ORIGINAL

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES	)))	Case No. 2012-00535

Response to Commission Staff's
Initial Request for Information
dated December 21, 2012

VOLUME 2 of 2

FILED: January 29, 2013

ORIGINAL

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2012-00535

Response to the Commission Staff's
Initial Request for Information
dated December 21, 2012

January 29, 2013

Item 31) ***List separately the budgeted and actual numbers of full- and part-time employees by employee group, by month and by year, for the (three) most recent calendar years, the base period, and the forecasted test period.***

Response) The attached schedule shows the numbers of employees by month and by year – actual numbers for the calendar years 2010, 2011, and 2012, and the first eight months of the 12-month base period ending April 30, 2013; and budgeted numbers for the calendar years 2010, 2011, and 2012, the 12-month base period ending April 30, 2013, and the 12-month forecasted test period ending August 31, 2014.

Witness) James V. Haner

Big Rivers Electric Corporation
Case No. 2012-00535
Actual Employee Count by Employee Group

For the Forecasted Test Period Ending August 31, 2014

Employee Group	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Bargaining-Full-Time	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Salaried-Full-Time	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Salaried-Temporary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

For the Base Period Ending April 30, 2013

Employee Group	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Bargaining-Full-Time	361	361	357	356	355	354	357	355	n/a	n/a	n/a	n/a
Salaried-Full-Time	253	254	253	252	250	249	249	248	n/a	n/a	n/a	n/a
Salaried-Temporary	0	0	0	0	0	0	0	0	n/a	n/a	n/a	n/a

For the Calendar Year Ending December 31, 2012

Employee Group	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Bargaining-Full-Time	362	360	359	359	361	361	357	356	355	354	357	355
Salaried-Full-Time	249	248	248	252	253	254	253	252	250	249	249	248
Salaried-Temporary	1	1	1	1	0	0	0	0	0	0	0	0

For the Calendar Year Ending December 31, 2011

Employee Group	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Bargaining-Full-Time	356	354	353	354	353	358	358	359	362	360	360	362
Salaried-Full-Time	250	247	251	249	251	250	245	247	248	249	253	253
Salaried-Temporary	0	0	0	0	0	0	0	0	0	0	0	1

For the Calendar Year Ending December 31, 2010

Employee Group	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Bargaining-Full-Time	348	348	348	348	351	365	362	364	365	364	358	357
Salaried-Full-Time	250	250	249	249	249	251	252	249	249	247	248	249
Salaried-Temporary	0	0	0	0	0	0	0	0	0	0	0	0

Big Rivers Electric Corporation
Case No. 2012-00535
Budgeted Employee Count by Employee Group

For the Forecasted Test Period Ending August 31, 2014

Employee Group	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Bargaining-Full-Time	358	358	358	296	298	298	298	298	298	298	298	298
Salaried-Full-Time	253	253	253	223	223	223	223	223	223	223	223	223
Salaried-Temporary	0	0	0	0	0	0	0	0	0	0	0	0

For the Base Period Ending April 30, 2013

Employee Group	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Bargaining-Full-Time	365	365	365	365	365	365	365	365	358	358	358	358
Salaried-Full-Time	256	256	256	256	256	256	256	256	253	253	253	253
Salaried-Temporary	0	0	0	0	0	0	0	0	0	0	0	0

For the Calendar Year Ending December 31, 2012

Employee Group	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Bargaining-Full-Time	365	365	365	365	365	365	365	365	365	365	365	365
Salaried-Full-Time	257	256	256	256	256	256	256	256	256	256	256	256
Salaried-Temporary	0	0	0	0	0	0	0	0	0	0	0	0

For the Calendar Year Ending December 31, 2011

Employee Group	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Bargaining-Full-Time	365	365	365	365	365	365	365	365	365	365	365	365
Salaried-Full-Time	255	255	255	255	255	255	255	255	255	255	255	255
Salaried-Temporary	0	0	0	0	0	0	0	0	0	0	0	0

For the Calendar Year Ending December 31, 2010

Employee Group	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Bargaining-Full-Time	357	359	359	359	359	359	359	359	359	359	359	359
Salaried-Full-Time	263	263	263	264	264	264	266	267	267	267	268	268
Salaried-Temporary	0	0	0	0	0	0	0	0	0	0	0	0

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2012-00535

Response to the Commission Staff's Initial Request for Information dated December 21, 2012

January 29, 2013

Item 32) ***Provide the information requested in Schedule 9 for budgeted and actual regular wages, overtime wages, and total wages by employee group, by month, for the five most recent calendar years. Explain in detail any variance exceeding 5 percent in any one month.***

Response) The information requested in Schedule 9 is provided in the attachment to this response. Monthly variances exceeding 5% can be attributed to open positions, unplanned outages as well as the shifting of planned outages. On an annual basis, Big Rivers has been within a 5% variance when comparing actual to budget labor costs for 2011 and 2012. In 2010, the variance was slightly higher than 5% primarily due to a large number of open positions in the company. Big Rivers does not have the information requested for years prior to and including 2009.

Witness) James V. Haner

Big Rivers Electric Corporation
Case No. 2012-00535
Monthly Payroll Variance Analysis[1]
2010-2012

Type of Filing: Original - ___X___; Updated - _____; Revised - _____
Workpaper Reference No(s). - _____

Schedule 9

		Monthly Budget			Monthly Actual			Variance Percent		
Date	**Employee Group**	**Regular**	**OT**	**Total**	**Regular**	**OT**	**Total**	**Regular**	**OT**	**Total**
Jan-10	Bargaining Unit	$ 1,658,792	$ 336,251	$ 1,995,043	$ 1,622,453	$ 537,810	$ 2,160,263	-2%	60%	8%
Jan-10	Non-Bargaining Unit	$ 1,638,182	$ 96,936	$ 1,735,118	$ 1,601,314	$ 1,795	$ 1,603,109	-2%	-98%	-8%
		$ 3,296,974	$ 433,187	$ 3,730,161	$ 3,223,767	$ 539,605	$ 3,763,372	-2%	25%	1%
Feb-10	Bargaining Unit	$ 1,585,091	$ 326,142	$ 1,911,233	$ 1,586,767	$ 277,294	$ 1,864,061	0%	-15%	-2%
Feb-10	Non-Bargaining Unit	$ 1,572,186	$ 88,286	$ 1,660,472	$ 1,593,146	$ 529	$ 1,593,675	1%	-99%	-4%
		$ 3,157,277	$ 414,428	$ 3,571,705	$ 3,179,912	$ 277,823	$ 3,457,736	1%	-33%	-3%
Mar-10	Bargaining Unit	$ 1,758,388	$ 342,025	$ 2,100,413	$ 1,751,827	$ 305,567	$ 2,057,394	0%	-11%	-2%
Mar-10	Non-Bargaining Unit	$ 1,819,076	$ 98,381	$ 1,917,457	$ 1,821,452	$ 505	$ 1,821,957	0%	-99%	-5%
		$ 3,577,464	$ 440,406	$ 4,017,870	$ 3,573,279	$ 306,073	$ 3,879,351	0%	-31%	-3%
Apr-10	Bargaining Unit	$ 1,732,348	$ 428,485	$ 2,160,833	$ 1,543,492	$ 514,509	$ 2,058,001	-11%	20%	-5%
Apr-10	Non-Bargaining Unit	$ 1,674,506	$ 110,629	$ 1,785,135	$ 1,579,574	$ 1,215	$ 1,580,789	-6%	-99%	-11%
		$ 3,406,854	$ 539,114	$ 3,945,968	$ 3,123,066	$ 515,724	$ 3,638,790	-8%	-4%	-8%
May-10	Bargaining Unit	$ 1,658,812	$ 605,316	$ 2,264,128	$ 1,517,658	$ 440,842	$ 1,958,499	-9%	-27%	-13%
May-10	Non-Bargaining Unit	$ 1,624,702	$ 135,870	$ 1,760,572	$ 1,610,680	$ 2,734	$ 1,613,414	-1%	-98%	-8%
		$ 3,283,514	$ 741,186	$ 4,024,700	$ 3,128,338	$ 443,576	$ 3,571,914	-5%	-40%	-11%
Jun-10	Bargaining Unit	$ 1,758,388	$ 358,359	$ 2,116,747	$ 1,662,490	$ 279,371	$ 1,941,861	-5%	-22%	-8%
Jun-10	Non-Bargaining Unit	$ 1,831,986	$ 108,313	$ 1,940,299	$ 1,691,480	$ 1,929	$ 1,693,409	-8%	-98%	-13%
		$ 3,590,374	$ 466,672	$ 4,057,046	$ 3,353,970	$ 281,300	$ 3,635,270	-7%	-40%	-10%
Jul-10	Bargaining Unit	$ 1,732,348	$ 326,220	$ 2,058,568	$ 1,580,634	$ 414,632	$ 1,995,266	-9%	27%	-3%
Jul-10	Non-Bargaining Unit	$ 1,679,091	$ 100,038	$ 1,779,129	$ 1,536,853	$ 2,432	$ 1,539,286	-8%	-98%	-13%
		$ 3,411,439	$ 426,258	$ 3,837,697	$ 3,117,487	$ 417,064	$ 3,534,551	-9%	-2%	-8%

Big Rivers Electric Corporation
Case No. 2012-00535
Monthly Payroll Variance Analysis[1]
2010-2012

Type of Filing: Original - __X__; Updated - _____; Revised - _____
Workpaper Reference No(s). - _____

Schedule 9

		Monthly Budget			Monthly Actual			Variance Percent		
Date	**Employee Group**	**Regular**	**OT**	**Total**	**Regular**	**OT**	**Total**	**Regular**	**OT**	**Total**
Aug-10	Bargaining Unit	$ 1,732,348	$ 326,220	$ 2,058,568	$ 1,743,851	$ 279,999	$ 2,023,849	1%	-14%	-2%
Aug-10	Non-Bargaining Unit	$ 1,691,451	$ 88,219	$ 1,779,670	$ 1,675,265	$ 2,583	$ 1,677,848	-1%	-97%	-6%
		$ 3,423,799	$ 414,439	$ 3,838,238	$ 3,419,116	$ 282,581	$ 3,701,697	0%	-32%	-4%
Sep-10	Bargaining Unit	$ 1,806,525	$ 381,208	$ 2,187,733	$ 1,681,263	$ 422,939	$ 2,104,202	-7%	11%	-4%
Sep-10	Non-Bargaining Unit	$ 1,852,414	$ 128,375	$ 1,980,789	$ 1,685,695	$ 3,326	$ 1,689,021	-9%	-97%	-15%
		$ 3,658,939	$ 509,583	$ 4,168,522	$ 3,366,958	$ 426,266	$ 3,793,223	-8%	-16%	-9%
Oct-10	Bargaining Unit	$ 1,708,394	$ 328,751	$ 2,037,145	$ 1,273,425	$ 445,717	$ 1,719,141	-25%	36%	-16%
Oct-10	Non-Bargaining Unit	$ 1,646,557	$ 83,207	$ 1,729,764	$ 1,168,067	$ 2,061	$ 1,170,128	-29%	-98%	-32%
		$ 3,354,951	$ 411,958	$ 3,766,909	$ 2,441,492	$ 447,778	$ 2,889,269	-27%	9%	-23%
Nov-10	Bargaining Unit	$ 1,784,115	$ 340,456	$ 2,124,571	$ 2,166,893	$ 929,166	$ 3,096,059	21%	173%	46%
Nov-10	Non-Bargaining Unit	$ 1,695,604	$ 95,004	$ 1,790,608	$ 2,338,248	$ 172,793	$ 2,511,040	38%	82%	40%
		$ 3,479,719	$ 435,460	$ 3,915,179	$ 4,505,141	$ 1,101,959	$ 5,607,099	29%	153%	43%
Dec-10	Bargaining Unit	$ 1,886,966	$ 381,166	$ 2,268,132	$ 1,065,426	$ 585,818	$ 1,651,244	-44%	54%	-27%
Dec-10	Non-Bargaining Unit	$ 1,906,036	$ 101,843	$ 2,007,879	$ 1,046,684	$ 85,579	$ 1,132,263	-45%	-16%	-44%
		$ 3,793,002	$ 483,009	$ 4,276,011	$ 2,112,110	$ 671,397	$ 2,783,507	-44%	39%	-35%
YTD-10	Bargaining Unit	$ 20,802,515	$ 4,480,599	$ 25,283,114	$ 19,196,177	$ 5,433,664	$ 24,629,840	-8%	21%	-3%
YTD-10	Non-Bargaining Unit	$ 20,631,791	$ 1,235,101	$ 21,866,892	$ 19,348,458	$ 277,482	$ 19,625,940	-6%	-78%	-10%
		$ 41,434,306	$ 5,715,700	$ 47,150,006	$ 38,544,635	$ 5,711,145	$ 44,255,780	-7%	0%	-6%

Big Rivers Electric Corporation
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Schedule 9

		Monthly Budget			Monthly Actual			Variance Percent		
Date	**Employee Group**	**Regular**	**OT**	**Total**	**Regular**	**OT**	**Total**	**Regular**	**OT**	**Total**
Jan-11	Bargaining Unit	$ 1,758,346	$ 332,941	$ 2,091,287	$ 1,831,982	$ 458,604	$ 2,290,587	4%	38%	10%
Jan-11	Non-Bargaining Unit	$ 1,683,838	$ 63,529	$ 1,747,367	$ 1,904,020	$ 100,026	$ 2,004,046	13%	57%	15%
		$ 3,442,184	$ 396,470	$ 3,838,654	$ 3,736,002	$ 558,631	$ 4,294,632	9%	41%	12%
Feb-11	Bargaining Unit	$ 1,684,569	$ 323,830	$ 2,008,399	$ 1,600,270	$ 217,830	$ 1,818,100	-5%	-33%	-9%
Feb-11	Non-Bargaining Unit	$ 1,613,187	$ 58,797	$ 1,671,984	$ 1,529,381	$ 71,275	$ 1,600,656	-5%	21%	-4%
		$ 3,297,756	$ 382,627	$ 3,680,383	$ 3,129,651	$ 289,105	$ 3,418,756	-5%	-24%	-7%
Mar-11	Bargaining Unit	$ 1,918,196	$ 444,179	$ 2,362,375	$ 1,906,709	$ 462,846	$ 2,369,555	-1%	4%	0%
Mar-11	Non-Bargaining Unit	$ 1,836,914	$ 72,632	$ 1,909,546	$ 1,956,132	$ 105,722	$ 2,061,854	6%	46%	8%
		$ 3,755,110	$ 516,811	$ 4,271,921	$ 3,862,841	$ 568,568	$ 4,431,409	3%	10%	4%
Apr-11	Bargaining Unit	$ 1,832,123	$ 416,065	$ 2,248,188	$ 1,702,286	$ 462,935	$ 2,165,221	-7%	11%	-4%
Apr-11	Non-Bargaining Unit	$ 1,754,758	$ 85,923	$ 1,840,681	$ 1,736,231	$ 98,642	$ 1,834,874	-1%	15%	0%
		$ 3,586,881	$ 501,988	$ 4,088,869	$ 3,438,517	$ 561,578	$ 4,000,095	-4%	12%	-2%
May-11	Bargaining Unit	$ 1,918,196	$ 347,459	$ 2,265,655	$ 1,640,880	$ 385,875	$ 2,026,755	-14%	11%	-11%
May-11	Non-Bargaining Unit	$ 1,837,196	$ 65,457	$ 1,902,653	$ 1,732,631	$ 48,155	$ 1,780,786	-6%	-26%	-6%
		$ 3,755,392	$ 412,916	$ 4,168,308	$ 3,373,512	$ 434,030	$ 3,807,542	-10%	5%	-9%
Jun-11	Bargaining Unit	$ 1,746,050	$ 404,764	$ 2,150,814	$ 2,090,665	$ 379,924	$ 2,470,589	20%	-6%	15%
Jun-11	Non-Bargaining Unit	$ 1,672,319	$ 82,331	$ 1,754,650	$ 1,843,103	$ 62,791	$ 1,905,894	10%	-24%	9%
		$ 3,418,369	$ 487,095	$ 3,905,464	$ 3,933,768	$ 442,715	$ 4,376,483	15%	-9%	12%
Jul-11	Bargaining Unit	$ 1,746,050	$ 338,310	$ 2,084,360	$ 1,623,477	$ 429,446	$ 2,052,923	-7%	27%	-2%
Jul-11	Non-Bargaining Unit	$ 1,672,405	$ 63,703	$ 1,736,108	$ 1,601,844	$ 74,209	$ 1,676,053	-4%	16%	-3%
		$ 3,418,455	$ 402,013	$ 3,820,468	$ 3,225,321	$ 503,655	$ 3,728,976	-6%	25%	-2%

Big Rivers Electric Corporation
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Monthly Payroll Variance Analysis[1]
2010-2012

Type of Filing: Original - ___X___; Updated - _____; Revised - _____
Workpaper Reference No(s). - _____

Schedule 9

		Monthly Budget			Monthly Actual			Variance Percent		
Date	Employee Group	Regular	OT	Total	Regular	OT	Total	Regular	OT	Total
Aug-11	Bargaining Unit	$ 1,746,050	$ 338,310	$ 2,084,360	$ 1,941,646	$ 316,838	$ 2,258,484	11%	-6%	8%
Aug-11	Non-Bargaining Unit	$ 1,672,405	$ 61,257	$ 1,733,662	$ 1,938,343	$ 67,120	$ 2,005,463	16%	10%	16%
		$ 3,418,455	$ 399,567	$ 3,818,022	$ 3,879,989	$ 383,959	$ 4,263,948	14%	-4%	12%
Sep-11	Bargaining Unit	$ 1,886,675	$ 356,939	$ 2,243,614	$ 1,845,706	$ 435,838	$ 2,281,545	-2%	22%	2%
Sep-11	Non-Bargaining Unit	$ 1,754,848	$ 66,075	$ 1,820,923	$ 1,747,821	$ 70,237	$ 1,818,058	0%	6%	0%
		$ 3,641,523	$ 423,014	$ 4,064,537	$ 3,593,527	$ 506,076	$ 4,099,603	-1%	20%	1%
Oct-11	Bargaining Unit	$ 1,979,503	$ 493,039	$ 2,472,542	$ 1,788,205	$ 518,863	$ 2,307,069	-10%	5%	-7%
Oct-11	Non-Bargaining Unit	$ 1,837,290	$ 88,847	$ 1,926,137	$ 1,669,279	$ 96,070	$ 1,765,348	-9%	8%	-8%
		$ 3,816,793	$ 581,886	$ 4,398,679	$ 3,457,484	$ 614,933	$ 4,072,417	-9%	6%	-7%
Nov-11	Bargaining Unit	$ 1,890,679	$ 461,960	$ 2,352,639	$ 1,744,780	$ 667,184	$ 2,411,964	-8%	44%	3%
Nov-11	Non-Bargaining Unit	$ 1,754,848	$ 79,310	$ 1,834,158	$ 1,862,781	$ 99,619	$ 1,962,400	6%	26%	7%
		$ 3,645,527	$ 541,270	$ 4,186,797	$ 3,607,561	$ 766,803	$ 4,374,364	-1%	42%	4%
Dec-11	Bargaining Unit	$ 1,801,855	$ 360,046	$ 2,161,901	$ 1,594,609	$ 515,849	$ 2,110,458	-12%	43%	-2%
Dec-11	Non-Bargaining Unit	$ 1,672,405	$ 66,178	$ 1,738,583	$ 1,523,083	$ 63,574	$ 1,586,657	-9%	-4%	-9%
		$ 3,474,260	$ 426,224	$ 3,900,484	$ 3,117,692	$ 579,423	$ 3,697,115	-10%	36%	-5%
YTD-11	Bargaining Unit	$ 21,908,292	$ 4,617,842	$ 26,526,134	$ 21,311,215	$ 5,252,033	$ 26,563,249	-3%	14%	0%
YTD-11	Non-Bargaining Unit	$ 20,762,413	$ 854,039	$ 21,616,452	$ 21,044,649	$ 957,442	$ 22,002,091	1%	12%	2%
		$ 42,670,705	$ 5,471,881	$ 48,142,586	$ 42,355,864	$ 6,209,475	$ 48,565,339	-1%	13%	1%

Big Rivers Electric Corporation
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2010-2012

Type of Filing: Original - __X__; Updated - _____; Revised - _____
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Schedule 9

