meeting will be held, within the above fourteen (14) calendar day period, in an attempt to settle the grievance using mutual gains bargaining (MGB) principles. The meeting may be attended by the aggrieved employee, his Shop Steward and Chief Steward or other designated Steward trained in MGB principles. Also in attendance may be the grievant's immediate supervisor and another management representative trained in MGB principals who shall then attempt to settle the grievance. Any new information the Union may discover after this meeting will be promptly brought to management's attention. The Union will not be unreasonably denied the opportunity to explain the new information, if necessary. Any settlement must be documented on the First step grievance form, signed by both parties and submitted to the Union Office and the Labor Relations Department. Within seven (7) calendar days of such settlement, the Union Office or the Labor Relations Department will have the opportunity to reject the settlement. If neither the Union Office nor the Labor Relations Department rejects the settlement, it may then be implemented. It is understood and agreed that settlements at this level of the grievance procedure shall not constitute a precedent for the interpretation and administration of this Agreement or any other like or similar grievance or grievances.

Second Step - If the grievance is not resolved, and is to be processed further, then within seven (7) calendar days after the

supervisor's answer at the First Step of the grievance procedure or in the case of a rejected settlement, within seven (7) calendar days of notice of such rejection, the grievance shall be reduced to writing and submitted, by the President of the Union (or his designated representative) to the person designated by the Company for a Second Step grievance meeting. This meeting will be held within fourteen (14) calendar days of receipt, if practicable.

At the Second Step grievance meeting, a member of the Labor Relations staff (together with such associates as he may wish to assist him in the matter) shall meet with the Union Grievance Committee (which shall be composed of the Union President, the Chief Steward, the Shop Steward, and the grievant or their designated representatives, together with such non-employee associates as they may wish to assist them in the matter) to discuss and attempt to resolve the grievance.

Within fourteen (14) calendar days after the Second Step grievance meeting is conducted, a person designated by the Company shall answer the grievance in writing and give such answer to the Union President. If the grievance is not resolved at the Second Step of the grievance procedure, then, as prescribed in Article 6 of this Agreement, the President of the Union (or his designated representative) may submit a written demand for arbitration to the American Arbitration Association with a copy to the designated Company representative.

At any time after the expiration of ninety (90) calendar days following the date of the Company's Second Step answer for discharge cases or six (6) months following the date of the Company's Second Step answer for all other cases, the Company may inform the Union Office in writing that such grievance must be submitted to Arbitration within fourteen (14) calendar days after the receipt of such letter, or it shall be defaulted in accordance with the terms of Section 5.03.

SECTION 5.03: Any dispute, complaint or grievance arising from an alleged violation of this Agreement by the Company shall be deemed, considered and held to have been waived unless the same is presented for settlement and determination within the time limits as spelled out in the various steps of the grievance procedure. In

the event a grievance is not processed within the specified time limits, unless the Company and the Union mutually agree otherwise, the grievance shall be deemed to have been defaulted and it will thereafter be settled in favor of the non-defaulting party. It is further understood that if a grievance is defaulted or waived it shall not constitute a precedent for the interpretation and administration of this Agreement or any other like or similar grievance or grievances.

SECTION 5.04: It is agreed that the Company will compensate, per Article 4, Section 4.05 of this Agreement, the grievant and the Stewards, who are authorized in this article, for documented time spent in investigating, processing grievances and participating in grievance step meetings with Company representatives. "Substitutes," "assistants," or "replacements" will only be recognized as being entitled to compensation under this Section if, where practicable, written advance notification is received from the Union office naming the changes in designated representatives that the Union desires to make. The Union agrees to keep the Company notified in a timely manner as to who has been designated a Shop Steward or Chief Steward, and which group or groups of employees that each one represents and shall provide the Company with an up-to-date list at the beginning of each calendar month. The Union further agrees to assign each Shop Steward to his current work site or work group.

The First Step of the grievance procedure shall be conducted during the scheduled working hours of the grievant as far as practicable. Second Step grievance meetings shall be conducted as far as practicable between hours of 8 a.m. to 5 p.m. Time of such meetings shall be by mutual agreement of the parties.

SECTION 5.05: In order to investigate grievances arising hereunder and/or to meet with representatives of the Company to attempt to adjust grievances for those employees in his designated work group or work area, the Union representative authorized to participate at the appropriate grievance step and to represent the grievant may be permitted to consult with any other employee within his designated work group or work area during the working time of either of them, provided he first obtains the permission of his own supervisor and then obtains the permission of the immediate supervisor of the employee being consulted and that such consultation shall not

disrupt the Company's operations. The permission of the immediate supervisor in either case shall not unreasonably be withheld. Consultations of this nature shall be as brief as practicable with every reasonable effort made to limit their use to the involvement of only those employees as may be needed to establish the facts in each case.

In addition to the above limitations, grievance investigation as described herein shall be authorized only on Company property. However, after a grievance has been answered following the first step hearing, a Chief Steward may, if necessary, be authorized to attend the Union Office for purposes of grievance investigation provided, however, the appropriate labor relations/management representative receives a written request specifying the grievance being investigated, as well as the date, time and approximate duration of the investigation for which permission is requested. Such request must be received reasonably in advance of the date sought by the Chief Steward and shall be signed by the Union President or a Business Representative. Permission to attend the Union Office, provided these conditions are met, shall not be unreasonably withheld.

Additionally, should an employee be suspended pending discharge pursuant to Section 7.04 of this Agreement, the appropriate Chief Steward will, if necessary, be authorized to attend the Union Office, during his working time, prior to the suspension hearing after first obtaining the permission of his immediate supervisor. Permission will not be unreasonably withheld.

SECTION 5.06: Whenever a grievance involves two or more employees, not more than two of the employees affected may be substituted for an employee or grievant wherever the words "employee" or "grievant" are used in the grievance procedure.

SECTION 5.07: Grievances which relate to matters which extend beyond a single section or department may originate in Step Two of this grievance procedure, provided that the initial time limits for filing a grievance in Step One of this grievance procedure are met. The time limits to answer at Step Two will apply.

SECTION 5.08: This grievance procedure may be varied at any time by mutual agreement, in writing, of the parties when such action appears to be necessary or desirable.

ARTICLE 6 ARBITRATION

SECTION 6.01: Any grievance not resolved in the Second Step of the grievance procedure may be submitted to impartial arbitration.

SECTION 6.02: The Union shall notify the Company of its intent to arbitrate a grievance by the procedure established in Article 5, Section 5.02. Such notice shall include the name of the Union's representative.

SECTION 6.03: Within five (5) working days after receiving written notice from the Union that it has requested arbitration of an unresolved grievance, the Company shall notify the Union of its representatives. A meeting will be held between the parties to select one arbitrator from the panel submitted by the American Arbitration Association. This meeting shall be held in a timely manner so as to satisfy the selection requirements of the American Arbitration Association. At such a meeting, the parties shall attempt to resolve the grievance. If the grievance is not resolved at such a meeting, the two parties shall select an impartial arbitrator as hereinafter provided.

SECTION 6.04: Any grievance processed under the terms of this article shall be arbitrated in accordance with the voluntary Labor Arbitration rules of the American Arbitration Association which are then in effect and the Arbitrator for each such case shall be selected in accordance with said rules except that either party may reject one list per case; provided, however, that each list of arbitrators submitted by the American Arbitration Association shall contain the names of at least seven (7) arbitrators who are members of the National Academy of Arbitrators, selected without regard to the geographic location of their residence in relation to Louisville, Kentucky. No more than one grievance shall be simultaneously submitted to any one arbitrator unless the Company and the Union agree otherwise in writing. The Arbitrator so selected shall have power to receive testimony from parties to the dispute and to hear such witnesses as they may desire to present. The parties may, if they so desire, be represented by counsel in all proceedings had before the Arbitrator. The Company shall bear the cost of preparing and presenting its case to the Arbitrator and the Union shall bear the cost of preparing and presenting its case to the Arbitrator. All other expenses of arbitration,

such as but not limited to the Arbitrator's fee, the cost of recording and transcribing testimony if the parties mutually agree to split this cost or if the Arbitrator requests that the hearing be transcribed, and the hiring of a space in which the arbitration proceedings are held, shall be divided equally between the Company and the Union.

SECTION 6.05: The function of the Arbitrator shall be of a judicial rather than a legislative nature. The Arbitrator shall not have the authority to add to, ignore or modify any of the terms or provisions of this Agreement. The Arbitrator shall have power and authority to arbitrate only those matters expressly made subject to arbitration by the terms of this Agreement and shall rule only on the issues submitted to him. The Arbitrator shall have power only to interpret this Agreement and shall not have the power to alter or amend it. The Arbitrator shall not decide issues which are not directly involved in the case submitted to him, and no decision of the Arbitrator shall require the payment of a wage rate or wage basis different from, or the payment of any wages in addition to, those expressly set forth in this Agreement. In any discharge or disciplinary layoff case where the Arbitrator decides that the aggrieved employee should be awarded any back pay, the Company shall be required to make the employee whole to the extent of the Arbitrator's award but shall be entitled to full credit on such award for the employee's gross interim earnings received or receivable by the employee during the period he was not working for the Company. Subject to the foregoing qualifications and limitations, the Arbitrator's award shall be final and binding upon the Company, the Union and the aggrieved employee or employees.

SECTION 6.06: Only the Union shall have the right to process and appeal grievances under this Agreement and only the Union shall have the right to take to arbitration any grievance processed under this Agreement. If the Union fails, refuses or declines to prosecute a grievance on behalf of an employee, or if the Company and the Union settle any grievance on behalf of an employee hereunder, the employee who has filed such grievance or on whose behalf it has been filed shall be conclusively bound thereby and both the Union and the aggrieved employee shall thereafter be estopped to revive or further prosecute said grievance.

SECTION 6.07: Upon mutual agreement of both parties, grievances

involving discipline or discharge may be submitted to Expedited Arbitration. Any grievances submitted to Expedited Arbitration under the terms of this article shall be conducted in accordance with the Expedited Labor Arbitration Rules of the American Arbitration Association.

SECTION 6.08: In discharge cases, provided either party desires to file a post-hearing brief, such briefs shall be filed not more than three (3) weeks from the close of the hearing or two (2) weeks from receipt of the transcript of proceedings, whichever occurs first.

ARTICLE 7 DISCIPLINE AND DISCHARGE

SECTION 7.01: The Company shall have the right to discharge an employee during his probationary period with or without cause, and without recourse by the Union or by such probationary employee to the grievance procedure of this Agreement.

SECTION 7.02: The maintenance of discipline is the responsibility of the Company and to that end, the Company shall have the right to discipline or discharge employees, who have completed their probationary period, for just cause. The Company will send the Union Office a copy of any written disciplinary action given to employees covered by this Agreement and also shall provide a copy to the Union Steward. Such notice will be given as soon as possible after the action takes place.

SECTION 7.03: Any employee called in for disciplinary action or for an investigation which could result in disciplinary action, for that employee, shall be informed of his right to Union representation and shall be allowed to obtain such representation if he so desires before such action or investigation takes place. A copy of any disciplinary action taken shall be given to the employee. The Union or the employee may, within fourteen (14) calendar days after the administration of disciplinary action, appeal such action directly to the Second Step of the grievance procedure in Article 5.

SECTION 7.04: In cases in which the Company determines that an employee's conduct may justify discharge, such employee shall first be suspended for a period not to exceed the equivalent of forty

(40) hours of scheduled work time. During this period of initial suspension, the employee and/or the Union may request a hearing before the appropriate manager or his designated representative. At such hearing, all facts giving rise to the employee's disciplinary action will be presented to the Union and discussed between the parties. The president of the Union (or his designated representative) will be notified and given an opportunity to be present or have his designated representative present. After such hearing, or if no such hearing is requested, the Company shall determine the appropriate penalty, if any, to be given to the employee. Written notice of such determination shall be given to the employee, with a copy to the Union Office and the Union Steward.

SECTION 7.05: In the event the Company's disposition is unsatisfactory to the Union, the Union may, within five (5) working days after such disposition, appeal the final disciplinary action directly to the Second Step of the grievance procedure in Article 5 without prejudice to Section 7.04 of this article or Sections 5.01 and 5.02 of Article 5. However, only one grievance shall be processed.

SECTION 7.06: Unless additional time is necessary to investigate misconduct, and provided the Union approves of such additional time, the Company shall otherwise impose discipline within five (5) of the employee's workdays from the time the Company knows or could have reasonably known of the conduct for which the discipline is imposed.

SECTION 7.07: 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.

ARTICLE 8 HOURS OF WORK

SECTION 8.01: The normal workday is eight (8) consecutive hours of work between the hours of 6:00 a.m. and 6:00 p.m., exclusive of time out for lunch. The normal workweek is five (5) such regularly scheduled consecutive days (forty [40] hours), Monday through Friday, except where otherwise provided. In the case of shift workers, the normal workweek is either five (5)

consecutive scheduled workdays and two scheduled off days or two
(2) consecutive scheduled off days and five (5) workdays.

The payroll week shall consist of seven (7) consecutive days beginning 12:01 a.m. Monday and ending the following Sunday midnight. The Company shall not reduce the hours of work below that which constitutes the normal workweek in lieu of layoff as set forth in Article 10, except upon mutual agreement of the parties.

SECTION 8.02: All employees covered by this Agreement shall be classified as "day workers" or "shift workers."

- (a) Day workers are defined as those employees working the normal workday schedule as described in this article and shall not be entitled to any shift premium as described in Section 8.05.
- (b) Shift workers shall be described as those employees regularly scheduled on other than the normal day workers schedule and shall be entitled to the applicable shift premium attached to the shift so worked as described in Section 8.05. Shift workers working the day schedule shall not be entitled to any shift premium.

SECTION 8.03: The regular starting and quitting time for each employee or group or shift, and the days to be worked in any workweek shall be established from time to time by the Company. The Company will notify an employee of any change in his regular scheduled workweek at least forty-eight (48) hours prior to the change. All schedules shall be posted or given to involved employees, whichever is more appropriate.

SECTION 8.04: Employees who are not given notice as described above shall be entitled to the applicable premium as outlined in Article 9 - Overtime of this Agreement.

SECTION 8.05: For the purposes of identification, work shifts shall be described as the First Shift, Second Shift and Third Shift. For example:

The First Shift will ordinarily begin at 7:00 a.m. and end at 3:00 p.m.;

The Second Shift will ordinarily begin at 3:00 p.m. and end at 11:00 p.m.;

The Third Shift will ordinarily begin at 11:00 p.m. and end at 7:00 a.m.

When the majority of an employee's hours is worked within the above described Second or Third Shift, shift premium for those hours will be paid as follows:

Second Shift \$.90

Third Shift \$1.05

SECTION 8.06: Shift Premium for hours worked:

(a) Shift Premium for overtime hours worked by shift workers on a scheduled work day:

(1) A shift worker scheduled for the second shift who works either call-in or planned overtime before or after his shift, will receive second shift premium for all hours worked.

(2) A shift worker scheduled for the third shift who works either call-in or planned overtime before or after his shift will receive third shift premium for all hours worked.

(3) A shift worker scheduled for the first shift who works either call-in or planned overtime before or after his shift, will receive no shift premium for any hours worked.

(b) Shift Premium for overtime hours worked by shift workers on scheduled offdays:

(1) If a shift worker works either planned or call-in overtime on a scheduled off day, the applicable shift premium for the hours worked will be paid in accordance with Section 8.05, above.

(2) The procedure set forth in (a) (1) through (3) above will also be applicable to shift workers who work more than eight (8) hours on a scheduled offday.

(c) Shift Premium for hours worked by day workers on a scheduled work day:

Shift Premium will be paid to day workers when they are

rescheduled to work hours, on a scheduled work day, for which shift premium is applicable.

- (d) Shift Premium for overtime hours worked by day workers on a scheduled offday:
- (1) Day workers who work planned overtime on their scheduled offday are entitled to the appropriate shift premium.
 - (2) Day workers who work call-in overtime on a scheduled offday are not entitled to shift premium for any hours worked.
 - (3) A day worker who is "called in" for work on his first scheduled offday and is subsequently scheduled to return his second scheduled offday, the first offday is considered "call-in" and shift premium is not applicable. The second offday will be considered "planned" if the employee is notified prior to the end of the shift on his first offday and the employee will be paid the appropriate shift premium as set forth in (d)(1) above.

In (c) and (d) above, if the hours worked are divided evenly between the shifts, shift premium will be paid on the basis of the shift on which work was started.

SECTION 8.07: Payment for hours worked which are eligible for daily, weekly or holiday overtime shall be calculated on the basis of the employee's basic wage rate plus the shift and/or Sunday premium applicable to the shift for which he is scheduled for the day.

SECTION 8.08: If the Company elects to permanently add a new shift, permanently eliminate an existing shift, or permanently change the hours of an existing shift it will notify the Union as early as possible of the change, and meet and discuss the changes prior to implementation, if requested. However, the establishment of a workweek which is not normal as defined in Section 8.01 will be by mutual agreement of the parties. Permanent, as used in this section, is defined as a change which, at the time of change, the Company anticipates will exceed one hundred twenty (120) calendar days. At any time during the process described below, either Party may notify the other of their desire to negotiate the change.

Once notified that an existing shift is no longer acceptable to the Company, the Union may request that a joint task force be formed to recommend alternative shifts either prior to, or in lieu of, negotiating the change. Recommendations that are acceptable to both the Union and Company may be submitted to the affected employees for a vote. If more than 50% of the votes cast support an approved alternate shift, that shift will become effective for a minimum of 12 months. If no alternative receives more than 50% support, a run off vote of the two highest alternatives will be held. Following a run off vote, if the majority of the votes do not support an alternate shift, the Parties may negotiate the change in the original shift.

If the employees or Union desire to permanently change an existing shift, the Chief Steward will notify the appropriate Manager and present the issue and suggested solution(s). Upon approval by the Manager, a joint task force may be formed to develop recommendations. Alternatives that are acceptable to both the Union and Company, including the shift in existence at the time, may be submitted to the affected employees for a vote. The shift that receives two-thirds or more support of those votes cast may become effective for a minimum of 12 months. If no choice receives at least two-thirds support, the existing shift shall remain unchanged for at least 12 months, or until the Company elects to permanently change the shift in accordance with this Section.

The above process may also be utilized for any change to a shift selection process which exists under the terms of Section 10.21. Should either a four (4) day, ten (10) hours per day work schedule or 12 hour shift be established, the terms of Appendix B shall apply.

SECTION 8.09: Except when otherwise provided for in this Agreement, an employee shall be required to work, if physically capable thereof, at any time so requested and necessary in the performance of the Company's reasonable needs or its obligations to its customers as a public service corporation unless specifically excused for reasonable cause.

ARTICLE 9 OVERTIME

SECTION 9.01: Overtime shall be defined as time worked in accordance with the provisions of this article and compensation for overtime hours shall be as follows:

- (a) One and one-half (1-1/2) times the employee's straight-time hourly wage rate shall be paid:
1. For all work performed in excess of eight (8) straight-time hours in any one day or forty (40) straight-time hours in any one workweek;
 2. For work on the first scheduled offday of the workweek, provided the employee worked each of his five (5) regularly scheduled work days during the workweek, unless not worked for reasons set forth in Section 16.05. Additionally, for work performed on the second scheduled offday, if the employee has been offered overtime or has been contacted for overtime which he does not work on his first scheduled offday or if the first scheduled offday was not worked at the overtime rate.
 3. For the first eight (8) hours worked in any one day for another utility company performing emergency electric service restoration.
 4. For any change in an employee's schedule without proper notice as set forth in Section 8.03 of Article 8 and Section 9.03 of Article 9.
 5. For the first eight (8) hours of work performed on observed holidays, in addition to the basic holiday pay allowance;
 6. For all continuous hours worked by an employee who is called in or who voluntarily reports for an emergency and who is permitted to work more than four (4) hours before his regular starting time. An emergency, as used in this article, is defined as an occurrence or situation which can neither be anticipated, not postponed and which might or could cause loss of or interruption of service or might or could cause personal injury or property damage.
 7. For the first scheduled workday following the first off day

of an employee's workweek in which the employee is not allowed either two (2) consecutive off days or five (5) consecutive workdays as described in Article 8, Section 8.01.

- (b) Two (2) times the employee's straight-time hourly wage rate shall be paid:
1. For all hours of work performed in excess of eight (8) hours on an observed holiday;
 2. For all hours worked over eight (8) hours in any one day for another utility company performing emergency electric service restoration, however, if that company's overtime pay practice would provide more wages, then the employee will receive the greater of the two.
 3. For all hours worked in excess of sixteen (16) consecutive hours;
 4. Except as provided in 9.01(a)2, for all work performed on the second scheduled offday of the workweek.

SECTION 9.02: Employees required to work back-to-back shifts, which fall into two regularly scheduled workdays, shall be paid overtime for the hours worked on the second shift, provided the first shift was worked at straight time. However, if an employee voluntarily trades a shift with another employee by mutual agreement and with appropriate approval, he shall not receive overtime for such hours worked, except where he works more than forty (40) hours in any one week. An employee who is required to work a back to back shift may, prior to the start of the second shift, make his desire known to be released after working four (4) hours of the second shift. A reasonable effort to allow the employee to be released will be made, except in emergency situations.

SECTION 9.03: In the event the regular work schedule of an employee is changed without proper notice, as set forth in Article 8, Section 8.03, the overtime obligation as set forth in Section 9.01(a) (4) will apply only for those days for which the schedule has been altered.

An employee may be scheduled or directed to work overtime before and/or after his regularly scheduled workday, and that shall not constitute a change of schedule.

This Section 9.03 shall have no application if an employee, upon his own request, is permitted to change his daily or weekly work schedule, or if an employee's work schedule is changed as the result of his being transferred because of a job bid or to fill a job promotion or vacancy in accordance with this Agreement.

SECTION 9.04: When an employee is called in to work, or voluntarily reports for and is allowed to work an emergency as defined in Section 9.01(a)6., outside of his regularly established work schedule, he shall be paid a minimum of four (4) hours at the applicable rate from the time the employee reports to work. If an employee is called outside his regularly established work schedule, for information pertaining to Company work which can be handled by phone, the employee will be paid for time actually spent in such conversations at the appropriate overtime rate.

SECTION 9.05: For the purposes of this article, overtime shall be defined as "planned" overtime or "call-in" overtime.

- (a) "Planned" overtime shall be defined as overtime anticipated or scheduled in advance of the overtime and about which the employee was notified, prior to leaving the Company's premises. Additionally, when an employee is directed to report for work outside his regular schedule, directed to continue working at the conclusion of his regular workday (except for emergency work), or is directed to commence work before his starting time after reporting to his work location such overtime will be treated as planned overtime.
- (b) "Call-in" overtime shall be defined as all overtime worked which requires the Company to call in an employee outside his regular schedule after such employee has been released from work or when held over for emergency work. The employee will be considered to have been contacted for call-in overtime if he has a telephone and a reasonable effort is made to reach the employee at his telephone number appearing on the Company's records. It is the obligation of the employee to advise the Company of his current telephone number.

SECTION 9.06: Employees who are called-in to work more than four (4) hours before their regular starting time and who are thereafter excused and released from duty for a period of time not to exceed four

(4) hours, shall have all hours actually worked treated as continuous hours for the purpose of overtime (exclusive of all hours the employee is released from work). If such employee remains on the Company premises at the direction of the Company or if such release from duty is within two (2) hours of his normal starting time, such time will be paid at the appropriate overtime rate and treated as continuous. Additionally, employees called back within four (4) hours of being released 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.

SECTION 9.07: When, in the opinion of the Company, an employee has worked for such an extended period of time as to impair his effectiveness or present a hazard to the health or safety of his fellow employees, he may be required by the Company to take off up to eight (8) hours for rest. In no event will an employee be required to work more than sixteen (16) consecutive hours without an eight (8) hour rest period. Such rest period shall be taken in its entirety unless he is requested and agrees to return to work before the expiration of such eight (8) hour rest period. If such rest period runs into the employee's regular workday, he shall be compensated at his regular straight-time rate for all such hours to a maximum of eight (8) straight-time hours unless the rest period was initiated by the employee in accordance with this section or the rest period was initiated after an employee has worked more than sixteen (16) consecutive hours on successive days in response to an emergency as defined in Section 9.01 (a) 6. In the event any such eight (8) hour rest period terminates within two (2) hours or less of the end of the employee's regularly scheduled shift, the employee shall have the election of either returning to work at his regular straight-time hourly rate or not returning to work and forfeiting the remaining hours in his shift.

SECTION 9.08: If an employee is released from duty after sixteen (16) consecutive hours of work and is requested to return to work and agrees to return to work during his regular scheduled workday without the eight (8) hour rest period, such time worked in the regular scheduled workday shall be paid at the overtime rate in effect at the time of release from duty.

SECTION 9.09: It is understood and agreed that overtime will not be paid on overtime or otherwise duplicated or pyramided unless

specifically provided herein. Additionally, an employee shall not be paid both daily and weekly overtime for the same hours worked.

Section 9.10: The Company agrees to distribute overtime opportunities as equitably as practicable among the employees where overtime is required. Accordingly, the Company will make a reasonable effort to equalize overtime opportunities among employees in each work group who are qualified and available to perform the overtime work. Any irregularities in the distribution of overtime that are brought to the attention of supervision by the affected employees will be reviewed on an annual basis. The Company will meet with the Union to determine an appropriate resolution.

Section 9.11: Individual work groups, to include their management, may determine the appropriate system for distributing overtime opportunities in accordance with the following guiding principles:

- The system must be responsive to customer's needs, be cost effective and provide for safe accomplishment of the overtime work.
- The system must be flexible enough to accomplish the first principle under varying situations (i.e., call-in, planned, emergency)
- The system must be simple to administer and rely only on information systems that exist for other business reasons (i.e., Payroll).

For the purpose of determining individualized systems, work groups may vary depending upon organizational design, but will generally consist of employees who are qualified and available to perform the overtime work at a location.

Each work group will notify the Union office and labor relations when an individualized system is chosen and provide a description of the system it is using. The equalization provisions set forth in section 9.10 above shall be applicable until such time as the work group provides this notice.

All issues and disputes arising under this Method are to be resolved within the affected work group. Should a work group be unable to effectively operate its system, or be unable to resolve disputes, the sole and exclusive remedy will be a return to the provisions set forth in section 9.10 above.

ARTICLE 10

SENIORITY

SECTION 10.01: An employee's seniority shall be computed from the date of his most recent employment by the Company (unless otherwise provided herein) except that a new employee shall be on probation for twelve full months from the date of his last employment, and during said period may be discharged with or without cause. However, time away from work by a probationary employee will not be credited toward his probationary period. After serving the probationary period, a new employee shall be placed on the seniority list and given seniority as of the first day he was last hired by the Company. There shall be no seniority among probationary employees and there shall be no responsibility for re-employment of probationary employees if they are laid off or discharged during their probationary period. Probationary employees shall be entitled to the benefits and privileges provided for temporary employees, as outlined in Section 11.04 of Article 11.

SECTION 10.02: Seniority, for the purposes of this Agreement, is the length of continuous service dating back to the first day of the last date the employee was hired by the Company. Where used in this Agreement, the term "seniority" will be construed to mean classification seniority; departmental seniority; or Company seniority.

- a. Classification seniority shall mean an employee's length of continuous service in a given job classification to which the employee has been permanently assigned. For purposes of layoff within a line of progression, classification seniority shall accumulate on all lower job classifications in a line of progression in addition to any service in such lower jobs.
- b. Departmental seniority shall mean an employee's length of continuous service in the payroll division to which the employee has been permanently assigned.
- c. Company seniority shall mean an employee's length of continuous service with the Company.

SECTION 10.03: An employee shall lose seniority and his status as an employee shall cease for any of the following reasons:

- a. If an employee retires, quits or is discharged for cause.

- b. If an employee has not actively worked for the Company thirty-six (36) consecutive months, or for a period of time equal to his Company seniority, whichever is the lesser (unless otherwise provided elsewhere in this Agreement).
- c. If an employee, after having been laid off, fails to report for work within seven (7) calendar days when called by the Company by certified mail or telegram, sent to the employee's last address appearing on the Company's records; provided, however, that where an employee has been laid off for three (3) months or more, he will have seven (7) calendar days from the day called back to work by the Company, as set forth above, to notify the Company of his desire to return to work and he must report for work within five (5) working days thereafter.

SECTION 10.04: Qualifications, experience, physical conditions and ability to perform the available work shall be controlling factors in promotion of employees. Accordingly, in promotions or in selecting a successful job bidder, the Company will promote or select the most senior, qualified employee who possesses these minimum qualifications. In the case of employees being promoted in accordance with the "opportunity to advance" provisions of Appendix A, the effective date of such promotion shall be the beginning of the payroll period nearest the actual date the employee has satisfied the minimum qualifications listed above.

Notwithstanding the preceding paragraph, in the event the Company decides to fill a vacancy in a job classification above journeyman in lines of progression, it will be filled by employees who, in the Company's judgment, are most qualified to perform the duties of the job. Management will determine the above journeyman selection process and it is agreed seniority will be a component utilized in the process.

Except in the case of employees being promoted in accordance with the "opportunity to advance" provision of Appendix A, if a junior employee is selected for promotion over a senior employee, a written notice of such action, and the reason therefore, will be given to the senior employee and his Chief Union Steward prior to the effective date of the promotion. The failure to promote the senior employee will not affect his consideration for future promotion. An employee may decline consideration for promotion to classifications above

journeyman by submitting a written waiver of consideration to his supervisor, with a copy to the Union. However, the preceding sentence shall not apply to those employees who, as of January 1, 1990, have ten (10) or more years of Company seniority, who may waive promotion to any classification. Such waiver shall remain in effect until the employee submits a written revocation thereof to his supervisor.

An employee promoted into a job classification must satisfactorily progress from possessing the minimum qualifications for that classification to a fully qualified level expected of that classification in a period of time equal to the duration of wage step progressions applicable to the classification. Satisfactory progress shall be defined by application of the Employee Performance Review (EPR) system in effect. At the time of the EPR, an employee shall be counseled with respect to those areas of his evaluation that were deemed to be unsatisfactory. Such employee will be re-evaluated within ninety (90) calendar days. After the ninety (90) calendar day re-evaluation, should such employee's performance still be deemed to be unsatisfactory, that employee may be demoted and will be eligible for promotion only upon showing that the employee possesses the necessary qualifications. A demoted employee may request to be evaluated for the purpose of promotion eligibility after ninety (90) calendar days from the date of his demotion.

SECTION 10.05: Entry level jobs within a line of progression and vacancies in other jobs not in a line of progression, which the Company decides to fill internally, will be posted in accordance with this Section.

Any non-entry level job vacancy within a line of progression, which the Company decides to fill, will be filled by a qualified lower or equal rated employee within such line of progression in accordance with the employee's classification seniority. Where more than one classification of employees in the line of progression are eligible to fill the opening, relative seniority between employees within such classifications will be determined by company seniority. If there are no employees within a line of progression who are qualified for promotion, the Company may, but shall not be required to, post the job vacancy in accordance with this Section.

In selecting a successful job bidder, job bids from within the Payroll

Division where the opening occurs will be given first consideration on the basis of Company Seniority. If no qualified bidder is found there, job bids from other Payroll Divisions of the Department where the opening occurs will receive next consideration. If no qualified bidder is found there, job bidders from the remaining Departments will be considered.

In cases where no qualified employee within the bargaining unit has bid upon a job vacancy, such job vacancy may be filled by the Company with persons from any other source, either within the Company or from outside subject to the limitations contained in Section 10.17 of this Article.

The Company will take final action with respect to all job postings within fourteen (14) calendar days after the posting is taken down, unless additional time is needed for testing, scheduling physicals, etc. Until the Company has selected an employee to fill such job vacancy, the vacant job may be filled temporarily in any manner the Company sees fit.

An employee who submits a bid shall not be declared the 'successful job bidder' until he has been interviewed by a departmental representative in the department wherein the posted job exists. During this interview the employee's questions concerning the job will be answered following which the employee may remove his name from further consideration for the job. If the employee does not remove his name from further consideration and he is otherwise qualified for the posted job, he will be the 'successful job bidder' upon successful completion of the physical examination. Should the job require a Commercial Driver's License (C.D.L.), the employee will have thirty (30) calendar days, or as soon as the Department of Transportation (D.O.T.) schedules will allow from the date of this interview in which to obtain the required license before being disqualified.

An employee who removes his name from consideration for a posted job following the interview shall not bid again for six (6) months.

Unless no qualified replacement is available as detailed in Section 10.06, and provided a replacement is required before an otherwise successful job bidder can be released, the Company shall take steps to accommodate such release as soon as is practicable under the circumstances.

Should a successful job bidder be disqualified at any time during or prior to his contractual trial period, the job opening will be offered to the next most senior qualified bidder who has not been awarded a job through a subsequent job bid. Should this occur, the job will then be offered to other qualified bidders on the initial bid list in order of Company seniority until the job is filled or the list of bidders has been depleted. Should such offer be made sixty (60) calendar days or more after the bidder was notified that the job was awarded to a senior employee then, the employee will have the option of accepting the job bid or removing his name from the list of bidders for that job. The Company may, but shall not be required to repost the same job vacancy. A job bidder who is disqualified shall be permitted to bid again on any future posting.

All notices of job vacancies will be posted Company-wide for ten (10) calendar days. A copy of such notice will be provided to all Chief Stewards at the time it is posted. Original job bids must be submitted to the designated Company representative at the bidder's location prior to the end of the Company representative's normal workday on the day the job posting is removed. A bidder may withdraw his bid no later than two (2) calendar days after the removal of the job posting by submitting a written request to the designated Company representative for his location.

The job bidder is responsible for providing the staffing department with verification of any educational attainments which are a requirement for the posted job. Such verification must be received no later than fourteen (14) calendar days after the removal of the job posting.

The Company may withdraw a notice of job vacancy at any time after being posted, but the Union shall be notified, in writing, of any such withdrawal and given the reason therefore.

The staffing department will provide the Union Office a copy of all job bids and any withdrawal of job bids submitted. They will also notify the Union Office of the successful bidder for all jobs filled under this section.

If an employee is a successful job bidder, as authorized by any provision of this Article during the term of this Agreement, he shall not bid again unless disqualified during or prior to his contractual trial period.

Notwithstanding the provisions of Section 10.05 and 10.06, employees hired after November 10, 2005 through November 10, 2014 shall have no right to bid on available openings forty-eight (48) months from date of hire. Employees hired after November 10, 2014 shall have no right to bid on available openings for sixty (60) months from date of hire.

SECTION 10.06: Once following May 16, 2001, provided the employee has not already successfully bid as limited by Section 10.05 of this Article, an employee shall be permitted to make a demotional job bid only to an established job in a different line of progression. If an employee makes a demotional job bid from a line of progression, such bid may be to an open job in a different line of progression. A demotional job bid shall be awarded to an employee only if there is a qualified employee available and willing to take his place.

An employee who makes a demotional job bid into another line of progression where there is no incumbent employee qualified for promotion, shall be allowed to fill the highest job classification within that line of progression for which he is qualified and for which there is an opening.

SECTION 10.07: Any employee who is an active participant in a designated formal comprehensive training program above and beyond existing "on the job" training practices and procedures shall be precluded from bidding. Upon request, the Company will provide the Union with a list of all employees who are active participants in such training programs. An employee who is promoted within the training program shall not bid for three (3) years following successful completion of training program.

SECTION 10.08: For purposes of establishing the appropriate rate of pay, the reclassification of an employee for any reason, except as provided in Section 10.24, shall be defined as either Promotional, Lateral or Demotional. Such determination will be based upon the assigned pay grade for the classification the employee occupies relative to the assigned pay grade for the classification to which he is being reclassified. The appropriate rate of pay will be determined as follows:

- a. Promotional: the employee receives a minimum increase of twenty (20) cents per hour, or the entry rate of the new pay grade.
- b. Lateral: the employee retains his rate of pay in effect at the time he is changed to his new classification unless:

- (1) that rate of pay is less than the beginning rate for his new classification in which case he would receive the beginning rate of his new classification; or
 - (2) that rate of pay is more than the highest rate for his new classification in which case he would receive the highest rate for his new classification.
- c. Demotional: the employee receives the pay rate consistent with the rate of pay provisions in Section 10.24 for redeployed employees.

In all cases, classification seniority is established as of the date the employee was reclassified and any wage step progressions are based upon his classification seniority in his new classification.

SECTION 10.09: The Company may fill up to 50% of the job vacancies that occur within each department in a rolling twelve month period from external sources, without regard to the posting provisions of Section 10.05 or redeployment provisions of Section 10.24. For the purposes of this section, redeployment within a department will not constitute a job vacancy. The Company will provide written notification to the Union for the initial filling of a vacancy, whether internal or external for purpose of administering this section.

SECTION 10.10: An employee who is reclassified shall have an on the job trial period not to exceed thirty (30) calendar days. Such thirty (30) calendar day period may be extended by written notice to the employee, for up to an additional thirty (30) calendar days. Such trial period(s) may also be extended in an amount of time equal to all time the employee is off duty during such period(s). An employee who fails to qualify during his trial period(s) will be returned to his previous job and rate of pay with no loss of seniority, if such job is available. If the job from which the employee was reclassified is not available, the employee may be reclassified to another job for which he is qualified under the terms of Section 10.24.

SECTION 10.11: Seniority, qualifications, physical condition and ability to perform the available work shall be controlling factors in layoff and recall of employees. Accordingly, the Company will retain the most senior employees who possess these minimum qualifications and lay off employees with less Company seniority. It is agreed, however, that in case of layoff, no employee, regardless of his qualifications, physical condition, ability or seniority, shall

have the right to displace an employee unless he is qualified, without further training and instruction, to satisfactorily perform the work of the employee being displaced.

SECTION 10.12: In layoff and in the elimination of or reduction within a job classification within a Department, the Company generally subscribes to the principle of "last in, first out." To that end, layoffs will be handled in accordance with the following procedure:

In the event it becomes necessary to reduce the number of employees within a line of progression, the Company shall notify employees whose jobs are eliminated of such elimination. The least senior employees within the line of progression shall have their jobs eliminated first. (For non-line of progression jobs, the least senior employees within the classification shall be affected first.) An employee whose job is eliminated shall have the right to a job within a line of progression (or non-line of progression job) provided there is a less senior incumbent in the line of progression (or non-line of progression job) whose job the employee is qualified to satisfactorily perform without further training and instruction.

Provided the foregoing conditions are met, the least senior incumbent within the line of progression (or non-line of progression job) shall be displaced and the employee causing the displacement shall be entitled to fill the highest job classification within the line of progression for which he is qualified without regard to the classification held by the displaced employee. Any employee displaced by a more senior qualified employee shall have the same rights under this Section as an employee whose job is eliminated.

Additionally, during the term of the current Collective Bargaining Agreement only, after all displacements are accomplished through the above process, any employee hired prior to November 11, 2008 who does not have a job may displace the most junior employee in the Company provided:

- a) the junior employee was hired after November 10, 2008 and;
- b) the senior employee possesses the minimum qualifications for the entry level classification in the junior employee's line of progression, and
- c) the total number of employees displaced in any line of

progression through the combination of normal bumping rights and the additional bumping right of this paragraph will not exceed 10% of the number of employees in the line of progression or 10, whichever is less, by virtue of this additional bumping opportunity.

SECTION 10.13: The Company shall be the judge of qualifications and ability of employees in case of layoffs, recall from layoffs, promotions, and job bids. However, where the strict application of seniority is not applied, such decision may be subject to the grievance and arbitration procedure of this Agreement.

SECTION 10.14: In case of layoff all probationary and temporary employees shall be laid off before any employees who have established seniority are affected, unless there is no employee with seniority who is qualified to do the work.

SECTION 10.15: Employees to be laid off will be given as much notice as is reasonably possible prior to the layoff. However, in no event will any employee be given less than two (2) weeks notice in writing prior to a layoff. A copy of such layoff notice will be given to the Chief Union Steward for the department where the layoff will be effective.

SECTION 10.16: The Company will not hire new employees (which shall include probationary and temporary) in any job classification while it has employees on layoff qualified to do the available work until those employees on layoff have been restored to do the available work or removed from the seniority roster as provided for elsewhere in this article.

SECTION 10.17: If an employee is subject to being laid off he may accept any job for which he is eligible and qualified or he may voluntarily choose to accept layoff.

SECTION 10.18: When it becomes necessary to increase the workforce after a layoff, the Company shall first post the job openings in accordance with Section 10.05 of this Article. If there are no qualified bidders, the Company shall recall laid off employees in accordance with their Company seniority.

SECTION 10.19: When an employee in the bargaining unit covered by this Agreement is promoted or transferred to a job outside the

bargaining unit he shall retain his earned Company and classification seniority, but shall not have such seniority accumulate during such period of employment outside of the bargaining unit for purposes of this Agreement except for fringe-benefit purposes. Such employee may be returned to his former job classification within the bargaining unit at the Company's discretion not later than one hundred twenty (120) calendar days following his promotion provided, however, that no other employee will be demoted or moved out of the line of progression to permit his return to said job classification.

SECTION 10.20: An employee who is unable to work because of an occupational or non-occupational injury or illness shall have his medical, dental and life insurance coverage continued in accordance with the terms of this Agreement until the end of the twelfth full calendar month following the date the employee's absence began.

SECTION 10.21: When there is a work assignment opening within a job classification, such work assignment may be chosen by the senior qualified employee within the department, by classification seniority, where the opening occurs. The opening shall be filled in accordance with rules and regulations agreed to by the parties. If no qualified employee selects the open work assignment, the Company may assign the least senior qualified employee to the vacancy.

SECTION 10.22: Not less than fourteen (14) calendar days preceding a layoff, the parties shall meet to discuss any subcontracting practices which the Union considers to be in violation of this Agreement should such subcontracting continue. The Union shall be furnished with a complete list of all contractors performing services for the Company and the information called for otherwise in Article 24, Section 24.02 of this Agreement.

In the event a dispute arises as a result of the discussion, the parties shall immediately request a panel of not less than fifteen (15) Arbitrators from the American Arbitration Association who are available to hear and decide the case promptly. The parties shall alternately strike names until three remain. The three remaining names shall be submitted to the American Arbitration Association which shall appoint the Arbitrator most readily available to hear and decide the case.

The preparation of a transcript of proceedings and the submission of briefs shall be in accordance with Article 6, Section 6.08 of this Agreement.

SECTION 10.23: When a question of seniority arises where two or more employees have identical seniority dates, the following procedure shall be used to determine seniority:

- a. departmental seniority breaks ties in classification seniority;
- b. Company seniority breaks ties in departmental seniority;
- c. ties in Company seniority are broken by a procedure established between the chief steward(s) and the management representative(s) where the tie exists. The affected employees will be given the opportunity to be present where reasonably practicable.

SECTION 10.24: When it becomes necessary to reduce the number of employees in a line of progression or a non-line of progression job, because of operational need and/or technological advancement, and such reductions may be accomplished through a redeployment process in lieu of the layoff process described in Section 10.11 through 10.18, the following process will be used:

The Company will notify the Union of the designated lines of progression or non-line of progression jobs where the number of incumbents exceed the desired level and will specify the desired level of staffing. All employees in the designated line of progression or non-line of progression job are considered subject to redeployment until the number of incumbents is reduced to the desired level. As long as there are employees subject to redeployment, openings are not subject to the posting requirement of Article 10, Section 10.05.

Specific Redeployment:

The Company will notify the Union of the need to accomplish a specific redeployment of employees, identifying the specific lines of progression or non-line of progression jobs to be reduced and the available openings designated to accomplish the redeployment, and will meet and discuss the situation, if requested. In a specific redeployment situation, openings will be offered first to employees in the specified lines of progression or non-line of progression jobs who have previous experience or similar line of progression experience which qualify them

for a classification higher than entry level in the new line of progression. Thereafter, openings will be offered to qualified employees on the basis of classification seniority. If qualified senior employees do not elect to fill such openings, then the junior qualified employees may be transferred on the basis of classification seniority.

General Redeployment:

Openings which are not designated to accomplish a specific redeployment, in accordance with the preceding paragraph, will be made available through a bidding process to all qualified employees subject to redeployment. In selecting the successful job bidders, the opening will be offered first to employees, on the basis of Company seniority, who have previous experience or similar line of progression experience which qualify them for a classification higher than entry level in the new line of progression. Thereafter, job bids from within the payroll division where the opening occurs will be given first consideration on the basis of company seniority. If insufficient qualified bidders are found there, job bids from other payroll divisions of the department where the opening occurs will receive next consideration. If insufficient qualified bidders are found there, job bidders from the remaining departments will be considered. If insufficient qualified bidders are found there, the junior qualified employees subject to redeployment may be transferred on the basis of Company seniority.

The bidding process provided for in this section shall be separate from that described in Section 10.05 and shall not constitute a job bid as defined in Section 10.05.

Classification and rates of pay of employees who are reclassified pursuant to this section shall be as follows:

Classification:

Employees will be reclassified to the highest classification in the new line of progression for which they are qualified and an opening exists.

Rate of Pay:

The rate of pay for any employee reclassified under this section will be determined based upon the following table.

"From" means the classification held by the employee immediately preceding the transfer. "To" means the classification to which the employee is being reclassified.

FROM	TO	RATE OF PAY²
Journeyman or Above	A Line of Progression Job	The higher of the rate of pay for the intermediate ¹ classification in his former line of progression or his new line of progression.
Journeyman or Above	A Non-Line of Progression Job	Red Circled at the rate of pay for the intermediate ¹ classification in his former line of progression.
Below Journeyman	Any Job	Red Circled at "50% rate" as defined in Appendix "A."

NOTE 1: For employees who are journeyman or above in a two classification line of progression (i.e., Customer Service Representative-Meter Reading) the intermediate classification in their old line of progression will be the journeyman classification

NOTE 2: An employee transferred to a line of progression classification will receive the above wage protection for a period of time equal to the duration of the wage step progression applicable to the classification plus six (6) months after which, if not fully qualified, he will be paid at the appropriate rate of pay for his classification and the provisions outlined in Section 10.04 will apply.

If the application of the above table would result in an increase for any Meiman employee, that employee will retain his present rate of pay unless qualified for the higher classification.

Employees who have been redeployed under this section shall have a one-time opportunity to return to their former classification, should openings occur, for a 3-year period.

Employees who are redeployed to a non-line of progression classification shall remain subject to redeployment until they have been offered an opportunity to transfer to a classification in a line of progression.

Notwithstanding the above, consistent with the provisions of the Company/Union partnership statement on Continuous Improvement, any employee who is redeployed as a result of the Continuous Improvement process will have their rate of pay red-circled subject to the provisions of Note 2 above.

ARTICLE 11 TEMPORARY EMPLOYEES

SECTION 11.01: The Company may, at its option, hire temporary employees from time to time throughout the term of this Agreement. Temporary employees are included in the bargaining unit covered by this Agreement, however, they are not entitled to any of the benefits provided for in this Agreement, except as specified herein. The Company shall have the right to discharge temporary employees with or without cause and without recourse by the Union or by such temporary employee to the grievance procedure of this Agreement. There shall be no seniority among temporary employees and there shall be no responsibility for re-employment of temporary employees if they are laid off or discharged during their temporary employment.

SECTION 11.02: Temporary employees may, at the Company's election, be transferred from temporary status to the Company's regular full-time employment. In the event of such a transfer, the period of time worked as a temporary employee from the date of his last employment shall be credited toward his seniority with the Company and shall be credited toward the computation of his probationary period. Additionally, future eligibility for seniority-

related benefits for such employee will be calculated from the date of employment as a temporary employee.

SECTION 11.03: A temporary employee is an employee hired for a limited term of employment not to exceed twelve (12) months or for a particular job or project which, the Company anticipates at the time of employment, will not extend beyond twelve (12) months. A temporary employee shall be entitled to the temporary help rate. If the employee is hired for specific technical skills, he shall be entitled to the rate for the specific job which he is performing during the period of his employment as set forth in this Agreement.

SECTION 11.04: Temporary employees are entitled to the following contractual benefits as outlined in this Agreement:

- (a) Overtime pay
- (b) Premium pay

SECTION 11.05: The Company agrees to send to the Union a list of all temporary employees showing their respective job classifications (where applicable for temporary employees) and dates of hire. The Company agrees to update the aforementioned temporary employee list when necessary and will mail a copy of said list to the Union.

ARTICLE 12 HOLIDAY PAY

SECTION 12.01: The following days are recognized as Holidays:

New Year's Day	Thanksgiving Day
Good Friday	Friday after Thanksgiving Day
Memorial Day	Christmas Eve
Independence Day	Christmas Day
Labor Day	2 Floating Holidays

SECTION 12.02: At the time of vacation selection, the preference of the Floating Holiday will be determined by seniority. After vacation selection has been completed, selection of the Floating Holiday shall be made on a first come, first served basis. If operational

requirements cause the cancellation of this scheduled Floating Holiday, it may be rescheduled or the employee may be paid as outlined in Article 9.

SECTION 12.03: To be eligible for holiday pay, when referred to herein, an employee shall have completed six months employment from the date of his hire and shall have worked the last scheduled workday before and the first scheduled workday after the day recognized as a holiday. The following shall be considered as excused on the last scheduled workday before and the first scheduled workday after the day recognized as a holiday for the purposes of the administration of this article:

- (a) Permission granted to be absent without pay provided such permission is requested prior to the time employee is to be absent.
- (b) Vacation
- (c) Funeral Leave
- (d) Jury Duty
- (e) Sickness or injury providing the employee works at least one day in the workweek in which the day recognized as a holiday falls, or said holiday immediately precedes, immediately follows or is the first day or last day of such period of disability, and providing, further, the employee reports such cause for absence in a timely manner on the day of the absence or prior thereto, and furnishes a doctor's certificate, if requested by the Company.