		Monthly Budget			Monthly Actual			Variance Percent		
Date	**Employee Group**	**Regular**	**OT**	**Total**	**Regular**	**OT**	**Total**	**Regular**	**OT**	**Total**
Jan-12	Bargaining Unit	$ 1,915,825	$ 388,657	$ 2,304,482	$ 1,846,580	$ 347,741	$ 2,194,321	-4%	-11%	-5%
Jan-12	Non-Bargaining Unit	$ 1,855,399	$ 80,024	$ 1,935,423	$ 1,884,024	$ 54,313	$ 1,938,336	2%	-32%	0%
		$ 3,771,224	$ 468,681	$ 4,239,905	$ 3,730,604	$ 402,054	$ 4,132,657	-1%	-14%	-3%
Feb-12	Bargaining Unit	$ 1,954,142	$ 410,986	$ 2,365,128	$ 1,834,491	$ 361,138	$ 2,195,629	-6%	-12%	-7%
Feb-12	Non-Bargaining Unit	$ 1,885,948	$ 90,723	$ 1,976,671	$ 1,847,009	$ 71,866	$ 1,918,875	-2%	-21%	-3%
		$ 3,840,090	$ 501,709	$ 4,341,799	$ 3,681,500	$ 433,004	$ 4,114,504	-4%	-14%	-5%
Mar-12	Bargaining Unit	$ 2,018,003	$ 592,796	$ 2,610,799	$ 1,951,066	$ 572,449	$ 2,523,515	-3%	-3%	-3%
Mar-12	Non-Bargaining Unit	$ 1,947,580	$ 124,497	$ 2,072,077	$ 1,908,077	$ 114,141	$ 2,022,219	-2%	-8%	-2%
		$ 3,965,583	$ 717,293	$ 4,682,876	$ 3,859,144	$ 686,590	$ 4,545,734	-3%	-4%	-3%
Apr-12	Bargaining Unit	$ 1,788,104	$ 499,036	$ 2,287,140	$ 1,810,565	$ 481,154	$ 2,291,719	1%	-4%	0%
Apr-12	Non-Bargaining Unit	$ 1,725,704	$ 110,432	$ 1,836,136	$ 1,758,371	$ 86,437	$ 1,844,808	2%	-22%	0%
		$ 3,513,808	$ 609,468	$ 4,123,276	$ 3,568,936	$ 567,591	$ 4,136,527	2%	-7%	0%
May-12	Bargaining Unit	$ 1,979,686	$ 562,331	$ 2,542,017	$ 1,817,699	$ 383,625	$ 2,201,324	-8%	-32%	-13%
May-12	Non-Bargaining Unit	$ 1,910,601	$ 110,938	$ 2,021,539	$ 1,815,618	$ 48,848	$ 1,864,467	-5%	-56%	-8%
		$ 3,890,287	$ 673,269	$ 4,563,556	$ 3,633,317	$ 432,474	$ 4,065,791	-7%	-36%	-11%
Jun-12	Bargaining Unit	$ 1,813,648	$ 418,175	$ 2,231,823	$ 1,807,060	$ 296,282	$ 2,103,342	0%	-29%	-6%
Jun-12	Non-Bargaining Unit	$ 1,750,357	$ 96,335	$ 1,846,692	$ 1,750,717	$ 54,373	$ 1,805,090	0%	-44%	-2%
		$ 3,564,005	$ 514,510	$ 4,078,515	$ 3,557,777	$ 350,655	$ 3,908,432	0%	-32%	-4%
Jul-12	Bargaining Unit	$ 1,813,648	$ 356,058	$ 2,169,706	$ 1,761,762	$ 438,740	$ 2,200,502	-3%	23%	1%
Jul-12	Non-Bargaining Unit	$ 1,750,357	$ 75,358	$ 1,825,715	$ 1,717,931	$ 68,669	$ 1,786,599	-2%	-9%	-2%
		$ 3,564,005	$ 431,416	$ 3,995,421	$ 3,479,693	$ 507,409	$ 3,987,102	-2%	18%	0%

Big Rivers Electric Corporation
Case No. 2012-00535
Monthly Payroll Variance Analysis[1]
2010-2012

Type of Filing: Original - __X__; Updated - _____; Revised - _____
Workpaper Reference No(s). - _____

Schedule 9

		Monthly Budget			Monthly Actual			Variance Percent		
Date	**Employee Group**	**Regular**	**OT**	**Total**	**Regular**	**OT**	**Total**	**Regular**	**OT**	**Total**
Aug-12	Bargaining Unit	$ 2,120,180	$ 416,237	$ 2,536,417	$ 1,952,466	$ 373,727	$ 2,326,192	-8%	-10%	-8%
Aug-12	Non-Bargaining Unit	$ 2,046,192	$ 88,094	$ 2,134,286	$ 1,945,440	$ 80,756	$ 2,026,196	-5%	-8%	-5%
		$ 4,166,372	$ 504,331	$ 4,670,703	$ 3,897,905	$ 454,483	$ 4,352,388	-6%	-10%	-7%
Sep-12	Bargaining Unit	$ 1,710,095	$ 392,897	$ 2,102,992	$ 1,742,052	$ 402,813	$ 2,144,865	2%	3%	2%
Sep-12	Non-Bargaining Unit	$ 1,616,356	$ 89,677	$ 1,706,033	$ 1,687,602	$ 61,462	$ 1,749,063	4%	-31%	3%
		$ 3,326,451	$ 482,574	$ 3,809,025	$ 3,429,654	$ 464,274	$ 3,893,928	3%	-4%	2%
Oct-12	Bargaining Unit	$ 2,143,815	$ 484,507	$ 2,628,322	$ 1,939,529	$ 453,057	$ 2,392,586	-10%	-6%	-9%
Oct-12	Non-Bargaining Unit	$ 2,023,530	$ 115,443	$ 2,138,973	$ 1,885,984	$ 89,071	$ 1,975,055	-7%	-23%	-8%
		$ 4,167,345	$ 599,950	$ 4,767,295	$ 3,825,512	$ 542,128	$ 4,367,640	-8%	-10%	-8%
Nov-12	Bargaining Unit	$ 1,843,158	$ 426,697	$ 2,269,855	$ 1,594,400	$ 556,301	$ 2,150,701	-13%	30%	-5%
Nov-12	Non-Bargaining Unit	$ 1,739,742	$ 96,641	$ 1,836,383	$ 1,701,531	$ 58,404	$ 1,759,935	-2%	-40%	-4%
		$ 3,582,900	$ 523,338	$ 4,106,238	$ 3,295,931	$ 614,705	$ 3,910,636	-8%	17%	-5%
Dec-12	Bargaining Unit	$ 1,686,294	$ 357,119	$ 2,043,413	$ 1,557,751	$ 579,114	$ 2,136,865	-8%	62%	5%
Dec-12	Non-Bargaining Unit	$ 1,591,679	$ 68,586	$ 1,660,265	$ 1,484,533	$ 62,845	$ 1,547,377	-7%	-8%	-7%
		$ 3,277,973	$ 425,705	$ 3,703,678	$ 3,042,284	$ 641,959	$ 3,684,243	-7%	51%	-1%
YTD-12	Bargaining Unit	$ 22,786,598	$ 5,305,496	$ 28,092,094	$ 21,615,422	$ 5,246,142	$ 26,861,563	-5%	-1%	-4%
YTD-12	Non-Bargaining Unit	$ 21,843,445	$ 1,146,748	$ 22,990,193	$ 21,386,836	$ 851,184	$ 22,238,020	-2%	-26%	-3%
		$ 44,630,043	$ 6,452,244	$ 51,082,287	$ 43,002,258	$ 6,097,326	$ 49,099,583	-4%	-6%	-4%

Note(s) -
1.- Total Wages including paid time off, excludes bonuses

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2012-00535

Response to the Commission Staff's Initial Request for Information dated December 21, 2012

January 29, 2013

Item 33) ***Provide a copy of all wage, compensation, and employee-benefits studies, analyses, or surveys conducted since Big Rivers' last rate case, or that are currently utilized by Big Rivers.***

Response) Attached hereto are copies of:

1. Mercer's 2010/2011 Spotlight on Benefits survey results showing retiree medical prevalence data for market (all industries) and for the energy industry;
2. National Generation & Transmission ("G&T") Human Resources Professional Association 2012 Benefits Survey results for medical insurance, paid time off, and other benefits;
3. Towers Watson's 2012-2013 Merit Budget and Salary Range Movement Summary from multiple surveys;
4. Towers Watson's 2012 Salary Budget Survey Report findings for salary increases, including 2011 actual, 2012 budgeted, and 2013 projected;
5. Towers Watson's Competitive Market Assessment Review dated February 3, 2012; and
6. G&T Summary Statistics from the 2011 National Rural Electric Cooperative Association ("NRECA") G&T Compensation Survey.

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2012-00535

Response to the Commission Staff's
Initial Request for Information
dated December 21, 2012

January 29, 2013

Witness) James V. Haner

2010/2011 Spotlight on Benefits Survey Results – Mercer LLC

Health/Group Plans

Retiree Medical – Prevalence Data

Trending indicates a decline in retiree medical coverage being offered. Currently, 61% of the organizations offer pre-65 coverage, post-65 coverage, or both. Organizations may offer separate plans for retirees only or allow retirees to enroll in active plans. Some organizations provide access-only coverage which allows the retiree the opportunity to enroll in medical coverage while paying 100% of the cost. Since 2006, there has been a 27% decrease in organizations offering retiree medical coverage. Responsibility for medical benefits after retirement has shifted from the employer to the retiree. Access-only plans have risen 63% since 2007 for pre-65 plans and 15% for post-65 coverage.

Pre-65 Plans

Year of data	Retiree medical offered	Of those offering a retiree medical plan, the following provide a Pre-65 employer offered plan	Of those employer offered plans, the following are access-only
2006	84%	100%	*
2007	82%	100%	16%
2008/2009	64%	100%	18%
2009/2010	61%	100%	28%
2010/2011	61%	100%	26%

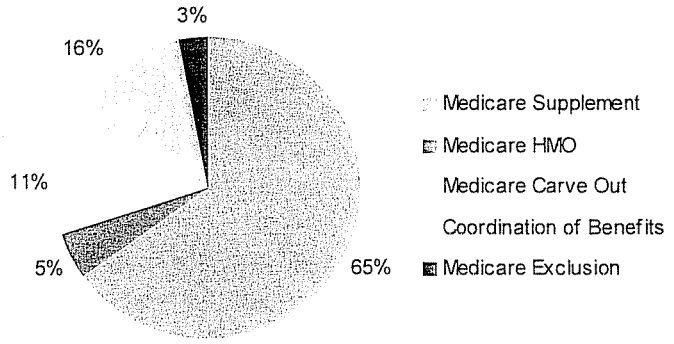
Post-65 Plans

Year of data	Retiree medical offered	Of those offering a retiree medical plan, the following provide a Post-65 employer offered plan	Of those employer offered plans, the following are access-only
2006	84%	86%	*
2007	82%	82%	26%
2008/2009	64%	82%	17%
2009/2010	61%	73%	30%
2010/2011	61%	75%	22%

* Access-only data not available.

The most prominent type of post-65 plan offered is a Medicare Supplement Plan (65%).

Plan Type



Health/Group Plans

Retiree Medical

Retiree Medical – Prevalence Data

Trending indicates a decline in retiree medical coverage being offered. Currently, 49% of the organizations offer pre-65 coverage, post-65 coverage, or both. Organizations may offer separate plans for retirees only or allow retirees to enroll in active plans. Some organizations provide access-only coverage which allows the retiree the opportunity to enroll in medical coverage while paying 100% of the cost. Since 2006, there has been a 17% decrease in organizations offering retiree medical coverage. Responsibility for medical benefits after retirement has shifted from the employer to the retiree. Access-only plans have risen 184% since 2006 for pre-65 plans and 124% for post-65 coverage.

Pre-65 Plans

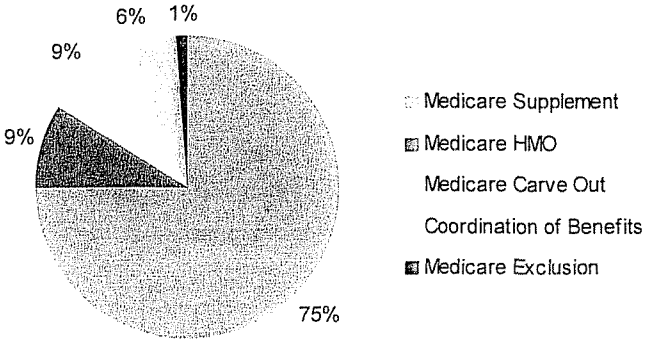
Year of data	Retiree medical offered	Of those offering a retiree medical plan, the following provide a Pre-65 employer offered plan	Of those employer offered plans, the following are access-only
2006	59%	99%	31%
2007	59%	99%	35%
2008/2009	52%	99%	33%
2009/2010	43%	99%	45%
2010/2011	49%	99%	88%

Post-65 Plans

Year of data	Retiree medical offered	Of those offering a retiree medical plan, the following provide a Post-65 employer offered plan	Of those employer offered plans, the following are access-only
2006	59%	88%	29%
2007	59%	87%	34%
2008/2009	52%	86%	20%
2009/2010	43%	75%	42%
2010/2011	49%	77%	65%

The most prominent type of post-65 plan offered is a Medicare Supplement Plan (75%).

Plan Type



2012 Benefits Survey –
National Generation & Transmission ("G&T") Human Resource Professional Association

NATIONAL G&T HUMAN RESOURCES PROFESSIONAL ASSOCIATION
2012 BENEFITS SURVEY

MEDICAL INSURANCE COVERAGE

G&T	Insurance Carrier/TPA	Type of Plan (i.e. PPO, HMO, etc.)	Employee Group	Total MONTHLY Premium Cost – Tiers of Coverage			MONTHLY Dollars Paid by Coop – Tiers of Coverage			% of Total Health Insurance Rate Increase or Decrease Since Last Renewal	Details of Coverage						
				Single (Employee Only) Coverage	Single Plus Dependent (Employee Plus Spouse)	Family	Single (Employee Only) Coverage	Single Plus Dependent (Employee Plus Spouse)	Family		Deductible Per Person	Deductible Per Family	Max. Out of Pocket per Year- Single	Max. Out of Pocket per Year- Family	Employee Co-Pay for Dr. Visit $	Employee Co-Pay for Dr. Visit %	Employer Contribution $
	NRECA	PPO	Non-Union	$485.95	$1,404.97	$1,404.97				9.2%	$250.00	$750.00	$1,000.00	$2,000.00	$20.00	-	-
Arkansas Electric Coop Corp	NRECA	PPO	Non-Union	$468.31	$1,354.08	$1,354.08	$69.38		$246.68	9.0%	$500.00	$1,500.00	$1,500.00	$3,000.00	$20.00		
	NRECA	HSA	Non-Union	$353.31	$910.67	$910.67	$16.31		$42.03	8.8%	$2,000.00	$4,000.00	$1,500.00	$3,000.00			
Associated Electric Coop	NRECA	HSA	Non-Union	$500.97		$1,564.04	$500.97		$1,564.04		$1,200.00	$2,400.00	$1,500.00	$3,000.00		10.0%	
		PPO		567	-	$1,940.83	$567.00	-	$1,940.83		$600.00	$1,800.00	$2,000.00	$4,000.00	$25.00	-	-
			Union	$522.28		$1,679.36	$522.28		$1,679.36		$250.00	$750.00	$1,000.00	$2,000.00	$15.00	-	
Basin Electric Power Coop	BC/BS of ND	Indemnity	Same for both	$490.74	$844.20	$1,238.46				4.0%	$750.00	$1,500.00	$2,250.00	$4,500.00	$25.00		
			Union	$518.64	$892.18	$1,308.86	$518.64	$892.18	$1,308.86	3.9%	$500.00	$1,000.00	$2,000.00	$4,000.00	$25.00	0.0%	$0.00
			Union	$549.80	$945.82	$1,387.56	$549.80	$945.82	$1,387.56	3.9%	$250.00	$500.00	$1,000.00	$2,000.00	$20.00		
Big Rivers Electric Corp.	98	PPO	Non-Union	$632.96	$1,224.53	$1,605.41	$582.32	$1,126.57	$1,476.98	18.5%	$250.00	$500.00	$1,000.00	$2,000.00	$25.00		
			Union	$632.96	$1,224.53	$1,605.41	$569.66	$1,102.08	$1,444.87	18.5%	$250.00	$500.00	$1,000.00	$2,000.00	$25.00	-	-
			Union	$632.96	$1,224.53	$1,605.41	$582.32	$1,126.57	$1,476.98	18.5%	$250.00	$500.00	$1,000.00	$2,000.00	$25.00		
Central Electric Power Coop/MO	Healthlink	PPO	Both Same	$590.17	$1,327.61	$1,788.69				6.0%	$2,000.00	$1,000.00	$2,000.00	$0.00	$25.00		
		HSA	Both Same	$480.04	$993.18	$1,313.99				13.0%	$1,500.00	$1,500.00	$3,000.00	$3,000.00	$0.00	-	-
		HSA	Both Same	$435.85	$837.85	$1,089.19				13.0%	$1,500.00	$1,500.00	$3,000.00	$3,000.00	$0.00		
Central Electric Power Coop/SC	CBA	PPO	Non-Union													-	-
Central Iowa Power Coop	First Administrators	PPO	Both Same	$473.00		$1,227.00	$473.00		$1,104.00	0.0%	$250.00	$500.00	$750.00	$1,500.00	$20.00		-
Dairyland Power Coop	NRECA	PPO	Union														
	NRECA	PPO	Non-Union														
Deseret Power	Ameriben Solutions	PPO	Non-Union	$1,255.00	$1,255.00	$1,255.00	$1,125.00	$1,125.00	$1,125.00	0.0%	$500.00	$1,500.00	$3,000.00	$6,000.00	$35.00	-	-
East Kentucky Power Coop	UMR	PPO	Non-Union	$412.50	$982.66	$1,349.73	$371.25	$855.69	$1,167.90	0.0%	$400.00	$1,200.00	$1,200.00	$2,400.00	$25.00	-	-
East River Electric	NRECA	PPO	Non-Union	$493.24		$1,355.89	$493.24		$840.65	2.6%	$750.00	$1,500.00	$2,000.00	$4,000.00	$30.00	-	
				$432.65		$1,083.15	$432.65		$758.20	2.3%	$1,200.00	$2,400.00	$2,000.00	$4,000.00	$0.00		

Note: AECI contributes to the Health Savings Account. The contriubtion is prorated based on the month in which the employee becomes eligible to obtain an HAS. The maximum annual amount AECI contributes for single coverage is $1,000 and $2,000 for family coverage.

NATIONAL G&T HUMAN RESOURCES PROFESSIONAL ASSOCIATION
2012 BENEFITS SURVEY

MEDICAL INSURANCE COVERAGE

G&T	Insurance Carrier/TPA	Type of Plan (i.e. PPO, HMO, etc.)	Employee Group	Total MONTHLY Premium Cost – Tiers of Coverage			MONTHLY Dollars Paid by Coop – Tiers of Coverage			% of Total Health Insurance Rate Increase or Decrease Since Last Renewal	Details of Coverage						
				Single (Employee Only) Coverage	Single Plus Dependent (Employee Plus Spouse)	Family	Single (Employee Only) Coverage	Single Plus Dependent (Employee Plus Spouse)	Family		Deductible Per Person	Deductible Per Family	Max. Out of Pocket per Year- Single	Max. Out of Pocket per Year- Family	Employee Co-Pay for Dr. Visit $	Employee Co-Pay for Dr. Visit %	Employer Contribution $
				$362.69		$833.58	$362.69		$583.51	3.0%	$2,700.00	$5,400.00	$2,500.00	$5,000.00	$0.00		
Georgia Transmission	United Healthcare A	POS	Non-Union	$562.38	$1,203.49	$1,698.39	$459.52	$987.49	$1,389.81		$0.00	$0.00	$0.00	$0.00	$20.00	0.0%	-
	United Healthcare B	POS	Non-Union	$497.03	$1,063.64	$1,501.03	$426.39	$915.30	$1,289.11		$750.00	$1,500.00	$1,500.00	$3,000.00	$25.00	0.00%	
	United Healthcare C (HDHP)	PPO	Non-Union	$418.11	$894.74	$1,262.68	$361.37	$775.60	$1,092.46		$2,000.00	$4,000.00	$2,000.00	$4,000.00		100.00%	
Great River Energy	Blue Cross of MN	Indemnity	Both Same	$487.33	$971.39	$1,459.74	$404.00	$824.85	$1,264.25	5.9%	$300.00	$600.00	$2,000.00	$4,000.00		20.0%	-
	Blue Cross of MN	PPO	Both Same	$536.15	$1,067.07	$1,605.86	$404.00	$824.85	$1,264.25	5.9%			$500.00	$1,000.00	$15.00	-	
	Blue Cross of MN	PPO	Both Same	$469.42	$936.25	$1,409.52	$457.28	$911.97	$1,264.25	5.9%	$500.00	$1,000.00	$2,500.00	$5,000.00		20.0%	