SECTION 12.04: An employee who is eligible for holiday pay as set forth above and is not required to work on a day recognized as a holiday, shall be paid for eight (8) hours computed at straight-time hourly rates exclusive of shift premium or any other premium pay. Hours paid for under this provision, up to eight (8) hours, which fall on an employee's regularly scheduled workday shall be included in computing forty (40) hours of work during such week for the purposes of figuring overtime.

SECTION 12.05: Except for shift workers as set forth below, when any of the holidays fall on a Sunday the following Monday

shall be observed as the holiday; should any of the holidays fall on a Saturday, the preceding Friday shall be the observed holiday. However, when Christmas Eve Day (December 24) occurs on Friday, it will be observed on the preceding Thursday and Christmas Day will then be observed on Friday. Additionally, when Christmas Eve Day (December 24) occurs on Sunday, it will be observed on the preceding Friday and Christmas Day will then be observed on Monday.

For a shift worker whose work schedule regularly includes work on Saturdays and/or Sundays and who is scheduled to work on a Saturday and/or Sunday which is a holiday, such holiday shall be observed on the legally recognized holiday instead of the Company observed holiday. A shift worker, scheduled to work on a holiday which falls within his normal workweek and works the holiday, may be permitted, with approval from his supervisor, to reschedule the holiday to some later date. Shift workers may bank no more than three (3) holidays at any given time in the calendar year, excluding those recognized in November and December and such banked holidays must be taken no later than December 15 of that year. Requests to reschedule holidays will be granted only to the extent operational demands and schedules will permit. Furthermore, employees choosing to exercise this option must declare their intent and reschedule such holiday before the end of the pay period in which the holiday is worked. Employees who reschedule a holiday shall receive the appropriate rate of pay for time worked on such holiday in accordance with Article 9, Section 9.01(a)(5) and 9.01(b) (1), however, the basic holiday allowance as described in Section 12.04 will be postponed until the employees receive time off for the rescheduled holiday or the end of the calendar year, whichever comes first.

The Company will permit at least fifteen per cent (15%) of the employees in its various departments time off on scheduled holidays which are observed Company-wide. Emergencies shall be in addition to the above limitations.

SECTION 12.06: An employee may schedule their Floating Holiday on the day recognized as Martin Luther King's birthday in accordance with Section 12.02. The Company will not unreasonably deny such requests consistent with operational demands. For shift

workers, the Company will apply similar staffing levels for company-wide observed holidays, pursuant to Section 12.05.

ARTICLE 13 VACATIONS

SECTION 13.01: The Company will grant full vacation benefits to regular employees who were actively employed in the previous year according to the following schedule provided the employee worked at least 1040 straight-time hours during the previous calendar year. An employee who quits, voluntarily separates, retires, dies or who is discharged for cause on or before December 31, shall not be entitled to vacation in the following year.

- (a) One (1) week of vacation after six (6) months of continuous service.
- (b) Two (2) weeks of vacation after three (3) full years of continuous service.
- (c) Three (3) weeks of vacation after five (5) full years of continuous service.
- (d) Four (4) weeks of vacation after fifteen (15) full years of continuous service.
- (e) Five (5) weeks of vacation after twenty-five (25) full years of continuous service.

SECTION 13.02: Vacation entitlement shall be determined by the anniversary date of an employee's most recent employment by the Company. Any additional vacation for which the employee becomes eligible in any calendar year may not be taken prior to such anniversary date. For anniversary dates occurring on or after December 1st in which there is inadequate time to permit scheduling of such vacation, with management approval, that vacation entitlement may be carried over into the following year and must be used within the first quarter.

SECTION 13.03: Employees who fail to satisfy the 1040 straight-time hours worked requirement for full vacation entitlement shall have their vacation entitlement reduced as follows:

At least 880, but less than 1040 straight-time hours worked - loss of one week of vacation entitlement.

At least 720, but less than 880 straight-time hours worked - loss of up to two weeks of vacation entitlement.

At least 560, but less than 720 straight-time hours worked - loss of up to three weeks of vacation entitlement.

Less than 560 straight-time hours worked - loss of all vacation entitlement.

For purposes of determining "straight-time hours worked," as used in this Section, the following shall be included in an employee's total:

- (a) Days actually worked, including partial days where four (4) or more hours are actually worked, shall count as eight (8) straight-time hours.
- (b) Paid holidays falling in a employee's regularly scheduled workweek.
- (c) Vacations, except in lieu of Sick Leave or Workers' Compensation.
- (d) Jury Duty and Funeral Leave.
- (e) Time lost for personal business authorized for the purpose of attending military summer camp (to a maximum of two weeks, per year) and regular monthly drills (to a maximum of two days per month).
- (f) Any active duty military service time.

Nothing herein shall preempt the rights, as provided by Federal law, of an employee timely reinstated in accordance with such law following absence for military service in the armed forces.

SECTION 13.04: An employee who is off-duty because of sickness, injury or disability may take unused vacation entitlement, to which he was entitled at the onset of such absence, in lieu of sick leave or Workers' Compensation providing the employee requests same from his supervisor prior to the period he desires to take such vacation. Vacation in lieu of sick leave or Workers' Compensation shall not, however, reduce, or be in lieu of, any waiting period as applicable

under Articles 16 and 18 of this Agreement except as specifically stated in Article 16, Section 16.03(e). Vacation in lieu of sick leave or Workers' Compensation, where requested and granted, shall not be considered either as equivalent to time worked or reinstatement to active employment, as may be applicable, during the period involved for any purpose under this Agreement.

SECTION 13.05: Employees who are injured or become ill during a scheduled vacation period may reschedule the remainder of such vacation subsequent to the onset of such injury or illness with prior approval of their supervisor. Days paid for as vacation during such period of injury, illness or disability shall not reduce the waiting period required under Articles 16 and 18 of this Agreement. The waiting period shall begin effective with the first day that is permitted to be changed from vacation to sick leave and shall be applicable in accordance with the provisions of that article as though the period of injury, illness or disability began on that day.

SECTION 13.06: When a day recognized as a holiday falls on any of the first five (5) days of a workweek during an employee's vacation exclusive of vacation in lieu of sick leave or Workers' Compensation, the employee will be required to schedule the day of vacation upon which the holiday falls, at the time of vacation selection as described in Section 13.10.

SECTION 13.07: In the event an employee is separated for any reason (including extended approved leave of absence, retirement, lay-off, resignation, disability, death or discharge), the Company will pay to the employee, or the employee's estate, an amount equal to any unused vacation benefits to which the employee was otherwise entitled at the time of separation; provided, however, that all such rights shall be forfeited by an employee who is discharged for dishonesty.

Should an employee return to active employment without loss of seniority in the same calendar year as that in which the employee was separated and for which the employee received entitled vacation benefits and/or compensation in lieu of unused vacation benefits, the employee shall not be entitled to further vacation benefits in that year except such additional vacation benefits as may accrue as a result of an anniversary of continuous employment for which further vacation is applicable.

Should the employee be off-duty for any reason at the time of separation, vacation entitlement shall not exceed that for which the employee was eligible on the last day actually worked before such absence. Payment for such unused vacation, as set forth herein, shall not be considered an extension of employment and the employee shall not be eligible for any benefits of employment after the date of separation solely as a result of such payment in lieu of unused vacation.

SECTION 13.08: The wages which the Company shall pay during vacation period shall be computed on the basis of an eight (8) hour day and forty (40) hour week and shall be at the employee's normal rate of wages applicable during the period, exclusive of shift premium or any other premium pay. Time paid for as vacation pay shall be included as time worked for the purpose of computing forty (40) hours of work during such week for the purposes of figuring overtime.

SECTION 13.09: The Company will, as far as practicable consistent with work requirements, permit vacations to be taken at the time desired by employees, but determinations as to the total number of employees or any employees, the number of employees of a particular classification or at a particular location, the number and classification of employees of a particular working group, to be allowed on vacation at any time; the time within which vacations may be taken; and the make-up of working groups for vacation purposes, are reserved solely to the Company in order to insure the orderly operation of the Company. When these determinations have been made by the Company and there is an opportunity of choice between two or more employees, the employee with the highest seniority roster position shall have first choice of vacation time made available.

SECTION 13.10: For the purposes of vacation preferences under this article, employees shall be permitted to use their Company seniority to schedule vacation periods in two-week increments or less. The Company reserves the right to schedule an employee's fourth and fifth week of vacation separately from the first three (3) weeks of vacation and separately from each other.

It is agreed that vacations shall normally be scheduled to be taken in periods of one full week or more. Shorter periods of vacation may

be allowed, however, in the discretion of supervision, for special circumstances when approved in advance for which vacation allowance is requested provided the employee, if requested, verifies the special circumstances for which the shorter period of vacation is requested.

Vacations must be taken within the calendar year in which they are applicable. Employees who do not take the vacation to which they are entitled in any calendar year, except when the employees are caused by the Company to forego all or part of their vacation due to an emergency, shall not be entitled to pay in lieu thereof or to carry over their unused vacation benefits to the next subsequent calendar year. Where the employees are caused by the Company to forego vacation due to an emergency, the Company shall either pay compensation in lieu of vacation or designate alternate vacation dates in the following year at the employee's option. Initial vacation schedules, once completed, shall be posted.

SECTION 13.11: Subject to operational requirements, a regular full-time employee whose spouse is expected to give birth to a child will be entitled to reschedule up to one (1) week's vacation, to begin at any time between the date of the onset of labor and the release from the hospital following delivery, provided the employee notifies his supervisor at least two (2) weeks in advance of the anticipated delivery date, and further notifies his supervisor before starting time on the first day he will miss work due to the birth of the child.

A regular full-time employee who does not reschedule vacation as described above, may be released from duty for not more than four (4) hours, with pay, to accompany his child home from the hospital should the release from the hospital occur on a scheduled workday for the employee. An employee may elect to take the remainder of his scheduled work day as an excused, unpaid absence. The employee must not be off duty for any other reason to be eligible for the four (4) hours pay described herein and must notify his supervisor of his absence for this purpose not later than the day preceding the day his child is released from the hospital.

SECTION 13.12: The Company will grant regular employees who have completed six months employment from the date of hire one (1) Personal Day to be utilized during a calendar year. At the time of vacation selection, the preference of the Personal Day

will be determined by seniority. After vacation selection has been completed, selection of the Personal Day shall be made on a first come, first served basis. If operational requirements cause the cancellation of the scheduled Personal Day, it may be rescheduled or the employee may be paid as outlined in Article 9. In the event an employee is separated for any reason, the Company shall not pay the employee for an unused Personal Day benefit.

ARTICLE 14

PHYSICAL EXAMINATION

SECTION 14.01: In addition to the physical examination which is given to all new employees before they are accepted for employment, the Company may require additional physical examinations (including periodic examinations for certain types of work, and examinations upon transfer of employees from one job to another) and it is understood and agreed that continuous employment is dependent at all times upon the employee's satisfactorily passing such physical examinations as the Company may, from time to time, require such employees to take. Physical examinations will normally be scheduled as early in an employee's regularly scheduled work day as operational needs will permit.

SECTION 14.02: The Company agrees that upon an employee's return to work after an illness or disability, consideration will be given to the employee's physical condition and, if possible, a less strenuous type of work will be granted.

SECTION 14.03: All medical expense made necessary by this article shall be paid for by the Company. Except for an employee's examination in connection with acceptance for employment or as otherwise set forth herein, employees shall receive pay for time spent, not to exceed eight (8) hours including time worked on that day, having such physical examinations. Following a period of sickness or non-work related injury, when an employee is released by his doctor to return to work he shall notify the Company of such release immediately. If the supervisor deems it necessary that the employee be examined by the Company's doctor to verify the employee's capability to perform his normal duties, the employee is expected to report to the Company doctor prior to the date of his release to return to work, if possible, and such time will be

considered as part of his illness. An employee who is unable to visit the Company doctor before the date upon which his private physician has released him to return to work, shall be paid as follows:

- (a) An employee eligible for sick pay shall be entitled to utilize up to one additional day of his sick leave entitlement subject to being required to report back for duty as set forth below.
- (b) An employee not eligible for sick pay shall receive (as time worked) his straight-time hourly rate for all time spent, not to exceed eight (8) hours, in connection with such physical examination.

NOTE: An employee who returns to work from a period of sickness or non-work related injury without a release from his private physician shall be paid in accordance with (a) or (b) immediately above if directed to visit the Company doctor.

An employee shall not be required to visit the Company's doctor if released by his private physician after 12:00, noon, that day. The employee shall, however, report his release to the Company as set forth above.

An employee is required to report back for duty at the completion of his physical examination unless excused by his supervisor. An employee required to go to the Company doctor for physical examination on a regular off-day is entitled to overtime at his appropriate rate for a minimum of two (2) hours or time actually spent in the doctor's office (not to exceed eight [8] hours), whichever is greater. For the purposes of this section only, "regular off-day" shall mean the off-day of the schedule the employee would have been on had he been at work.

If an employee is required to see the Company doctor during a period of absence under this Article or, if his supervisor deems it necessary, after the employee is released by his personal physician to return to work, such employee shall be allowed to visit the Company doctor closest to his residence.

SECTION 14.04: Examinations by the Company's doctor which may be required during the course of an illness shall be considered a part of the employee's absence due to sickness and the employee

shall be entitled to pay as sick leave for time spent having such examinations as provided for in Article 16. Examinations or treatment for compensable injuries are subject to the laws and regulations pertaining to Workers' Compensation and to another applicable article of this Agreement and are not subject to the provisions of this Article.

SECTION 14.05: Notwithstanding the previous paragraph, whenever an employee who is at work is required by the Company to leave his assigned place of work for the purpose of receiving a physical examination, the Company may provide transportation to the employee or a mileage allowance in lieu thereof. It is the employee's responsibility to keep his appointment for the physical examination and the election described herein is the Company's and not the employee's. Should the Company elect to pay mileage, it shall be to reimburse the employee for use of his personal vehicle and shall be determined by multiplying the Company's regular mileage rate for occasional use of personal vehicles by the one-way distance from the point of departure to the point of destination. In the event the employee is required to report back to work following a physical examination, mileage, if payable, shall be paid for the return trip.

ARTICLE 15

NO STRIKE AND NO-LOCKOUT CLAUSE

SECTION 15.01: The Union agrees that during the entire term of this Agreement the Union, its officers, representatives, members and the employees covered by this Agreement shall not take part in any strike, slow down or stoppage of work, boycott, sympathy strike, picketing or any other interruption of or interference with the work and business of the Company. The participation by an employee in any conduct prohibited by this article or the failure or refusal on the part of any employee to comply with any provision of this article shall be cause for disciplinary action, including suspension or discharge.

SECTION 15.02: In consideration of this no-strike covenant and pledge by the Union and employees, the Company agrees that it shall not lockout employees during the period of this Agreement. The term "lockout" is hereby defined so as not to include the discharge, suspension, termination, layoff, failure to recall or failure

to return to work of employees by the Company or the curtailment or discontinuance of operations by the Company in the exercise of its rights as set forth in any provision of this Agreement.

SECTION 15.03: Whenever the work of the Company requires that employees covered by this Agreement cross a legal picket line established by any other labor organization, the Union Office shall be notified of the need for such crossing as soon as is reasonably practicable under all of the circumstances. The notice called for by this Section shall in no way delay or excuse an employee from the performance of his duties.

ARTICLE 16 SICKNESS LEAVE OF ABSENCE

SECTION 16.01: The Company grants, for the term of this Agreement, to all regular employees covered by this Agreement, payment for time lost because of:

- (a) Any accident occurring while the employee is not working for wage or profit, or
- (b) Any sickness for which the employee is not entitled to benefits under any Workers' Compensation or Occupational Disease Laws or Acts.

SECTION 16.02: Payment will be made for regularly scheduled workdays on the basis of not to exceed eight (8) hours for any scheduled workday and not to exceed forty (40) hours in any workweek, computed at straight-time exclusive of shift premium or any other premium pay. Regularly scheduled workday shall mean one of the first five (5) regularly scheduled workdays which constitute the basic forty (40) hours per week. This shall not include scheduled overtime days.

SECTION 16.03: Payments will be made for time so lost beginning with the fourth (4th) scheduled workday of any one continuous absence except:

- (a) If two (2) consecutive scheduled off-days fall within such three (3) day waiting period, they shall be counted as one (1) day of the waiting period. If four (4) consecutive scheduled off-days

fall within such three (3) day waiting period, they shall be counted as two (2) days of the waiting period.

- (b) If an employee is forced by illness to leave the employee's working place before the employee's regular quitting time on the last scheduled workday before scheduled off-days, any two (2) such off-days, if consecutive, shall be counted as one (1) day of the waiting period.
- (c) An employee who reports for work on a regularly scheduled workday but is forced by illness to leave work before working more than four (4) hours shall have that day counted as one (1) day of the required waiting period. An employee who is forced by illness to leave work after working more than four (4) hours but less than eight (8) hours may be paid on the third (3rd) day of the waiting period an equivalent number of hours as those lost because of sickness on the last day worked if the third (3rd) day of the waiting period is a scheduled workday. Such partial day payment shall not be counted against an employee's total day entitlement.
- (d) Payment will also be made for any regularly scheduled workday of the waiting period: (1) Upon admission to a hospital requiring overnight stay (does not include emergency room, x-rays, diagnostic testing, cosmetic or dental procedures) or, (2) upon admission to an outpatient care facility for procedures or treatment requiring general anesthesia (does not include emergency room, x-rays, diagnostic testing, cosmetic or dental procedures). Notwithstanding the general exclusions for dental procedures, payment will also be made for any regularly schedule workday of the waiting period upon admission to an outpatient care facility for procedures performed by an oral and maxillofacial surgeon which requires general anesthesia.
- (e) An employee who becomes eligible for paid sick leave under this Article may substitute earned Vacation benefits for any time lost during the waiting period as described in this Section, provided he requests such by the close of the normal business day which follows the day he first becomes eligible.

SECTION 16.04: Payment will be made for time lost as outlined below:

- (a) First year of regular employment - no sick leave.
- (b) After one (1) full year of continuous service as a regular employee, and on July 1st of each succeeding year thereafter, a regular employee will earn twenty (20) days of paid sick leave if he has less than twenty (20) years of company seniority, or twenty-five (25) days of paid sick leave if he has twenty (20) years or more company seniority. Unused sick leave may be carried over from one year to the next, not to exceed one hundred (100) days. Paid sick leave earned as described herein will be credited to regular employees on July 1st unless the employee is not at work for any reason other than those set forth in Section 16.05. If not at work on July 1st, for reasons other than set forth in Section 16.05, the days of paid sick leave will be credited to the employee following his return to work for two (2) full weeks (eighty (80) hours) of regular duty.

SECTION 16.05: For the purposes of Section 16.04(b), the following will count as time worked:

- (a) Days actually worked, including partial days where four (4) or more hours are actually worked.
- (b) Paid holidays falling in an employee's regularly scheduled workweek.
- (c) Vacations, except in lieu of Sick Leave or Workers' Compensation.
- (d) Jury duty and funeral leave.
- (e) Time lost for personal business authorized for the purpose of attending military summer camp (to a maximum of two weeks per year) and regular monthly drills (to a maximum of two days per month).
- (f) Any active duty military service time.

SECTION 16.06: As a further condition of making payments for illness, the employee, or someone on the employee's behalf, must report absence because of illness on the first day of absence and thereafter as directed. The employee may be required to furnish a doctor's certificate after three (3) days and periodically during the

employee's period of illness and/or upon release to return to duty, if requested by the Company. The Company may require an employee to report to the Company doctor if, in its opinion, sufficient cause exists for such action.

As a further condition of making payments under this Article an employee shall not engage in any physical activity for personal gain or profit unless such activity is authorized by the employee's physician, subject to review by the Company doctor. An employee who engages in physical activity for personal gain or profit without such authorization while accepting benefits under this Article shall be subject to discharge or other disciplinary action including forfeiture of any sick leave benefits otherwise payable for the period of absence disqualified.

SECTION 16.07: The employee is obligated to return to work at the earliest day recovery from an illness will permit, including making himself available for limited service in accordance with Article 19. Failure to return to duty when able, or falsifying the necessity for sick leave, shall be cause for discharge or other disciplinary action, including forfeiture of sick pay for the period of absence disqualified.

SECTION 16.08: A period of sickness, including waiting days, must be continuous, except:

- (a) A return to work for not in excess of two (2) days, or a paid holiday, shall not interrupt or cancel a waiting period, beginning of sick pay or continuation of sick pay.
- (b) A return to work for not in excess of five (5) days, or a paid holiday, shall not interrupt or cancel a waiting period, beginning of sick pay or continuation of sick pay provided the employee meets the criteria as defined in Section 16.03 (d).
- (c) In the case of an employee who is able to return to work in some capacity after suffering from a catastrophic illness or injury and who thereafter must receive long term occasional medical treatment or rehabilitation which is not reasonably available outside the employee's regular working hours. An illness or injury shall be considered catastrophic if the employee suffered major head trauma, spinal cord injury, amputation, severe burn, severe stroke, amyotrophic lateral sclerosis, cancer requiring radiation or

chemotherapy treatments, acquired immune deficiency syndrome (AIDS), severe cardiac disease, severe hepatitis, anorexia nervosa, bulimia, or severe congenital anomalies.

ARTICLE 17 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 18 SUPPLEMENT TO WORKERS' COMPENSATION

SECTION 18.01: When an employee is injured while working for the Company and is entitled (or would by passage of time become entitled) to benefits under Workers' Compensation or Occupational Disease Laws or Acts, the Company agrees to supplement such benefits, as earned by the employee under Section 18.05, by paying such employee the difference between such benefits (irrespective of the employee's receipt of the benefits) and one hundred percent (100%) of the employee's net wages received on the basis of a forty (40) hour workweek, computed at straight-time exclusive of shift premium, or any other premium pay, beginning with the fourth (4th) scheduled workday of such absence except:

- (a) If two (2) consecutive scheduled off-days fall within such three (3) day waiting period, they shall be counted as one (1) day of the waiting period. If four (4) consecutive scheduled off-days fall within such three (3) day waiting period, they shall be counted as two (2) days of the waiting period.
- (b) If an employee is forced by injury to leave the employee's working place before regular quitting time on the last scheduled workday before scheduled off-days, any two (2) such off-days, if consecutive, shall be counted as one (1) day of the waiting period.

- (c) If an employee is injured after reporting for work or is required to go to the Company's doctor for treatment on a scheduled workday, the employee shall be paid at the employee's regular straight-time rate for the remaining hours in the employee's regularly scheduled workday, not to exceed eight (8) hours in total for such day, except that no such payment shall be made for time required to visit the doctor on any day the employee is off duty for any reason while the employee is still receiving benefits under this article.
- (d) Payment will also be made for any regularly scheduled workday of the waiting period: (1) during which the employee is a bed patient in a hospital and for which a room charge is levied; (2) which follows a period of such internment, even if internment is on an off-day; or (3) for time spent not to exceed eight (8) straight-time hours, visiting the Company doctor on waiting period days when the employee does not subsequently become eligible for Workers' Compensation benefit for such days.

SECTION 18.02: The employee is obligated to return to work at the earliest date recovery from an injury will permit, including making himself available for limited service in accordance with Article 19. Failure to return to duty when able, or falsifying the necessity for compensable leave, shall be cause for discharge or other disciplinary action, including forfeiture of the Supplement for period of absence disqualified.

As a condition precedent to receipt of benefits under this Article, an employee shall not engage in any physical activity for personal gain or profit during the twenty-two week period of his supplemental benefits for occupational injury or illness unless such activity is authorized by the employee's physician, subject to review by the Company doctor. An employee who engages in physical activity for personal gain or profit without such authorization while accepting supplemental benefits under this Article shall be subject to discharge or other disciplinary action including forfeiture of the Supplement.

SECTION 18.03: The pay of employees working on overtime hours who are injured and required to go to the Company doctor will cease when they leave their work site. If it is necessary for the employees to return to their work site for their own convenience after their regularly scheduled workday is completed, whether transported by

Company vehicle or not, they will not be paid for such time.

SECTION 18.04: Determination of first day considered as "lost time" is as follows:

- (a) Workers' Compensation - Next calendar day after day of injury.
- (b) For Supplement - Next regularly scheduled workday on which the employee is absent due to the injury subject to provisions of (a), (b), (c), and (d) above.

SECTION 18.05: Supplemental payment will be made for time lost as outlined below:

- (a) First year of regular employment - no supplement.
- (b) After one (1) full year of continuous service as a regular employee, and on July 1st of each succeeding year thereafter, a regular employee will earn twenty-five (25) days of supplemental pay. The supplement may be carried over from one year to the next, not to exceed one hundred (100) days. Supplemental pay earned as described herein will be credited to regular employees on July 1st unless the employee is not at work for any reason other than those set forth in Section 16.05. If not at work on July 1st, for reasons other than set forth in Section 16.05, the twenty-five (25) days of supplemental pay will be credited to the employee following his return to work for two (2) full weeks (eighty (80) hours) of regular duty.

ARTICLE 19 LIMITED SERVICE

SECTION 19.01: An employee who sustains a temporary or permanent partial disability from an illness or injury shall be permitted to return to work in whatever capacity his disability will permit, where work is available.

The duration of a limited service assignment, the affected employee's classification, and his rate of pay will be as follows:

- A. For partial disabilities which are not compensable under Kentucky or other applicable Workers' Compensation statutes -

1. Classification and Rate of Pay: Will be subject to the employee's length of continuous service on the onset of his disability, in accordance with the following:

- (a) If the employee has 25 years or more of Company seniority, his classification and rate of pay in effect on the onset of his disability will be continued for forty (40) work days, following which the employee will be reclassified to Limited Service Helper. His rate of pay will be the "50% rate" as defined in Appendix "A" or his current rate of pay, whichever is less, for the duration of his limited service assignment.
- (b) If the employee has 15 or more years, but less than 25 years of Company seniority, his classification and rate of pay in effect on the onset of the disability will continue for thirty (30) work days, following which the employee will be reclassified to Limited Service Helper and be paid the rate for Limited Service Helper or his current rate of pay, whichever is less, for the duration of his limited service assignment.
- (c) If the employee has less than 15 years of Company seniority, his classification and rate of pay in effect on the onset of the disability will continue for twenty (20) work days, following which the employee will be reclassified to Limited Service Helper and be paid the rate for Limited Service Helper or his current rate of pay, whichever is less, for the duration of his limited service assignment.

2. Duration: The duration of any limited service assignment under this section for any employee shall not exceed one hundred (100) work days in a calendar year.

B. Except for those injuries described in Section (c), below, for partial disabilities which are compensable under Kentucky or other Workers' Compensation statutes:

1. Classification and Rate of Pay: Will remain the same as that in effect on the onset of his disability for the duration of his limited service assignment.

2. Duration: The duration of any limited service assignment under this section for any employee shall not exceed one hundred (100) work days in a calendar year.
- C. For employees who may suffer partial disabilities arising from; spinal cord injuries, severe head trauma, severe burns, amputations or loss of sight, which are compensable under Kentucky or other Workers' Compensation statutes:
1. Classification: Will remain the same as that held by the employee prior to the onset of his disability for not more than two hundred (200) work days at which time the employee will be reclassified to Limited Service Helper.
 2. Rate of Pay: The wage rate in effect for the employee prior to the onset of his disability will be continued for one hundred (100) work days, following which the employee's rate will be reduced by ten percent (10%), and the reduced rate will be paid for the next one hundred (100) days. Thereafter, when the employee has been reclassified to Limited Service Helper, he shall be red-circled at the reduced rate which shall remain in effect until such time as the rate for the top of the paygrade nearest the "50% rate" as defined in Appendix "A" equals or exceeds the employee's red-circled rate.
 3. Duration: There is no limitation upon the duration of a limited service assignment for disabilities described by this Section (c).

SECTION 19.02: An employee on limited service who is able to return to his prior job classification, will not have the time spent on limited service credited toward minimum time-in-grade requirements or wage step progression increases within the prior classification. General wage increases shall, however, apply to limited service employees except as otherwise provided. A general wage increase occurring at a time when a limited service employee is being paid at ninety percent (90%) of his prior rate shall be applicable only to the extent of ninety percent (90%) of the increase otherwise applicable to the employee's prior rate.

Should an employee suffer successive partial disabilities within a calendar year, the eligibility for limited service as a consequence of the most recent disability will be reduced by the limited service

entitlement utilized by the employee with respect to the prior disability or disabilities.

SECTION 19.03: In order to be eligible for limited service as described in this Article, the employee must have worked a minimum of eighty (80) straight-time hours of regular duty within the calendar year. An employee on limited service as of December 31 of any calendar year may utilize the remainder of his limited service eligibility for that year, in the following year, provided the period of limited service is continuous. However, an employee on limited service on December 31 must work at least eighty (80) straight-time hours of regular duty in the following year to again be eligible for the full period of limited service.

If an employee is unable to return to regular duty at the end of his period of limited service eligibility, he will be placed off work until he can return to regular duty unless reclassified as described in Section 19.04.

SECTION 19.04: Regardless of the duration of an employee's limited service assignment and rate of pay applicable thereto, an employee on limited service who is certified by a medical doctor of the Company's choosing to be permanently restricted may be reclassified to any vacant job in a classification the duties of which the employee is qualified and physically able to perform. The rate of pay for employees reclassified under this section shall be as follows:

Workers' Compensation Injuries

Employees with 25 or more years of service will have their rate of pay reduced by ten percent (10%) upon being reclassified and the reduced rate will be paid for the next one hundred (100) days. Thereafter, he shall be red-circled at the reduced rate which shall remain in effect until such time as the rate for the top of the paygrade nearest the "50% rate" as defined in Appendix "A" equals or exceeds the employee's red-circled rate.

Employees with less than 25 years of service will receive the rate for the top of the paygrade nearest the "50% rate" as defined in Appendix "A" upon reclassification.

Non-Workers' Compensation Injuries

Employees with 25 or more years of Company seniority will receive the rate for the top of the paygrade nearest the "50% rate" as defined in Appendix "A" upon reclassification.

Employees with less than 25 years of Company seniority will be paid at the rate for his new classification. Employees subject to reclassification as described herein, will have their cases discussed with the Union and their seniority status decided by mutual agreement.

SECTION 19.05: Where practicable and if appropriate, limited service employees described in Section 19.01 (b) and (c) will be reclassified to regular job classifications before exhaustion of their limited service eligibility provided work is available.

Employees who, prior to November 13, 1989, have been reclassified to regular job classifications from limited service and whose wages have been protected will be red-circled at their existing rates until such time as the rate for the classification exceeds the red-circled rate, or until an employee changes job classifications under Article 10.

SECTION 19.06: An employee's ability to return to his former job, or to be placed in a job of a higher classification, shall be subject to review at any time the employee's physical condition improves. If the employee is capable of performing the duties of his former job, he shall be returned to his former job provided an opening exists, and his seniority status shall be determined by mutual agreement. An employee may be placed in a job in a higher classification which was not his former job upon mutual agreement of the parties.

SECTION 19.07: Subject to the foregoing, an employee who is released to return to work in a limited service capacity shall promptly notify his department limited service representative who shall assign the disabled employee first to whatever work the employee's disability will permit in that department or payroll division. If no suitable work is available, the employee's department limited service representative shall then notify the designated Company representative responsible for the assignment of limited service employees. The disabled employee shall then be assigned to

whatever suitable work that is available anywhere in the Company. Such assignments may be made on a daily basis, if necessary, and no assignment shall be held to constitute a change of schedule nor shall such assignments be made on the basis of an employee's seniority. Limited service assignments shall be considered as temporary assignments.

SECTION 19.08: Nothing in this Article shall be construed to abrogate or diminish any rights an employee would otherwise have under this Agreement, the Americans with Disabilities Act, the Workers' Compensation laws of Kentucky or other applicable laws.

SECTION 19.09: Notwithstanding Section 18.01 of this Agreement, an employee who is on limited service due to an injury or illness and who has once satisfied the waiting period described in those sections shall not be required to satisfy an additional waiting period should the Company remove him from limited service duty due to a lack of suitable work.

ARTICLE 20

PERSONAL LEAVES OF ABSENCE

SECTION 20.01: When, in the opinion of the Company, the requirements of the business will permit, an employee may, upon written request to the Company stating the reason why such leave of absence is desired, be granted a leave of absence for legitimate personal reasons without pay for a period not to exceed one hundred eighty (180) calendar days. Seniority will accumulate only during the first one hundred eighty (180) calendar days of any leave of absence granted under this Agreement for personal reasons. The Company may, but shall not be required to extend any leave of absence granted under this Agreement.

SECTION 20.02: It shall be cause for discharge if any employee misrepresents or falsely states to the Company in any application for a leave of absence (under this or any other article relating to a leave of absence), or any extension thereof, the reason for requesting such leave of absence. It shall also be cause for discharge if an employee, during a leave of absence under this Agreement, accepts gainful employment or becomes gainfully employed in any capacity by any other person, firm or corporation, or engages in any business

for gain or profit on his own account, without first having obtained approval in writing for such other employment or business from the Chief Administrative Officer, or his designated representative. An employee who fails to return to work at the expiration of a leave of absence shall be conclusively presumed to have quit his employment with the Company.

SECTION 20.03: The Union recognizes that when employees are granted leaves of absence, it may be necessary for the Company to make arrangements to fill such employee's job during the entire period of such leave of absence. The Union therefore agrees that no employee may return to work without the Company's consent and approval prior to the date on which his leave of absence expires.

SECTION 20.04: Employees granted leaves of absence under this article shall have the coverage of the following benefit plans continued to the end of the month in which the leave commences:

Group Life Insurance Program

Group Medical Insurance Program

Group Dental Insurance Program

If the employee desires to obtain continued coverage under these programs after the period specified above, such employees shall pay the full monthly cost of the benefit plan premiums or contributions up to and including the month in which the employee returns to work from his leave of absence. Full monthly cost shall include both employee and employer premiums or contributions. Such payments shall commence and be submitted to the Benefits Department by the first day of any succeeding months of the leave of absence. Failure to make timely payments as prescribed shall cause the immediate cancellation of the program coverage.

SECTION 20.05: An employee who is permitted to return from a personal leave of absence, prior to the approved return date, will be reinstated at his former rate of pay and will retain his position on the seniority roster, subject to the provisions of Section 20.01 of this Article.

SECTION 20.06: Any regular full-time employee covered by this Agreement who is elected to a public office requiring their absence

from duty with the Company, may request a leave of absence without pay for the duration of their term or terms. Such request shall not unreasonably be denied.

Employees granted a personal leave of absence under this section may have such leave for the duration of their term of office without regard to the one hundred eighty (180) calendar day limitation on Section 20.01, and without loss of seniority. However, the seniority limitation of Article 10, Section 10.03(b) will apply.

Upon completion of their term they shall be reinstated to their former position, if it is available. If it is unavailable, they may be redeployed to another available position under the terms of Article 10, Section 10.24. Employees subject to reclassification under the terms of this section will have their cases discussed with the Union.

SECTION 20.07: Employees shall report to the Company and submit to such physical examinations as the Company may require prior to returning to work from leave of absence granted hereunder.

ARTICLE 21 FUNERAL LEAVE

SECTION 21.01: The Company will grant to all regular employees covered by this Agreement payment, exclusive of shift premium, or any other premium pay, for time lost on their regularly scheduled workdays, up to a maximum of five (5) days, in connection with the death of the employee's spouse, employee's children and employee's parents, and step-children of the employee who are children of the employee's present spouse who have lived in the employee's home. For purposes of this section, "employee's parents" shall include the spouse of either of the employee's natural parents and legal parents. All leave granted under this section shall be taken between the date of death and two days following the date of the funeral or service, inclusive.

SECTION 21.02: The Company will grant to all regular employees covered by this Agreement payment, exclusive of shift premium, or any other premium pay, for time lost on their regularly scheduled workdays, up to a maximum of three (3) days because of death of any other member of an employee's immediate family. Under

this provision, other members of an employee's immediate family are recognized as being grandparents, grandchildren, sons-in-law, daughters-in-law, brothers, and sisters of the employee, spouses of employee's brothers and sisters, employee's spouse's brothers, sisters and parents, employee's spouse's grandparents or other close relative living in the home of the employee. All leave granted under this section shall be taken between the date of death and the date of the funeral or service, inclusive.

SECTION 21.03: The employee must report absence because of death in family to the proper supervisor on the first day of such absence and shall indicate the date of the funeral or service, if known, or as soon thereafter as the date becomes known. In the case of vacation interruption, because of death in family, the employee must notify the proper supervisor within two (2) work days of the date of death and shall similarly indicate the date of the funeral or service.

SECTION 21.04: The provisions of this Article will apply within the time limits of an employee's scheduled vacation, but will not apply when an employee is off-duty due to illness or injury or for any other reason. Note: This means that subject to the conditions of this section which determines an employee's eligibility for up to either three (3) or five (5) days off for death in family, and subject to the operating requirements of his department, an employee who suffers a "death in family" during the time he is on vacation may reschedule as vacation the number of vacation days interrupted by death in family, for which the employee is eligible.

SECTION 21.05: Employees who are requested to serve as pallbearers (honorary pallbearers not included) at the funeral of an employee or retired employee should be released from duty, where operational requirements permit, for the amount of time necessary to attend the funeral. An employee who serves in this capacity shall not lose straight-time pay (exclusive of shift premium) on that account. Where practicable and appropriate, the employee is expected to work before and/or after attending the funeral. The Company may require verification of the employee's service in this capacity.

ARTICLE 22

JURY DUTY

Employees serving on Jury Duty shall not lose straight-time pay (exclusive of shift premium) on that account and will be paid the difference between money received for such Jury Duty, exclusive of expense allowance, and their normal straight-time earnings exclusive of shift premium.

Employees scheduled to work the day shift, who are required to report for Jury Duty before noon, shall, upon request and notification to their Department Superintendent, be excused from reporting for work prior to reporting for Jury Duty and shall be required to return to work only if released from Jury Duty at, or prior to, the expiration of four (4) hours from his scheduled starting time. Where practicable, and upon request to the employee's supervisor, an employee scheduled for shift work will be rescheduled to day work (Monday through Friday) for the entire period he is scheduled for Jury Duty.

An employee subpoenaed to testify and who testifies in a civil or criminal judicial proceeding not involving the employee, his family, or any interest of the employee, will suffer no reduction in straight-time pay, for time lost in testifying, and will be paid the difference between money received for honoring the subpoena and normal straight-time earnings, exclusive of shift premium, provided the employee provides prompt notice of his receipt of a subpoena.

The Company may require for each day, in such form as it deems necessary to the conduct and administration of this provision, evidence of the employee's requirement to report for Jury Duty, or to honor a subpoena, proof of attendance, time of reporting, time of release and amounts received as compensation.

ARTICLE 23

MILITARY SERVICE

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 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 to 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.

ARTICLE 24

SUBCONTRACTING

SECTION 24.01: 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 to 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 or utilize the terms set forth in Article 10, Section 10.24 in 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 either gas or 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 notwithstanding the fact that a reduction in force in a different area has caused the displacement of incumbent employees by more senior employees pursuant to Article 10. However, should a journeyman be removed from his line of progression due to a reduction in force, and as a result displace a less senior employee in a below journeyman classification in a different line of progression, he shall be considered a journeyman under this Section in the event of a subsequent reduction in force in his new line of progression for not more than the period of time equal to the minimum time in grade requirement for promotion to journeyman, plus six (6) months.

SECTION 24.02: 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.

SECTION 24.03: It is agreed that outside contractors working on a cost/plus annually renewable contract will not perform work, normally performed by employees covered by this Agreement, on the sixth or seventh workdays of a week 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 on the sixth or seventh day for the contractor to complete the work he is performing. However, contractors working on unit cost contracts, fixed bid contracts, or cost/plus emergency contracts will not be affected by this section. It is not a violation of this Section for a contractor to continue or complete work on the 6th & 7th workday, provided the contractor is responsible for that work during the week.

Section 24.04: The Company agrees that, other 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.

ARTICLE 25

WAGES - JOB CLASSIFICATIONS - PAY PROGRESSIONS

SECTION 25.01: The wage rates for job classifications covered by this Agreement are described in Appendix "A," which is attached hereto and made a part hereof. Nothing in this Agreement shall prohibit the Company and the Union from mutually agreeing to modify the rate of pay for any job classification set forth in Appendix "A" at any time during the term of this Agreement.

SECTION 25.02: The Company will furnish the Union a copy of an accurate, up-to-date job description for all job classifications listed in Appendix "A."

It is understood that the purpose of the job descriptions referred to herein is to classify the work properly, to give guidance in making assignments and to determine the proper rate of pay therefore. It is agreed that the job descriptions referred to herein describe, in general, responsibilities and duties normally performed, but do not limit the work of an employee to the particular duties listed and the duties incidental thereto. It is agreed that job descriptions list typical duties of a classification and that numerous related tasks incidental to the typical duties listed which reasonably cannot be enumerated in the job description are included in the work of the classification.

SECTION 25.03: It is 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.

SECTION 25.04: The rates of pay for any newly created job classifications, or for any existing job classifications which have

been changed by the addition of new or different tasks which require significantly greater skills or responsibilities or by the removal of any tasks which result in requiring significantly lesser skills or responsibilities, and the seniority placement of any employees who may be affected by such changes will be negotiated with the Union by the Company. The Company will prepare proposed job descriptions in such cases and deliver a copy to the Union with notification as to the rate of pay at least fourteen (14) calendar days prior to putting the new or changed job classifications in effect, and will discuss them with the Union if so requested. However, the performance of work as assigned by the Company shall not be delayed either by discussion between the parties regarding new or changed jobs or by any arbitration regarding newly created or modified jobs as provided in Section 25.05. In either instance, wage rates for new or modified jobs as finally determined will be retroactive to the date the new or changed duties were first performed.

SECTION 25.05: If the parties are unable to agree on the proposed establishment of new jobs or modifications and revisions to existing jobs, such issue may be submitted to arbitration at the request of the Union as provided for in Article 6 of this Agreement. In resolving such dispute, the Arbitrator shall only have the authority to establish an appropriate wage rate in proper relation to other existing job classifications for any new or revised job and may not create, revise or abolish job descriptions or specifications.

SECTION 25.06: If the Union believes that the job description for any existing job does not accurately describe the duties or responsibilities of the job due to creeping job changes or changes about which the Union was not formally notified, the Union shall notify the labor relations department of its desire to discuss such issue, and a meeting shall be scheduled within fourteen (14) calendar days. Such meeting shall be conducted by a Representative of the labor relations department, and attended by representatives of the Company and Union who are knowledgeable of the matters to be discussed. If negotiations between the parties do not result in an agreement as to the accuracy of any such job description, the Union may appeal the matter directly to arbitration under Article 6. Such appeal to arbitration shall be not earlier than thirty (30) calendar days following the parties' first meeting. The Arbitrator shall have authority to determine only the appropriate wage rate for the duties

performed by the employee(s) in the affected classification and may not create, revise or abolish job descriptions.

SECTION 25.07: An employee who is temporarily assigned to a higher job classification for more than four (4) hours, shall receive the rate of pay for the classification for the entire day of the assignment. An employee assigned to fill a temporary job vacancy in a lower job classification shall suffer no reduction in pay. This section shall not be construed to modify or restrict any other provision of this Agreement.

SECTION 25.08: When an employee is temporarily assigned to a supervisory position outside the bargaining unit, he shall be paid seventy-five cents (75¢) per hour above his regular hourly rate of pay and shall not perform bargaining unit work except as provided in Article 29, Section 29.02. It is understood that any such assignment or assignments for any individual employee will not exceed one hundred (100) work days in any calendar year provided, however, the Company may, upon notice to the Union, extend an individual's assignment beyond the one hundred (100) day limit if the employee is substituting for the extended absence of a Supervisor whose return to work is anticipated, but not subject to accurate prediction.

ARTICLE 26 MEDICAL AND DENTAL INSURANCE

SECTION 26.01: An employee is eligible to participate in the Medical and Dental Plan upon his or her date of hire.

Employees covered by this Agreement will participate in medical plans on the same basis as all other regular full-time employees of the Company. The details of such medical benefits shall be as specifically provided in the master plan documents covering the terms of such plans. 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.

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 joint Health Care Task Force will continue to meet biannually to review trends in health care, review current Company Medical benefit plans, and make cost containment recommendations. In the second and third year of the contract, the joint Health Care Task Force will 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 plans so long as benefits for employees covered by this Agreement are similar and comparable to the benefits applicable to all other regular full-time employees of the Company.

Effective January 1, 2009, the Company shall make a contribution to a health spending, health reimbursement or health savings account, as determined by the Company and established under a Company plan or applicable law, for the benefit of eligible Employees. Such contribution, which will be in the form of cash or credit, shall be made on an annual basis to the account of regular full-time Employees on the Company's payroll as of December 31st of the year prior to the year of contribution. The employee's use of the contribution shall be governed by the provisions of the applicable health spending, health reimbursement or health savings account plan or law. The Company reserves the right to alter, amend, or discontinue any contributions to such plans at its discretion, but will provide employees covered by this Agreement similar and comparable contributions as those applicable to all other regular full-time employees of the Company.

SECTION 26.02: Retiree Medical Insurance

A. 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. The Company will credit monthly the following amounts toward the premiums for any medical plan sponsored by the Company, for those living retirees subscribing to such insurance through the Company.

For employees retiring January 1, 2015 or after, up to \$210.00 toward the cost of insurance premium for employee who retired at age of 55 or over, with at least 10 years of continuous service with the Company. 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 employee's spouse or other dependant will be eligible for an additional \$100.00 credit 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. 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, 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.

SECTION 26.03: For the purpose of Section 26.02 of this Article, subscription to such insurance through the Company by retirees and any contribution by the Company toward the payment of premiums shall be contingent on the insured persons' being covered by the Company's medical plans at the time of the employee's retirement and the maintenance of continuous coverage and timely payment of all premiums.

SECTION 26.04: Payments made in accordance with Section 26.02 A. of this Article will exclude premiums for new spouses or dependents acquired through marriage after retirement. Such payments to retiree's spouse or other dependent will cease at the earliest of:

- (a) the end of the 60th calendar month after the date of death of the retiree,
- (b) the end of the calendar month the dependent no longer is eligible under the terms of the Retiree Medical Continuation Plan,
- (c) the date the survivor dies, or
- (d) the beginning of the calendar month the survivor does not pay the required premium contribution under the terms of the Retiree Medical Continuation Plan.

Even if such payments cease under item (a) above, the survivor may continue to participate under the terms of the Retiree Medical Continuation Plan by paying the full premium.

SECTION 26.05: Employees may elect to participate in either the Delta Dental High Option or Delta Dental Basic Option provided by the Company. If the employee elects the Delta Dental Basic Option, no employee premium contribution is required. If the employee elects the Delta Dental High Option, the employee will contribute \$7 per month for single, \$17 per month for single plus one or children, or \$27 per month for family coverage. The contract between Delta Dental and the Company will govern in all matters related to the plan.

SECTION 26.06: If, pursuant to any Federal or State Law which may become effective during the term of this Agreement, the Company is required to make contributions or pay taxes for providing benefits which are already provided for under Company plans, then to the extent such benefits under any such Federal or State program would duplicate the benefits under the Company's plans, the Company shall be relieved of the obligation to provide such benefits under the Company's benefit plans.

**ARTICLE 27
 LIFE AND ACCIDENTAL DEATH AND
 DISMEMBERMENT INSURANCE**

SECTION 27.01: Effective 12/1/2008 the Company shall maintain the basic life insurance and accidental death and dismemberment plan on the basis of 2 times base rate of pay, maximum benefit of \$150,000. It will be provided on the same basis as it has in the past for those employees who are eligible and enroll in this plan.

Employees who retire on or after January 1, 2004 will be provided retiree life insurance based on the following schedule:

Age	Amount of Retiree Life Insurance
Age 55 but less than age 65	1 times base rate of pay as of the date of retirement
Age 65 but less than age 70	.5 times base rate of pay as of the date of retirement
Age 70 or older	\$10,000

SECTION 27.02: The Company will pay one hundred per cent (100%) of the total premium for the basic life insurance and accidental death and dismemberment plan for eligible employees who enroll in the plan.

SECTION 27.03: Employees may elect to participate in the optional life insurance plan at the rate of one (1), two (2), or three (3) times base salary. The employee will authorize payment of the applicable premium through payroll deduction.

SECTION 27.04: Employees may elect to participate in the dependent life insurance plan for a spouse and dependent child(ren) of either:

- 1) \$5,000 for a spouse and \$2,500 on each child, or
- 2) \$10,000 for a spouse and \$5,000 on each child, or
- 3) \$25,000 for a spouse and \$10,000 on each child, or
- 4) \$50,000 for a spouse and \$20,000 on each child. *

** Enrollment in this fourth option will be subject to medical evidence of insurability and regulations imposed by the Kentucky Department of Insurance.*

The employee will authorize payment of the applicable premium through payroll deduction.

SECTION 27.05: Effective 1/1/09, an employee is eligible to participate in the basic life insurance, accidental death and dismemberment insurance, optional life insurance and dependent life insurance upon his/her date of hire. The details of the foregoing Plans shall be as specifically provided in the master plan documents covering the terms of such Plans.

ARTICLE 28 RETIREMENT INCOME PLAN AND DISABILITY BENEFITS

SECTION 28.01: For employees employed by the Company on December 31, 2005, the Company will maintain in effect and pay the full cost for retirement income under the terms of the Louisville Gas & Electric Company Bargaining Employees' Retirement Plan.