NATIONAL G&T HUMAN RESOURCES PROFESSIONAL ASSOCIATION
2012 BENEFITS SURVEY

MEDICAL INSURANCE COVERAGE

G&T	Insurance Carrier/TPA	Type of Plan (i.e. PPO, HMO, etc.)	Employee Group	Total MONTHLY Premium Cost – Tiers of Coverage			MONTHLY Dollars Paid by Coop – Tiers of Coverage			% of Total Health Insurance Rate Increase or Decrease Since Last Renewal	Details of Coverage						
				Single (Employee Only) Coverage	Single Plus Dependent (Employee Plus Spouse)	Family	Single (Employee Only) Coverage	Single Plus Dependent (Employee Plus Spouse)	Family		Deductible Per Person	Deductible Per Family	Max. Out of Pocket per Year- Single	Max. Out of Pocket per Year- Family	Employee Co-Pay for Dr. Visit $	Employee Co-Pay for Dr. Visit %	Employer Contribution $
Hoosier Energy REC, Inc.	Principal Financial Group	PPO	Both Same	$647.00	$1,686.00	$1,686.00	$647.00	$1,478.00	$1,478.00	4.0%	$100.00	$300.00	$2,000.00	$4,000.00	$10.00		-
	Principal Financial Group	HSA	Both Same	$455.00	$1,186.00	$1,186.00	$455.00	$1,076.00	$1,076.00	1.0%	$1,500.00	$3,000.00	$3,000.00	$6,000.00	-	-	
	Principal Financial Group	PPO	Non-Union	$634.00	$1,652.00	$1,652.00	$455.00	$1,076.00	$1,076.00	4.0%	$250.00	$750.00	$2,000.00	$4,000.00	$10.00		
KAMO Power	NRECA/NRECAHDHP	PPO		$449.42	-	$1,258.90	$449.42	-	$1,258.90	7.0%	$600.00	$1,200.00	-	-	$35.00	0.0%	-
		HSA		$381.75		$963.33	$381.75		$963.33	12.5%	$1,200.00	$2,400.00	$1,500.00	$3,000.00			$1,200/$2,400
Minnkota Power Coop	BC/BS of North Dakota	Indemnity	Union	$477.20	$840.10	$1,240.80	$477.20	$840.10	$1,240.80	6.6%	$250.00	$500.00	$1,750.00	$3,500.00	$25.00	20.0%	$0.00
Minnkota Power Coop	BC/BS of North Dakota	Indemnity	Non union	$422.60	$744.40	$1,099.80	$390.90	$688.57	$1,017.31	6.6%	$1,000.00	$2,000.00	$2,000.00	$4,000.00	$25.00	20.0%	$0.00
North Carolina Electric Membership Corporation	Medcost/CBA	PPO	Non-Union	$739.39		$2,195.50	$665.47	$0.00	$765.02	8.2%	$400.00	$1,200.00	$1,500.00	$3,000.00	$15.00	0.0%	$0.00
Northeast Missouri Power	NRECA-HDHP	PPO	Non-Union	$591.94	$1,164.24	$1,600.69	$591.94	$1,164.24	$1,491.58	10.5%	$1,500.00	$3,000.00	$1,500.00	$3,000.00	$0.00	100%	-
	NRECA-Traditional	PPO	Non-Union	$646.13	$1,359.11	$1,902.83	$646.13	$1,359.11	$1,766.90	12.1%	$800.00	$2,400.00	$3,000.00	$6,000.00	$30.00		
Northwest Iowa Power Coop	IAEC Healthcare Plan	PPO	Both Same	$502.65		$1,307.90	$462.39		$1,177.10	6.8%	$500.00	$1,000.00	$500.00	$1,000.00	$20.00	-	-
Old Dominion Electric Coop	OneNet PPO (High Plan)	PPO	Non-Union	$769.42	$1,557.00	$2,114.98	$643.26	$1,107.62	$1,436.58		$1,000.00	$3,000.00	$0.00	$0.00	$25.00		-
	OneNet PPO (Standard)	PPO	Non-Union	$659.39	$1,333.17	$1,810.53	$609.40	$1,053.66	$1,368.28		$1,500.00	$4,500.00	$3,000.00	$6,000.00	$35.00		
	HDHP One Net	HDHPPPO	Non-Union	$608.57	$1,056.44	$1,373.75	$598.58	$889.70	$1,095.94		$3,000.00	$6,000.00	$3,000.00	$6,000.00	100% after ded		-
PowerSouth Energy Coop	BCBS of Alabama	PPO	Non-Union	$450.00	-	$1,130.00	$450.00	-	$791.00	45.0%	$100.00	$300.00	$1,200.00	$3,600.00	$30.00	-	-
			Union	$433.00		$1,064.00	$433.00		$744.80	7.5%	$0.00	$0.00					
Seminole Electric Coop Inc.	Blue Cross/ Blue Shield of Florida	PPO	Both Same	$563.22	$1,258.49	$1,731.31	$506.90	$854.53	$1,090.94	0.0%	$250.00	$750.00	$1,000.00	$3,000.00	$20.00	-	-
		HMO		$537.90	$1,202.02	$1,653.54	$484.11	$816.17	$1,041.93	0.0%	$0.00	$0.00	$1,500.00	$3,000.00	$20.00		
		PPO		$449.56	$1,004.53	$1,381.94	$404.60	$682.09	$870.79	0.0%	$750.00	$2,250.00	$3,500.00	$7,000.00	$25.00		
Sho-Me Power Electric Coop	NRECA	PPO	Union	$612.29	$1,663.93	$1,663.93	$477.76	$1,239.38	$1,239.38	16.5%	$500.00	$1,000.00	$1,000.00	$2,000.00	$40.00	-	-
			Non-Union	$462.35	$1,035.31	$1,035.31	$462.35	$1,035.31	$1,035.31	17.7%	$3,000.00	$6,000.00	$0.00	$0.00	$0.00		1/2 of ded
			Non-Union	$639.08	$1,725.71	$1,725.71	$639.08	$1,725.71	$1,725.71	18.0%	$250.00	$500.00	$500.00	$1,000.00	$40.00		
Sierra Southwest Coop	NRECA/CBA	HSA	Non-Union	$499.11	$1,008.77	$1,306.38	$449.20	$805.96	$1,014.29	18.0%	$2,500.00	$5,000.00	$4,500.00	$9,000.00	-		-
	IBEW-NECA	PPO	Union	$813.10	$813.10	$813.10	$281.06	$281.06	$281.06	0.0%	$400.00	$800.00	-	-	-	25.0%	-

NATIONAL G&T HUMAN RESOURCES PROFESSIONAL ASSOCIATION
2012 BENEFITS SURVEY

MEDICAL INSURANCE COVERAGE

G&T	Insurance Carrier/TPA	Type of Plan (i.e. PPO, HMO, etc.)	Employee Group	Total MONTHLY Premium Cost – Tiers of Coverage			MONTHLY Dollars Paid by Coop – Tiers of Coverage			% of Total Health Insurance Rate Increase or Decrease Since Last Renewal	Details of Coverage						
				Single (Employee Only) Coverage	Single Plus Dependent (Employee Plus Spouse)	Family	Single (Employee Only) Coverage	Single Plus Dependent (Employee Plus Spouse)	Family		Deductible Per Person	Deductible Per Family	Max. Out of Pocket per Year- Single	Max. Out of Pocket per Year- Family	Employee Co-Pay for Dr. Visit $	Employee Co-Pay for Dr. Visit %	Employer Contribution $
South Mississippi Electric Power Assn	UMR	PPO	Both Same	$440.90	-	$602.97	$440.90	-	$361.78		$500.00	$1,500.00	$1,500.00	$4,500.00	$20.00/ $40.00	-	-
Sunflower Electric Power Corp	BCBS of Kansas	PPO	Both Same	$490.39	$1,054.41	$1,541.61	$458.51	$985.87	$1,441.41	8.2%	$200.00	$400.00	$400.00	$800.00	$15.00	-	$10.00
Wabash Valley Power Assn	Anthem	PPO	Non-Union	$535.93	$1,083.31	$1,559.98	$526.45	$943.67	$1,230.20	15%	$1,000.00	$2,000.00	$3,000.00	$6,000.00	$10.00	-	-
		HSA		$443.80	$897.08	$1,291.71	$435.34	$774.22	$1,000.27	15%	$1,500.00	$3,000.00	$3,000.00	$6,000.00			
Western Farmers Elect Coop	BCBS	PPO	Non-Union	$417.28	-	$1,142.59	$350.43	-	$956.59		$1,000.00	$3,000.00	$2,000.00	$4,000.00	$25.00	-	-
				$355.19		$974.69	$350.43		$956.59		$500.00	$1,500.00	$1,000.00	$2,000.00	$25.00		
				$299.39		$773.60	$350.43		$956.59		Note: High deductible health plan - single coverage - $1,500 deductible; $2,000 max out of pocket. High deductible health plan - family coverage - Family Deductible (the total in deductibles paid by one or more family members must reach the family deductible amount) $3,000; max out of pocket $4,000. WFEC contributes to the Health Savings Account. The contribution is prorated based on the month in which the employee becomes eligible to obtain a HSA. The maximum yearly amount WFEC will contribute is $2,018.52 for the employee enrolled in HDHP family coverage and $580.68 for single coverage.						
Wolverine Power Coop	BCBS of Michigan	PPO	Both Same	$344.85	$827.64	$1,034.55	$344.85	$827.64	$1,034.55	11.3%	$100.00	$200.00	$500.00	$1,000.00	$10.00	0.0%	-

NATIONAL G&T HUMAN RESOURCES PROFESSIONAL ASSOCIATION
2012 BENEFITS SURVEY

PAID TIME OFF

G&T	Employee Group	Vacation					Holidays			Sick Leave		
		Maximum Number of Days Per Year for Senior Person	Minimum Years of Service to Reach the Maximum	Maximum Hours of Carryover Allowed	Do You Have a Vacation Sell Back Policy	Maximum Hours that Can be Sold Back	Total Number of Holidays (Fixed and Floating)	Total Number of Fixed Holidays	Total Number of Floating Holidays	Days Accrued Per Year	Maximum Days Allowed	Payout Upon Separation of Employment?
Arkansas Electric Coop Corp	Non-Union	20	19	2yr	No	-	8	8	0	12		No
Associated Electric Coop	Non-Union	24	25	Unlimited	No	-	11	11	0	12	Unlimited	No
	Union			80								Yes
Basin Electric Power Coop	Non-Union	220	25	320	No	-	10	9	1	96	No Maximum	Yes
	Union	220	25	320	No	-	10	9	1	104		No
Big Rivers Electric Corp	Non-Union	25	25	200	Yes	80	12	9	3	12	No Maximum	Yes
	Union	20	15	160				10	2			No
Central Electric Power Coop/MO	Non-Union	27	30	432	No	0	10	9	1	12	130	Yes
	Union			80								
Central Electric Power Coop/SC	Non-Union											
Central Iowa Power Coop	Both Same	25	20	25	No	0	9	9	0	8	unlimited	Yes
Dairyland Power Coop	Non-Union											
	Union											
Deseret Power	Non-Union	29	21	1000	Yes	840	10	8	2	0	0	Yes
East Kentucky Power Coop	Non-Union	20	15	80	No	-	9	8	1	12	Unlimited	No

NATIONAL G&T HUMAN RESOURCES PROFESSIONAL ASSOCIATION
2012 BENEFITS SURVEY

PAID TIME OFF

G&T	Employee Group	Vacation					Holidays			Sick Leave		
		Maximum Number of Days Per Year for Senior Person	Minimum Years of Service to Reach the Maximum	Maximum Hours of Carryover Allowed	Do You Have a Vacation Sell Back Policy	Maximum Hours that Can be Sold Back	Total Number of Holidays (Fixed and Floating)	Total Number of Fixed Holidays	Total Number of Floating Holidays	Days Accrued Per Year	Maximum Days Allowed	Payout Upon Separation of Employment?
East River Electric	Non-Union	20	20	320	No	-	8	8	0	12	Unlimited	
Georgia Transmission Corporation	Non-Union	33	25	360	Yes	80	8	8	0	0		
Great River Energy	Both Same	31	20	2x annual limi	Yes	80	9	9	0	0	0	

NATIONAL G&T HUMAN RESOURCES PROFESSIONAL ASSOCIATION
2012 BENEFITS SURVEY

PAID TIME OFF

G&T	Employee Group	Vacation					Holidays			Sick Leave		
		Maximum Number of Days Per Year for Senior Person	Minimum Years of Service to Reach the Maximum	Maximum Hours of Carryover Allowed	Do You Have a Vacation Sell Back Policy	Maximum Hours that Can be Sold Back	Total Number of Holidays (Fixed and Floating)	Total Number of Fixed Holidays	Total Number of Floating Holidays	Days Accrued Per Year	Maximum Days Allowed	Payout Upon Separation of Employment?
Hoosier Energy REC, Inc.	Both Same	160	15	40	Yes	80	13	10	3	12	65	No
KAMO Power		20	20	400	Yes	No Max	9	8	1	18	130	No
Minnkota Power Coop	Non union	25	25	1/2 annual accrual	Yes	80	13	10	3	12	65	No
Minnkota Power Coop	Union	25	25	Unlimited	No	-	13	10	3	12	Unlimited	No
North Carolina Electric Membership Corporation	Non-Union	20	15	360	Yes	40	10	9	1	10	No Max	Yes
Northeast Missouri Power	Non-Union	20	16	80	Yes		10	9	1	12		No
Northwest Iowa Power Coop	Both Same	30	40	40	No		10	7	3	10	Unlimited	No
Old Dominion Electric Coop	Non-Union	25		240		-	10	9	1	12	120	No
PowerSouth Energy Coop	Non-Union	26	18	300	Yes	80	9	7	2	6	65	No
	Union					40		8	1			
Seminole Electric Coop Inc.	Both Same	26	16	The greater of 168 or amt earned per year	Yes	40	11	8	3	6	No Max	No
Sho-Me Power Electric Coop	Non-Union	25	22	520	No	-	10	6	4	6	15	No
	Union			Unlimited				10	0	12	Unlimited	
Sierra Southwest Coop	Non-Union	30	25	480		80	9	7	2	7	N/A	No

NATIONAL G&T HUMAN RESOURCES PROFESSIONAL ASSOCIATION
2012 BENEFITS SURVEY

PAID TIME OFF

G&T	Employee Group	Vacation					Holidays			Sick Leave		
		Maximum Number of Days Per Year for Senior Person	Minimum Years of Service to Reach the Maximum	Maximum Hours of Carryover Allowed	Do You Have a Vacation Sell Back Policy	Maximum Hours that Can be Sold Back	Total Number of Holidays (Fixed and Floating)	Total Number of Fixed Holidays	Total Number of Floating Holidays	Days Accrued Per Year	Maximum Days Allowed	Payout Upon Separation of Employment?
Sierra Southwest Coop	Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11	8	3	[illegible]	N/A	No
South Mississippi Electric Power	Both Same	20	15	520	Yes	64	8	8	0	12	75	No
Sunflower Electric Power Corp	Both Same	24	20	2x	Yes	>=100 hours remaining	9	8	1	12	90	No
Wabash Valley Power Assn	Non-Union	20	14	40	No	0	9	9	9	12	Unlimited	No
Western Farmers Elect Coop	Non-Union	22	24	240	Yes	-	10	9	1	12	13	No
Wolverine Power Coop	Both Same	25	19	half of accrual	Yes	half of accrua	9	9	0	12	100	Yes

NATIONAL G&T HUMAN RESOURCES PROFESSIONAL ASSOCIATION
2012 BENEFITS SURVEY

OTHER BENEFITS AND RETIREE BENEFITS

G&T	Employee Group (Select Non-Union or Union)	Other Benefits (Also See Essay Questions Below)			Retiree Benefits (Also See Essay Questions Below)								
		Do You Have a Tuition Reimbursement Plan?	Do You Have a Formal Employee Assistance Plan (EAP)?	Do You Provide Personalized Benefits Statements to Employees?	Do You Provide Medical Insurance to Retirees?	Medical Coverage (age 62)		Medical Coverage (after 65 w/Medicare primary)		Medical Coverage (age 55 to normal retirement)		Maximum Coverage Available ($)	Percent Coop Pays (%)
						For Retired Employee, Employer Pays What %?	For Dependent(s) Employer Pays What %?	For Retired Employee, Employer Pays What %?	For Dependent(s) Employer Pays What %?	For Retired Employee, Employer Pays What %?	For Dependent(s) Employer Pays What %?		
Arkansas Electric Coop Corp	Non-Union	Yes	Yes	No	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	$0.00	0.00%
Associated Electric Coop	Non-Union	Yes	Yes	Yes	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	0.00%
	Union	Yes	No	Yes	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%
Basin Electric Power Coop	Both Same	Yes	Yes	Yes	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	no lifetime max	0.00%
Big Rivers Electric Corp	Non-Union	Yes	Yes	No	Yes	85.00%	85.00%	15.00%	15.00%	15.00%	15.00%	-	-
	Union							-	-	-	-		
Central Electric Power Coop/MO	Both Same	Yes	Yes	Yes	Yes	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	$0.00	0.00%
Central Electric Power Coop/SC	Non-Union											-	-
Central Iowa Power Coop	Both Same	Yes	Yes	Yes	No	-	-	-	-	-	-	-	-
Dairyland Power Coop	Both Same												
Deseret Power	Non-Union	Yes	Yes	No	No	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-
East Kentucky Power Coop	Non-Union	Yes	Yes	Yes	Yes	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	2 million	
East River Electric	Non-Union	Yes	Yes	Yes	Yes	100.00%	0.00%	70.00%	0.00%	100.00%	0.00%	-	-
Georgia Transmission	Non-Union	Yes	Yes	Yes	No	-	-	-	-	-	-	-	-
Great River Energy	Both Same	Yes	Yes		Yes	58.00%	25.00%	32.00%	0.00%	58.00%	25.00%		
Hoosier Energy REC, Inc.	Both Same	Yes	Yes	Yes	Yes	100.00%	50.00%	0.00%	0.00%	0.00%	0.00%	-	-

NATIONAL G&T HUMAN RESOURCES PROFESSIONAL ASSOCIATION
2012 BENEFITS SURVEY

OTHER BENEFITS AND RETIREE BENEFITS

G&T	Employee Group (Select Non-Union or Union)	Other Benefits (Also See Essay Questions Below)			Retiree Benefits (Also See Essay Questions Below)								
		Do You Have a Tuition Reimbursement Plan?	Do You Have a Formal Employee Assistance Plan (EAP)?	Do You Provide Personalized Benefits Statements to Employees?	Do You Provide Medical Insurance to Retirees?	Medical Coverage (age 62)		Medical Coverage (after 65 w/Medicare primary)		Medical Coverage (age 55 to normal retirement)		Maximum Coverage Available ($)	Percent Coop Pays (%)
						For Retired Employee, Employer Pays What %?	For Dependent(s) Employer Pays What %?	For Retired Employee, Employer Pays What %?	For Dependent(s) Employer Pays What %?	For Retired Employee, Employer Pays What %?	For Dependent(s) Employer Pays What %?		
KAMO Power		Yes	Yes	No	Yes	-	-	-	-	-	-	Unlimited	-
		Note: All of the above are based on years of service, and only for employees hired prior to 5/1/1997.											
Minnkota Power Coop	Non-Union / Union	Yes	Yes	No	Yes	50.00%	50.00%	-	-	-	-	-	-
North Carolina Electric Membership Corporation	Non-Union	Yes	Yes	No	Yes	90.00%	0.00%	90.00%	0.00%	90.00%	0.00%	-	-
Northeast Missouri Power	Non-Union	Yes	Yes	Yes	No	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-
Northwest Iowa Power Coop	Both Same	Yes	Yes	Yes	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Old Dominion Electric Coop	Both Same	Yes	No	NO	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	0.00%
PowerSouth Energy Coop	Both Same	Yes	Yes	No	Yes	50.00%	50.00%	50.00%	50.00%	0.00%	0.00%	-	-
Seminole Electric Coop	Both Same	Yes	Yes	No	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-
Sho-Me Power Electric Coop	Both Same	Yes	No	No	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	0.00%
Sierra Southwest Coop	Both Same	Yes	Yes	Yes	No	-	-	-	-	-	-	-	-
South Mississippi Electric Power	Both Same	Yes	Yes	No	Yes	$200.00	$240.00	$140.00	$140.00	-	-	-	-
	Note: Retiree Medical-Association contributes a $ amount instead of a percentage												
Sunflower Electric Power Corp	Both Same	Yes	Yes	Yes	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	0.00%
Wabash Valley Power Assn	Non-Union	Yes	Yes	No	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	$0.00	0.00%

NATIONAL G&T HUMAN RESOURCES PROFESSIONAL ASSOCIATION
2012 BENEFITS SURVEY

OTHER BENEFITS AND RETIREE BENEFITS

G&T	Employee Group (Select Non-Union or Union)	Other Benefits (Also See Essay Questions Below)			Retiree Benefits (Also See Essay Questions Below)								
		Do You Have a Tuition Reimbursement Plan?	Do You Have a Formal Employee Assistance Plan (EAP)?	Do You Provide Personalized Benefits Statements to Employees?	Do You Provide Medical Insurance to Retirees?	Medical Coverage (age 62)		Medical Coverage (after 65 w/Medicare primary)		Medical Coverage (age 55 to normal retirement)		Maximum Coverage Available ($)	Percent Coop Pays (%)
						For Retired Employee, Employer Pays What %?	For Dependent(s) Employer Pays What %?	For Retired Employee, Employer Pays What %?	For Dependent(s) Employer Pays What %?	For Retired Employee, Employer Pays What %?	For Dependent(s) Employer Pays What %?		
Western Farmers Electric Coop	Non-Union	Yes	Yes	Yes	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	0.00%
Wolverine Power Coop	Both Same	Yes	Yes	Yes	Yes	42.50%	32.50%	23.00%	23.00%	0.00%	0.00%	-	-

2012-2013 Merit Budget and Salary Range Movement Summary – Towers Watson

2012-2013 Merit Budget and Salary Range Movement Summary

TOWERS WATSON

Figures Reflect Averages and Include Zeros

General Industry

Actual 2012 Merit Budget Increases

Survey Source	All	Executives	Exempt	Nonexempt Salaried	Nonexempt Hourly
WorldatWork	2.8%	2.8%	2.9%	2.9%	2.8%
Towers Watson	--	2.8%	2.8%	2.7%	2.7%
Aon Hewitt	--	2.9%	2.8%	2.7%	2.7%
Mercer	2.7%	2.7%	2.7%	2.7%	2.7%
Composite	**2.8%**	**2.8%**	**2.8%**	**2.8%**	**2.7%**

Projected 2013 Merit Budget Increases

	All	Executives	Exempt	Nonexempt Salaried	Nonexempt Hourly
	3.0%	3.0%	3.0%	3.0%	2.9%
	--	3.0%	2.9%	2.9%	2.9%
	--	3.0%	3.0%	3.0%	2.9%
	2.9%	3.0%	2.9%	2.9%	2.9%
Composite	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**2.9%**

Actual 2012 Increase to Salary Range Midpoints

Survey Source	All	Executives	Exempt	Nonexempt Salaried	Nonexempt Hourly
WorldatWork	--	1.7%	1.7%	2.1%	1.7%
Towers Watson	--	1.7%	1.8%	1.7%	1.7%
Composite	**1.7%**	**1.8%**	**1.9%**	**1.7%**	

Projected 2013 Increase to Salary Range Midpoints

	All	Executives	Exempt	Nonexempt Salaried	Nonexempt Hourly
	--	2.0%	2.0%	2.1%	1.9%
	--	1.9%	2.0%	2.0%	1.9%
Composite	**2.0%**	**2.0%**	**2.1%**	**1.9%**	

2012 Salary Budget Survey Report – Towers Watson

Towers Watson Data Services

2012 Salary Budget Survey Report - U.S.

Data in Effect: May 1, 2012

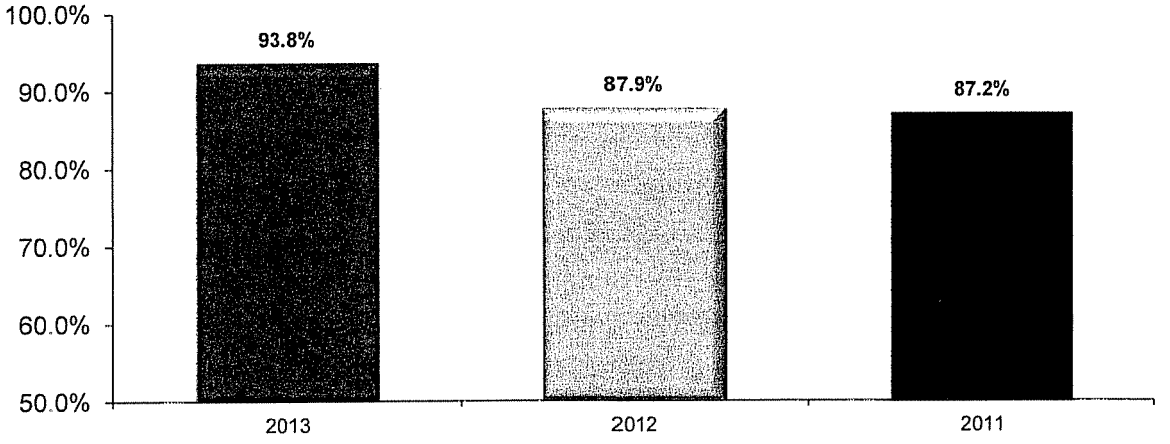
General Industry

TOWERS WATSON

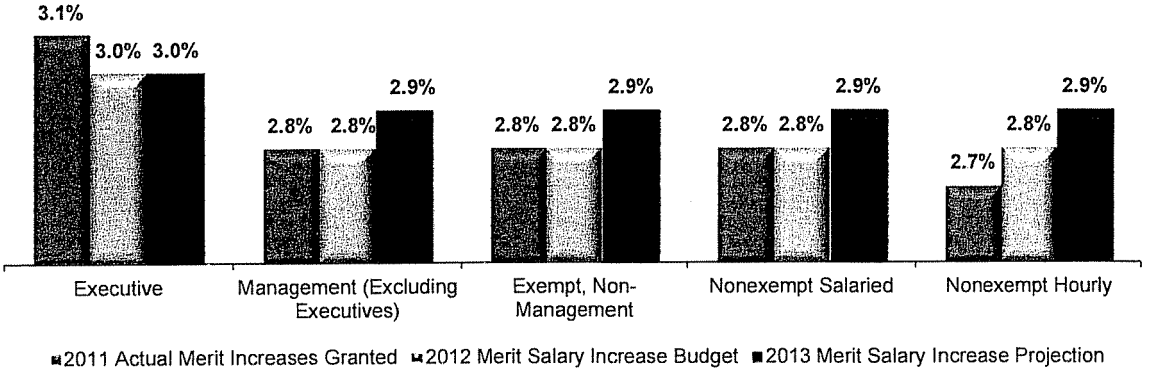
Executive Summary

Key Findings

- 93.8% of participating organizations project salary increases in 2013, up from the 87.2% which actually granted increases in 2011.