Effective January 1, 2015, the basic pension formula was amended as follows:

Effective 1/1/2015

Pay grades 1-5:	\$79 per month per year of service (maximum of thirty (30) years)
Pay grades 6-9:	\$92 per month per year of service (maximum of thirty (30) years)
Pay grades 10-14:	\$100 per month per year of service (maximum of thirty (30) years)

Effective 1/1/2016

Pay grades 1-5:	\$80 per month per year of service (maximum of thirty (30) years)
Pay grades 6-9:	\$94 per month per year of service (maximum of thirty (30) years)
Pay grades 10-14:	\$102 per month per year of service (maximum of thirty (30) years)

Effective 1/1/2017

Pay grades 1-5:	\$82 per month per year of service (maximum of thirty (30) years)
Pay grades 6-9:	\$97 per month per year of service (maximum of thirty (30) years)
Pay grades 10-14:	\$105 per month per year of service (maximum of thirty (30) years)

Employees hired by the Company on or after January 1, 2006 are not eligible to participate in the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan. Instead they are eligible to participate in the Retirement Income Account (see Section 28.08) under the terms of the Louisville Gas and Electric Company Bargaining Employees' Savings Plan.

SECTION 28.02: There will be no interruption in the accumulation of retirement benefits under the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan unless an employee's pay ceases. If the employee becomes entitled to additional "sick pay" after interruption of the employee's "sick pay" there will be no accumulation of retirement benefits for the period covered by the additional "sick pay." Accumulation of retirement benefits will be resumed after the employee returns to work.

If the employee's initial date of disability is after January 1, 2004 and the employee is receiving benefits under the Long-Term Disability Plan, the employee will continue to accrue Service and Credited Service under the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan.

SECTION 28.03: A retired employee shall be entitled only to those benefits provided by the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan which are in effect at the time of the employee's retirement. Any changes in the employee's Social Security benefits which become effective after the employee retires shall not reduce the benefits which the employee draws under the Plan.

SECTION 28.04: The Company may set reasonable requirements for advance notice to the Company by an employee who elects to retire before age 65 but may, at its discretion, waive such requirements on an individual basis, for good cause, without any obligation similarly to waive such requirements in any other case.

SECTION 28.05: If the employee's initial date of disability is after January 1, 2004, the Company will provide the following Long-Term Disability benefits:

- (a) Employees who become totally and permanently disabled will be eligible for disability income under the Long Term Disability Plan if they have completed five (5) years of service at the time of disability.
- (b) The amount of monthly disability income payable to a disabled employee is determined as follows:

Sixty percent (60%) of the employee's basic monthly earnings computed at his straight-time hourly rate immediately prior to the time of disability, to a maximum benefit of \$15,000, reduced by;

1. One hundred percent (100%) of any Social Security Benefit, and
2. One hundred per cent (100%) of any benefits payable under Kentucky Workers' Compensation laws or the Workers' Compensation laws of any other State or benefits payable under any Federal government benefit plans.

SECTION 28.06: The Company shall amend the Plan to reflect the amendments to same as set forth in this Article 28. The Company reserves the right to make such Amendments to the Plan as are necessary to comply with the Employee Retirement Income Security

Act of 1974, any amendments thereof or regulations pertaining thereto, and all other Federal or State laws or regulations.

SECTION 28.07: Louisville Gas and Electric Company Bargaining Employees' Savings Plan: Eligibility to participate in the Louisville Gas and Electric Company Bargaining Employees Savings Plan is determined by the Plan and may be amended from time to time at the company's discretion provided that an employee is eligible to participate no later than the first day of the month on or after the three (3) month anniversary of his/her date of hire. Effective November 12, 2007, the Company matching contribution is 70 percent on employee contributions up to six (6) percent of covered compensation. Effective January 1, 2006, employees may contribute up to an additional 69 percent of covered compensation on a pre-tax, but unmatched basis, for a maximum of 75 percent. Effective January 1, 2006, employees age 50 or older may make "catch-up" contributions. Effective January 1, 2006, covered compensation shall include overtime and premium pay. Upon adoption by the LG&E and KU Energy LLC. Board of Directors, the Louisville Gas and Electric Company Bargaining Employees' Savings Plan will be amended effective January 1, 2008, to allow employee contributions to be made as Traditional 401(k), Roth 401(k), or a combination of both.

SECTION 28.08: Louisville Gas and Electric Company Bargaining Employees' Savings Plan: Employees hired by the Company on or after January 1, 2006, will be eligible for the Retirement Income Account under the terms of the Louisville Gas and Electric Company Bargaining Employees' Savings Plan. The Company will make an annual lump sum contribution based on the following schedule to the employee's Retirement Income Account.

Years of Service as of January 1	Percent of Covered Compensation
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 provision of the Retirement Income Account will be as specifically provided in the master plan document covering the terms of the plan.

ARTICLE 29 GENERAL PROVISIONS

SECTION 29.01: Severe Weather - The Company agrees that it will not require employees to work in exposed and unprotected areas during severe weather conditions except in the event of an emergency or where such work is necessary to protect life, limb, property or maintain continuity of service or operations. Where such severe weather conditions exists, which prevent an employee from performing his normal work, the employee may be assigned by his supervisor to other available work.

SECTION 29.02: Supervisors Working - The Company's intention is to not perform bargaining unit work with supervisors except in emergencies or training situations (including maintaining and updating the supervisor's own job knowledge and proficiency). The union agrees that it is not a violation of this section if a supervisor performs bargaining unit work due to an unscheduled absence of an employee during the first two (2) or last two (2) hours of a shift.

SECTION 29.03: Commercial Drivers License (CDL)

- (a) The Company will reimburse an employee required to have a CDL in the performance of his duties an amount equal to the difference between the cost of the CDL and a standard drivers license.
- (b) The Company will pay for up to two tests and the associated fees for employees who are required to hold a CDL. Any fees associated with obtaining a CDL beyond the two tests must be paid for in full by the employee.

SECTION 29.04: Should an employee suffer an occupational injury

to his person, and as a direct result of such injury, suffer damage to his eyeglasses, hearing aid or dentures, the Company shall, upon presentation of the damaged item and verification of the injury to the employee, reimburse the employee for the expense incurred in the repair or, if necessary, replacement of the item. Any items replaced under this Section shall be of the equivalent quality and price as the item damaged or destroyed as a direct result of the occupational injury.

SECTION 29.05: All bargaining unit employees who wish to exercise their right to vote on Election Day will be expected to do so either before or after their regularly scheduled workday. Time off with pay, up to a maximum of two hours, may be allowed an individual to vote if all of the following conditions are met:

- (a) Arrangements are made prior to the end of the employee's shift on the day preceding the election;
- (b) When the employee does not have sufficient time, either before or after his shift to vote; and,
- (c) Any time off with pay for this purpose will be at the beginning of the employee's shift.

Employees who are excused from work to work at the polls will not be entitled to any compensation.

SECTION 29.06: Educational Assistance - The Company sponsors both a Tuition Refund Plan and a Basic Education and Vocational Training Support Program in which bargaining unit employees are eligible to participate. These educational programs are described in documents available in the Human Resources Department. These programs are subject to expansion, modification or termination by the Company.

SECTION 29.07: Dependent Care - The Company and the Union agree to continue, pursuant to Section 129 of the Internal Revenue Code, a payroll deduction plan for dependent care services. This program will be continued unless, by later action, the Internal Revenue Service or other governmental entity repeals or otherwise eliminates the advantage, to employees, of participating in such a program.

Section 29.08: Work Practices – The Union agrees to meet with local management during the term of this agreement to discuss changes in work practices that may be unique to the area and/or site.

ARTICLE 30 SPECIAL PREMIUMS

SECTION 30.01: Hot Stick Premium - When employees assigned to the Electric Service Delivery Department are required to do hot stick work on 33KV and above, a premium of fifty cents (\$.50) per hour will be paid for the entire day on which such work is performed. When such employees perform the duties of transmission patrol, a premium of twenty-five cents (\$.25) per hour will be paid for the entire day on which such work is performed.

SECTION 30.02: Sunday Premium - A premium of one dollar and twenty-five cents (\$1.25) per hour will be paid for all hours (including overtime hours) worked on a Sunday by an employee for whom Sunday is one of his five (5) regularly scheduled workdays for that week. Additionally, Sunday premium will be paid for all planned overtime hours worked on Sunday.

The premium will not be paid for call-in overtime hours worked on Sunday; however, in the case of an employee initially scheduled for planned overtime on Sunday, and who, because of an emergency arising during the course of the planned overtime assignment has the overtime converted to call-in, the premium will remain in effect for the duration of the original planned overtime assignment.

SECTION 30.03: 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. The adverse work premium will not be paid when an employee is being paid at his overtime rate and the adverse work premium will not be compounded with other premium payments.

Adverse work shall mean emergency duties of an unusual nature involving significant risks, which are not commonly incurred in the performance of his normal duties, or the performance of duties under conditions of weather, environment, or other situations which materially increase the hazards involved in the performance of those

duties which shall include but not be limited to the electric line repair work in connection with storm damage.

This premium will not be paid for permanent repairs required at locations temporary repairs were made to restore service at the time of the initial weather related customer service interruption.

ARTICLE 31 MILEAGE ALLOWANCE

SECTION 31.01:

Personal Vehicle Usage:

If an employee is instructed to report to work at another location, he will be reimbursed for personal vehicle usage while on Company business at the approved reimbursement rate. The employee will be reimbursed for mileage in excess of their normal round trip mileage. Normal round trip is defined as travel from home to the normal Company work location and back home. This rule includes reporting to either another Company location or off-site for training or other business purposes.

This mileage allowance does not apply to those employees whose regular job requires them to report at various locations, nor to employees who are transferred from one work location to a new work location on a permanent assignment.

SECTION 31.02: Employees permanently assigned to payroll division 53 who are required to use their personal vehicles in the performance of Company duties (except travel to work from home and back) shall be paid mileage at the Company's regular mileage rate for occasional use of personal cars in accordance with Section 31.01 above. For purposes of administration, each book will have a defined mileage assigned that is reflective of the mileage required to read the book.

ARTICLE 32 SERVICE WATCH AND STANDBY

The Company routinely assigns employees to weekly service watches to answer calls and make service runs outside their normal scheduled workday. These assignments are made at the beginning of the employee's regular workweek and continue for seven (7) consecutive days. Each employee who is assigned to a weekly service watch will be paid eighty-five dollars (\$85.00) per week. If an employee works on service calls outside his normal scheduled workday during his watch week, he will be paid for such time worked in accordance with Article 9 - Overtime. However, time spent during such service watches will not be counted as overtime hours for equalization purposes under Article 9.

If an employee is assigned a service watch or required to "standby" 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 is assigned to a service watch or required to "standby" for service calls. Only actual hours worked will be counted for overtime equalization purposes under Article 9.

ARTICLE 33 PERSONAL TOOLS AND SAFETY EQUIPMENT

SECTION 33.01: If an employee is required by the Company to use his personal tools in connection with his work, the Company will replace such tools if they are stolen or destroyed while in the custody and control of the Company.

SECTION 33.02: The Company will continue to furnish employees with tools and equipment which it usually and customarily furnishes employees. Additionally, the Company will furnish employees all safety equipment and protective devices, including leather work gloves, required by the Company or by law to maintain recognized standards of safety. An employee shall wear or utilize all safety equipment and protective devices issued to him. The employee will be subject to appropriate disciplinary action if such tools and/or equipment is intentionally damaged or destroyed by the employee.

SECTION 33.03: The Company will provide an annual tool and equipment allowance in the amount of \$100.00, to be paid on the employee's anniversary date of employment, for employees permanently assigned to the below-listed job classifications:

Substation Control Technician A, B & Specialist

Substation Equipment Technician A, B & Lead

SECTION 33.04: At the request of the Union, the Company agrees to review any present or future job classification to determine which tool allowance rate, if any, is appropriate for that particular job classification.

ARTICLE 34 HEALTH AND SAFETY

SECTION 34.01: 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.

SECTION 34.02: Working conditions which adversely and unreasonably impair the health and safety of employees shall be brought to the attention of supervision for immediate correction, if necessary. The Company agrees to investigate conditions which have a legitimate impact on the health and safety of employees. Accordingly, upon reasonable advance notice, the Company will meet with the appropriate Union Safety Committee member to discuss the nature of the complained of condition and to determine what, if any, remedial measures shall be taken. The Union shall keep the Director, Safety & Technical Training, fully advised of the members of its Safety Committee which shall be made up of not more than one individual per department and per shift, if appropriate, at each location.

SECTION 34.03: The Company and the Union agree to continue the 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 Director, Safety & Technical Training, and shall meet at least monthly. This Committee shall consist of not more than three (3) members of the Company and three (3) members of the Union. The Union representatives who shall attend a particular meeting shall be made known to the Director, Safety & Technical Training not less 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 Director, Safety & Technical Training, shall appoint two (2) associates to attend the meeting whose names shall be made known to the Union not later than one (1) week prior to the meeting.

SECTION 34.04: It is agreed that the establishment and enforcement of safety rules and regulations is a proper function of management and to that end the final determination as to adoption and implementation of any proposed changes in safety rules and regulations shall be the sole responsibility of the Company.

SECTION 34.05: It is understood that any dispute arising out of the interpretation, application or implementation of written health and safety rules shall be proper subjects for Articles 5 and 6 of this Agreement.

SECTION 34.06: Meetings as described in Section 34.03 shall be conducted between the hours of 8:00 a.m. and 5:00 p.m. on a week day. Union representatives authorized to attend such meetings shall be compensated by the Company not to exceed eight (8) straight-time hours on the day of the meeting. The Union Safety Director will be released from regularly assigned duties on the workday which coincides with a scheduled meeting of the Joint Health and Safety Advisory Committee and up to two (2) additional days, if needed, for purposes of preparing for and participating in the meeting. The Union Safety Director shall suffer no reduction in straight-time earnings.

ARTICLE 35 NON-DISCRIMINATION

SECTION 35.01: There shall be no discrimination by the Company or the Union in the application of the terms of this Agreement

because of race, color, religion, national origin, age, sex, handicap, or status as a disabled veteran or veteran of the Vietnam Era.

SECTION 35.02: The use of the masculine or feminine gender in this Agreement shall be construed as including both genders and not a sex limitation unless the Agreement clearly requires a different construction.

ARTICLE 36 SAVING CLAUSE

It is understood and agreed that the provisions of this Agreement are in all respects subject to all applicable laws and governmental regulations now or hereafter in effect and to the lawful rulings and orders of all regulatory commissions now or hereafter having jurisdiction. Should any provision of this Agreement be found to be in conflict with any lawful ruling or regulation, the parties will meet for the purpose of discussing and/or modifying that portion of the Agreement only.

ARTICLE 37 ENTIRE AGREEMENT

This Agreement sets out the entire understanding between the Company and the Union. 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, provided, however, that the execution of this Agreement shall not invalidate any written agreement between the parties which is not in conflict with the terms of this Agreement, though such written agreement may have been reached prior to the date of this Agreement. Nothing herein shall be construed, however, to prevent the parties from reaching agreements after the effective date of this Agreement which are in conflict with the terms of this Agreement. (Such conflicting agreements must be approved by the Union President or a Business Representative and a representative of the Company's labor relations staff.) Such written agreement shall be incorporated in this Agreement and shall be valid for the life of this Agreement and any extension thereof, unless rescinded by the parties hereto.

ARTICLE 38
DURATION OF AGREEMENT

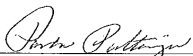
The effective date of this Agreement is November 11, 2014. This Agreement shall be in full force and effect for the entire period from November 11, 2014, through midnight of November 10, 2017, and from year to year thereafter, unless either party hereto shall, at least sixty (60) days prior to November 10, 2017, or the tenth day of November, in any year thereafter, notifies the other party in writing of its intention and desire to terminate this Agreement.

This Agreement may be extended by the mutual agreement of the parties. Such extension must be in writing and the extension may thereafter be terminated at any time by either party by giving forty-eight (48) hours written notice to the other party of the desire to terminate such extension.

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

For the Company:
**Louisville Gas and
Electric Company**

For the Union:
**International Brotherhood of
Electrical Workers
Local 2100**



Paula Pottinger, SVP Human Resources



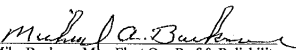
Curtis Stratton, President/Business Mgr.



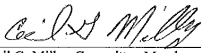
Angela Gosman, Mgr. Labor Relations & HRIS



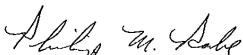
Greg Purvis, Committee Member



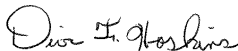
Mike Buckner, Mgr. Fleet Ops Perf & Reliability



Cecil G. Milby, Committee Member



Phil Rabe, Manager - Production



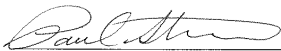
Dion F. Hoskins, Committee Member



Bob Rose, Mgr. Louisville Electric Distribution



J. Breeding, Committee Member



Paul Stratman, Mgr. Operations Center



Rick Raymer, Committee Member



Stephanie Duncan, HR Manager



Natalie Piontek, HR Manager

APPENDIX A**Wages**

- a) Effective November 10, 2014, there shall be a two and one-half percent (2.5%) general wage increase applied to the wage rates in effect, rounded to the nearest one (1) cent.
- b) Effective November 9, 2015, there shall be a two and one-half percent (2.5%) general wage increase applied to the wage rates in effect, rounded to the nearest one (1) cent.
- c) Effective November 7, 2016, there shall be a two and one-half percent (2.5%) general wage increase applied to the wage rates in effect, rounded to the nearest one (1) cent.

Effective January 1, 2003, employees covered by this collective bargaining agreement will be eligible to participate in the Team Incentive Award Program (TIA), subject to the terms of such TIA program as determined and modified by the Company from time to time. The first payout will be due in March, 2004 and will be targeted (100% rate) at 6% of the employee's annual earnings including overtime and premium pay.

Lines of progression and assigned paygrades are contained in a separate document.

Employees presently in classifications which have received an upgrade by virtue of a new assigned paygrade will receive the appropriate upgrade.

Employees who have received a downgrade by virtue of a new assigned paygrade; or who are presently in classifications which have had the rate for the paygrade reduced, will be "red-circled" at their rate of pay until such time as the rate for the employee's assigned paygrade equals and exceeds the employee's rate of pay or until the employee changes job classification under Article 10.

The preceding two (2) paragraphs are general rules which shall apply to all employees described therein unless expressly agreed otherwise by separate Memorandum of Agreement, or by Article 19 of this Agreement.

The "50% rate" as used in this Agreement shall be defined as the

rate of pay which results from reducing an employee's 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.

NOTE: Lines of progression are utilized for the purpose of establishing classifications with assigned paygrades, minimum times in grade to attain the necessary experience for promotional consideration, and journeyman levels in the lines of progression. An asterisk (*) indicates those lines of progression wherein employees, hired prior to January 1, 2000, will be afforded opportunity to advance to the journeyman job classification without regard to whether or not a vacancy exists in that classification. An employee in such a line of progression must, however, meet the minimum qualifications for advancement into the next higher classification. The asterisk in the lines of progression denotes the journeyman job classification to which the employee may advance under this paragraph. Advancement of qualified employees pursuant to this paragraph shall be effective at the beginning of the payroll period nearest an employee's having satisfied the minimum time in grade requirement for his classification.

Employees hired after January 1, 2000, will be afforded the opportunity to advance to the classification below journeyman without regard to whether or not a vacancy exists in that classification. An employee in such a line of progression must, however, meet the minimum qualifications for advancement into the higher classification. Advancement of qualified employees pursuant to this paragraph shall be effective at the beginning of the payroll period nearest an employee's having satisfied the minimum time in grade requirement for his classification.

Employees hired after November 13, 1989, who for any reason, fail to satisfactorily progress to and retain a journeyman classification, or a lower classification deemed necessary by the Company as described with this Note, may be separated without regard to other provisions of Article 10.

Employees reclassified to a lower rated job in a similar line of progression as the result of a layoff or a reduction in their line of progression (where no layoff occurs due to openings elsewhere), may have the minimum time in grade requirements for promotion to the next higher rated job reduced to the following:

- (a) Six (6) months for employees reclassified to entry level classifications; or
- (b) One (1) year for employees reclassified to higher than entry level classification.

Nothing herein shall be construed, however, to require the Company to promote an employee who, despite serving the minimum time(s) set forth above, is not qualified as set forth in Article 10 of this Agreement.

APPENDIX B

Contractual benefits will be modified for employees who are working abnormal shifts as follows:

I. For employees working four (4) days, ten (10) hours per workday schedule ("four/tens" hereafter).

A. Overtime

- (1) Employees working a "four/tens" schedule shall be afforded overtime for hours worked beyond ten (10) in one day, or forty (40) in one week notwithstanding the provisions of Article 9, Section 9.01(a)(1).
- (2) For work on the first and second scheduled offday of the workweek, the employee will receive compensation as provided for in Article 9, Section 9.01(a)(2).
- (3) For work on the third scheduled offday of the workweek, the employee will receive compensation as provided for in Article 9, Section 9.01(a)(2) and Article 9, Section 9.01(b) (4).

B. Vacations

- (1) Vacation entitlement as described in Article 13, Section 13.01 shall be converted to straight-time hours for employees working a "four/tens" schedule. Thus, employees on such a schedule taking one (1) week's vacation shall receive payment for four (4) days, ten (10) hours per day.
- (2) Vacations shall normally be scheduled in periods of one (1) full week or more. Shorter periods of vacation will be allowed in accordance with the provisions of Article 13, Sections 13.09 and 13.10. Additionally, the wages the Company shall pay during a period of vacation of less than one full week shall be computed on the basis of a ten (10) hour workday. Thus, employees on a "four/tens" work schedule taking periods of vacation of less than one full week shall receive ten hours of pay provided they have at least ten (10) hours of vacation entitlement remaining.

- (3) For the purposes of determining "straight-time hours worked" as used in Article 13, Section 13.03 for those employees working a "four/tens" schedule, days actually worked including partial days where five (5) or more hours are actually worked, shall count as ten (10) straight-time hours. Additionally, such employees taking a period of vacation of less than one full week as described in items B.(1) and (2) above shall have such days count as ten (10) straight-time hours provided they have at least five (5) hours of compensation for vacation on such day.
- (4) For the purposes of determining "straight-time hours worked" as used in Article 13, Section 13.03 for those employees working a four (4) day, ten (10) hour per day work schedule utilizing Jury Duty benefits as described in Article 22 of the Contract and item H. below, such days shall count as ten (10) straight-time hours provided they receive at least five (5) hours of jury duty pay.

C. Holidays

- (1) For all weeks on which a Company-wide holiday falls, an employee's work schedule will revert back to a five (5) day, eight (8) hour per day work schedule.
- (2) An employee utilizing a floating holiday as provided for in Article 12 shall receive eight (8) hours of straight-time holiday pay at the applicable wage rate. Additionally, the employee may elect to utilize two (2) hours of vacation entitlement.

D. Physical Exams

Pursuant to Article 14, Section 14.03, all medical expense made necessary by the Article shall be paid for by the Company. Except for an employee's examination in connection with acceptance for employment or as otherwise set forth in Article 14, employees working a "four/tens" schedule shall receive pay for time spent, not to exceed ten (10) hours including time worked that day, having such physical examination.

E. Sickness Leave of Absence

- (1) For the purposes of Article 16, Section 16.02 as applied to employees working a "four/tens" schedule, payment will be made for regularly scheduled workdays on the basis of not to exceed ten (10) hours for any scheduled workday and not to exceed forty (40) hours in any workweek, computed at straight-time exclusive of shift premium or any other premium pay. Regularly scheduled workday shall mean one of the first four (4) regularly scheduled workdays which constitute the basic forty (40) hours per week.
- (2) For the purposes of Article 16, Section 16.03 as applied to employees working a "four/tens" schedule, payment will be made for time so lost beginning with the expiration of the twenty-four (24) scheduled work hours of any one continuous absence except:
 - a. If one (1) scheduled offday falls within such three (3) day waiting period, it shall not count as one (1) day of the waiting period. If two (2) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as ten (10) hours of the waiting period. If three (3) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as ten (10) hours of the waiting period. If four (4) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as twenty (20) hours of the waiting period.
 - b. If an employee is forced by illness to leave the employee's workplace before the employee's regular quitting time on the last scheduled workday before scheduled offdays, any two (2) such offdays, if consecutive, shall be counted as ten (10) hours of the waiting period.
 - c. An employee who reports for work on a regularly scheduled workday, but is forced by illness to leave work before working more than five (5) hours shall have that day count as ten (10) hours of the required waiting period. An employee who is forced by illness

to leave work after working more than five (5) hours but less than ten (10) hours may be paid on the third (3rd) day of the waiting period an equivalent number of hours as those lost because of the sickness on the last day worked if the third (3rd) day of the waiting period is a scheduled workday. Such partial of payment shall not be counted against an employee's total day entitlement.

- (3) For purposes of Article 16, Section 16.04(b) as applied to employees working a "four/tens" schedule, days actually worked including partial days where five (5) or more hours are actually worked will count as time worked.