- Merit increases continue to rise as the majority of projected increases for 2013 are higher than what was budgeted in 2012.



Executive Summary

Key Findings (continued)

- Total increases projected in 2013 are moderately higher than total increases budgeted for 2012.

Entire Sample Combined (Including Companies Granting No Increases)

	2011 Salary Increases		2012 Salary Increases		2013 Salary Increases		% Increase from 2011 Budgeted to 2012 Projected
	Avg. % Granted	# of Responses	Avg. % Budgeted	# of Responses	Avg. % Projected	# of Responses	
Executive	3.0%	625	2.9%	626	3.1%	584	6.9%
Management (Excluding Executives)	2.9%	673	3.0%	678	3.1%	624	3.3%
Exempt, Non-Management	2.9%	671	2.9%	677	3.1%	621	6.9%
Nonexempt Salaried	2.8%	514	2.9%	532	3.1%	497	6.9%
Nonexempt Hourly	2.8%	546	2.9%	532	3.0%	511	3.4%

- More organizations plan to adjust salary range midpoints in 2013 as compared to the percentage of organizations that adjusted or plan to adjust salary range midpoints in 2011 and 2012.

Entire Sample Combined

Organizations That Adjusted Salary Range Midpoints in 2011			Organizations That Adjusted or Plan to Adjust Salary Range Midpoints in 2012			Organizations That Plan to Adjust Salary Range Midpoints in 2013		
# of Orgs.	% of Orgs.	# of Responses	# of Orgs.	% of Orgs.	# of Responses	# of Orgs.	% of Orgs.	# of Responses
454	64.5%	704	483	68.6%	704	558	79.3%	704

- Short-term incentive budgeted for 2012 and projected for 2013 remain fairly consistent.

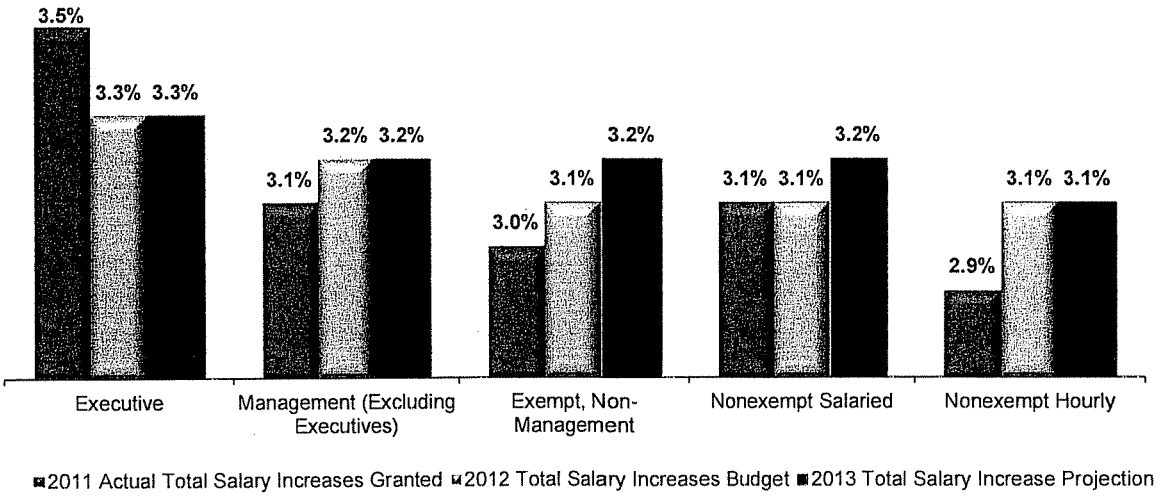
Entire Sample Combined

	2011 Actual Short-Term Incentive/Bonus Granted (as % of Total Base Salaries)		2012 Short-Term Incentive/Bonus Budgeted (as % of Total Base Salaries)		2013 Short-Term Incentive/Bonus Projected (as % of Total Base Salaries)		# of Responses
	Average	Median	Average	Median	Average	Median	
Executive	43.2%	40.0%	42.9%	40.0%	43.0%	40.0%	448
Management, Excluding Executives	21.2%	18.0%	21.5%	19.0%	21.6%	19.3%	479
Exempt, Non-Management	12.6%	10.0%	12.7%	10.0%	12.9%	10.0%	420
Nonexempt Salaried	8.3%	5.3%	8.3%	5.0%	8.6%	5.0%	250
Nonexempt Hourly	7.5%	5.0%	7.4%	5.0%	7.3%	5.0%	234

Executive Summary

Salary Increase Budgets and Range Increases

- Total increases granted, budgeted and projected are depicted below.



- Average increases to salary range midpoints are detailed below.

Entire Sample Combined

	2011 Actual Increase to Salary Range Midpoints		2012 Planned Increase to Salary Range Midpoints		2013 Projected Increase to Salary Range Midpoints	
	Avg. Increase as % of Salary	# of Responses	Avg. Increase as % of Salary	# of Responses	Avg. Increase as % of Salary	# of Responses
Executive	2.3%	304	2.3%	324	2.3%	330
Management, Excluding Executives	2.2%	413	2.3%	439	2.3%	450
Exempt, Non-Management	2.2%	417	2.3%	436	2.3%	450
Nonexempt Salaried	2.2%	289	2.4%	308	2.3%	335
Nonexempt Hourly	2.3%	314	2.3%	327	2.3%	340

Salary Increase Budgets and Range Increases

Salary Increases

AVERAGE SALARY INCREASES IN ORGANIZATIONS GRANTING INCREASES

	Merit Increases (% of Salary)			Total Increases (% of Salary)			
	2011 Actual Salary Increases Granted	2012 Salary Increase Budget	2013 Salary Increase Projection	2011 Actual Salary Increases Granted	2012 Salary Increase Budget	2013 Salary Increase Projection	# of Responses
Entire Sample Combined							
Executive	3.1%	3.0%	3.0%	3.3%	3.1%	3.1%	699
Management (Excluding Executives)	2.8%	2.8%	2.9%	3.0%	2.9%	3.1%	763
Exempt, Non-Management	2.8%	2.8%	2.9%	2.9%	3.0%	3.1%	765
Nonexempt Salaried	2.8%	2.8%	2.9%	2.9%	3.0%	3.1%	582
Nonexempt Hourly	2.7%	2.8%	2.9%	2.8%	2.9%	3.0%	618
Profit Status							
For-Profit Organizations							
Executive	3.1%	3.0%	3.0%	3.3%	3.1%	3.2%	564
Management (Excluding Executives)	2.9%	2.9%	3.0%	3.0%	3.0%	3.1%	612
Exempt, Non-Management	2.8%	2.9%	2.9%	3.0%	3.0%	3.1%	611
Nonexempt Salaried	2.8%	2.9%	2.9%	2.9%	3.0%	3.1%	480
Nonexempt Hourly	2.7%	2.8%	2.9%	2.8%	3.0%	3.0%	490
Not-For-Profit Organizations							
Executive	2.9%	2.8%	2.9%	3.1%	2.9%	2.9%	135
Management (Excluding Executives)	2.7%	2.7%	2.9%	2.8%	2.8%	2.9%	151
Exempt, Non-Management	2.7%	2.7%	2.8%	2.7%	2.8%	2.9%	154
Nonexempt Salaried	2.6%	2.7%	2.9%	2.7%	2.8%	2.9%	102
Nonexempt Hourly	2.6%	2.7%	2.8%	2.7%	2.8%	2.8%	128
Industry Sector							
Durable Goods Manufacturing							
Executive	3.2%	3.0%	3.0%	3.3%	3.1%	3.2%	115
Management (Excluding Executives)	3.0%	2.9%	3.0%	3.0%	3.0%	3.1%	127
Exempt, Non-Management	2.9%	2.9%	3.0%	3.0%	3.0%	3.1%	127
Nonexempt Salaried	2.9%	2.9%	3.0%	3.0%	3.0%	3.1%	106
Nonexempt Hourly	2.8%	2.9%	2.9%	2.9%	3.0%	3.1%	98
Non-Durable Goods Manufacturing							
Executive	3.1%	3.0%	3.0%	3.1%	3.1%	3.1%	104
Management (Excluding Executives)	2.9%	2.9%	2.9%	3.0%	3.0%	3.1%	112
Exempt, Non-Management	2.8%	2.9%	2.9%	3.0%	3.0%	3.1%	112
Nonexempt Salaried	2.8%	2.9%	2.9%	2.9%	3.0%	3.1%	97
Nonexempt Hourly	2.7%	2.7%	2.9%	2.8%	2.8%	2.9%	89
High Tech							
Executive	3.2%	3.0%	3.0%	3.8%	3.1%	3.4%	60
Management (Excluding Executives)	2.9%	2.9%	3.0%	3.1%	3.0%	3.2%	69
Exempt, Non-Management	2.9%	2.9%	3.0%	3.0%	3.1%	3.2%	69
Nonexempt Salaried	2.8%	2.9%	3.0%	3.0%	3.0%	3.2%	52
Nonexempt Hourly	2.8%	2.9%	2.9%	3.0%	3.0%	3.1%	58

Table continues on next page.

Salary Increase Budgets and Range Increases

Salary Increases (continued)

AVERAGE SALARY INCREASES IN ORGANIZATIONS GRANTING INCREASES (continued)

	Merit Increases (% of Salary)			Total Increases (% of Salary)			
	2011 Actual Salary Increases Granted	2012 Salary Increase Budget	2013 Salary Increase Projection	2011 Actual Salary Increases Granted	2012 Salary Increase Budget	2013 Salary Increase Projection	# of Responses
Industry Sector (continued)							
Energy							
Executive	3.3%	3.2%	3.3%	4.0%	3.6%	3.6%	65
Management (Excluding Executives)	3.1%	3.1%	3.2%	3.3%	3.4%	3.4%	71
Exempt, Non-Management	3.0%	3.0%	3.1%	3.3%	3.4%	3.4%	70
Nonexempt Salaried	3.0%	3.0%	3.1%	3.3%	3.3%	3.4%	57
Nonexempt Hourly	3.0%	3.0%	3.1%	3.1%	3.3%	3.3%	64
Retail and Wholesale Trade							
Executive	3.0%	2.8%	2.9%	3.2%	2.9%	3.1%	52
Management (Excluding Executives)	2.7%	2.7%	2.8%	2.9%	2.9%	3.0%	52
Exempt, Non-Management	2.8%	2.7%	2.8%	3.0%	2.9%	3.0%	53
Nonexempt Salaried	2.7%	2.7%	2.8%	2.8%	2.9%	3.0%	39
Nonexempt Hourly	2.7%	2.8%	2.8%	2.9%	2.9%	3.0%	48
Services							
Executive	3.2%	3.0%	3.1%	3.3%	3.0%	3.1%	170
Management (Excluding Executives)	2.9%	2.9%	2.9%	2.9%	2.9%	3.0%	184
Exempt, Non-Management	2.8%	2.9%	2.9%	2.9%	2.9%	3.0%	184
Nonexempt Salaried	2.8%	2.9%	2.9%	2.8%	2.9%	3.1%	132
Nonexempt Hourly	2.7%	2.9%	2.9%	2.8%	3.0%	3.0%	147
Health Care							
Executive	2.6%	2.7%	2.7%	2.8%	2.7%	2.8%	61
Management (Excluding Executives)	2.6%	2.5%	2.6%	2.7%	2.7%	2.7%	73
Exempt, Non-Management	2.6%	2.6%	2.7%	2.7%	2.7%	2.8%	74
Nonexempt Salaried	2.5%	2.5%	2.6%	2.5%	2.5%	2.6%	43
Nonexempt Hourly	2.5%	2.5%	2.6%	2.7%	2.7%	2.7%	73
Banking and Finance							
Executive	2.8%	2.7%	2.8%	3.0%	2.9%	3.1%	55
Management (Excluding Executives)	2.6%	2.6%	2.8%	2.7%	2.8%	3.0%	66
Exempt, Non-Management	2.5%	2.6%	2.8%	2.6%	2.8%	3.0%	66
Nonexempt Salaried	2.4%	2.6%	2.8%	2.6%	2.7%	3.0%	52
Nonexempt Hourly	2.4%	2.6%	2.7%	2.5%	2.7%	2.9%	46
Insurance							
Executive	2.9%	3.0%	3.1%	3.3%	3.1%	3.2%	77
Management (Excluding Executives)	2.9%	2.9%	3.1%	3.1%	2.9%	3.2%	78
Exempt, Non-Management	2.9%	2.9%	3.0%	3.0%	3.0%	3.1%	79
Nonexempt Salaried	2.8%	2.9%	3.0%	2.9%	3.0%	3.1%	56
Nonexempt Hourly	2.8%	2.9%	3.0%	2.8%	2.9%	3.1%	53

Table continues on next page.

Salary Increase Budgets and Range Increases

Salary Increases (continued)

AVERAGE SALARY INCREASES IN ORGANIZATIONS GRANTING INCREASES (continued)

	Merit Increases (% of Salary)			Total Increases (% of Salary)			
	2011 Actual Salary Increases Granted	2012 Salary Increase Budget	2013 Salary Increase Projection	2011 Actual Salary Increases Granted	2012 Salary Increase Budget	2013 Salary Increase Projection	# of Responses
Region							
Northeast							
Executive	3.0%	2.9%	3.0%	3.2%	3.0%	3.1%	165
Management (Excluding Executives)	2.8%	2.8%	2.9%	2.9%	2.9%	3.0%	180
Exempt, Non-Management	2.7%	2.7%	2.8%	2.8%	2.8%	3.0%	181
Nonexempt Salaried	2.7%	2.7%	2.9%	2.9%	2.9%	3.0%	139
Nonexempt Hourly	2.7%	2.7%	2.8%	2.8%	2.8%	2.9%	141
Southeast							
Executive	3.0%	2.9%	2.9%	3.1%	2.9%	3.0%	104
Management (Excluding Executives)	2.8%	2.8%	2.9%	2.9%	2.9%	3.0%	114
Exempt, Non-Management	2.8%	2.8%	2.9%	3.0%	2.9%	3.0%	114
Nonexempt Salaried	2.7%	2.8%	2.9%	2.9%	2.9%	3.1%	87
Nonexempt Hourly	2.7%	2.7%	2.9%	2.9%	2.8%	3.0%	97
North Central							
Executive	3.0%	3.0%	3.0%	3.2%	3.0%	3.1%	242
Management (Excluding Executives)	2.8%	2.8%	2.9%	2.9%	2.9%	3.0%	263
Exempt, Non-Management	2.8%	2.8%	2.9%	2.9%	2.9%	3.0%	266
Nonexempt Salaried	2.7%	2.8%	2.8%	2.8%	2.8%	2.9%	195
Nonexempt Hourly	2.6%	2.8%	2.8%	2.7%	2.9%	2.9%	215
South Central							
Executive	3.3%	3.1%	3.2%	3.3%	3.2%	3.3%	105
Management (Excluding Executives)	2.9%	3.0%	3.1%	3.0%	3.1%	3.2%	113
Exempt, Non-Management	2.9%	3.0%	3.1%	3.0%	3.2%	3.3%	113
Nonexempt Salaried	2.9%	3.0%	3.1%	3.1%	3.2%	3.3%	91
Nonexempt Hourly	2.8%	2.9%	3.0%	2.9%	3.1%	3.2%	96
West Coast							
Executive	3.2%	3.1%	3.1%	3.6%	3.2%	3.3%	83
Management (Excluding Executives)	3.1%	3.0%	3.1%	3.1%	3.1%	3.3%	93
Exempt, Non-Management	3.0%	3.0%	3.1%	3.1%	3.2%	3.4%	91
Nonexempt Salaried	2.8%	2.9%	3.0%	3.0%	3.1%	3.2%	70
Nonexempt Hourly	2.9%	3.0%	3.1%	2.9%	3.1%	3.2%	69

Table continues on next page.

Salary Increase Budgets and Range Increases

Salary Increases (continued)

AVERAGE SALARY INCREASES IN ORGANIZATIONS GRANTING INCREASES (continued)

	Merit Increases (% of Salary)			Total Increases (% of Salary)			
	2011 Actual Salary Increases Granted	2012 Salary Increase Budget	2013 Salary Increase Projection	2011 Actual Salary Increases Granted	2012 Salary Increase Budget	2013 Salary Increase Projection	# of Responses
Organization Size							
Under 1,000 FTEs							
Executive	3.2%	3.1%	3.2%	3.4%	3.1%	3.2%	121
Management (Excluding Executives)	3.0%	3.0%	3.1%	3.2%	3.1%	3.3%	138
Exempt, Non-Management	3.0%	3.0%	3.1%	3.1%	3.1%	3.2%	136
Nonexempt Salaried	2.9%	2.9%	3.0%	3.0%	3.0%	3.1%	113
Nonexempt Hourly	2.8%	3.0%	3.0%	2.8%	3.1%	3.1%	102
1,000 - 4,999 FTEs							
Executive	3.1%	3.0%	3.0%	3.4%	3.1%	3.2%	271
Management (Excluding Executives)	2.8%	2.9%	2.9%	3.0%	3.0%	3.1%	298
Exempt, Non-Management	2.8%	2.9%	2.9%	2.9%	3.0%	3.1%	301
Nonexempt Salaried	2.8%	2.9%	2.9%	2.9%	3.0%	3.1%	215
Nonexempt Hourly	2.7%	2.8%	2.9%	2.8%	2.9%	3.0%	253
5,000 - 19,999 FTEs							
Executive	3.0%	2.9%	2.9%	3.1%	2.9%	3.1%	206
Management (Excluding Executives)	2.8%	2.8%	2.9%	2.9%	2.9%	3.0%	220
Exempt, Non-Management	2.8%	2.7%	2.9%	2.9%	2.9%	3.0%	220
Nonexempt Salaried	2.7%	2.7%	2.9%	2.8%	2.9%	3.0%	170
Nonexempt Hourly	2.7%	2.8%	2.9%	2.8%	2.8%	3.0%	179
20,000 FTEs or More							
Executive	3.0%	2.8%	2.8%	3.0%	2.9%	2.9%	101
Management (Excluding Executives)	2.8%	2.8%	2.8%	2.9%	2.9%	2.9%	107
Exempt, Non-Management	2.7%	2.8%	2.8%	2.8%	2.9%	2.9%	108
Nonexempt Salaried	2.7%	2.8%	2.8%	2.9%	2.9%	2.9%	84
Nonexempt Hourly	2.6%	2.7%	2.7%	2.7%	2.9%	2.9%	84

Competitive Market Assessment Review
Towers Watson

Competitive Market Assessment Review

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Confidential and Proprietary

February 3, 2012

TOWERS WATSON

Contents

- Introduction and background
- Summary of findings
- Observations and recommendations
- Appendix
  - List of jobs included in market assessment

Introduction and Background

- Big Rivers Electric Corporation ("Big Rivers") retained Towers Watson to perform a competitive market assessment for its staff and management positions
  - A similar review was last performed in 2008
- Specifically, the objectives of this competitive market assessment are as follows:
  - Compare Big River's current salary structure midpoint levels against the appropriate labor markets, using national and regional published surveys
  - Recommend job evaluation changes and job reassignment for benchmark jobs, where applicable
  - Provide high-level observations and recommendations pertaining to Big River's salary structure

Introduction and Background
Methodology and Data Sources

- At the onset of our project, Big Rivers provided Towers Watson with a list of approximately 146* benchmark jobs and job descriptions to be evaluated (covering approximately 40% of the full-time employee population)
  - Approximately 78 of the jobs were included in the 2008 review
  - Positions were matched to jobs in published surveys by comparing the job duties and responsibilities, education and experience requirements
  - All matches were reviewed with Human Resources staff to ensure the reasonableness and accuracy of the survey matches
- Survey scopes and weightings were updated to reflect Big River's current revenue size (approximately $500 million), employment levels (approximately 600 employees) and/or industry (utilities / energy), where applicable
- Towers Watson gathered 25th, 50th (median) and 75th percentile levels of base salary and total cash compensation (i.e., salary plus bonus) from published surveys, where available
- Market data from published surveys was compared against Big River's salary structure midpoints. Survey data has been aged forward by an annualized factor of 2.7%, to a common date of December 31, 2011

*2 jobs have yet to be priced, due to possible non-benchmark status (Director Power Portfolio Optimization, Senior GIS Specialist)

Introduction and Background
Labor Market Definition

- A labor market definition practically identifies where a company recruits and competes for talent, which can vary based on position and/or level within the organization
- Big River's labor market definition can be defined as follows:

Recruiting Geography	Industry	Scope
• National • Regional • Local	• Utilities • Energy • General Industry Organizations	• Revenue: ~ $500 million • Number of Full-Time Employees: ~ 600 • Industry: Utility / Energy • Location: Southeastern US • All Organizations, where appropriate

- Compensation surveys that were used in this market assessment include:
  - 2011 Towers Watson General Industry Compensation Survey Suite
  - 2011 Mercer General Industry Compensation Survey Suite
  - 2011 Mercer Energy Industry Compensation Survey
  - 2011 G&T Manager's Association Compensation Survey

Summary of Findings
Base Salary Results – Grade Structure Midpoints vs. Market Median

- When compared to market data, midpoints of the current salary structure are slightly below market (-4.3% below market)

Grade	# of Jobs	# of Incumbents	Market Variance (Median)
23	2	4	5.6%
22	1	1	N/A
21	6	6	-2.2%
20	6	12	-3.3%
19	8	7	-3.1%
18	12	66	-4.3%
17	16	29	-5.3%
16	7	7	-5.1%
15	13	14	-5.9%
14	7	13	-6.0%
13	7	6	-5.7%
12	5	3	-8.8%

Grade	# of Jobs	# of Incumbents	Market Variance (Median)
11	6	5	-5.8%
10	5	12	-3.7%
9	2	3	4.4%
8	2	15	-0.7%
7	1	0	2.4%
6	0	0	N/A
5	2	0	-4.6%
4	1	1	-11.7%
3	3	1	-9.1%
2	1	1	-9.4%
1	2	0	-8.6%

Grade midpoints for Big Rivers current as of November 2011

Summary of Findings
Base Salary Results – Positions More Than 15% Below Market Median

- Grade midpoints for 3 jobs are more than 15% below market median
  - Towers Watson considers +/-15% of market median to be within the range of market competitiveness

Grade	Job Title	Market Variance (Median)
17	Insurance & Pension Administrator	-15.8%
12	Engineer I (Electrical)	-17.2%
12	General Services Supervisor	-19.0%

Grade midpoints for Big Rivers current as of November 2011

Summary of Findings
Current Salary Structure

- Big River's current salary structure consists of 26 grades
  - Range spreads vary from 35% (grade 1) to 51% (grade 26)
  - Midpoint differentials vary from 5% (move from grade 1 to 2) to 13% (move from grade 25 to 26)
  - Grades 24, 25 and 26 consist of Vice President and Senior Vice President positions

Big River's salary structure is consistent with competitive market practices in that range spreads and midpoint differentials progressively widen at higher grades. Depending on how the organization manages pay, consideration can be given to broadening the range spreads or including an additional grade (near the top of the structure) to provide greater flexibility in administering pay

Big River's Current Salary Structure					
Grade	Minimum	Midpoint	Maximum	Range Spread	Midpoint Diff.
26	$170,584	$214,339	$258,095	51%	13%
25	$151,784	$190,185	$228,587	51%	12%
24	$135,364	$169,205	$203,046	50%	12%
23	$121,092	$150,941	$180,792	49%	12%
22	$108,572	$135,011	$161,448	49%	12%
21	$97,649	$121,083	$144,522	48%	11%
20	$88,027	$108,889	$129,752	47%	11%
19	$79,599	$98,186	$116,772	47%	11%
18	$72,146	$88,775	$105,407	46%	10%
17	$65,597	$80,486	$95,377	45%	10%
16	$59,780	$73,168	$86,558	45%	10%
15	$54,649	$66,700	$78,750	44%	9%
14	$50,077	$60,967	$71,861	44%	9%
13	$46,032	$55,882	$65,733	43%	9%
12	$42,414	$51,363	$60,312	42%	9%
11	$39,204	$47,338	$55,473	41%	8%
10	$36,323	$43,752	$51,180	41%	8%
9	$33,762	$40,548	$47,332	40%	8%
8	$31,455	$37,684	$43,912	40%	7%
7	$29,403	$35,121	$40,840	39%	7%
6	$27,547	$32,823	$38,098	38%	7%
5	$25,893	$30,763	$35,629	38%	6%
4	$24,397	$28,912	$33,425	37%	6%
3	$23,063	$27,248	$31,434	36%	6%
2	$21,856	$25,754	$29,655	36%	5%
1	$20,776	$24,413	$28,049	35%	--

Observations and Recommendations
Summary

Observations

- Salary grade midpoints are slightly below market competitive levels (-4.3% below market)
- Salary grade midpoints for 3 positions (listed on slide 7) are below the competitive market range
- The design of the current salary structure is appropriate and consistent with market practices

Recommendations

- To ensure that salary grade midpoints remain market competitive, consider adjusting the salary structure by 3.0-4.0% in 2012
- Consider grade reassignments for positions with midpoints more than 15% below market median (listed on slide 10)
- Continue to evaluate the competitiveness of Big River's salary structure on an ongoing basis, performing comprehensive reviews of the company's salary management program every two years

Observations and Recommendations
Job Reassignments (continued)

- For positions with midpoints more than 15% below market median, consider the following grade reassignments:

Job Title	Current Grade / Midpoint	Market Value	Proposed Grade / Midpoint
Insurance & Pension Administrator	17 / ($80,486)	$95,557	19 / ($98,186)
Engineer I (Electrical) (Important to consider career progression and grade alignment for these positions)	12 / ($51,363)	$62,028	14 / ($60,967)
General Services Supervisor	12 / ($51,363)	$63,398	15 / ($66,700)

Grade midpoints for Big Rivers current as of November 2011

Appendix

Appendix

A: List of Jobs Included in Market Assessment

Accountant
Accountant II
Accounting Clerk A
Accounting Clerk I
Admin Assistant (Senior Secretary)
Budget Analyst I
Budget Analyst II
Budget Analyst III
Building & Grounds Attendant A (aka janitor, custodian)
Building & Grounds Attendant B
Building & Grounds Attendant Lead
Business Systems Liaison
Chemical Engineer I
Chemical Engineer II
Chemical Engineer III
Chemist I
Chemist II
Chemist III
Communications & Community Relations Mgr
Communications Coordinator
Computer Operator
Corporate Files Supervisor
Corporate Safety Administrator
Corporate Safety Trainer
Desktop Support Specialist
Director Environmental Services
Director Finance
Director Fuels Procurement
Director Information Systems & Technology
Director Power Portfolio Optimization*
Director Regulatory & Government Relations

Director Risk Management/Strategic Planning
Director Supply Chain
Drafter
Easement Agent
Electrical Engineering Supervisor
Employment Specialist
Energy Control Supervisor
Engineer I (Electrical)
Engineer II (Electrical)
Engineer III (Electrical)
Engineer IV (Electrical)
Executive Assistant
Fuels Logistics Coordinator
Fuels Procurement Associate
General Clerk A
General Clerk B
General Services Coordinator
General Services Supervisor
Health & Safety Specialist
Human Resources Assistant
Human Resources Associate
Human Resources Generalist
Human Resources Specialist
Insurance & Pension Administrator
Inventory Control Supervisor
Lab Supervisor
Lead Accounts Payable
Line Supervisor (Transmission)
Mail Courier
Maintenance Manager

* Represents non-benchmark job

Appendix
A: List of Jobs Included in Market Assessment (cont'd)

Maintenance Planner
Maintenance Supervisor
Manager Application Development
Manager Budgets
Manager Business Systems Infrastructure
Manager Employee & Labor Relations
Manager Employment & Benefits
Manager Engineering & Energy Control
Manager Environmental Services / Air Quality
Manager General Accounting
Manager Human Resources
Manager Marketing & Member Relations
Manager Transmission
Material Handling Supervisor
Network Specialist
Payroll Clerk A
Payroll Clerk B
Payroll Supervisor
PC System Support Lead
Plant Engineer I (Mechanical)
Plant Engineer II (Mechanical)
Plant Engineer III (Mechanical)
Plant Manager
Procurement Agent I
Procurement Agent II
Procurement Supervisor
Production Manager
Production Supervisor
Programmer I
Programmer II

Programmer, Sys Analyst
Receptionist/PBX A
Receptionist/PBX B
Scientist I
Scientist II
Scientist III
Secretary
Senior Accountant
Senior Accounting Associate
Senior Budget Analyst
Senior Business Systems Analyst
Senior Chemical Engineer
Senior Chemist
Senior Communications Coordinator
Senior Computer Operator
Senior Drafter
Senior Electrical Engineer
Senior GIS Specialist*
Senior PC System Support Specialist
Senior Plant Engineer (aka Mechanical)
Senior Procurement Agent
Senior Programmer
Senior Scientist
Staff Accountant
Substation Maintenance Supervisor
Substation Operations Supervisor
System Analyst/Programmer
System Analyst/Programmer I
System Analyst/Programmer II
System Analyst/Programmer Sr
System Supervisor

Generation & Transmission ("G&T") Summary Statistics – National Rural Electric Cooperative Association G&T Compensation Survey

Section I:
G&T Summary Statistics

2011 NRECA G&T COMPENSATION SURVEY
GENERAL STATISTICS FOR REPORTING GROUP
OPERATIONAL INFORMATION

ID. CODE	NON-U EMPS	UNION EMPS	GROSS REVENUE	OPERATING BUDGET	TOTAL ASSETS
B01	306	197	$1,458,915,324	$1,420,071,306	$1,844,557,929
B02	341	315	$1,070,547,000	$1,024,522,000	$2,852,098,000
B04	250	356	$530,058,852	$523,067,936	$1,472,185,126
B05	681		$827,446,000	$686,240,000	$3,056,462,000
B06	226	241			
B07	2		$70,865,714	$67,995,878	$53,253,562
B11	355	231	$660,248,726	$616,908,528	$1,769,821,865
B12	155	195	$249,073,724	$243,993,425	$562,823,528
B13	375		$1,030,259,115		$2,801,276,000
B14	242		$588,834,054	$627,381,122	$1,214,336,971
B15	440				
B16	364		$450,973,648	$373,910,965	$1,059,249,989
B17	184		$140,251,917	$136,751,916	$277,915,538
B18	230	136	$404,000,000	$390,000,000	$535,000,000
B19	31	94	$147,423,797	$145,272,180	$758,613,150
B21	22	21	$69,603,796	$73,257,408	$83,495,733
B22	108		$844,447,000	$790,799,000	$1,512,435,000
B23	68	79	$219,030,902	$6,063,705	$331,852,616
B24	65		$750,136,896		$953,350,515
B25	22		$138,984,507		$274,976,194
B26	127		$181,546,783	$179,103,069	$282,561,283
B27	21		$46,520,770	$48,390,440	$36,910,438
B28	65	48	$256,177,159	$222,596,588	$308,751,301
B29	18	24	$79,321,243	$82,535,600	$127,059,689
B30	144		$232,737,190	$213,509,844	$466,122,171
B32	33		$538,281,528	$549,177,458	$1,808,410,276
B33	1		$25,000,000	$25,000,000	$5,111,567
B34	158		$342,091,307	$331,494,190	$711,050,816
B35	60				
B39	733	592	$999,700,000	$1,000,000,000	$4,900,000,000
B41	191	109	$73,651,547	$80,237,935	$11,014,410
B42	77	54		$177,000,000	$584,000,000
B43	75	58	$183,656,588	$181,828,000	$284,190,580
B44	31		$396,927	$348,908	$584,774
B45	851	329	$116,000,000		$3,680,000,000
B48	42		$1,166,760,704	$1,190,889,098	$312,733,523
B49	52	42	$107,301,811	$116,664,440	$346,739,861
B50	2		$191,934,460	$513,561	$21,021,852
B51	2		$375,907	$375,907	$133,416
B53	60		$99,536,159	$94,604,226	$167,615,508
B60	35		$178,000,000	$175,000,000	$35,000,000
B62	149		$1,010,382,750		
B64	729				
B65	330	292	$415,484,014	$430,619,043	$1,321,189,101
B66	6		$103,529,365	$5,825,162	$153,467,858
B69	604	247	$888,776,445	$26,633,248	$3,205,450,027
B70	98	219			
B72	6		$51,209,229	$2,833,908	$115,237,186
B73	10		$250,327,908	$283,491,817	$330,193,635
B75	57		$118,046,621	$112,509,772	$549,160,686
B77	15		$78,017,217	$75,613,527	$56,950,086
B78					
B81	29		$199,971,000	$196,204,000	$239,915,000
B82	206				
AVERAGE	179	185	$382,300,774	$307,838,931	$901,614,756

2011 NRECA G&T COMPENSATION SURVEY
NUMBER OF FULL-TIME REGULAR EMPLOYEES

ID. CODE	TECHNICAL POSITION	PROFESSIONAL POSITION	MANAGEMENT POSITION
B01	286	126	62
B02	56	134	130
B04	411	105	90
B05	353	177	151
B06			
B07		1	1
B11	51	110	79
B12	195	109	46
B13	260	45	70
B14	100	90	52
B15			
B16	233	75	56
B17	12	6	26
B18	195	42	73
B19	94		31
B21	21	12	10
B22	1	47	34
B23	28	34	22
B24			
B25	4	11	7
B26	83	25	19
B27	7	7	7
B28	48	44	21
B29	3	13	26
B30	90	23	31
B32	8	21	4
B33			1
B34	104	36	18
B35	48	7	5
B39	227	333	181
B41	14	96	51
B42	25	28	25
B43	75	21	21
B44	8	17	4
B45	390	590	200
B48	13	7	20
B49			
B50		1	1
B51		1	1
B53	27	6	18
B60	7	14	9
B62	16	64	36
B64			
B65	429	99	94
B66	3	2	1
B69	415	326	110
B70	79	13	17
B72	1	2	2
B73	2	4	2
B75	33	14	10
B77	4	8	3
B78			
B81	12	10	7
B82	108	69	29
AVERAGE	104	66	40

2011 NRECA G&T COMPENSATION SURVEY
AVERAGE AMOUNT OF LAST SALARY STRUCTURE ADJUSTMENT
(ADJUSTMENT %)

ID. CODE	TECHNICAL POSITION	PROFESSIONAL POSITION	MANAGEMENT POSITION
B01	2.70	2.70	2.70
B02	2.00	2.00	2.00
B04	3.35	2.00	2.00
B05	3.00	3.00	3.00
B06	3.00	1.00	1.00
B07		.00	.00
B11	.60	.00	.00
B12	2.75	2.50	2.50
B13	2.10	2.10	2.10
B14	7.00	7.00	7.00
B15	3.25	2.75	2.75
B16	2.00	2.00	2.00
B17	1.50	1.50	1.50
B18			
B19	4.00	4.00	4.00
B21	5.50	3.00	2.50
B22			
B23	2.30	2.30	2.30
B24			
B25	1.70	1.70	1.70
B26			
B27			
B28	2.50	2.50	2.50
B29	4.90	5.40	6.30
B30	2.90	2.90	2.90
B32	.40	.40	.40
B33			
B34	1.90	1.90	1.90
B35	3.00	3.00	4.50
B39	2.50	2.50	2.50
B41	1.80	1.80	1.80
B42	6.00	6.00	6.00
B43	2.25	2.25	2.25
B44	4.00	4.00	4.00
B45	3.00	3.30	3.30
B48	2.00	2.00	2.00
B49	2.00		
B50		3.50	3.50
B51		3.00	3.00
B53	4.00	4.00	4.00
B60			
B62	3.00	3.00	3.00
B64	2.00	2.00	2.00
B65	2.00	2.50	2.50
B66	2.00	3.00	3.00
B69		1.50	1.50
B70	.00	.00	.00
B72			
B73	5.00	5.00	5.00
B75	3.00	3.00	3.00
B77			
B78			
B81			
B82	2.00	2.00	2.00
AVERAGE	2.79%	2.62%	2.66%

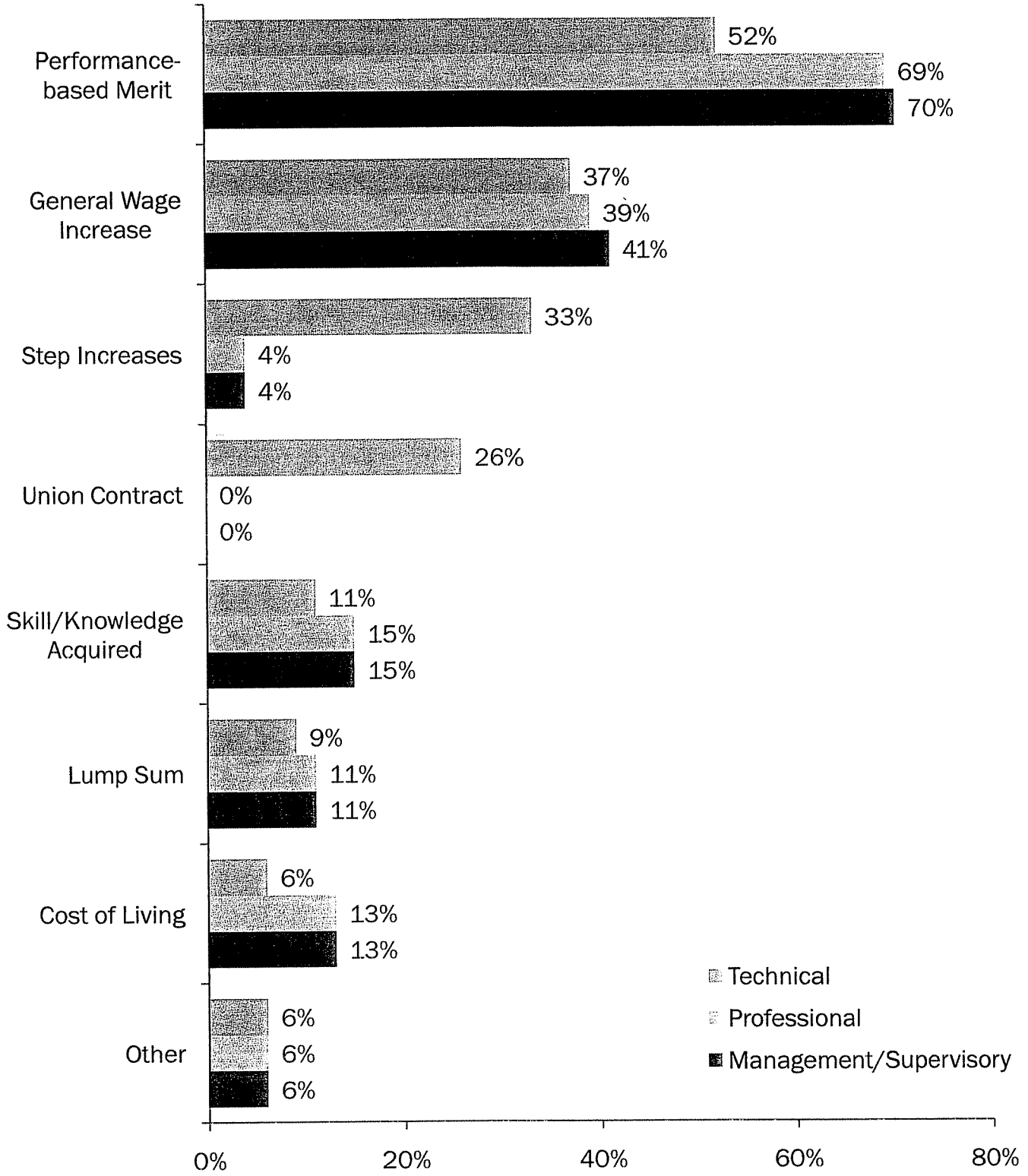
2011 NRECA G&T COMPENSATION SURVEY
SIZE OF LAST SALARY INCREASE BUDGET/
SIZE OF PROJECTED SALARY INCREASE BUDGET
(***BOTH REPORTED AS A % OF PAYROLL)

ID. CODE	=== TECH POSITION == LAST SAL INCREASE	PROJ SAL INCREASE	=== PROF POSITION== LAST SAL INCREASE	PROJ SAL INCREASE	=== MGMT POSITION == LAST SAL INCREASE	PROJ SAL INCREASE
B01	2.00		3.00		3.00	
B02	3.50		3.50		3.50	
B04	3.35	3.00	2.00	3.00	2.00	3.00
B05	.00	3.00	.50	3.10	.50	3.10
B06	3.50	3.00	1.00	1.00	1.00	1.00
B07			11.80	10.50	3.60	3.20
B11	2.90	2.80	2.90	2.80	2.90	2.80
B12	3.25	3.25	3.00	3.00	3.00	3.00
B13	2.50	3.00	2.50	3.00	2.50	3.00
B14	3.00	3.00	3.00	3.00	3.00	3.00
B15	3.25		2.75		2.75	
B16	2.90	3.00	2.90	3.00	2.90	3.00
B17	2.00	2.00	2.00	2.00	2.00	2.00
B18	3.00	3.00	3.00	3.00	3.00	3.00
B19	4.00	2.00	4.00	4.00	4.00	4.00
B21	5.50	2.50	4.00	2.50	4.00	2.50
B22	2.90	3.00	2.90	3.00	2.90	3.00
B23	4.00	4.00	4.00	4.00	4.00	4.00
B24	3.00	3.00	3.00	3.00	3.00	3.00
B25	4.00	4.00	4.00	4.00	4.00	4.00
B26	3.40	5.00	3.40	5.00	3.40	5.00
B27	3.50	3.00	3.50	3.00	3.00	3.00
B28	2.50	2.50	2.50	2.50	2.50	2.50
B29	4.90	4.90	5.40	4.90	6.30	4.90
B30	2.90		2.90		2.90	
B32	2.50	3.00	2.50	3.00	2.50	3.00
B33					4.00	.00
B34	3.00	3.00	3.00	3.00	3.00	3.00
B35						
B39	2.50	2.50	2.50	2.50	2.50	2.50
B41	1.90	2.00	2.00	2.00	1.80	2.00
B42	3.50	3.50	3.50	3.50	3.50	3.50
B43	3.00	3.00	3.00	3.00	3.00	3.00
B44	4.00	4.00	4.00	4.00	4.00	4.00
B45	3.50	3.00	2.80	3.50	2.80	3.50
B48	.00	3.00	.00	3.00	.00	3.00
B49						
B50			3.50	2.80	3.50	2.80
B51			3.00	3.00	3.00	3.00
B53	4.00	4.00	4.00	4.00	4.00	4.00
B60	2.50	3.00	2.50	3.00	2.50	3.00
B62	3.00	3.00	3.00	3.00	3.00	3.00
B64	2.50	2.50	2.50	2.50	2.50	2.50
B65	2.70	2.70	2.70	2.70	2.70	2.70
B66	2.00	3.00	2.00	3.00	2.00	3.00
B69	3.00	3.00	3.00	3.00	3.00	3.00
B70	.00	1.80	.00	2.50	.00	2.50
B72	5.00	3.00**	5.00	3.00**	.00	3.00**
B73	5.00	5.00	5.00	5.00	5.00	5.00
B75	3.10	3.00	5.00	3.50	4.70	3.50
B77	3.50	3.50	3.50	3.50	3.50	3.50
B78						
B81	2.50	2.50	2.50	2.50	.00	2.50
B82	2.80	2.30	2.80	2.30	2.80	2.30
AVERAGE	3.01%	3.08%	3.14%	3.26%	2.84%	3.04%

** Increase reported is for existing employees. With anticipated new employees added during 2011, increase would be 27% technical, 40% professional, and 27% management/supervisory.