F. Supplement to Workers' Compensation

- (1) For the purposes of Article 18, Section 18.01 as applied to employees working a "four/tens" schedule, payment will begin at the expiration of twenty-four (24) work hours of such absence as described in Article 18, Section 18.01 except:
 - a. If one (1) scheduled offday falls within such three (3) day waiting period, it shall not count as one (1) day of the waiting period. If two (2) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as ten (10) hours of the waiting period. If three (3) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as ten (10) hours of the waiting period. If four (4) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as twenty (20) hours of the waiting period.
 - b. If an employee is forced by injury to leave the employee's workplace before the employee's regular quitting time on the last scheduled workday before scheduled offdays, any two (2) such offdays, if consecutive, shall be counted as ten (10) hours of the waiting period.
 - c. If an employee is injured after reporting to work

or is required to go to the Company's doctor for treatment on a scheduled workday, the employee shall be paid at the employee's regular straight-time rate for the remaining hours of the employee's regularly scheduled workday, not to exceed ten (10) hours in total for such day, except that no payment shall be made for time required to visit the doctor on any day the employee is off duty for any reason while the employee is still receiving benefits under Article 18.

G. Funeral Leave

Employees on a "four/tens" schedule will be entitled to ten (10) hours of straight-time pay for each day of Funeral Leave entitlement.

H. Jury Duty

Employees on a "four/tens" schedule will be entitled to ten (10) hours of straight-time pay for each day of Jury Duty entitlement subject to the provisions of Article 22.

II. For employees working a 12-hour shift per workday schedule:

A. Shift Premiums

Employees who work the day shift of a 12-hour schedule are not entitled to shift premium. Employees who work the night shift of a 12-hour schedule are eligible for the third shift premium described in Article 8, Section 8.05.

B. Overtime

- (1) Employees working a 12-hour shift schedule shall be afforded overtime for hours worked beyond twelve (12) in one day, or forty (40) in one week notwithstanding the provisions of Article 9, Section 9.01(a)(1).
- (2) For work on the last scheduled off-day of the workweek, the employee will receive two (2) times the employees straight-time hourly wage rate assuming the following conditions have been met:

- a) Employee has worked each of his regular scheduled work days, unless not worked for reasons set forth in Section 16.05.
 - b) The employee has worked at least one scheduled off day and that day was paid at the overtime rate or the employee was not offered overtime on previous scheduled off days.
- (3) For all other scheduled off days of the workweek, the employee will receive one and one half (1½) times the employee's straight-time hourly wage rate assuming the following condition has been met.
- a) Employee has worked each of his regular scheduled work days, unless not worked for reasons set forth in Section 16.05.

C. Vacations

- (1) Vacation entitlement as described in Article 13, Section 13.01 shall be converted to straight-time hours for employees working a 12-hour shift schedule. Employees on such a schedule taking one (1) week's vacation shall receive straight-time payment for regular scheduled hours in that workweek, provided they have vacation entitlement remaining.
- (2) Vacations shall normally be scheduled in periods of one (1) full week or more. Shorter periods of vacation will be allowed in accordance with the provisions of Article 13, Sections 13.09 and 13.10. Additionally, the wages the Company shall pay during a period of vacation of less than one full week shall be computed on the basis of a twelve (12) hour workday. Thus, employees on a 12-hour shift schedule taking periods of vacation of less than one full week shall receive twelve (12) hours of pay provided they have at least twelve (12) hours of vacation entitlement remaining.
- (3) Days actually worked or partial days where six (6) or more hours are actually worked, shall count as twelve (12) straight-time hours for the purposes of determining

"straight-time hours worked" as used in Article 13, Section 13.03 for those employees working a 12-hour shift schedule. Additionally, such employees taking a period of vacation of less than one full week as described in items C.(1) and (2) above shall have such days count as twelve (12) straight-time hours provided they have at least six (6) hours of compensation for vacation on such day.

- (4) For the purposes of determining "straight-time hours worked" as used in Article 13, Section 13.03 for those employees working a 12-hour shift schedule utilizing Jury Duty benefits as described in Article 22 of the Contract and item I. below, such days shall count as twelve (12) straight-time hours provided they receive at least six (6) hours of jury duty pay for such day they receive jury duty pay.

D. Holidays

- (1) For all weeks on which a Company-wide holiday falls, an employee who is scheduled to work the holiday, but does not actually work such holiday will receive eight (8) hours of straight-time holiday pay at the applicable wage rate. Additionally, the employee may elect to utilize four (4) hours of vacation entitlement.
- (2) An employee utilizing a floating holiday as provided for in Article 12, shall receive eight (8) hours of straight-time holiday pay at the applicable wage rate. Additionally, the employee may elect to utilize four (4) hours of vacation entitlement.

E. Physical Exams

Pursuant to Article 14, Section 14.03, all medical expense made necessary by the Article shall be paid for by the Company. Except for an employee's examination in connection with acceptance for employment or as otherwise set forth in Article 14, employees working a 12-hour shift schedule shall receive pay for time spent, not to exceed twelve (12) hours including time worked that day, having such physical examination.

F. Sickness Leave of Absence

- (1) Sick leave entitlement as described in Article 16, Section 16.02, shall be converted to straight-time hours for employees working a 12-hour shift schedule. Payment will be made for regularly scheduled workdays not to exceed twelve (12) hours for any scheduled workday, computed at straight-time exclusive of shift premium or any other premium pay.
- (2) For the purposes of Article 16, Section 16.03 as applied to employees working a 12-hour shift schedule, payment will be made for time so lost beginning with the expiration of the twenty-four (24) scheduled work hours of any one continuous absence except:
 - a. If one (1) scheduled offday falls within such 24-hour waiting period, it shall not count toward the waiting period. If two (2) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twelve (12) hours of the waiting period. If three (3) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twelve (12) hours of the waiting period. If four (4) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twenty-four (24) hours of the waiting period.
 - b. If an employee is forced by illness to leave the employee's workplace before the employee's regular quitting time on the last scheduled workday before scheduled offdays, any two (2) such offdays, if consecutive, shall be counted as twelve (12) hours of the waiting period.
 - c. An employee who reports for work on a regularly scheduled workday, but is forced by illness to leave work before working more than six (6) hours shall have that day count as twelve (12) hours of the required waiting period. An employee who is forced by illness to leave work after working more than six (6) hours, but less than twelve (12) hours may be paid

on a day of the waiting period an equivalent number of hours as those lost because of the sickness on the last day worked if the day of the waiting period is a scheduled workday. Such partial of payment shall not be counted against an employee's total day entitlement.

- (3) For purposes of Article 16, Section 16.04(b) as applied to employees working a 12-hour shift schedule, days actually worked including partial days where six (6) or more hours are actually worked will count as time worked.

G. Supplement to Workers' Compensation

- (1) Supplement to Workers' Compensation entitlement as described in Article 18, Section 18.01, shall be converted to straight-time hours for employees working a 12-hour shift schedule. Payment will begin at the expiration of twenty-four (24) work hours of such absence as described in Article 18, Section 18.01 except:

- a. If one (1) scheduled offday falls within such 24-hour waiting period, it shall not count toward the waiting period. If two (2) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twelve (12) hours of the waiting period. If three (3) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twelve (12) hours of the waiting period. If four (4) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twenty-four (24) hours of the waiting period.
- b. If an employee is forced by injury to leave the employee's workplace before the employee's regular quitting time on the last scheduled workday before scheduled offdays, any two (2) such offdays, if consecutive, shall be counted as twelve (12) hours of the waiting period.
- c. If an employee is injured after reporting to work or is required to go to the Company's doctor for

treatment on a scheduled workday, the employee shall be paid at the employee's regular straight-time rate for the remaining hours of the employee's regularly scheduled workday, not to exceed twelve (12) hours in total for such day, except that no payment shall be made for time required to visit the doctor on any day the employee is off duty for any reason while the employee is still receiving benefits under Article 18.

H. Funeral Leave

Employees on a 12-hour shift schedule will be entitled to twelve (12) hours of straight-time pay for each day of Funeral Leave entitlement.

I. Jury Duty

Employees on a 12-hour shift schedule will be entitled to twelve (12) hours of straight-time pay for each day of Jury Duty entitlement subject to the provisions of Article 22.

III. For employees working on abnormal shifts other than "four/tens" or 12-hour shift schedules the application of contractual benefits will be negotiated upon implementation of that schedule.

November 11, 2014

Mr. Curtis Stratton, President
International Brotherhood
of Electrical Workers
Local 2100
10400 Dixie Highway
Louisville, KY 40272

Re: Trimble County Assignments

Dear Mr. Stratton:

This will confirm the continuation of the agreement negotiated in 2001 reached between Louisville Gas and Electric Company and Local 2100, International Brotherhood of Electrical Workers, regarding travel allowance and moving expense payable to employees who are assigned to the Company's Trimble County Plant.

For all purposes below "inside Trimble County" shall mean any point within a 15-mile radius of the Trimble County Courthouse in Bedford, Kentucky and "outside Trimble County" shall mean any point outside of that same radius.

A. Permanent Assignments:

Except for employees hired after January 15, 1980, specifically for the Trimble County Plant site, employees who are permanently assigned to the Trimble County Power Plant will be eligible for reimbursement of moving expenses as described in "C." below and will be eligible for a travel allowance of \$8.00 per day for each day the employee is scheduled to report for work and reports for work at the Trimble County Plant site. The travel allowance described in this paragraph will be paid the latest of: (1) an eligible employee's relocation from outside Trimble County for which moving expense is payable; or (2) six (6) months from the date the employee first reports to the Trimble County Plant site after being permanently assigned to that location.

B. Temporary Assignments:

(1) Assignments to Trimble County Plant Site

Employees temporarily assigned to the Trimble County

Plant site who do not live inside Trimble County will be eligible for the Travel Allowance described herein.

(2) Assignments from Trimble County Plant Site

Employees permanently assigned to the Trimble County Plant site who live inside Trimble County will be eligible for the Travel Allowance described herein if they are temporarily assigned to another work site outside Trimble County.

- C. Moving expenses as described herein shall not exceed \$1,500.00 per eligible employee, and shall be available only to employees who are permanently assigned to the Trimble County Plant site and who remain employees of the Company for one year after the moving allowance is paid. The moving expense is payable only to those employees who relocate from a point outside the 15-mile radius of the Trimble County Courthouse in Bedford, Kentucky, to a point inside such 15-mile radius, unless otherwise provided. To be reimbursed for moving expenses, an eligible employee must notify the Company in advance, in writing, of his intent to move his household goods, the approximate date of the move, the location moved from, the location moved to, and the identity of the mover being used. Once the move has been made, the employee must, within thirty (30) days, present to the Company an itemized bill furnished by the mover.
- D. Employees who voluntarily bid under the terms of Article 10, Section 10.05 are ineligible for moving expenses and travel allowance.
- E. This policy applies only to the Trimble County Plant site and shall govern the payment of travel allowance and moving expenses for employees assigned to or from said site on a permanent or temporary basis.

Sincerely,

Angie Gosman

Manager, Labor Relations

LETTER OF UNDERSTANDING

Regarding Power Generation

(excluding Maintenance Lines of Progression)

This will confirm the understanding reached during the 1983 negotiations, and amended in the 1989, and the 1995 negotiations between Local 2100, IBEW and Louisville Gas and Electric Company concerning the above-referenced departments.

When, in the Company's opinion, it becomes necessary to transfer employees from one payroll division to another because of the retirement of a generating plant or part thereof, or the startup of a new generating plant or part thereof, the following procedure shall be followed:

1. Any employee transferred shall have his classification seniority dovetailed with that of the employees in the classification at the location to which the employee is transferred. However, where minimum time in classification requirements exists as a qualification for promotion, the following time must be served within the line of progression to which the employee is transferred:
 - a. Three (3) months for employees in entry level classifications.
 - b. Six (6) months for employees in higher than entry level classifications.
2. If some, but not all, of the employees at a location within a payroll division are to be transferred to a new payroll division at a different location, the employees subject to transfer shall be allowed to exercise their Company seniority to fill available job openings within their classification in the payroll division to which the Company decides to transfer the employees. Should an insufficient number of employees be willing to choose transfer to the available openings in a different payroll division, the Company shall assign the employees to the available openings in inverse order of their Company seniority.
3. In the case of the initial staffing of a new plant or part thereof, the Company shall list the number of job openings in each

classification above entry level to be filled. The employees in the other payroll divisions within the department shall be allowed to state their preference for the available job openings in each classification. With consideration being given to the list of employee preference, the Company shall assign, at its discretion, employees to fifty percent (50%) of the openings within each classification. The remaining openings within each classification shall be filled on a senior may, junior must basis.

4. For the purposes of Paragraph 3, above, the Company shall determine the total number of employees, by classification, at each location from which the employees will be transferred to the new plant. The Company shall then prepare a list of employees, by name, in an equal number as are sought for reassignment. The Union shall then prepare a list of employees, by name, who desire to be transferred to the new plant not limited as to the number of available openings. Any employee whose name appears on both lists shall be reassigned. All employees so reassigned shall reduce the fifty percent (50%) of available openings which the Company may fill by assignment. If an insufficient number of employees desire by preference to be reassigned to initially staff a new generating station or part thereof, then the Company shall assign the least senior employee from its (the Company's) list sufficient to meet the fifty percent (50%) of available openings which the Company may fill by assignment.
5. The Company shall determine initial staffing requirements and the selection/assignment procedure shall be completed at one time. However, the Company shall determine which employee or groups of employees shall be transferred at any particular time thereafter.

LETTER OF UNDERSTANDING

Regarding Power Generation

Maintenance Lines of Progression

This will confirm the understanding reached during the 1983, and amended in the 1995 negotiations between Local 2100, IBEW and Louisville Gas and Electric Company concerning the above-referenced department.

When, in the Company's opinion, it becomes necessary to transfer employees from one location to another because of the retirement of a generating plant or part thereof, or the startup of a new generating plant or part thereof, the following procedure shall be followed:

1. If some, but not all, of the employees at a location with a payroll division are to be transferred to a different location, the employees subject to transfer shall be allowed to exercise their Company seniority to fill available job openings within their classification. Should an insufficient number of employees be willing to choose transfer to the available openings at a different location, the Company shall assign the employees to the available openings in inverse order of their Company seniority.
2. In the case of the initial staffing of a new plant or part thereof, the Company shall list the number of job openings in each classification above entry level to be filled. The employees at other locations within the department shall be allowed to state their preference for the available job openings in each classification. The remaining openings within each classification shall be filled on a senior may, junior must basis.
3. For the purposes of Paragraph 2, above, the Company shall determine the total number of employees, by classification, at each location from which the employees will be transferred to the new plant. The Company shall then prepare a list of employees, by name, who desire to be transferred to the new plant not limited as to the number of available openings. Any employee whose name appears on both lists shall be reassigned. All employees so reassigned shall reduce the fifty percent

(50%) of available openings which the Company may fill by assignment. If an insufficient number of employees desire by preference to be reassigned to initially staff a new generating station or part thereof, then the Company shall assign the least senior employees from its (the Company's) list sufficient to meet the fifty percent (50%) of available openings which the Company may fill by assignment.

4. The Company shall determine initial staffing requirements and the selection/assignment procedure shall be completed at one time. However, the Company shall determine which employee or groups of employees shall be transferred at any particular time thereafter.

The Company (Louisville Gas & Electric) and the Union (Local 2100 International Brotherhood of Electrical Workers) agree as follows:

To clarify "Payroll Division" and "Department" in Section 10.05 of the current Collective Bargaining Agreement, "Payroll Division" and "Department" will be defined as:

"Department" is Energy Delivery, Energy Services and Telecommunications.

"Payroll Divisions" for Energy Delivery:

- (10) Meter/Meter Assets
- (21) Substation Construction & Maintenance
- (30) Electric
- (40) Gas
- (50) Facility Maintenance

"Payroll Division" for Energy Services:

- Trimble County
- Mill Creek
- Cane Run
- Generation Engineering

LETTER OF UNDERSTANDING

For the purposes of Article 10, Section 10.21, the following shall be considered as an "open work assignment" in the payroll divisions as indicated:

POWER GENERATION

Employees in the Laboratory line of progression shall be allowed to bid for openings on a shift or a reporting location different from their own based on skill requirements.

Employees in the Records Coordinator lines of progression shall be allowed to bid for openings at a reporting location different from their own.

Employees in the Maintenance lines of progression shall be allowed to bid for openings at a reporting location different from their own based on skill requirements.

ENERGY DELIVERY

Employees in the Line Technician classification shall be allowed to bid for openings on a shift, reporting location or schedule different from their own.

Employees in the Construction & Maintenance Cable Splicing line of progression shall be allowed to bid for a reporting location different from their own.

Employees in the Gas Construction and Maintenance line of progression shall be allowed to bid for a reporting location different from their own.

Employees in the Trouble Technician - Gas classification shall be allowed to bid for openings on a shift different from their own.

Employees in the Distribution Operations Records Coordinator line of progression assigned to a Service Center shall be allowed to bid for a reporting location different from their own.

Employees in the Facility Attendant classification shall be allowed to bid for a reporting location different from their own.

Employees in the Facility Maintenance line of progression shall be allowed to bid for a reporting location different from their own based on skill requirements.

Employees in the Customer Service Representatives - Field Services line of progression shall be allowed to bid an open work assignment in the established work districts.

Employees in the Customer Service Representatives - Meter Reader line of progression shall be allowed to continue the present practice of "book" selection.

Employees in the Transportation Department - Garage line of progression shall be allowed to bid for openings on a shift or reporting location different from their own based on skill requirements.

Employees in the Transportation Office line of progression shall be allowed to bid for a reporting location different from their own.

Employees in the Warehouse line of progression shall be allowed to bid for openings on a shift or reporting location different from their own.

Open work assignments shall be limited to journeyman job classifications and above (or non-line of progression jobs) and further the concept of pre-bidding a preferred location or shift shall be utilized unless otherwise mutually agreed.

An open work assignment is when it can reasonably be anticipated at the time of the assignment that the duration of the assignment will be at least one-hundred twenty (120) days.

Any open work assignment which is not filled as described above may be filled by the least senior qualified employee in the classification.

This constitutes, unless hereafter otherwise agreed, the entire understanding between the parties as to the meaning of "open work assignment" as that term is used in Article 10, Section 10.21 of the Collective Bargaining Agreement.

November 11, 2014

Mr. Curtis Stratton, President
International Brotherhood of
Electrical Workers
Local 2100
10400 Dixie Highway
Louisville, KY 40272

Re: Severance Benefits

Dear Mr. Stratton:

This confirms the continuation of the agreement negotiated in 2001 for a successor to the 1998-2001 collective bargaining agreement (“CBA”) regarding severance benefits. During the term of the 2001 CBA, employees who receive notice of a General Redeployment pursuant to Article 10, section 10.24, shall have the right to elect severance benefits throughout the period they remain subject to redeployment. Eligible employees shall be entitled to a severance benefit equal to one week’s pay for each full year of service, with a maximum benefit of twenty-six weeks. Additionally, the Company will pay the employees’ group medical and dental premiums at the rate in effect at the time of their termination, for up to three (3) months of the period covered by the Consolidated Omnibus Budget Reconciliation Act (“COBRA”). 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. While the terms of this release will be left to the sole discretion of the Company, the terms will be substantially similar to those contained in the attached exhibit.

Sincerely,
Angie Gosman
Manager, Labor Relations

LETTER OF UNDERSTANDING

Regarding Cane Run Station

This will confirm the understanding reached during the 2011 negotiations between Local 2100, IBEW and Louisville Gas and Electric Company concerning the Cane Run Station.

If, in the Company's opinion, it becomes necessary to reduce the workforce at the Cane Run Station because of the retirement of the Cane Run Station's coal fired units or part thereof, or the startup of a new generating plant or part thereof at the Cane Run generating station, the following procedure shall be followed:

1. The Company shall not lay off any Cane Run employees as a direct result of the retirement of the Cane Run generating station's coal fired units.
2. In the case of the initial staffing of a new plant or part thereof at the Cane Run Station, the Company shall assign, at its discretion, employees to fill all openings within each classification at the new plant. The Company shall fill all initial openings for a new plant or part thereof at the Cane Run Station with current Cane Run employees.
3. The Company shall provide a list of open positions to be filled at Mill Creek, Trimble County, and/or Ohio Falls to any employee at the Cane Run Station coal fired units not assigned to a new position at the new plant or part thereof at the Cane Run Station. The employees provided with this list shall be allowed to state their preference for the available openings at Mill Creek, Trimble County, and Ohio Falls. With consideration being given to the list of employee preference, the available openings shall be filled on a senior may, junior must basis utilizing Company seniority. An employee placed into a comparable classification pursuant to this paragraph shall have his classification seniority dovetailed with that of the employees in the classification at the location to which the employee is placed. For example, if a Cane Run operator was placed in an operator position at Mill Creek, his classification seniority shall be dovetailed. An employee placed into a different classification (i.e., a Cane Run operator is placed in

a material handling position at Mill Creek) shall receive a new classification seniority date and their pay shall be red-circled and the pension multiplier will not be reduced as provided in the pension plan.

4. Employees at the Cane Run coal fired generating station who are permanently assigned to a position at Trimble County pursuant to paragraph 3 of this Letter of Understanding shall receive a one-time lump sum payment in the amount of \$3,400.00, subject to applicable withholdings, per eligible employee, provided the employee relocates from a point outside the 15-mile radius of the Trimble County Courthouse in Bedford, Kentucky, to a point inside such 15-mile radius and remains an employee of the Company for one year after the lump sum payment is made. Employees receiving the lump sum payment described in this paragraph shall not be eligible for any of the benefits set forth in the letter agreement regarding Trimble County Assignments, including, but not limited to the travel allowance and the reimbursement of moving expenses.
5. Within 36 months from the date of transfer, employees must pass the Minimum Qualifications for entry into their assigned classification. If the employee does not pass the minimum qualifications for entry, they will be subject to demotion within the established line of progression until such time they pass in accordance with the Employee Performance Review System for Bargaining Unit Employees.
6. All filling of vacancies for positions at the new Cane Run plant, Mill Creek, Trimble County, or Ohio Falls facilities pursuant to paragraphs 2 or 3 of this Letter of Understanding shall count as an internal posting for purposes of Section 10.09 of the Agreement.
7. All vacancies for positions at the Cane Run coal-fired generating units which occur prior to the retirement of these units and which the Company, at its discretion, decides to fill shall be first posted internally. The Company, at its discretion, shall determine the classification at the appropriate pay grade and qualifications required for each position posted pursuant to this paragraph. The Company shall be the sole judge of an employee's qualifications for such positions.

8. An employee of the Cane Run coal fired generating station shall have the right to elect severance benefits provided he remains employed at Cane Run until the Company releases him following the retirement of the coal fired generating units and completion of all related work. Employees assigned to fill openings at the new plant at the Cane Run Station or placed in positions at Mill Creek, Trimble County or Ohio Falls pursuant to paragraph 3 above, will have the option of either electing severance benefits or accepting assignment to a new position. Cane Run's coal fired generating station employees shall be entitled to a severance benefit equal to two week's pay for each full year of service, with a maximum benefit of fifty-two weeks. Additionally, the Company will pay the employees' group medical and dental premiums for up to three months of the period covered by COBRA. 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.
9. 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 Cane Run coal fired generation employees. Furthermore, the individual qualifications of such employees shall not serve as a precedent for any future applications of their classification.
10. With respect to coal fired generation Cane Run employees, the provisions in this Letter of Understanding shall supersede the provisions set forth in Article 10 of the Agreement, the Letter of Understanding Regarding Power Generation (excluding Maintenance Lines of Progression), and the Letter of Understanding Regarding Power Generation Maintenance Lines of Progression.
11. The Company shall determine staffing requirements and in the timing and the procedure for completing the selection and/or assignment subject to the provisions set forth herein.

PAYGRADES FOR BARGAINING UNIT EMPLOYEES

**EFFECTIVE NOVEMBER 10, 2014 THROUGH
 NOVEMBER 8, 2015**

<u>GRADE</u>	<u>Start</u>	<u>6 mos.</u>	<u>12 mos.</u>	<u>18 mos.</u>	<u>24 mos.</u>
14	37.41	37.98			
13	36.60	37.00	37.41		
12	35.32	35.70	36.95		
11A	32.03	33.08	34.15	35.28	36.55
11	32.03	33.03	34.03	34.95	36.17
10	31.45	32.35	33.36	34.35	35.32
9	31.01	31.79	32.61	33.36	34.15
8	30.07	30.81	31.60	32.35	33.20
7	27.92	28.67	29.46	30.27	31.01
6	26.56	27.37	28.13	28.96	29.67
5	25.98	26.81	27.55	28.37	29.12
4	24.84	25.65	26.42	27.21	27.99
3	24.13	24.75	25.41	26.07	26.76
2	22.57	23.36	24.07		
1A	22.57	22.96	23.23		
1	22.33	22.54	22.92		

1st Period

2nd Period

Temporary Help*:

\$ 8.00

\$ 8.50

*The general wage increase does not apply.

PAYGRADES FOR BARGAINING UNIT EMPLOYEES

**EFFECTIVE NOVEMBER 9, 2015 THROUGH
 NOVEMBER 6, 2016**

<u>GRADE</u>	<u>Start</u>	<u>6 mos.</u>	<u>12 mos.</u>	<u>18 mos.</u>	<u>24 mos.</u>
14	38.35	38.93			
13	37.52	37.93	38.35		
12	36.20	36.59	37.87		
11A	32.83	33.91	35.00	36.16	37.46
11	32.83	33.86	34.88	35.82	37.07
10	32.24	33.16	34.19	35.21	36.20
9	31.79	32.58	33.43	34.19	35.00
8	30.82	31.58	32.39	33.16	34.03
7	28.62	29.39	30.20	31.03	31.79
6	27.22	28.05	28.83	29.68	30.41
5	26.63	27.48	28.24	29.08	29.85
4	25.46	26.29	27.08	27.89	28.69
3	24.73	25.37	26.05	26.72	27.43
2	23.13	23.94	24.67		
1A	23.13	23.53	23.81		
1	22.89	23.10	23.49		

	1st Period	2nd Period
Temporary Help*:	\$ 8.00	\$ 8.50

*The general wage increase does not apply.

PAYGRADES FOR BARGAINING UNIT EMPLOYEES

**EFFECTIVE NOVEMBER 7, 2016 THROUGH
 NOVEMBER 5, 2017**

<u>GRADE</u>	<u>Start</u>	<u>6 mos.</u>	<u>12 mos.</u>	<u>18 mos.</u>	<u>24 mos.</u>
14	39.31	39.90			
13	38.46	38.88	39.31		
12	37.11	37.50	38.82		
11A	33.65	34.76	35.88	37.06	38.40
11	33.65	34.71	35.75	36.72	38.00
10	33.05	33.99	35.04	36.09	37.11
9	32.58	33.39	34.27	35.04	35.88
8	31.59	32.37	33.20	33.99	34.88
7	29.34	30.12	30.96	31.81	32.58
6	27.90	28.75	29.55	30.42	31.17
5	27.30	28.17	28.95	29.81	30.60
4	26.10	26.95	27.76	28.59	29.41
3	25.35	26.00	26.70	27.39	28.12
2	23.71	24.54	25.29		
1A	23.71	24.12	24.41		
1	23.46	23.68	24.08		

1st Period

2nd Period

Temporary Help*:

\$ 8.00

\$ 8.50

*The general wage increase does not apply.

2015

January '15						
Su	M	Tu	W	Th	F	Sa
			1	2	3	4
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February '15						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March '15						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April '15						
Su	M	Tu	W	Th	F	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May '15						
Su	M	Tu	W	Th	F	Sa
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June '15						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

July '15						
Su	M	Tu	W	Th	F	Sa
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August '15						
Su	M	Tu	W	Th	F	Sa
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September '15						
Su	M	Tu	W	Th	F	Sa
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8	9	10	11	12	13	14
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29	30					

October '15						
Su	M	Tu	W	Th	F	Sa
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11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November '15						
Su	M	Tu	W	Th	F	Sa
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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December '15						
Su	M	Tu	W	Th	F	Sa
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

2016

January '16						
Su	M	Tu	W	Th	F	Sa
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

February '16						
Su	M	Tu	W	Th	F	Sa
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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

March '16						
Su	M	Tu	W	Th	F	Sa
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13	14	15	16	17	18	19
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27	28	29	30	31		

April '16						
Su	M	Tu	W	Th	F	Sa
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17	18	19	20	21	22	23
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May '16						
Su	M	Tu	W	Th	F	Sa
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29	30	31				

June '16						
Su	M	Tu	W	Th	F	Sa
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26	27	28	29	30		

July '16						
Su	M	Tu	W	Th	F	Sa
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10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August '16						
Su	M	Tu	W	Th	F	Sa
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8	9	10	11	12	13	14
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29	30	31				

September '16						
Su	M	Tu	W	Th	F	Sa
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29	30					

October '16						
Su	M	Tu	W	Th	F	Sa
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30	31					

November '16						
Su	M	Tu	W	Th	F	Sa
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15	16	17	18	19	20	21
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29	30					

December '16						
Su	M	Tu	W	Th	F	Sa
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

2017

January						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February						
Su	M	Tu	W	Th	F	Sa
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

March						
Su	M	Tu	W	Th	F	Sa
5	6	7	8	9	10	11
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26	27	28	29	30	31	

April						
Su	M	Tu	W	Th	F	Sa
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						



**“Regardless Of The
Demands Of The Work,
You Are Expected To
Take Time To Do It Safely.”**



LOUISVILLE GAS AND ELECTRIC COMPANY

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

Case No. 2018-00295

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 Office Setting Outpatient Facility	\$25 Copayment per visit Covered in full	Not Covered 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 Office Setting Outpatient Facility	\$25 Copayment per visit Covered in full	Not Covered 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 Office Setting Outpatient Facility	\$25 Copayment per visit Covered in full	Not Covered 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

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.

Memorandum

- 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.

LOUISVILLE GAS AND ELECTRIC COMPANY

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

Case No. 2018-00295

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.

LOUISVILLE GAS AND ELECTRIC COMPANY

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

Case No. 2018-00295

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.

Louisville Gas and Electric Company
Case No. 2018-00295
Question 42(a)
Listing of Fringe Benefits
Base Period and the Forecasted Test Year

	<u>Base Period</u>	<u>Forecasted Test Year</u>
Pension	\$10,512,629	\$5,164,072
Post Retirement - SFAS 106 (ASC 715)	\$2,893,510	\$2,775,503
Post Employment - SFAS 112 (ASC 712)	(\$375,733)	\$0
401(k)	\$6,444,699	\$6,250,749
Retirement Income Account	\$2,193,299	\$2,746,377
Medical Insurance	\$16,848,970	\$18,060,921
Dental Insurance	\$885,418	\$893,245
Workers Compensation	(\$294,275)	\$882,297
Group Life Insurance	\$704,414	\$793,706
Long Term Disability Insurance	\$683,179	\$820,249
Other Benefits	\$1,961,610	\$1,801,664
Team Incentive Award	\$14,379,801	\$14,539,974
Tuition Reimbursement	\$415,365	\$435,874
	<u>\$57,252,886</u>	<u>\$55,164,631</u>

Louisville Gas and Electric Company
Case No. 2018-00295
Question 42(b)
Listing of Fringe Benefits
Current 12 month period & Base Period

	Base Period	12 Months Preceding Base
Pension	\$10,512,629	\$13,625,056
Post Retirement - SFAS 106 (ASC 715)	\$2,893,510	\$3,865,385
Post Employment - SFAS 112 (ASC 712)	(\$375,733)	\$380,727
401(k)	\$6,444,699	\$6,016,258
Retirement Income Account	\$2,193,299	\$2,423,337
Medical Insurance	\$16,848,970	\$13,187,111
Dental Insurance	\$885,418	\$752,203
Workers Compensation	(\$294,275)	\$724,328
Group Life Insurance	\$704,414	\$635,165
Long Term Disability Insurance	\$683,179	\$640,914
Other Benefits	\$1,961,610	\$1,467,191
Team Incentive Award	\$14,379,801	\$16,211,287
Tuition Reimbursement	\$415,365	\$414,448
	<u>\$57,252,886</u>	<u>\$60,343,411</u>

LOUISVILLE GAS AND ELECTRIC COMPANY

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

Case No. 2018-00295

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. LG&E 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.

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.

LOUISVILLE GAS AND ELECTRIC COMPANY

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

Case No. 2018-00295

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 LG&E are as follows:

LG&E'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, LG&E 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, LG&E filed a request with the Kentucky Public Service Commission ("KPSC") for an increase in annual base rates for LG&E's electric and gas operations (Case No. 2014-00372). On April 20, 2015, LG&E 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 LG&E'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.

LG&E and KU Services Company ("LKS") allocates a portion of its pension costs (including amortization of gains and losses) to LG&E. LKS records amortization costs based on the 15 year amortization methodology agreed upon in the June 30, 2015 KPSC settlement.

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 LG&E and entities that provide services to LG&E, such as LKS, to continue capitalization of non-service costs for regulatory reporting.

LG&E 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 LG&E 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.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's First Request for Information

Dated September 19, 2018

Case No. 2018-00295

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) LG&E adopted SFAS No. 106, now referred to as Accounting Standards Codification ("ASC") 715-10, effective January 1, 1993.
 - (2) At the date of adoption, LG&E debited Regulatory Assets for \$700,000 and credited Accumulated Provision for Pension/Benefits for \$700,000.
 - (3) Neither the base period nor the forecasted test period includes any impact from the implementation.
 - b. LG&E assumes the request refers to SFAS No. 112, "Employers' Accounting for Postemployment Benefits", and responds accordingly.
 - (1) LG&E adopted SFAS No. 112, now referred to as Accounting Standards Codification ("ASC") 712-10, effective January 1, 1994.
 - (2) At the date of adoption, LG&E debited Employee Pension and Benefit expense for \$5,649,285 and credited a liability for Postemployment 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) LG&E 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 incurred surface-impoundment-closure costs in order to comply with the federal Coal Combustion Residuals final rule for its active generating stations. The amortization is based on the non-levelized actual costs incurred over 25 years. 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) LG&E 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.
 - (3) Neither the base period nor the forecasted test period includes any impact from the implementation.

¹ The guidance in SFAS No. 143 is now contained in FASB Accounting Standards Codification Topic 410, effective September 30, 2009.

Louisville Gas and Electric 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
CANE RUN UNIT 1	1131509AROC	AROC - COAL PILE	0.00%	2.55%
CANE RUN UNIT 1	1131509AROP	COAL STORAGE	0.00%	3.06%
CANE RUN UNIT 6	1132399AROC	AROC - SEWAGE TREATMENT PLANT	0.00%	2.55%
CANE RUN UNIT 6	1132399AROP	CONCRETE FOSTER AND PAD FOR DEVCO PACKAGE SEWAGE TREATMENT PLANT	3.06%	3.06%
CANE RUN UNIT 6	1132404AROP	PACKAGE SEWAGE TREATMENT PLANT	3.06%	3.06%
CANE RUN UNIT 6	1134814AROC	AROC - LAND FILL	0.00%	2.55%
CANE RUN UNIT 6	1134814AROP	CANE RUN LANDFILL	3.06%	3.06%
CANE RUN UNIT 6	1136412AROC	AROC - ASH POND	0.00%	2.55%
CANE RUN UNIT 6	1136412AROP	ASH POND	3.06%	3.06%
CANE RUN UNIT 6	1141767AROP	FURNISH & INSTALL PRE-ENGINEERED METAL ENCLOSURE FOR SEWAGE TREATMENT PLANT	3.06%	3.06%
CANE RUN UNIT 6	1149033AROP	STAGE 2 DEVELOPMENT- ASH WASTE POND	3.06%	3.06%
CANE RUN UNIT 6	1850199AROP	CANE RUN 6 GSU REWIND	3.06%	3.06%
CANE RUN UNIT 6	MERCCRAROC	AROC - MERCURY SOURCES	0.00%	2.55%
CANE RUN UNIT 6	NUCCRAROC	AROC - NUCLEAR SOURCES	0.00%	2.55%
CANERUN SUBSTATION	1108207AROC	AROC - CR4 GSU	0.00%	2.10%
CANERUN SUBSTATION	1108207AROP	GSU TRANSFORMER AND ASSEMBLE- WESTINGHOUSE 190000 KVA	2.10%	2.10%
CANERUN SUBSTATION	1108314AROC	AROC - CR5 GSU	0.00%	2.10%
CANERUN SUBSTATION	1108314AROP	GSU TRANSFORMER ASSEMBLY, WESTINGHOUSE 220000 KVA 60 CYCLE TYPE FOA OUTDR POW	2.10%	2.10%
CANERUN SUBSTATION	1142644AROC	AROC - SPARE GSU	0.00%	2.10%
CANERUN SUBSTATION	1142644AROP	GSU WESTINGHOUSE MODEL ABM 1080-80, TYPE FOA SPARE	2.10%	2.10%
CANERUN SUBSTATION	1850199AROC	AROC - CR6 GSU	0.00%	2.10%
MILL CREEK SUBSTATION	1121129AROC	AROC - MC1 GSU	0.00%	2.10%
MILL CREEK SUBSTATION	1121129AROP	GSU WESTINGHOUSE VOLT SINGLE PHASE TRANSFORMERS	2.10%	2.10%
MILL CREEK SUBSTATION	1121561AROC	AROC - MC2 GSU	0.00%	2.10%
MILL CREEK SUBSTATION	1121561AROP	GSU WESTINGHOUSE 345,000Y/19,185-20,900 VOLT, SINGLE PHASE TRANSF, 123,000 KVA	2.10%	2.10%
MILL CREEK SUBSTATION	1122727AROC	AROC - MC3 GSU	0.00%	2.10%
MILL CREEK SUBSTATION	1122727AROP	GSU GE CLASS FOA 1 PHASE 60 HZ MAIN GENERATOR TRANSFORMERS, VOLTAGE RATING 3	2.10%	2.10%
MILL CREEK SUBSTATION	1123008AROC	AROC - MC4 GSU	0.00%	2.10%
MILL CREEK SUBSTATION	1123008AROP	GSU GE CLASS FOA SINGLE PHASE 60 HZ TRANSF, 345,000 GRY/199190-20900 VOLTAGE R	2.10%	2.10%
MILL CREEK SUBSTATION	1135331AROC	AROC - SPARE GSU	0.00%	2.10%

Louisville Gas and Electric 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
MILL CREEK SUBSTATION	1135331AROP	GSU SEE VOLUMES OF INVENTORY IN FILE MARKED W-47	2.10%	2.10%
MILL CREEK UNIT 1	1126696AROC	AROC - STORAGE PILE	0.00%	2.02%
MILL CREEK UNIT 1	1126696AROP	STORAGE PILE	2.39%	2.39%
MILL CREEK UNIT 3	1127657AROC	AROC - ASH POND	0.00%	2.81%
MILL CREEK UNIT 3	1127657AROP	ASH POND	3.03%	3.03%
MILL CREEK UNIT 3	1127837AROC	AROC - STORAGE TANKS	0.00%	2.81%
MILL CREEK UNIT 3	1127837AROP	13-06-2 FUEL OIL TANKS AND ACCESSORIES	3.03%	3.03%
MILL CREEK UNIT 4	1755793AROC	AROC - LANDFILL	0.00%	2.61%
MILL CREEK UNIT 4	1755793AROP	MC A POZOTEC LANDFILL	2.82%	2.82%
MILL CREEK UNIT 4	HAZMCAROC	AROC - HAZARDOUS MATERIAL STORAGE	0.00%	2.61%
MILL CREEK UNIT 4	LABMCAROC	AROC - LAB	0.00%	2.61%
MILL CREEK UNIT 4	RADMCAROC	AROC - RADIATION	0.00%	2.61%
MILL CREEK-SO2 UNIT 4	1127093AROC	AROC - CHEMICAL TANKS	0.00%	4.91%
MILL CREEK-SO2 UNIT 4	1127093AROP	13-05-62 STEEL REACTION TANKS	5.38%	5.38%
TRIMBLE COUNTY UNIT 1	1130206AROC	AROC - COAL STORAGE	0.00%	2.31%
TRIMBLE COUNTY UNIT 1	1130206AROP	05-03 LIME, COAL, FUEL OIL STORAGE AREA	2.40%	2.40%
TRIMBLE COUNTY UNIT 1	1130302AROC	AROC - ASH POND	0.00%	2.31%
TRIMBLE COUNTY UNIT 1	1130302AROP	05-13 RELOCATE CORN CREEK, EMERGENCY FLYASH AND SLUDGE PONDS	2.40%	2.40%
TRIMBLE COUNTY UNIT 1	1132257AROC	AROC - SEWAGE PLANT	0.00%	2.31%
TRIMBLE COUNTY UNIT 1	1132257AROP	50-02 SEWAGE TREATMENT PLANT EQUIPMENT	2.40%	2.40%
TRIMBLE COUNTY UNIT 1	HAZTCAROC	AROC - HAZARDOUS MATERIAL	0.00%	2.31%
TRIMBLE COUNTY UNIT 1	NUCTCAROC	AROC - NUCLEAR	0.00%	2.31%
TRIMBLE COUNTY UNIT 1-TRANS	1119143AROP	GSU TRANSFER FROM TRIMBLE CO SWITCHING STATION (A78-514 A67600A)	2.40%	2.40%

LOUISVILLE GAS AND ELECTRIC COMPANY

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

Case No. 2018-00295

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.

Louisville Gas and Electric Company
Comparative Statement of Income
July 31, 2018

	Current Month			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues.....	\$ 111,341,349.62	\$ 117,492,496.16	\$ (6,151,146.54)	(5.24)
Gas Operating Revenues.....	12,190,781.11	12,983,168.21	(792,387.10)	(6.10)
Total Operating Revenues.....	123,532,130.73	130,475,664.37	(6,943,533.64)	(5.32)
Fuel for Electric Generation.....	29,032,222.61	28,428,279.56	603,943.05	2.12
Power Purchased.....	4,352,070.78	4,635,923.86	(283,853.08)	(6.12)
Gas Supply Expenses.....	2,490,216.78	2,044,111.92	446,104.86	21.82
Other Operation Expenses.....	21,613,777.66	22,678,437.56	(1,064,659.90)	(4.69)
Maintenance.....	10,432,166.78	6,917,041.28	3,515,125.50	50.82
Depreciation.....	14,738,812.59	14,200,814.64	537,997.95	3.79
Amortization Expense.....	1,479,756.80	1,461,969.14	17,787.66	1.22
Regulatory Debits.....	49,548.12	29,439.53	20,108.59	68.30
Taxes				
Federal Income.....	5,794,534.89	13,399,577.70	(7,605,042.81)	(56.76)
State Income.....	1,452,264.38	2,443,691.99	(991,427.61)	(40.57)
Deferred Federal Income - Net.....	-	-	-	-
Deferred State Income - Net.....	-	-	-	-
Property and Other.....	3,834,455.15	3,537,488.82	296,966.33	8.39
Investment Tax Credit.....	-	-	-	-
Amortization of Investment Tax Credit.....	(93,976.00)	(93,323.00)	(653.00)	(0.70)
Loss (Gain) from Disposition of Allowances.....	-	-	-	-
Total Operating Expenses.....	95,175,850.54	99,683,453.00	(4,507,602.46)	(4.52)
Net Operating Income.....	28,356,280.19	30,792,211.37	(2,435,931.18)	(7.91)
Other Income Less Deductions.....	(1,664.79)	(31,777.70)	30,112.91	94.76
Income Before Interest Charges.....	28,354,615.40	30,760,433.67	(2,405,818.27)	(7.82)
Interest on Long-Term Debt.....	5,773,610.00	5,248,249.37	525,360.63	10.01
Amortization of Debt Expense - Net.....	269,480.01	248,973.12	20,506.89	8.24
Other Interest Expenses.....	420,079.76	316,148.87	103,930.89	32.87
Total Interest Charges.....	6,463,169.77	5,813,371.36	649,798.41	11.18
Net Income.....	\$ 21,891,445.63	\$ 24,947,062.31	\$ (3,055,616.68)	(12.25)

Case No. 2018-00295

Attachment to Response to PSC-1 Question No. 46

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Garrett

Louisville Gas and Electric Company
Comparative Statement of Income
August 31, 2018

	Current Month			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues.....	\$ 111,021,513.95	\$ 108,665,409.56	\$ 2,356,104.39	2.17
Gas Operating Revenues.....	13,100,381.45	13,230,996.07	(130,614.62)	(0.99)
Total Operating Revenues.....	124,121,895.40	121,896,405.63	2,225,489.77	1.83
Fuel for Electric Generation.....	28,950,100.49	26,383,727.04	2,566,373.45	9.73
Power Purchased.....	4,184,057.32	3,945,608.34	238,448.98	6.04
Gas Supply Expenses.....	2,950,300.79	3,172,502.37	(222,201.58)	(7.00)
Other Operation Expenses.....	22,450,210.71	20,522,985.72	1,927,224.99	9.39
Maintenance.....	8,195,835.34	7,245,523.52	950,311.82	13.12
Depreciation.....	14,747,835.52	14,211,330.95	536,504.57	3.78
Amortization Expense.....	1,486,178.08	1,431,946.88	54,231.20	3.79
Regulatory Debits.....	53,449.48	29,747.93	23,701.55	79.67
Taxes				
Federal Income.....	6,143,065.82	11,765,375.31	(5,622,309.49)	(47.79)
State Income.....	1,539,615.49	2,127,267.57	(587,652.08)	(27.62)
Deferred Federal Income - Net.....	-	(222,990.54)	222,990.54	100.00
Deferred State Income - Net.....	-	(158,383.52)	158,383.52	100.00
Property and Other.....	3,897,900.24	3,349,177.48	548,722.76	16.38
Investment Tax Credit.....	-	-	-	-
Amortization of Investment Tax Credit.....	(93,976.00)	(93,323.00)	(653.00)	(0.70)
Loss (Gain) from Disposition of Allowances.....	-	-	-	-
Total Operating Expenses.....	94,504,573.28	93,710,496.05	794,077.23	0.85
Net Operating Income.....	29,617,322.12	28,185,909.58	1,431,412.54	5.08
Other Income Less Deductions.....	(116,627.83)	(49,266.71)	(67,361.12)	(136.73)
Income Before Interest Charges.....	29,500,694.29	28,136,642.87	1,364,051.42	4.85
Interest on Long-Term Debt.....	5,780,204.83	5,243,634.77	536,570.06	10.23
Amortization of Debt Expense - Net.....	271,183.07	250,544.30	20,638.77	8.24
Other Interest Expenses.....	361,683.66	299,454.18	62,229.48	20.78
Total Interest Charges.....	6,413,071.56	5,793,633.25	619,438.31	10.69
Net Income.....	\$ 23,087,622.73	\$ 22,343,009.62	\$ 744,613.11	3.33

Case No. 2018-00295

Attachment to Response to PSC-1 Question No. 46

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Garrett

LOUISVILLE GAS AND ELECTRIC COMPANY

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

Case No. 2018-00295

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 - \$965,577; 2018 - \$416,563,167

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 (\$3,324,557) for the federal benefit of the state excess deferred income taxes.

The 2018 amount shown above is the gross amount and does not include (\$17,205,638) for the federal benefit of the state excess deferred income taxes.

LOUISVILLE GAS AND ELECTRIC COMPANY

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

Case No. 2018-00295

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.
 - (i) Investment credit realized.
 - (ii) Investment credit amortized - Pre-Revenue Act of 1971.
 - (iii) 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	\$152,189,883
Account 411101	<u>(\$94,050,956)</u>
Total	\$58,138,927

(2) Federal operating income taxes deferred – other:

Account 410101	\$124,482,600
Account 411101	<u>(\$69,365,161)</u>
Total	\$55,117,439

The \$55,117,439 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 taxes – operating: Account 409101 \$1,023,123

(4) Income credits:

From A-48 (a)(1) above	Account 411101	(\$94,050,956)
From A-48 (a)(2) above	Account 411101	<u>(\$69,365,161)</u>
Total		(\$163,416,117)

(5) Investment tax credit:

(i) Realized: \$8,291

(ii) Amortized – Pre-Revenue Act of 1971: \$0

(iii) Amortized – Revenue Act of 1971: (\$1,113,447)

(6) State operating income taxes deferred – accelerated tax depreciation:

Account 410102	\$25,451,606
Account 411102	<u>(\$15,080,804)</u>
Total	\$10,370,802

State operating income taxes deferred – other:

Account 410102 \$13,609,830

Account 411102	<u>(\$9,434,970)</u>
Total	\$4,174,860

The \$4,174,860 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	\$5,317,905
State income credits:		
From state “depreciation” above	Account 411102	(\$15,080,804)
From state “other” above	Account 411102	<u>(\$9,434,970)</u>
Total		(\$24,515,774)

- (7) See reconciliation attached.
- (8) See reconciliation 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 November 14, 2018 (IN) filing deadlines. The state returns will be provided to the KY Commission at that time. The tax returns are considered confidential and are being produced 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.

For the City of Radcliff, 2017 franchise payments were calculated based on 3.00% of LG&E sales to gas customers within the boundaries of the franchise area and then remitted to the City.

For the City of Pleasureville, 2017 franchise payments were calculated based on 1.00% of LG&E sales to gas customers within the boundaries of the franchise area and then remitted to the City.

For the cities of West Point and Muldraugh, 2017 franchise payments were calculated based on 3.00% of LG&E sales to electric and gas customers within the boundaries of the franchise area and then remitted to the respective city.

For the City of Hodgenville, 2017 franchise payments were calculated based on 4.00% of LG&E sales to gas customers within the boundaries of the franchise area and then remitted to the City.