Types of Salary Increases Typically Given

Multiple Responses Possible



2011 NRECA G&T COMPENSATION SURVEY
TYPES OF SALARY INCREASES TYPICALLY GIVEN
~TECHNICAL POSITION~

ID. CODE	PERF BASED MERIT	GEN WAGE INCR	COST OF LIVING	STEP INCR	SKILL/ KNOW ACQ	LUMP SUM	OTHER	UNION CON-TRACT
B01	Yes	N	N	Yes	N	N	N	Yes
B02	Yes	N	N	Yes	N	Yes	N	Yes
B04	N	Yes	N	N	N	Yes	N	Yes
B05	Yes	N	N	N	Yes	N	N	N
B06	N	N	N	N	N	N	N	Yes
B07	N	N	N	N	N	N	N	N
B11	Yes	N	N	N	Yes	N	N	Yes
B12	N	Yes	N	Yes	N	N	N	N
B13	Yes	Yes	N	Yes	Yes	N	N	N
B14	N	Yes	N	N	N	N	N	N
B15	N	N	N	Yes	N	N	N	N
B16	Yes	N	N	Yes	N	N	N	N
B17	Yes	Yes	N	N	Yes	N	N	N
B18	Yes	N	N	N	N	N	N	Yes
B19	N	N	N	Yes	N	N	N	Yes
B21	N	Yes	Yes	N	N	N	N	N
B22	N	N	N	N	N	Yes	Yes	N
B23	Yes	N	N	N	N	N	N	N
B24	Yes	N	N	N	N	N	N	N
B25	Yes	N	N	N	N	N	N	N
B26	N	N	N	N	N	N	Yes	N
B27	N	Yes	N	N	N	N	N	N
B28	N	N	N	Yes	N	N	N	Yes
B29	N	N	N	Yes	N	N	N	Yes
B30	N	Yes	N	Yes	N	N	N	N
B32	Yes	N	N	N	N	N	N	N
B33	N	N	N	N	N	N	N	N
B34	Yes	N	N	Yes	N	N	Yes	N
B35	Yes	Yes	N	Yes	N	N	N	N
B39	Yes	N	N	N	N	N	N	N
B41	Yes	N	N	N	N	N	N	N
B42	Yes	N	N	N	N	N	N	N
B43	N	N	N	Yes	N	N	N	Yes
B44	Yes	Yes	N	N	N	N	N	N
B45	N	Yes	N	N	N	N	N	Yes
B48	Yes	N	N	N	N	N	N	N
B49	N	N	N	N	N	N	N	N
B50	Yes	Yes	N	N	N	N	N	N
B51	N	N	N	N	N	N	N	N
B53	N	Yes	N	Yes	Yes	N	N	N
B60	Yes	N	N	N	N	N	N	N
B62	Yes	N	N	Yes	N	N	N	N
B64	Yes	N	N	N	N	Yes	N	N
B65	N	Yes	N	N	N	N	N	Yes
B66	Yes	N	Yes	N	N	Yes	N	N
B69	N	Yes	N	Yes	N	N	N	Yes
B70	N	N	N	Yes	N	N	N	Yes
B72	Yes	Yes	Yes	N	N	N	N	N
B73	N	Yes	N	N	N	N	N	N
B75	N	Yes	N	N	N	N	N	N
B77	N	Yes	N	N	Yes	N	N	N
B78	Yes	N	N	N	N	N	N	N
B81	Yes	N	N	N	N	N	N	N
B82	Yes	Yes	N	Yes	N	N	N	N
	28-Yes	20-Yes	3-Yes	18-Yes	6-Yes	5-Yes	3-Yes	14-Yes

2011 NRECA G&T COMPENSATION SURVEY
TYPES OF SALARY INCREASES TYPICALLY GIVEN
~PROFESSIONAL POSITION~

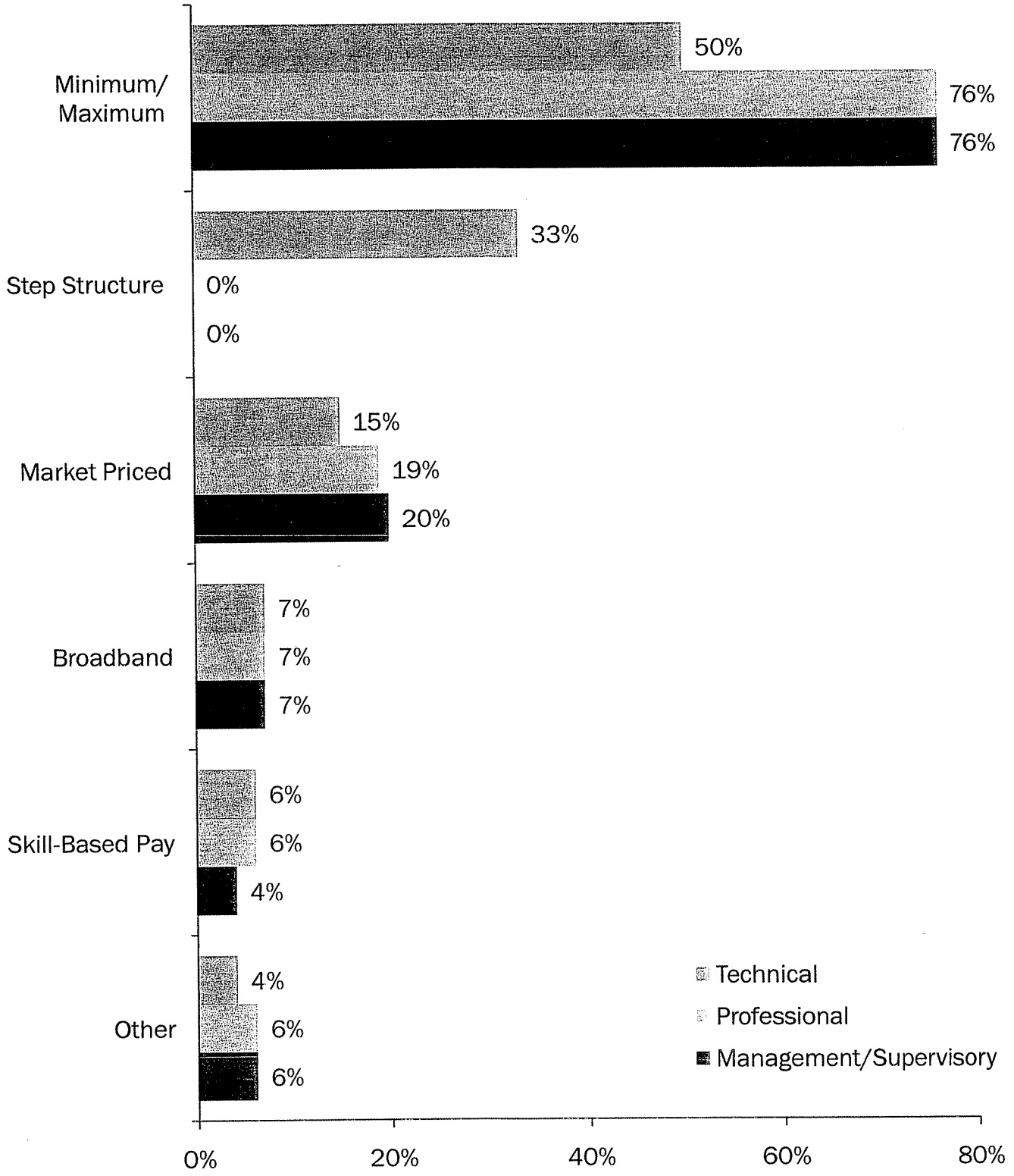
ID. CODE	PERF BASED MERIT	GEN WAGE INCR	COST OF LIVING	STEP INCR	SKILL/ KNOW ACQ	LUMP SUM	OTHER	UNION CON- TRACT
B01	Yes	N	N	N	N	N	N	N
B02	Yes	N	N	N	N	Yes	N	N
B04	N	Yes	N	N	N	Yes	N	N
B05	Yes	N	N	N	N	N	N	N
B06	Yes	N	N	N	N	N	N	N
B07	Yes	N	Yes	N	N	N	N	N
B11	Yes	N	N	N	N	N	N	N
B12	Yes	Yes	N	N	N	N	N	N
B13	Yes	Yes	N	N	N	N	N	N
B14	Yes	N	N	N	N	N	N	N
B15	N	Yes	Yes	N	Yes	N	N	N
B16	N	N	N	N	N	N	N	N
B17	Yes	Yes	N	N	Yes	N	N	N
B18	Yes	N	N	N	N	N	N	N
B19	Yes	Yes	N	N	N	N	N	N
B21	Yes	Yes	Yes	N	Yes	N	N	N
B22	N	N	N	N	N	Yes	Yes	N
B23	Yes	N	N	N	N	N	N	N
B24	N	N	N	N	N	N	N	N
B25	Yes	N	N	N	N	N	N	N
B26	N	N	N	N	N	N	Yes	N
B27	N	Yes	N	N	N	N	N	N
B28	Yes	Yes	Yes	N	Yes	N	N	N
B29	N	Yes	N	N	N	N	N	N
B30	Yes	N	N	N	N	N	N	N
B32	Yes	N	N	N	N	N	N	N
B33	N	N	N	N	N	N	N	N
B34	Yes	N	N	N	N	N	Yes	N
B35	Yes	Yes	N	Yes	N	N	N	N
B39	Yes	N	N	N	N	N	N	N
B41	Yes	N	N	N	N	N	N	N
B42	Yes	N	N	N	N	N	N	N
B43	Yes	N	N	N	N	N	N	N
B44	Yes	Yes	N	N	N	N	N	N
B45	N	Yes	N	N	N	N	N	N
B48	Yes	N	N	N	N	N	N	N
B49	N	N	N	N	N	N	N	N
B50	Yes	Yes	N	N	N	N	N	N
B51	N	N	Yes	N	N	N	N	N
B53	N	Yes	N	Yes	Yes	N	N	N
B60	Yes	N	N	N	N	N	N	N
B62	Yes	N	N	N	N	N	N	N
B64	Yes	N	N	N	N	Yes	N	N
B65	N	Yes	N	N	N	N	N	N
B66	Yes	N	Yes	N	N	Yes	N	N
B69	N	Yes	N	N	N	Yes	N	N
B70	Yes	N	N	N	Yes	N	N	N
B72	Yes	Yes	Yes	N	N	N	N	N
B73	N	Yes	N	N	N	N	N	N
B75	Yes	N	N	N	Yes	N	N	N
B77	N	Yes	N	N	Yes	N	N	N
B78	Yes	N	N	N	N	N	N	N
B81	Yes	N	N	N	N	N	N	N
B82	Yes	Yes	N	N	N	N	N	N
	37-Yes	21-Yes	7-Yes	2-Yes	8-Yes	6-Yes	3-Yes	0-Yes

2011 NRECA G&T COMPENSATION SURVEY
TYPES OF SALARY INCREASES TYPICALLY GIVEN
~MANAGEMENT/SUPERVISORY POSITION~

ID. CODE	PERF BASED MERIT	GEN WAGE INCR	COST OF LIVING	STEP INCR	SKILL/ KNOW ACQ	LUMP SUM	OTHER	UNION CON- TRACT
B01	Yes	N	N	N	N	N	N	N
B02	Yes	N	N	N	N	Yes	N	N
B04	N	Yes	N	N	N	Yes	N	N
B05	Yes	N	N	N	N	N	N	N
B06	Yes	N	N	N	N	N	N	N
B07	Yes	N	Yes	N	N	N	N	N
B11	Yes	N	N	N	N	N	N	N
B12	Yes	Yes	N	N	N	N	N	N
B13	Yes	Yes	N	N	N	N	N	N
B14	Yes	N	N	N	N	N	N	N
B15	N	Yes	Yes	N	N	N	N	N
B16	N	N	N	N	N	N	N	N
B17	Yes	Yes	N	N	Yes	N	N	N
B18	Yes	N	N	N	N	N	N	N
B19	Yes	Yes	N	N	Yes	N	N	N
B21	Yes	Yes	Yes	N	Yes	N	N	N
B22	N	N	N	N	N	Yes	Yes	N
B23	Yes	N	N	N	N	N	N	N
B24	N	N	N	N	N	N	N	N
B25	Yes	N	N	N	N	N	N	N
B26	N	N	N	N	N	N	Yes	N
B27	N	Yes	N	N	N	N	N	N
B28	Yes	Yes	N	N	Yes	N	N	N
B29	N	Yes	N	N	N	N	N	N
B30	Yes	N	N	N	N	N	N	N
B32	Yes	N	N	N	N	N	N	N
B33	Yes	Yes	Yes	N	N	N	N	N
B34	Yes	N	N	N	N	N	Yes	N
B35	Yes	Yes	N	Yes	N	N	N	N
B39	Yes	N	N	N	N	N	N	N
B41	Yes	N	N	N	N	N	N	N
B42	Yes	N	N	N	N	N	N	N
B43	Yes	N	N	N	N	N	N	N
B44	Yes	Yes	N	N	N	N	N	N
B45	N	Yes	N	N	N	N	N	N
B48	Yes	N	N	N	N	N	N	N
B49	N	N	N	N	N	N	N	N
B50	Yes	Yes	N	N	N	N	N	N
B51	N	N	Yes	N	N	N	N	N
B53	N	Yes	N	Yes	Yes	N	N	N
B60	Yes	N	N	N	N	N	N	N
B62	Yes	N	N	N	N	N	N	N
B64	Yes	N	N	N	N	Yes	N	N
B65	N	Yes	N	N	N	N	N	N
B66	Yes	N	Yes	N	N	Yes	N	N
B69	N	Yes	N	N	N	Yes	N	N
B70	Yes	N	N	N	Yes	N	N	N
B72	Yes	Yes	Yes	N	N	N	N	N
B73	N	Yes	N	N	N	N	N	N
B75	Yes	N	N	N	Yes	N	N	N
B77	N	Yes	N	N	Yes	N	N	N
B78	Yes	N	N	N	N	N	N	N
B81	Yes	N	N	N	N	N	N	N
B82	Yes	Yes	N	N	N	N	N	N
	38-Yes	22-Yes	7-Yes	2-Yes	8-Yes	6-Yes	3-Yes	0-Yes

Types of Formal Salary Structures/Ranges Used

Multiple Responses Possible



2011 NRECA G&T COMPENSATION SURVEY
TYPE OF FORMAL SALARY STRUCTURES/RANGES USED
-TECHNICAL POSITION-

ID. CODE	MIN/MAX	BROAD-BAND	SKILL-BASED	MARKET PRICED	STEP STRUCT.	OTHER
B01	Yes	N	N	N	Yes	N
B02	Yes	N	N	N	N	N
B04	Yes	N	N	N	N	N
B05	N	N	Yes	N	N	N
B06	N	N	N	N	Yes	N
B07	N	N	N	N	N	N
B11	Yes	N	Yes	Yes	N	N
B12	N	N	N	N	Yes	N
B13	N	N	N	N	Yes	N
B14	Yes	N	N	N	N	N
B15	Yes	N	N	N	Yes	N
B16	Yes	N	N	N	N	N
B17	Yes	N	N	Yes	N	N
B18	Yes	N	N	N	N	N
B19	N	N	N	N	Yes	N
B21	N	N	N	N	Yes	N
B22	N	N	N	N	N	N
B23	Yes	N	N	N	N	N
B24	Yes	N	N	N	N	N
B25	Yes	N	N	N	N	N
B26	N	N	N	Yes	N	N
B27	Yes	N	N	N	N	N
B28	N	N	N	N	Yes	N
B29	N	N	N	N	Yes	N
B30	N	N	N	N	Yes	N
B32	Yes	N	N	N	N	N
B33	Yes	N	N	N	N	N
B34	Yes	N	N	Yes	Yes	N
B35	Yes	N	N	N	N	N
B39	N	Yes	N	N	N	N
B41	Yes	N	N	N	N	N
B42	Yes	N	N	N	N	N
B43	Yes	N	N	N	Yes	N
B44	Yes	N	N	N	N	N
B45	N	N	N	N	Yes	N
B48	Yes	N	N	N	N	N
B49	N	N	N	N	N	N
B50	N	N	Yes	N	N	N
B51	N	N	N	N	N	N
B53	N	Yes	N	N	N	N
B60	N	N	N	Yes	N	N
B62	N	Yes	N	N	Yes	N
B64	Yes	N	N	N	N	N
B65	Yes	N	N	Yes	N	N
B66	Yes	N	N	N	N	N
B69	N	N	N	Yes	Yes	N
B70	N	N	N	N	Yes	N
B72	N	N	N	N	N	Yes
B73	Yes	N	N	N	N	N
B75	N	N	N	N	Yes	N
B77	N	N	N	Yes	N	Yes
B78	Yes	N	N	N	N	N
B81	N	Yes	N	N	N	N
B82	N	N	N	N	Yes	N
	27-Yes	4-Yes	3-Yes	8-Yes	18-Yes	2-Yes

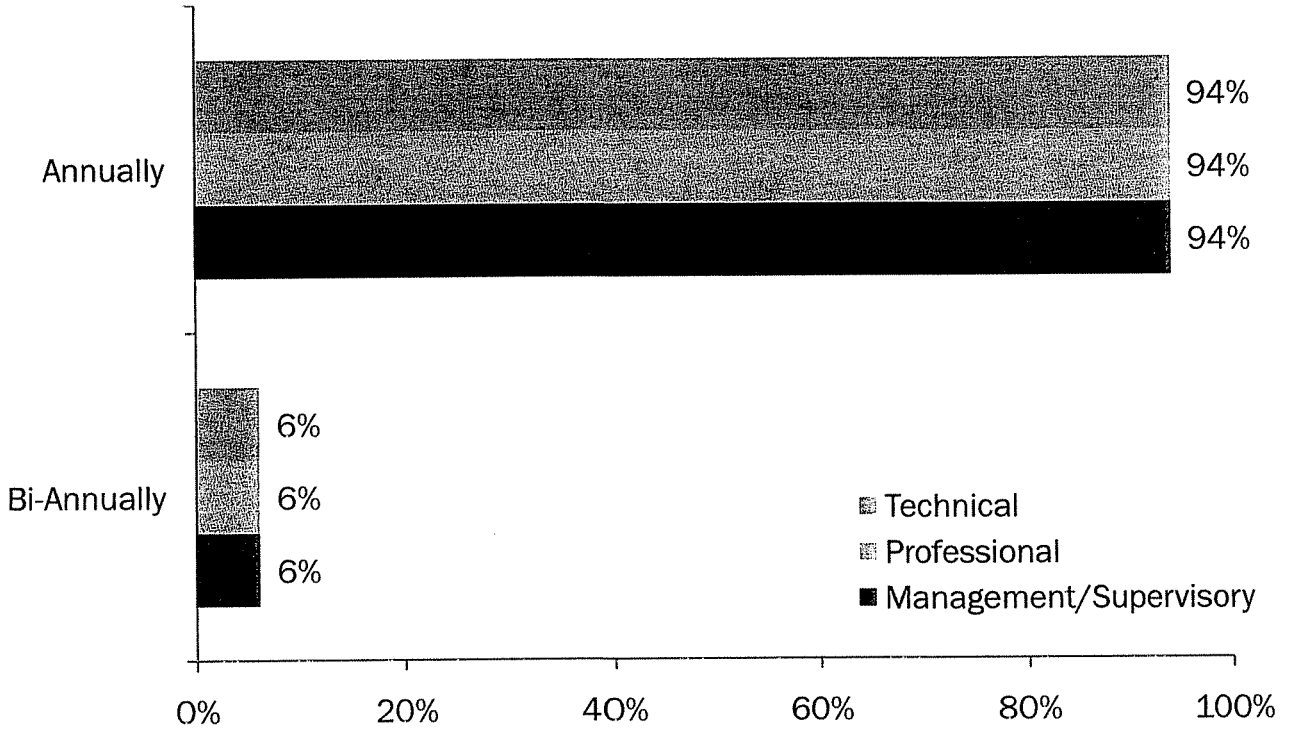
2011 NRECA G&T COMPENSATION SURVEY
TYPE OF FORMAL SALARY STRUCTURES/RANGES USED
~PROFESSIONAL POSITION~

ID. CODE	MIN/MAX	BROAD-BAND	SKILL-BASED	MARKET PRICED	STEP STRUCT.	OTHER
B01	Yes	N	N	N	N	N
B02	Yes	N	N	N	N	N
B04	Yes	N	N	N	N	N
B05	Yes	N	N	N	N	N
B06	Yes	N	N	N	N	N
B07	N	N	N	N	N	N
B11	Yes	N	N	Yes	N	N
B12	Yes	N	N	N	N	N
B13	Yes	N	N	N	N	N
B14	Yes	N	N	N	N	N
B15	Yes	N	N	N	N	N
B16	Yes	N	N	N	N	N
B17	Yes	N	N	Yes	N	N
B18	Yes	N	N	N	N	N
B19	Yes	N	N	Yes	N	N
B21	Yes	N	N	N	N	N
B22	N	N	N	N	N	N
B23	Yes	N	N	N	N	N
B24	Yes	N	N	N	N	N
B25	Yes	N	N	N	N	N
B26	N	N	N	Yes	N	N
B27	Yes	N	N	N	N	N
B28	Yes	N	N	N	N	N
B29	N	N	Yes	N	N	N
B30	Yes	Yes	N	N	N	N
B32	Yes	N	N	N	N	N
B33	Yes	N	N	N	N	N
B34	Yes	N	N	Yes	N	N
B35	Yes	N	N	N	N	N
B39	N	Yes	N	N	N	N
B41	Yes	N	N	N	N	N
B42	Yes	N	N	N	N	N
B43	Yes	N	N	N	N	N
B44	Yes	N	N	N	N	N
B45	Yes	N	N	N	N	N
B48	Yes	N	N	N	N	N
B49	N	N	N	N	N	N
B50	N	N	Yes	N	N	N
B51	N	N	N	N	N	Yes
B53	N	Yes	N	N	N	N
B60	N	N	N	Yes	N	N
B62	Yes	N	N	N	N	N
B64	Yes	N	N	N	N	N
B65	Yes	N	N	Yes	N	N
B66	Yes	N	N	N	N	N
B69	Yes	N	N	Yes	N	N
B70	Yes	N	N	N	N	N
B72	N	N	N	N	N	Yes
B73	Yes	N	N	N	N	N
B75	Yes	N	Yes	Yes	N	N
B77	N	N	N	Yes	N	Yes
B78	Yes	N	N	N	N	N
B81	N	Yes	N	N	N	N
B82	Yes	N	N	N	N	N
	41-Yes	4-Yes	3-Yes	10-Yes	0-Yes	3-Yes

2011 NRECA G&T COMPENSATION SURVEY
TYPE OF FORMAL SALARY STRUCTURES/RANGES USED
~MANAGEMENT/SUPERVISORY POSITION~

ID. CODE	MIN/MAX	BROAD-BAND	SKILL-BASED	MARKET PRICED	STEP STRUCT.	OTHER
B01	Yes	N	N	N	N	N
B02	Yes	N	N	N	N	N
B04	Yes	N	N	N	N	N
B05	Yes	N	N	N	N	N
B06	Yes	N	N	N	N	N
B07	N	N	N	N	N	N
B11	Yes	N	N	Yes	N	N
B12	Yes	N	N	N	N	N
B13	Yes	N	N	N	N	N
B14	Yes	N	N	N	N	N
B15	Yes	N	N	N	N	N
B16	Yes	N	N	N	N	N
B17	Yes	N	N	Yes	N	N
B18	Yes	N	N	N	N	N
B19	Yes	N	N	Yes	N	N
B21	Yes	N	N	N	N	N
B22	N	N	N	N	N	N
B23	Yes	N	N	N	N	N
B24	Yes	N	N	N	N	N
B25	Yes	N	N	N	N	N
B26	N	N	N	Yes	N	N
B27	Yes	N	N	N	N	N
B28	Yes	N	N	N	N	N
B29	N	N	Yes	N	N	N
B30	Yes	Yes	N	N	N	N
B32	Yes	N	N	N	N	N
B33	Yes	N	N	N	N	N
B34	Yes	N	N	Yes	N	N
B35	Yes	N	N	N	N	N
B39	N	Yes	N	N	N	N
B41	Yes	N	N	N	N	N
B42	Yes	N	N	N	N	N
B43	Yes	N	N	N	N	N
B44	Yes	N	N	N	N	N
B45	Yes	N	N	N	N	N
B48	Yes	N	N	N	N	N
B49	N	N	N	N	N	N
B50	N	N	N	Yes	N	N
B51	N	N	N	N	N	Yes
B53	N	Yes	N	N	N	N
B60	N	N	N	Yes	N	N
B62	Yes	N	N	N	N	N
B64	Yes	N	N	N	N	N
B65	Yes	N	N	Yes	N	N
B66	Yes	N	N	N	N	N
B69	Yes	N	N	Yes	N	N
B70	Yes	N	N	N	N	N
B72	N	N	N	N	N	Yes
B73	Yes	N	N	N	N	N
B75	Yes	N	Yes	Yes	N	N
B77	N	N	N	Yes	N	Yes
B78	Yes	N	N	N	N	N
B81	N	Yes	N	N	N	N
B82	Yes	N	N	N	N	N
	41-Yes	4-Yes	2-Yes	11-Yes	0-Yes	3-Yes

Frequency of Salary Structure Review



Date Last Reviewed	
Pre January, 2010	6%
January – July, 2010	12%
August – September, 2010	10%
October – December, 2010	38%
January, 2011	31%
February – March, 2011	2%

Month of Annual Compensation Increase	
January	20%
March	2%
April	4%
June	2%
July	17%
September	7%
October	15%
November	19%
December	2%
Anniversary Date	13%

2011 NRECA G&T COMPENSATION SURVEY
OFTEN SALARY STRUCTURED REVIEWED/
DATE OF LAST REVIEW

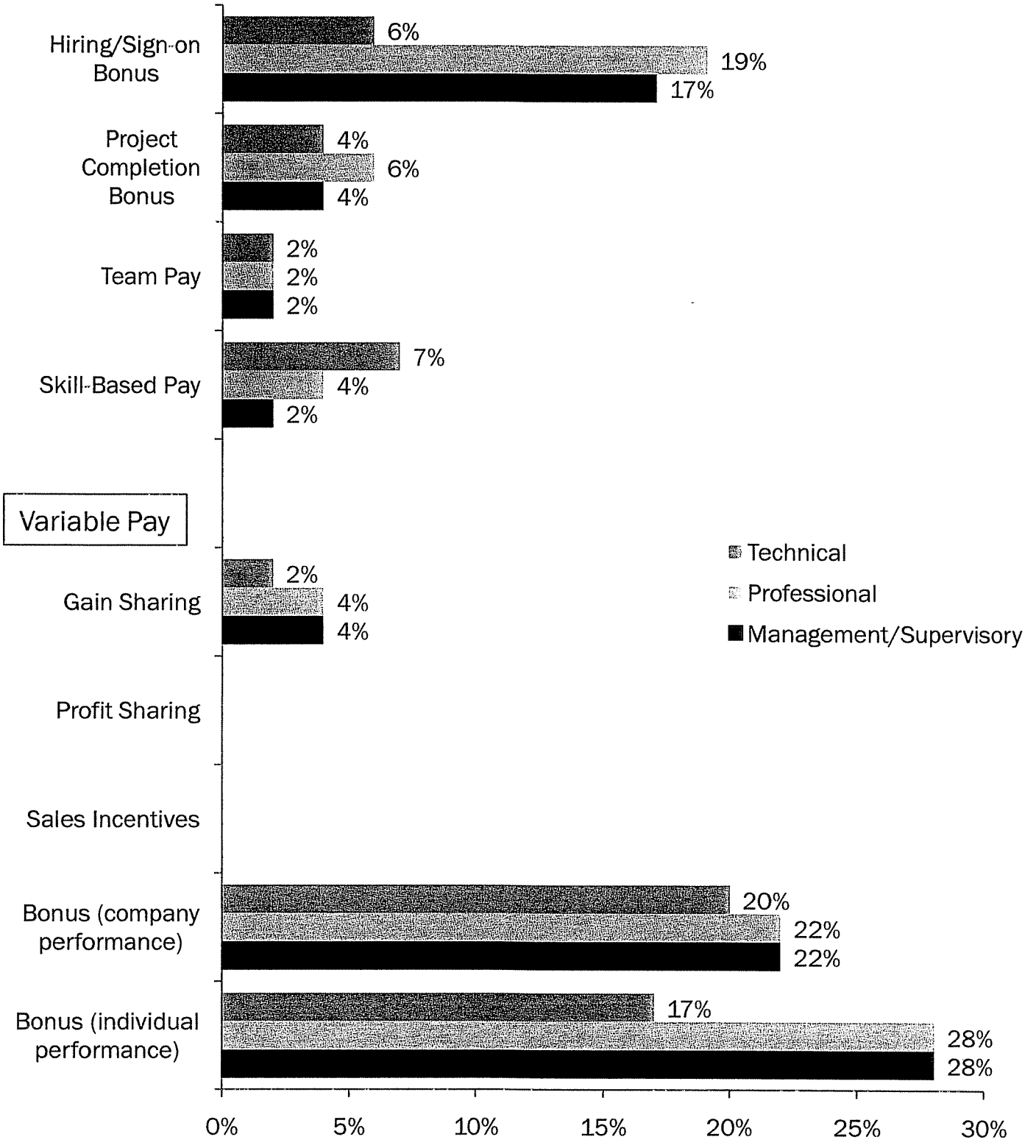
ID. CODE	=== TECH POSITION=== FREQ SAL REVIEW	LAST REVIEWED	=== PROF POSITION == FREQ SAL REVIEW	LAST REVIEWED	=== MGMT POSITION == FREQ SAL REVIEW	LAST REVIEWED
B01	Annual	DEC 2010	Annual	DEC 2010	Annual	DEC 2010
B02	Annual	NOV 2010	Annual	NOV 2010	Annual	NOV 2010
B04	Annual	JAN 2011	Annual	JAN 2011	Annual	JAN 2011
B05	Annual	MAR 2011	Annual	MAR 2011	Annual	MAR 2011
B06	Annual	SEP 2010	Annual	JAN 2011	Annual	JAN 2011
B07			Annual	NOV 2010	Annual	NOV 2010
B11	Annual	NOV 2010	Annual	NOV 2010	Annual	NOV 2010
B12	Annual	APR 2010	Annual	JAN 2011	Annual	JAN 2011
B13	Annual	JAN 2011	Annual	JAN 2011	Annual	JAN 2011
B14	Annual	JAN 2011	Annual	JAN 2011	Annual	JAN 2011
B15	Annual	OCT 2010	Annual	OCT 2010	Annual	OCT 2010
B16	Annual	JUL 2010	Annual	JUL 2010	Annual	JUL 2010
B17	Annual	JAN 2011	Annual	JAN 2011	Annual	JAN 2011
B18	Annual	JAN 2011	Annual	JAN 2011	Annual	JAN 2011
B19	Annual	JUL 2010	Annual	JAN 2011	Annual	JAN 2011
B21	Annual	JUL 2010	Annual	JUL 2010	Annual	JUL 2010
B22						
B23		SEP 2010	Annual	SEP 2010	Annual	SEP 2010
B24	Annual		Annual		Annual	
B25	Annual	OCT 2010	Annual	OCT 2010	Annual	OCT 2010
B26	Annual	NOV 2010	Annual	NOV 2010	Annual	NOV 2010
B27	Annual	OCT 2010	Annual	OCT 2010	Annual	OCT 2010
B28	Annual	JUL 2010	Annual	OCT 2010	Annual	OCT 2010
B29	Annual	NOV 2010	Annual	NOV 2010	Annual	NOV 2010
B30	Annual	OCT 2010	Annual	OCT 2010	Annual	OCT 2010
B32	Annual	JUL 2010	Annual	JUL 2010	Annual	JUL 2010
B33					Annual	SEP 2010
B34	Annual	JAN 2011	Annual	JAN 2011	Annual	JAN 2011
B35	Annual	AUG 2010	Annual	AUG 2010	Annual	AUG 2010
B39	Annual	SEP 2010	Annual	SEP 2010	Annual	SEP 2010
B41	Annual	OCT 2010	Annual	OCT 2010	Annual	OCT 2010
B42	Bi-Annual	JUL 2008	Bi-Annual	JUL 2008	Bi-Annual	JUL 2008
B43	Annual	DEC 2010	Annual	JAN 2011	Annual	JAN 2011
B44	Annual	OCT 2010	Annual	OCT 2010	Annual	OCT 2010
B45	Annual	DEC 2010	Annual	DEC 2010	Annual	DEC 2010
B48	Annual	JAN 2011	Annual	JAN 2011	Annual	JAN 2011
B49	Bi-Annual		Bi-Annual		Bi-Annual	
B50	Annual		Annual	JUL 2010	Annual	JUL 2010
B51			Annual	NOV 2010	Annual	NOV 2010
B53	Annual	OCT 2010	Annual	OCT 2010	Annual	OCT 2010
B60	Annual	AUG 2010	Annual	AUG 2010	Annual	AUG 2010
B62	Annual	JAN 2011	Annual	JAN 2011	Annual	JAN 2011
B64	Annual	JAN 2011	Annual	JAN 2011	Annual	JAN 2011
B65	Annual	APR 2010	Annual	APR 2010	Annual	APR 2010
B66	Annual	NOV 2010	Annual	NOV 2010	Annual	NOV 2010
B69			Annual	JAN 2011	Annual	JAN 2011
B70			Annual	JAN 2010	Annual	JAN 2010
B72	Annual	OCT 2009	Annual	JUN 2010	Annual	MAR 2009
B73	Annual	OCT 2010	Annual	OCT 2010	Annual	NOV 2010
B75	Annual	OCT 2010	Annual	OCT 2010	Annual	OCT 2010
B77	Annual	NOV 2010	Annual	NOV 2010	Annual	NOV 2010
B78	Annual	JAN 2011	Annual	JAN 2011	Annual	JAN 2011
B81	Bi-Annual	JAN 2009	Bi-Annual	JAN 2009	Bi-Annual	JAN 2009
B82	Annual	JAN 2011	Annual	JAN 2011	Annual	JAN 2011

2011 NRECA G&T COMPENSATION SURVEY
EFFECTIVE DATE OF ANNUAL COMPENSATION INCREASE

ID. CODE	EFFECTIVE DATE OF ANNUAL COMPENSATION INCREASE
B01	1/1/2011
B02	Non Union 11/7/10; IBEW 7/1/10
B04	January 2, 2011
B05	June 2011, if approved
B06	Anniversary date
B07	November 1st
B11	Wage & Salary - Apr 1; Bargaining Unit - Nov 16
B12	1/1/11 for Professional and Management, 4/1/10 for Technical
B13	January 1st
B14	Anniversary date
B15	November 1st
B16	July
B17	September 1 of each year
B18	Non Union, first pay period in Janaury; Union, October 1
B19	January or July, depending on position
B21	July
B22	January
B23	10/30/2010
B24	11/15
B25	November 1st
B26	11/1/2010
B27	October of each year
B28	Anniversary date
B29	November 1
B30	10/17/10
B32	7/1/10
B33	September
B34	1/8/2011
B35	9/26/2010
B39	9/12/2010
B41	10/1/2010
B42	July
B43	Anniversary date; 12/1/10
B44	October 1
B45	12/19/10 (non-bargaining); 3/28/10 (bargaining)
B48	July 1
B49	July 1
B50	7/1/2010
B51	January 1
B53	10/1/2010
B60	October 1st
B62	Anniversary date
B64	3/1/2011
B65	April 1
B66	November 1st
B69	January 1
B70	January 1
B72	Anniversary date
B73	November 2010
B75	October 1st
B77	November 1
B78	July
B81	July 1
B82	Anniversary data

Rewards Used by G&T

Multiple Responses Possible



2011 NRECA G&T COMPENSATION SURVEY
REWARDS USED BY ORGANIZATION
-TECHNICAL POSITION-

ID. CODE	HIRE/ SIGN-ON BONUS	PROJ COMP BONUS	TEAM PAY	SKILL BASE PAY	VARIABLE PAY: GAIN-SHARE	PRO-FIT SHARE	SALES INC.	BONUS COMP PERF	BONUS INDIV PERF
B01	N	N	N	N	N	N	N	N	N
B02	N	N	N	N	N	N	N	N	N
B04	N	N	N	N	Yes	N	N	Yes	N
B05	N	Yes	N	Yes	N	N	N	N	N
B06	N	N	N	N	N	N	N	N	N
B07	N	N	N	N	N	N	N	N	N
B11	N	N	N	Yes	N	N	N	N	N
B12	N	N	N	N	N	N	N	N	N
B13	N	N	N	Yes	N	N	N	Yes	N
B14	N	N	N	N	N	N	N	N	N
B15	N	N	N	N	N	N	N	N	N
B16	N	N	N	N	N	N	N	Yes	N
B17	N	N	Yes	N	N	N	N	Yes	N
B18	N	N	N	N	N	N	N	N	N
B19	N	N	N	N	N	N	N	N	N
B21	N	N	N	N	N	N	N	N	N
B22	N	N	N	N	N	N	N	N	N
B23	N	N	N	N	N	N	N	N	N
B24	N	N	N	N	N	N	N	N	Yes
B25	N	N	N	N	N	N	N	N	N
B26	N	N	N	N	N	N	N	N	N
B27	N	N	N	N	N	N	N	N	N
B28	N	N	N	N	N	N	N	N	N
B29	N	N	N	N	N	N	N	N	N
B30	N	N	N	N	N	N	N	Yes	N
B32	N	N	N	N	N	N	N	N	Yes
B33	N	N	N	N	N	N	N	N	N
B34	Yes	N	N	N	N	N	N	N	N
B35	N	N	N	N	N	N	N	Yes	Yes
B39	N	N	N	N	N	N	N	N	N
B41	N	N	N	N	N	N	N	Yes	N
B42	N	N	N	N	N	N	N	N	N
B43	N	N	N	N	N	N	N	N	N
B44	N	N	N	N	N	N	N	N	N
B45	N	N	N	N	N	N	N	N	N
B48	N	N	N	N	N	N	N	Yes	Yes
B49	N	N	N	N	N	N	N	N	N
B50	N	N	N	N	N	N	N	N	N
B51	N	N	N	N	N	N	N	N	N
B53	N	N	N	N	N	N	N	N	N
B60	N	N	N	N	N	N	N	N	Yes
B62	N	N	N	N	N	N	N	N	N
B64	Yes	N	N	N	N	N	N	Yes	Yes
B65	N	N	N	N	N	N	N	N	Yes
B66	N	N	N	N	N	N	N	N	N
B69	Yes	Yes	N	N	N	N	N	N	Yes
B70	N	N	N	N	N	N	N	N	N
B72	N	N	N	N	N	N	N	N	N
B73	N	N	N	N	N	N	N	N	N
B75	N	N	N	N	N	N	N	N	N
B77	N	N	N	Yes	N	N	N	N	N
B78	N	N	N	N	N	N	N	N	N
B81	N	N	N	N	N	N	N	Yes	Yes
B82	N	N	N	N	N	N	N	Yes	N
	3-Yes	2-Yes	1-Yes	4-Yes	1-Yes	0-Yes	0-Yes	11-Yes	9-Yes

2011 NRECA G&T COMPENSATION SURVEY
REWARDS USED BY ORGANIZATION
~PROFESSIONAL POSITION~

ID. CODE	HIRE/ SIGN-ON BONUS	PROJ COMP BONUS	TEAM PAY	SKILL BASE PAY	VARIABLE PAY: GAIN-SHARE	PRO-FIT SHARE	SALES INC.	BONUS COMP PERF	BONUS INDIV PERF
B01	N	N	N	N	N	N	N	N	N
B02	Yes	N	N	N	N	N	N	N	N
B04	N	N	N	N	Yes	N	N	Yes	N
B05	N	Yes	N	N	N	N	N	N	N
B06	N	N	N	N	N	N	N	N	N
B07	N	N	N	N	N	N	N	N	Yes
B11	N	N	N	N	N	N	N	N	N
B12	N	N	N	N	N	N	N	N	N
B13	Yes	N	N	N	N	N	N	Yes	N
B14	N	N	N	N	N	N	N	N	N
B15	N	Yes	N	N	N	N	N	N	N
B16	N	N	N	N	N	N	N	Yes	N
B17	N	N	Yes	N	N	N	N	Yes	N
B18	N	N	N	N	N	N	N	N	N
B19	N	N	N	N	N	N	N	N	N
B21	N	N	N	N	N	N	N	N	N
B22	N	N	N	N	N	N	N	N	N
B23	N	N	N	N	N	N	N	N	N
B24	N	N	N	N	N	N	N	N	Yes
B25	N	N	N	N	N	N	N	N	N
B26	N	N	N	N	N	N	N	N	N
B27	N	N	N	N	N	N	N	N	N
B28	Yes	N	N	N	Yes	N	N	Yes	Yes
B29	N	N	N	N	N	N	N	N	N
B30	N	N	N	N	N	N	N	Yes	Yes
B32	N	N	N	N	N	N	N	N	Yes
B33	N	N	N	N	N	N	N	N	N
B34	Yes	N	N	N	N	N	N	N	N
B35	N	N	N	N	N	N	N	Yes	Yes
B39	N	N	N	N	N	N	N	N	N
B41	N	N	N	N	N	N	N	Yes	N
B42	N	N	N	N	N	N	N	N	N
B43	N	N	N	N	N	N	N	N	N
B44	N	N	N	N	N	N	N	N	N
B45	N	N	N	N	N	N	N	N	N
B48	N	N	N	N	N	N	N	Yes	Yes
B49	N	N	N	N	N	N	N	N	N
B50	N	N	N	N	N	N	N	N	N
B51	N	N	N	N	N	N	N	N	Yes
B53	N	N	N	N	N	N	N	N	N
B60	N	N	N	N	N	N	N	N	Yes
B62	Yes	N	N	N	N	N	N	N	N
B64	Yes	N	N	N	N	N	N	Yes	Yes
B65	Yes	N	N	N	N	N	N	N	Yes
B66	N	N	N	N	N	N	N	N	N
B69	Yes	Yes	N	N	N	N	N	N	Yes
B70	N	N	N	Yes	N	N	N	N	Yes
B72	N	N	N	N	N	N	N	N	N
B73	N	N	N	N	N	N	N	N	N
B75	Yes	N	N	N	N	N	N	N	N
B77	N	N	N	Yes	N	N	N	N	N
B78	N	N	N	N	N	N	N	N	N
B81	Yes	N	N	N	N	N	N	Yes	Yes
B82	N	N	N	N	N	N	N	Yes	Yes
	10-Yes	3-Yes	1-Yes	2-Yes	2-Yes	0-Yes	0-Yes	12-Yes	15-Yes