Franchise Location	2017 Franchise Payments (\$)
Radcliff	50,637
Pleasureville	2,275
West Point – Electric	21,673
West Point – Gas	6,722
Muldraugh - Electric	22,826
Muldraugh - Gas	6,942
Hodgenville	4,596
Total	115,671

b. See attached.

Louisville Gas and Electric Company
Case No. 2018-00295
Reconciliation of Book Net Income and Federal Taxable Income
12 Months Ended 12/31/17

Line No.	Item	Total	Nonoperating	Operating	
				KY Retail	Other
1.	Net Income per books	214,095,766	(2,310,261)	216,406,027	
2.	Add income taxes:				
3.	Federal income tax - current	1,023,123		1,023,123	
4.	Federal income tax - deferred depreciation	58,138,927		58,138,927	
5.	Federal income tax - deferred other	55,117,439		55,117,439	
6.	Investment tax credit adjustment	(1,105,156)		(1,105,156)	
7.	Federal income taxes charged to other income and deductions	(991,925)	(991,925)		
8.	State income taxes	19,863,567		19,863,567	
9.	State income taxes charged to other income and deductions	(185,822)	(185,822)		
10.	Total	345,955,919	(3,488,008)	349,443,927	
11.	Flow through items:				
12.	Add:	0			
13.	Deduct:	0			
14.	Book taxable income	345,955,919	(3,488,008)	349,443,927	
15.	Differences between book taxable income and taxable income per tax return:				
16.	Add (See Below)	46,360,931	516,261	45,844,670	
17.	Deduct (See Below)	392,316,850	18,476	392,298,374	
18.	Taxable income per return	0	(2,990,223)	2,990,223	

Differences between book taxable income and taxable income per tax return

Add:			
19.	Capitalized Interest	9,125,000	9,125,000
20.	Contribution in Aid of Construction	8,250,000	8,250,000
21.	Current State Income Tax	1,280,931	1,280,931
22.	Customer Advances For Construction	10,802,667	10,802,667
23.	Environmental Cost Recovery	1,734,000	1,734,000
24.	Gas Line Tracker Reg Liability	1,865,662	1,865,662
25.	Interest Rate Swaps	957,732	957,732
26.	Loss on Reacquired Debt - Amortization	30,377	30,377
27.	Non-Deductible Contributions	81,763	81,763
28.	Non-Deductible Lobbying and Political	241,396	241,396
29.	Non-Deductible Meals and Entertainment	229,208	229,208
30.	Penalties	6,171	6,171
31.	Performance Incentive	385,779	385,779
32.	Post Employment Benefits	751,432	751,432
33.	Prepaid Insurance	632,682	632,682
34.	Refined Coal - KY - Reg Liability	429,821	429,821
35.	Research Dev. & Demo Exp	420,747	420,747
36.	State Income Tax Expense	186,931	186,931
37.	Storm Damages	7,945,691	7,945,691
38.	Swap Termination	668,134	668,134
39.	Other	334,807	334,807
		<u>46,360,931</u>	<u>516,261</u>
Deduct:			
40.	Bad Debts Reserve	495,304	495,304
41.	Bonus Depreciation	129,985,113	129,985,113
42.	Capitalized Gas Inventory Costs	811,366	811,366
43.	Coal Combustion Residual ARO Ponds	2,527,382	2,527,382
44.	Contribution Carryforward	7,434,173	7,434,173
45.	Cost of Removal	37,149,596	37,149,596
46.	Deferred Operating	1,214,625	1,214,625
47.	Demand Side Management	1,693,114	1,693,114
48.	Federal Net Operating Loss	87,597,899	87,597,899
49.	Fuel Adjustment Clause KY	2,049,000	2,049,000
50.	Obsolete Inventory	6,979,639	6,979,639
51.	Off Systems Sales Tracker	508,350	508,350
52.	Pensions	39,197,734	39,197,734
53.	Plant Outage Normalization - Reg Asset	3,043,316	3,043,316
54.	Post Retirement Benefits	1,003,815	1,003,815
55.	Purchased Gas Adjustment	985,564	985,564
56.	Non-Qualified Thrift	18,476	18,476
57.	Repair Deduction	28,316,036	28,316,036
58.	State Income Tax Expense	5,317,905	5,317,905
59.	Tax Depreciation / Book over Tax Depreciation, net	35,557,908	35,557,908
60.	Other	430,535	430,535
		<u>392,316,850</u>	<u>18,476</u>

Louisville Gas and Electric Company
Case No. 2018-00295
Reconciliation of Book Net Income and Federal Taxable Income (Electric)
12 Months Ended 12/31/17

Line No.	Item	Total	Nonoperating	Operating	
				KY Retail	Other
1.	Net Income per books	177,890,555	(1,637,815)	179,528,370	
2.	Add income taxes:				
3.	Federal income tax - current	576,238		576,238	
4.	Federal income tax - deferred depreciation	43,663,734		43,663,734	
5.	Federal income tax - deferred other	50,249,919		50,249,919	
6.	Investment tax credit adjustment	(1,058,636)		(1,058,636)	
7.	Federal income taxes charged to other income and deductions	(672,169)	(672,169)	0	
8.	State income taxes	16,321,727		16,321,727	
9.	State income taxes charged to other income and deductions	(126,527)	(126,527)	0	
10.	Total	286,844,841	(2,436,511)	289,281,352	
11.	Flow through items:				
12.	Add:	0			
13.	Deduct:	0			
14.	Book taxable income	286,844,841	(2,436,511)	289,281,352	
15.	Differences between book taxable income and taxable income per tax return:				
16.	Add (See Below)	38,489,033	406,551	38,082,482	
17.	Deduct (See Below)	325,333,874	14,596	325,319,278	
18.	Taxable income per return	0	(2,044,556)	2,044,556	

Differences between book taxable income and taxable income per tax return

Add:			
19.	Capitalized Interest	8,575,718	8,575,718
20.	Contribution in Aid of Construction	7,296,248	7,296,248
21.	Current State Income Tax	1,024,745	1,024,745
22.	Customer Advances For Construction	7,330,508	7,330,508
23.	Environmental Cost Recovery	1,734,000	1,734,000
24.	Interest Rate Swaps	766,186	766,186
25.	Loss on Reacquired Debt - Amortization	25,486	25,486
26.	Non-Deductible Contributions	81,763	81,763
27.	Non-Deductible Lobbying and Political	191,328	191,328
28.	Non-Deductible Meals and Entertainment	185,658	185,658
29.	Penalties	6,057	6,057
30.	Performance Incentive	308,623	308,623
31.	Post Employment Benefits	578,603	578,603
32.	Prepaid Insurance	512,472	512,472
33.	Refined Coal - KY - Reg Liability	429,821	429,821
34.	Research Dev. & Demo Exp	420,747	420,747
35.	State Income Tax Expense	127,403	127,403
36.	Storm Damages	7,928,922	7,928,922
37.	Swap Termination	668,134	668,134
38.	Other	296,611	296,611
		<u>38,489,033</u>	<u>406,551</u>
Deduct:			
39.	Bad Debts Reserve	391,290	391,290
40.	Bonus Depreciation	93,833,229	93,833,229
41.	Coal Combustion Residual ARO Ponds	2,527,382	2,527,382
42.	Contribution Carryforward	7,434,173	7,434,173
43.	Cost of Removal	32,048,170	32,048,170
44.	Deferred Operating	959,553	959,553
45.	Demand Side Management	186,243	186,243
46.	Federal Net Operating Loss	82,976,793	82,976,793
47.	Fuel Adjustment Clause KY	2,049,000	2,049,000
48.	Obsolete Inventory	6,979,639	6,979,639
49.	Off Systems Sales Tracker	508,350	508,350
50.	Pensions	30,182,255	30,182,255
51.	Plant Outage Normalization - Reg Asset	3,043,316	3,043,316
52.	Post Retirement Benefits	772,938	772,938
53.	Non-Qualified Thrift	14,596	14,596
54.	Repair Deduction	20,765,568	20,765,568
55.	State Income Tax Expense	3,915,325	3,915,325
56.	Tax Depreciation / Book over Tax Depreciation, net	36,318,131	36,318,131
57.	Other	427,923	427,923
		<u>325,333,874</u>	<u>14,596</u>

Reconciliation of Book Net Income and Federal Taxable Income (Gas)

12 Months Ended 12/31/17

Line No.	Item	Total	Nonoperating	Operating	
				KY Retail	Other
1.	Net Income per books	36,205,211	(672,446)	36,877,657	
2.	Add income taxes:				
3.	Federal income tax - current	446,885		446,885	
4.	Federal income tax - deferred depreciation	14,475,193		14,475,193	
5.	Federal income tax - deferred other	4,867,520		4,867,520	
6.	Investment tax credit adjustment	(46,520)		(46,520)	
7.	Federal income taxes charged to other income and deductions	(319,756)	(319,756)		
8.	State income taxes	3,541,840		3,541,840	
9.	State income taxes charged to other income and deductions	(59,295)	(59,295)		
10.	Total	59,111,078	(1,051,497)	60,162,575	
11.	Flow through items:				
12.	Add:	0			
13.	Deduct:	0			
14.	Book taxable income	59,111,078	(1,051,497)	60,162,575	
15.	Differences between book taxable income and taxable income per tax return:				
16.	Add (See Below)	8,637,722	109,710	8,528,012	
17.	Deduct (See Below)	67,748,800	3,880	67,744,920	
18.	Taxable income per return	0	(945,667)	945,667	

Differences between book taxable income and taxable income per tax return

Add:

19.	Book over Tax Depreciation, net	760,223		760,223
20.	Capitalized Interest	549,282		549,282
21.	Contribution in Aid of Construction	953,752		953,752
22.	Current State Income Tax	256,186		256,186
23.	Customer Advances For Construction	3,472,159		3,472,159
24.	Gas Line Tracker Reg Liability	1,865,662		1,865,662
25.	Interest Rate Swaps	191,546		191,546
26.	Loss on Recquired Debt - Amortization	4,891		4,891
27.	Non-Deductible Lobbying and Political	50,068	50,068	0
28.	Non-Deductible Meals and Entertainment	43,550		43,550
29.	Penalties	114	114	0
30.	Performance Incentive	77,156		77,156
31.	Post Employment Benefits	172,829		172,829
32.	Prepaid Insurance	120,210		120,210
33.	State Income Tax Expense	59,528	59,528	0
34.	Storm Damages	16,769		16,769
35.	Other	43,797		43,797
		<u>8,637,722</u>	<u>109,710</u>	<u>8,528,012</u>

Deduct:

36.	Bad Debts Reserve	104,014		104,014
37.	Bonus Depreciation	36,151,884		36,151,884
38.	Capitalized Gas Inventory Costs	811,366		811,366
39.	Cost of Removal	5,101,426		5,101,426
40.	Deferred Operating	255,072		255,072
41.	Demand Side Management	1,506,871		1,506,871
42.	Federal Net Operating Loss	4,621,106		4,621,106
43.	Pensions	9,015,479		9,015,479
44.	Post Retirement Benefits	230,877		230,877
45.	Purchased Gas Adjustment	985,564		985,564
46.	Non-Qualified Thrift	3,880	3,880	0
47.	Repair Deduction	7,550,468		7,550,468
48.	State Income Tax Expense	1,402,580		1,402,580
49.	Other	8,213		8,213
		<u>67,748,800</u>	<u>3,880</u>	<u>67,744,920</u>

Reconciliation of Book Net Income and State Taxable Income
12 Months Ended 12/31/17

Line No.	Item	Total	Nonoperating	Operating	
				KY Retail	Other
1.	Net Income per books	214,095,766	(2,310,261)	216,406,027	
2.	Add income taxes:				
3.	Federal income tax - current	1,023,123		1,023,123	
4.	Federal income tax - deferred depreciation	58,138,927		58,138,927	
5.	Federal income tax - deferred other	55,117,439		55,117,439	
6.	Investment tax credit adjustment	(1,105,156)		(1,105,156)	
7.	Federal income taxes charged to other income and deductions	(991,925)	(991,925)	0	
8.	State income taxes	19,863,567		19,863,567	
9.	State income taxes charged to other income and deductions	(185,822)	(185,822)	0	
10.	Total	345,955,919	(3,488,008)	349,443,927	
11.	Flow through items:				
12.	Add:	0			
13.	Deduct:	0			
14.	Book taxable income	345,955,919	(3,488,008)	349,443,927	
15.	Differences between book taxable income and taxable income per tax return:				
16.	Add (See Below)	44,893,069	329,330	44,563,739	
17.	Deduct (See Below)	299,688,144	18,476	299,669,668	
18.	Taxable income per return	91,160,844	(3,177,154)	94,337,998	

Differences between book taxable income and taxable income per tax return

Add:

19.	Capitalized Interest	9,125,000		9,125,000
20.	Contribution in Aid of Construction	8,250,000		8,250,000
21.	Customer Advances For Construction	10,802,667		10,802,667
22.	Environmental Cost Recovery	1,734,000		1,734,000
23.	Gas Line Tracker Reg Liability	1,865,662		1,865,662
24.	Interest Rate Swaps	957,732		957,732
25.	Loss on Reacquired Debt - Amortization	30,377		30,377
26.	Non-Deductible Contributions	81,763	81,763	0
27.	Non-Deductible Lobbying and Political	241,396	241,396	0
28.	Non-Deductible Meals and Entertainment	229,208		229,208
29.	Penalties	6,171	6,171	0
30.	Performance Incentive	385,779		385,779
31.	Post Employment Benefits	751,432		751,432
32.	Prepaid Insurance	632,682		632,682
33.	Refined Coal - KY - Reg Liability	429,821		429,821
34.	Research Dev. & Demo Exp	420,747		420,747
35.	Storm Damages	7,945,691		7,945,691
36.	Swap Termination	668,134		668,134
37.	Other	334,807		334,807
		<u>44,893,069</u>	<u>329,330</u>	<u>44,563,739</u>

Deduct:

38.	Bad Debts Reserve	495,304		495,304
39.	Capitalized Gas Inventory Costs	811,366		811,366
40.	Coal Combustion Residual ARO Ponds	2,527,382		2,527,382
41.	Cost of Removal	37,149,596		37,149,596
42.	Deferred Operating	1,214,625		1,214,625
43.	Demand Side Management	1,693,114		1,693,114
44.	Fuel Adjustment Clause KY	2,049,000		2,049,000
45.	IRC 199 Manufacturing Deduction	3,121,785		3,121,785
46.	Obsolete Inventory	6,979,639		6,979,639
47.	Off Systems Sales Tracker	508,350		508,350
48.	Pensions	39,197,734		39,197,734
49.	Plant Outage Normalization - Reg Asset	3,043,316		3,043,316
50.	Post Retirement Benefits	1,003,815		1,003,815
51.	Purchased Gas Adjustment	985,564		985,564
52.	Non-Qualified Thrift	18,476	18,476	0
53.	Repair Deduction	28,316,036		28,316,036
54.	Tax Depreciation / Book over Tax Depreciation, net	170,142,507		170,142,507
55.	Other	430,535		430,535
		<u>299,688,144</u>	<u>18,476</u>	<u>299,669,668</u>

Reconciliation of Book Net Income and State Taxable Income (Electric)
12 Months Ended 12/31/17

Line No.	Item	Total	Nonoperating	Operating	
				KY Retail	Other
1.	Net Income per books	177,890,555	(1,637,815)	179,528,370	
2.	Add income taxes:				
3.	Federal income tax - current	576,238		576,238	
4.	Federal income tax - deferred depreciation	43,663,734		43,663,734	
5.	Federal income tax - deferred other	50,249,919		50,249,919	
6.	Investment tax credit adjustment	(1,058,636)		(1,058,636)	
7.	Federal income taxes charged to other income and deductions	(672,169)	(672,169)	0	
8.	State income taxes	16,321,727		16,321,727	
9.	State income taxes charged to other income and deductions	(126,527)	(126,527)	0	
10.	Total	286,844,841	(2,436,511)	289,281,352	
11.	Flow through items:				
12.	Add:	0			
13.	Deduct:	0			
14.	Book taxable income	286,844,841	(2,436,511)	289,281,352	
15.	Differences between book taxable income and taxable income per tax return:				
16.	Add (See Below)	37,336,885	279,148	37,057,737	
17.	Deduct (See Below)	255,477,303	14,596	255,462,707	
18.	Taxable income per return	68,704,423	(2,171,959)	70,876,382	

Differences between book taxable income and taxable income per tax return

Add:			
19.	Capitalized Interest	8,575,718	8,575,718
20.	Contribution in Aid of Construction	7,296,248	7,296,248
21.	Customer Advances For Construction	7,330,508	7,330,508
22.	Environmental Cost Recovery	1,734,000	1,734,000
23.	Interest Rate Swaps	766,186	766,186
24.	Loss on Reacquired Debt - Amortization	25,486	25,486
25.	Non-Deductible Contributions	81,763	81,763
26.	Non-Deductible Lobbying and Political	191,328	191,328
27.	Non-Deductible Meals and Entertainment	185,658	185,658
28.	Penalties	6,057	6,057
29.	Performance Incentive	308,623	308,623
30.	Post Employment Benefits	578,603	578,603
31.	Prepaid Insurance	512,472	512,472
32.	Refined Coal - KY - Reg Liability	429,821	429,821
33.	Research Dev. & Demo Exp	420,747	420,747
34.	Storm Damages	7,928,922	7,928,922
35.	Swap Termination	668,134	668,134
36.	Other	296,611	296,611
		<u>37,336,885</u>	<u>279,148</u>
			<u>37,057,737</u>
Deduct:			
37.	Bad Debts Reserve	391,290	391,290
38.	Coal Combustion Residual ARO Ponds	2,527,382	2,527,382
39.	Cost of Removal	32,048,170	32,048,170
40.	Deferred Operating	959,553	959,553
41.	Demand Side Management	186,243	186,243
42.	Fuel Adjustment Clause KY	2,049,000	2,049,000
43.	IRC 199 Manufacturing Deduction	3,121,785	3,121,785
44.	Obsolete Inventory	6,979,639	6,979,639
45.	Off Systems Sales Tracker	508,350	508,350
46.	Pensions	30,182,255	30,182,255
47.	Plant Outage Normalization - Reg Asset	3,043,316	3,043,316
48.	Post Retirement Benefits	772,938	772,938
49.	Non-Qualified Thrift	14,596	14,596
50.	Repair Deduction	20,765,568	20,765,568
51.	Tax Depreciation / Book over Tax Depreciation, net	151,499,295	151,499,295
52.	Other	427,923	427,923
		<u>255,477,303</u>	<u>14,596</u>
			<u>255,462,707</u>

Reconciliation of Book Net Income and State Taxable Income (Gas)

12 Months Ended 12/31/17

Line No.	Item	Total	Nonoperating	Operating	
				KY Retail	Other
1.	Net Income per books	36,205,211	(672,446)	36,877,657	
2.	Add income taxes:				
3.	Federal income tax - current	446,885		446,885	
4.	Federal income tax - deferred depreciation	14,475,193		14,475,193	
5.	Federal income tax - deferred other	4,867,520		4,867,520	
6.	Investment tax credit adjustment	(46,520)		(46,520)	
7.	Federal income taxes charged to other income and deductions	(319,756)	(319,756)	0	
8.	State income taxes	3,541,840		3,541,840	
9.	State income taxes charged to other income and deductions	(59,295)	(59,295)	0	
10.	Total	59,111,078	(1,051,497)	60,162,575	
11.	Flow through items:				
12.	Add:	0			
13.	Deduct:	0			
14.	Book taxable income	59,111,078	(1,051,497)	60,162,575	
15.	Differences between book taxable income and taxable income per tax return:				
16.	Add (See Below)	7,561,785	50,182	7,511,603	
17.	Deduct (See Below)	44,216,442	3,880	44,212,562	
18.	Taxable income per return	22,456,421	(1,005,195)	23,461,616	

Differences between book taxable income and taxable income per tax return

Add:			
19.	Capitalized Interest	549,282	549,282
20.	Contribution in Aid of Construction	953,752	953,752
21.	Customer Advances For Construction	3,472,159	3,472,159
22.	Gas Line Tracker Reg Liability	1,865,662	1,865,662
23.	Interest Rate Swaps	191,546	191,546
24.	Loss on Reacquired Debt - Amortization	4,891	4,891
25.	Non-Deductible Lobbying and Political	50,068	50,068
26.	Non-Deductible Meals and Entertainment	43,550	43,550
27.	Penalties	114	114
28.	Performance Incentive	77,156	77,156
29.	Post Employment Benefits	172,829	172,829
30.	Prepaid Insurance	120,210	120,210
31.	Storm Damages	16,769	16,769
32.	Other	43,797	43,797
		<u>7,561,785</u>	<u>50,182</u>
			<u>7,511,603</u>
Deduct:			
33.	Bad Debts Reserve	104,014	104,014
34.	Capitalized Gas Inventory Costs	811,366	811,366
35.	Cost of Removal	5,101,426	5,101,426
36.	Deferred Operating	255,072	255,072
37.	Demand Side Management	1,506,871	1,506,871
38.	Pensions	9,015,479	9,015,479
39.	Post Retirement Benefits	230,877	230,877
40.	Purchased Gas Adjustment	985,564	985,564
41.	Non-Qualified Thrift	3,880	3,880
42.	Repair Deduction	7,550,468	7,550,468
43.	Tax Depreciation / Book over Tax Depreciation, net	18,643,212	18,643,212
44.	Other	8,213	8,213
		<u>44,216,442</u>	<u>3,880</u>
			<u>44,212,562</u>

Louisville Gas and Electric Company
Case No. 2018-00295
Analysis of Other Operating Taxes
12ME 12/31/17
"000 Omitted"

Line No.	Item (a)	Charged Expense (b)	Charged to Construction (c)	Charged to Other Accounts (Note 2) (d)	Amounts Accrued (e)	Amount Paid (f)
1	Kentucky Retail					
	(a) State Income	5,318		(187)	5,131	3,850
	(b) Franchise Fees			116	116	116
	(c) Ad Valorem	30,610	448	(12)	31,046	29,780
	(d) Payroll (employer's portion)	8,365	2,390	(2,974)	7,781	7,768
	(e) Other taxes	2,878	6,365	-	9,243	9,285
2	Total Retail [Line1(a) through L1(e)]	47,171	9,203	(3,057)	53,317	50,799
3	Other Jurisdictions					
4	Total per books (L2 and L3)	47,171	9,203	(3,057)	53,317	50,799

Note 1: Charged Expense column b, line 1, parts c, d and e above equal the Property and Other Tax line of the Income Statement.

Note 2: Amounts in the Charged to Other column d represent the following:

Line 1 a. State Income tax applicable to income and expense items recorded as Other Income and Deductions.

Line 1 b. Franchise Fees recorded on the balance sheet in FERC account 165, Prepayments and FERC account 241, Tax Collections Payable.

Line 1 c. Ad Valorem (Property) tax recorded to Other Income and Deductions and on balance sheet in FERC account 151, Fuel.

Line 1 d. Payroll tax accrued on LG&E affiliated companies. For example, when an Energy Services employee does work for LG&E that employee's payroll taxes are charged to LG&E but the payroll tax liability and payment are recorded at Energy Services company

**Attachment pages provided under
confidential seal have been removed.**

LOUISVILLE GAS AND ELECTRIC COMPANY

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

Case No. 2018-00295

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 electric and 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

Louisville Gas and Electric Company
Case Number 2018-00295
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
		(2)	(2)	(2)	(2)	(3)
	a.	b.	c.	d.	e.	f.
Total Company Operations (1)						
2017	\$ 680,634	\$ 2,738,953	\$ 470,548	\$ 2,298,467	\$ 710,696	0.17%
2016	\$ 830,975	\$ 2,524,219	\$ 448,471	\$ 1,925,407	\$ 680,634	0.14%
2015	\$ 1,324,687	\$ 3,071,187	\$ 383,890	\$ 2,193,585	\$ 830,975	0.16%
Electric Operations (1)						
2017	\$ 558,078	\$ 2,356,325	\$ 394,436	\$ 1,967,858	\$ 564,047	0.18%
2016	\$ 693,506	\$ 2,192,120	\$ 380,152	\$ 1,676,540	\$ 558,078	0.15%
2015	\$ 797,099	\$ 2,756,825	\$ 329,984	\$ 2,323,248	\$ 693,506	0.22%
Gas Operations (1)						
2017	\$ 122,556	\$ 382,628	\$ 76,112	\$ 330,609	\$ 146,649	0.11%
2016	\$ 137,469	\$ 332,099	\$ 68,319	\$ 248,867	\$ 122,556	0.09%
2015	\$ 527,588	\$ 314,362	\$ 53,906	\$ (129,663)	\$ 137,469	-0.04%

(1) - The uncollectible reserve is recorded by total company each month and is allocated between electric and gas for this exhibit. The allocation is based on total electric and gas billed revenues plus late payment charges as of the current period.

(2) - Information provided is based upon an adjustment for Gas Supply Clause (GSC) bad debt expense that is recovered through the GSC mechanism.

(3) - 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.