2011 NRECA G&T COMPENSATION SURVEY
REWARDS USED BY ORGANIZATION
-MANAGEMENT/SUPERVISORY POSITION-

ID. CODE	HIRE/ SIGN-ON BONUS	PROJ COMP BONUS	TEAM PAY	SKILL BASE PAY	VARIABLE PAY				
					GAIN-SHARE	PRO-FIT SHARE	SALES INC.	BONUS COMP PERF	BONUS INDIV PERF
B01	N	N	N	N	N	N	N	N	N
B02	N	N	N	N	N	N	N	N	N
B04	N	N	N	N	Yes	N	N	Yes	N
B05	N	Yes	N	N	N	N	N	N	N
B06	N	N	N	N	N	N	N	N	N
B07	N	N	N	N	N	N	N	N	N
B11	N	N	N	N	N	N	N	N	N
B12	N	N	N	N	N	N	N	N	N
B13	Yes	N	N	N	N	N	N	Yes	N
B14	N	N	N	N	N	N	N	N	N
B15	N	N	N	N	N	N	N	N	N
B16	N	N	N	N	N	N	N	Yes	N
B17	N	N	Yes	N	N	N	N	Yes	Yes
B18	N	N	N	N	N	N	N	N	N
B19	N	N	N	N	N	N	N	N	N
B21	N	N	N	N	N	N	N	N	N
B22	N	N	N	N	N	N	N	N	N
B23	N	N	N	N	N	N	N	N	N
B24	N	N	N	N	N	N	N	N	Yes
B25	N	N	N	N	N	N	N	N	N
B26	N	N	N	N	N	N	N	N	N
B27	N	N	N	N	N	N	N	N	N
B28	Yes	N	N	N	Yes	N	N	Yes	Yes
B29	N	N	N	N	N	N	N	N	N
B30	N	N	N	N	N	N	N	Yes	Yes
B32	N	N	N	N	N	N	N	N	Yes
B33	N	N	N	N	N	N	N	N	N
B34	Yes	N	N	N	N	N	N	N	N
B35	N	N	N	N	N	N	N	Yes	Yes
B39	N	N	N	N	N	N	N	N	N
B41	N	N	N	N	N	N	N	Yes	N
B42	N	N	N	N	N	N	N	N	N
B43	N	N	N	N	N	N	N	N	N
B44	N	N	N	N	N	N	N	N	N
B45	N	N	N	N	N	N	N	N	N
B48	N	N	N	N	N	N	N	Yes	Yes
B49	N	N	N	N	N	N	N	N	N
B50	N	N	N	N	N	N	N	N	N
B51	N	N	N	N	N	N	N	N	Yes
B53	N	N	N	N	N	N	N	N	N
B60	N	N	N	N	N	N	N	N	Yes
B62	Yes	N	N	N	N	N	N	N	N
B64	Yes	N	N	N	N	N	N	Yes	Yes
B65	Yes	N	N	N	N	N	N	N	Yes
B66	N	N	N	N	N	N	N	N	N
B69	Yes	Yes	N	N	N	N	N	N	Yes
B70	N	N	N	N	N	N	N	N	Yes
B72	N	N	N	N	N	N	N	N	N
B73	N	N	N	N	N	N	N	N	N
B75	Yes	N	N	N	N	N	N	N	N
B77	N	N	N	Yes	N	N	N	N	N
B78	N	N	N	N	N	N	N	N	N
B81	N	N	N	N	N	N	N	Yes	Yes
B82	Yes	N	N	N	N	N	N	Yes	Yes
	9-Yes	2-Yes	1-Yes	1-Yes	2-Yes	0-Yes	0-Yes	12-Yes	15-Yes

2011 NRECA G&T COMPENSATION SURVEY
GENERAL STATISTICS FOR REPORTING GROUP
BARGAINING UNIT INFORMATION

ID. CODE	UNION	NO. EMPS	CONTRACT DURATION	DATE LAST INCREASE	% LAST INCREASE
B01	IBEW	18	NOV 2012	DEC 2010	2.00
B01	UWUA	179	JUN 2012	JUL 2010	2.00
B02	IBEW	315	JUN 2013	JUL 2010	3.95
B04	IBEW 1701	26	OCT 2012	OCT 2010	3.50
B04	IBEW 1701	330	SEP 2012	JUL 2010	3.20
B06	IBEW 1393	241	SEP 2012	SEP 2010	3.50
B11	IBEW	231	NOV 2015	NOV 2010	2.75
B12	IBEW 1426	60	MAR 2013	APR 2010	3.00
B12	IBEW 1593	135	MAR 2013	APR 2010	2.32
B18	IBEW	136	SEP 2012	OCT 2010	2.50
B19	IBEW 702	94	JUN 2013	JUL 2010	4.00
B21	IBEW	21	JUL 2011	JUL 2010	5.50
B23	IBEW 53	79	JUN 2012	JUN 2010	3.95
B28	IBEW 876	48	JUN 2014	JUL 2010	2.51
B29	IBEW 1593	24	OCT 2014	NOV 2011	4.88
B39	Local 1593	320	OCT 2010	OCT 2009	3.00
B39	Local 612	272	MAR 2012	MAR 2011	2.00
B41	IBEW 570	109	MAR 2013	MAR 2011	1.25
B42	IBEW	54	MAR 2011	MAR 2010	3.90
B43	IBEW	35	NOV 2012	DEC 2010	3.25
B43	IUOE	23	NOV 2013	DEC 2010	3.00
B45	IBEW 111	329	APR 2014	MAR 2010	3.00
B49	IUOE	42	JUN 2011	JUL 2010	2.00
B65	IBEW 953	292	FEB 2012	FEB 2011	3.70
B69	IBEW 1593	67	DEC 2011	JAN 2011	3.50
B69	IBEW 160	154	DEC 2012	JAN 2011	2.95
B69	IBEW 160	26	DEC 2012	JAN 2011	1.00
B70	IBEW	79	JUN 2013	JUL 2009	4.60
	AVERAGE	134			3.10%

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2012-00535

Response to the Commission Staff's Initial Request for Information dated December 21, 2012

January 29, 2013

Item 34) ***For each employee group, state the amount, percentage increase, and effective dates for general wage increases and, separately, for merit increases granted or to be granted in the last two calendar years, the base period, and the forecasted test period.***

Response) The attached schedule shows the amount, percentage increase, and effective date for general wage increases and merit increases granted for the bargaining and non-bargaining employee groups for 2011, 2012, the base period, and the forecasted test period.

Witness) James V. Haner

Big Rivers Electric Corporation
Case No. 2012-00535
Wage Increase Information

	2011	2012	Base Period	Forecasted Test Period
Bargaining (Contract Increase)				
Generation Division				
Amount	$617,733	$449,616	$458,644	$410,735
Percentage	3.2%	2.25%	2.25%	2.25%
Effective Date	09/15/11	09/15/12	09/15/12	09/15/13
Transmission Division				
Amount	$47,391	$36,522	$38,470	$36,129
Percentage	3.2%	2.5%	2.5%	2.25%
Effective Date	10/15/11	10/15/12	10/15/12	10/15/13
Non-Bargaining				
General Wage Increase				
Amount	$380,048	$491,800	$470,802	$449,504
Percentage	1.9%	2.4%	2.25%	2.25%
Effective Date	01/02/11	01/02/12	01/02/13	01/02/14
Merit Increase				
Amount	$220,634	$0	$0	$0
Percentage	1.1%	0	0	0
Effective Date	01/02/11	0	0	0

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2012-00535

Response to the Commission Staff's Initial Request for Information dated December 21, 2012

January 29, 2013

Item 35) ***Provide detailed descriptions of all early retirement plans or other staff reduction programs Big Rivers 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.***

Response) Big Rivers anticipates it will incur severance-related expenses in the 2013-2014 timeframe, with the idling of one of its power plants, but has yet to draft a severance plan or program to be effective in that event. For budget purposes, we have assumed the benefits will include two weeks of base pay per year of service, with a minimum of eight weeks and a maximum of 52 weeks, and continuation of medical and dental insurance for the severance period.

Witness) James V. Haner

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2012-00535

Response to the Commission Staff's Initial Request for Information dated December 21, 2012

January 29, 2013

Item 36) *Concerning employee fringe benefits:*

a. Provide a detailed list of all fringe benefits available to Big Rivers' employees and the expected cost of each benefit in the base period and the forecasted test period. Indicate which fringe benefits, if any, 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.

Response) Please see the attached schedule entitled Listing of Fringe Benefits.

Witness) James V. Haner

Big Rivers Electric Corporation
Case No. 2012-00535
Fringe Benefits Listing
Base Period v. Forecast Period[1]

	Base Period	Forecasted Period
401k Plan	$ 1,463,268	$ 1,415,311
Dental Insurance	406,021	400,184
Group Life Insurance	243,479	251,159
LTD Insurance	337,459	303,357
Medical Insurance	8,231,889	8,069,263
Post Retirement Medical (SFAS 106)	1,908,662	1,324,449
Pension	7,353,700	5,795,180
Workers Compensation	716,612	677,804
Business Travel Insurance	4,211	4,099
Employee Assistance Program	10,198	14,220
Car Allowance[2]	18,000	18,000
Tuition Reimbursement	108,058	97,570
	$ 20,801,557	$ 18,370,596

Note(s):
1.- Fringe Benefits are shown including City Share
2.- Car Allowance is limited to Senior Management

Big Rivers Electric Corporation
Case No. 2012-00535
Fringe Benefits Listing
12 Months Prior to Base Period v. Base Period[1]

	12 Months preceeding Base Period	Base Period	Explanation of changes in fringe benefit
401k Plan	$ 1,355,095	$ 1,463,268	
Dental Insurance	473,223	406,021	
Group Life Insurance	229,883	243,479	
LTD Insurance	304,181	337,459	
Medical Insurance	9,372,774	8,231,889	
Post Retirement Medical (SFAS 106)	2,164,798	1,908,662	
Pension	4,232,315	7,353,700	
Workers Compensation	1,146,586	716,612	
Business Travel Insurance	3,751	4,211	
Employee Assistance Program	15,865	10,198	
Car Allowance[2]	18,000	18,000	
Tuition Reimbursement	52,979	108,058	
	19,369,450	20,801,557	

Note(s):

1.- Fringe Benefits are shown including City Share

2.- Car Allowance is limited to Senior Management

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2012-00535

Response to the Commission Staff's Initial Request for Information dated December 21, 2012

January 29, 2013

Item 37) ***Provide a complete description of Big Rivers' Other Post-retirement Employee Benefits package(s) provided to its employees.***

Response) Big Rivers provides benefits after employment but before retirement in the case of employees who are no longer actively employed due to disability. The postemployment benefits provided include continuation of medical insurance and prescription drug coverage for the employees, their spouses, and dependents. Big Rivers also provides continuation of medical insurance and prescription drug coverage to retirees, their spouses, and dependents.

Witness) James V. Haner

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2012-00535

Response to the Commission Staff's
Initial Request for Information
dated December 21, 2012

January 29, 2013

Item 38) ***Provide all current labor contracts and the most recent labor contracts previously in effect.***

Response) Copies of Big Rivers' labor agreements with IBEW Local 1701, dated October 15, 2012, September 15, 2012, July 17, 2009, and October 15, 2008, are attached hereto.

Witness) James V. Haner

Big Rivers' Labor Agreements with IBEW Local 1701 - October 15, 2012

AGREEMENT

BIG RIVERS

ELECTRIC CORPORATION

AND

INTERNATIONAL BROTHERHOOD

OF

ELECTRICAL WORKERS

LOCAL 1701

October 15, 2012

LARRY W. BOSWELL
BUSINESS MANAGER

TOMMY HOWARD
CHAIRMAN

RON TUCKER
VICE CHAIRMAN

MARTY HITE
RECORDER

DEAN NOLAN
KENNY WRIGHT
EXECUTIVE COMMITTEE

TOMMY HOWARD
CHIEF STEWARD

MIKE ROYBAL
STEWARD

INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS
LOCAL 1701
2911 WEST PARRISH AVENUE
OWENSBORO, KY 42301
TELEPHONE: 270-684-3058

INDEX

RELATED INFORMATION SECTION

SECTION 1. AGREEMENT

1. This Agreement is entered into the 15th day of October, 2012, by and between the transmission division of BIG RIVERS ELECTRIC CORPORATION, located in Henderson, Kentucky, hereinafter referred to as the Company, and LOCAL UNION 1701 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO, hereinafter referred to as the Union, who hereby agree as follows:

SECTION 2. DURATION AND TERMINATION

1. This Agreement shall commence October 15, 2012, and shall continue in full force and effect until 11:59 p.m. October 14, 2016, when it shall terminate. If any party desires to renew this Agreement, they shall give the other party written notice to that effect not less than 60 days nor more than 90 days prior to October 14, 2016, except by written consent of the parties.

SECTION 3. AGREEMENT IN FULL

1. This Agreement expresses the entire agreement of the parties, and the Company and the Union, for the life of this Agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated to bargain collectively with respect to any subject matter referred to or covered in this Agreement, or with respect to any subject matter not specifically referred to or covered in this Agreement. Both parties agree to meet (upon request of either party) quarterly for clarification of Agreement language (not grievances), if necessary.

SECTION 4. NONDISCRIMINATION

1. Neither the Company nor the Union will discriminate against any employee because of race, color, sex, religion, age, national origin, handicap or veteran. Wherever the male gender pronoun is used, or wherever a job classification is described with a male term in this Agreement, it is understood it shall apply to either male or female.

SECTION 5. WITNESSETH RECOGNITION CLAUSE

1. The Company recognizes the Union as the exclusive representative for the purpose of collective bargaining with respect to wages, hours of employment and all other conditions of employment of all operation and maintenance employees of the Company employed throughout its transmission system in Kentucky, including utilities, storekeepers, assistant storekeepers, equipment mechanics, senior journeymen, journeymen, groundmen, right-of-way maintenance, and laborers; BUT EXCLUDING, all office clerical and building attendants, all temporary employees hired for up to but not more than 60 working days during the life of this Agreement for laborer duties only, all professional, administrative and management employees, guards and supervisors as defined in the Act, as set out in the Certification of Representative being NLRB Case No. 25-RC-5955 duly certifying the Union in the bargaining unit set out above. The Union's Business Manager will be informed of all bargaining unit and temporary employees hired as described above. Any laid off employee will be recalled prior to hiring temporary employees.

SECTION 6. PUBLIC OBLIGATION (NO STRIKE-NO LOCKOUT)

1. It is expressly understood and agreed that the services to be performed by the employees pertain to and are essential to the operation of a public utility and the welfare of the public is dependent thereon requiring continuous operation, and it is agreed, in recognition of such obligation of continuous service that,

during the term of this Agreement, there shall be no collective cessation of work by members of the Union and neither the Union, nor its members, agents, representatives, or employees of the Company or any individual employees, shall incite, encourage, condone, support, or participate in any strike, slowdown, work stoppage, picketing, sympathy strike, refusal to cross a picket line, or other curtailment or interference interrupting the Company's production, deliveries, or operations, in any manner whatsoever during the life of this Agreement for any cause whatsoever, or take any action which results in the prohibited conduct, even in sympathy with disputes involving different groups of employees and this same labor organization, or other labor organizations, groups of employees, or individual employees. In the event of such strike, sympathy strike, slowdown, work stoppage, picketing, refusal to cross picket line, or other curtailment or interference with the Company's production, deliveries, or operations, or a threat thereof, the Union and its officers and agents will do everything within their power to immediately end or avoid the conduct prohibited in this Paragraph.

2. Further, in consideration of this Agreement, the Company shall not lock out its employees during the term of this Agreement.

SECTION 7. INTENT, PURPOSE AND SCOPE OF AGREEMENT

1. It is the intent and general purpose of this Agreement to promote the mutual interest of the Company and its employees. The Union recognizes that the Company is a public service corporation engaged in furnishing electricity and is subject to regulation by utility regulatory bodies, and is required to furnish adequate and continuous service. This Agreement is to provide for the operation of the Company's business under methods which will further, to the fullest extent possible, the safety of the employees, economy and efficiency of operation, elimination of waste, realization of maximum quantity and quality of output, cleanliness, and protection of property.

2. The parties hereto recognize that continuous service of the Company is of vital importance to its customers in the area served, and that any interruption of such service directly affects individuals in their everyday lives and disrupts the orderly conduct of the business in the area served and the parties will cooperate fully to avoid any interruption to such service.

3. Each employee covered by this Agreement shall be responsible, at all times, for having his correct address and personal phone number recorded with the Company. All notices shall be deemed to have been given in accordance with this Agreement if mailed to the last address given to the Company.

4. It is further understood and agreed that this Agreement together with any written appendancy supplements or letters of understanding hereto contains all understandings oral or written between the Company and the Union.

5. This Agreement cannot be modified or amended except in writing signed by the Company and the Union. No individual shall have any right to modify, amend or revoke this Agreement.

SECTION 8. MANAGEMENT RIGHTS

1. The management of the business of the Company and the direction of its employees are the exclusive responsibilities of Management, except as expressly modified by the terms of this Agreement. The sole and exclusive rights of Management which are not abridged by this Agreement, which include but are not limited to, its right to select and direct the working force; to determine, and from time to time to redetermine the number, location and types of its facilities and operations and the methods, processes and materials to be employed; to hire, promote, discipline or discharge for cause; to establish, allocate, and change work schedules and assignments; to transfer employees from one job classification or location to another; or to relieve employees from duties because of lack of work or other legitimate reasons; the right to study or introduce new or changed production methods, machinery, tools and equipment or facilities and to determine

the quantity and quality of the materials and workmanship required; to establish, determine, maintain, and enforce standards of production; to determine and redetermine job content; to contract with others to make improvements, changes, or repairs to the plant, equipment, or machinery, subcontract work, whatever may be the effect upon employment; to expand, reduce, combine or cease any job, department, operation or service; to determine starting and quitting times and determine the number of hours and shifts to be worked; to alter, rearrange, or change, to extend, limit, or curtail its operations or any part thereof, or to shut down completely or any part thereof whatever may be the effect upon employment; to make such reasonable rules and regulations, not in conflict with this Agreement as it may from time to time deem best for the purpose of maintaining order, safety, and the effective operation of the business and after advance notice of such rules and regulations to require compliance therewith.

2. Management shall have all other rights and prerogatives including those exercised unilaterally in the past, subject only to express restrictions on such rights, as are provided in this Agreement.

SECTION 9. UNION REPRESENTATION

1. The Company recognizes the right of the Union to designate, from the seniority list, union representatives who will represent employees in the bargaining unit. The Union may designate one steward who will also serve as the chief steward. The Union may appoint one temporary steward to act in the absence of the chief steward. The authority of these representatives shall be limited to handling Union business as may be necessary in the investigation and presentation of grievances and, if requested by an employee, be present at interviews that involve or may lead to discipline. The chief steward will also perform in the capacity of the safety representative.

2. Union representatives shall be permitted to absent themselves from work with reasonable frequency and for reasonable lengths of time to transact official Union business, without pay, provided such absences do not unreasonably interfere with production. Examples of such reasons for absences are as follows:

Assisting Business Manager with Company related work.

Attendance at Union related schools, seminars, and conventions.

Each employee shall submit his request to his supervisor for participation in such Union business as soon as he is aware of such event, but no later than two weeks prior to the requested absence. All requests for absences for Union business shall be in writing. All such requests not in compliance with the notice requirement will be given consideration at the Company's sole discretion.

3. In meetings with the Company, no employee shall be paid unless the meeting is initiated at the Company's request. Meetings called to discuss joint Company and Union issues such as contract interpretation, labor relations, Third Step Grievances and Retirement Committee Meetings will be considered as meetings for the mutual benefit of the parties and the employee is due pay only if he is scheduled to work the hours during which the meeting is held. In no event is the employee to be paid overtime for such meetings.

4. In meetings initiated by the Company such as safety meetings, First or Second Step Grievance Meetings, disciplinary meetings, or other employer/employee relation meetings, the employee(s) will be paid the appropriate regular or overtime rate.

5. If an employee is subpoenaed by the Company for arbitration or other legal proceeding, the Company, at its discretion, will work with the employee to see that his presence in conjunction with his work schedule is not an undue burden on the employee. The employee subpoenaed on his off days, at the

Company's discretion, will be given either compensatory time off (hour-for-hour) or be paid the appropriate rate. The subpoenaed employee will be reimbursed at the appropriate rate for necessary mileage traveled.

6. Any one employee of the Company within the scope of this Agreement who is elected to an office in the Union, or is appointed to an office in the Union requiring his absence from duty with the Company, may be granted a leave of absence for a period not to exceed three years and 30 calendar days, and shall continue to accumulate seniority with the Company throughout such leave of absence. An additional leave of absence will be granted thereafter for each succeeding term of elective or appointive office. During such period of leave of absence, such employee shall accrue no vacation or sick leave credit. During such leave of absence, the employee may participate in the Disability Insurance Plan, the Medical and Dental Insurance Plans, the Group Life Insurance Plan, the Savings Plan, and the Retirement Plan, as available to regular employees of the Company, except that the total premium costs shall be paid by the Union to the Company. Premium costs, to the extent they are based on hourly wage rate, are based upon the hourly wage rate for the most recent job classification the employee held at the time such leave of absence began. Any such employee shall, upon termination of such leave of absence and upon return to duty, be reinstated in his former position, including his seniority and rights, after a reasonable training period, provided he is physically able to perform the duties of the position. It is understood and agreed that in case of return of such an employee to duty with the Company, other employees will consent to such displacement or layoff as is necessary to make room for him. The Union agrees to indemnify and hold the Company harmless against any and all claims, demands, suits, or other courses of action or liability that may arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any of the provisions set out in this Paragraph.

SECTION 10. UNION MEMBERSHIP REQUIREMENT

1. All new employees covered under this Agreement shall arrange with the Union for membership therein after the 30th day of employment as a condition of employment. Employees that are members of the Union shall maintain their membership.

2. Should a member become delinquent in the payment of his Union Dues, the employee is no longer a member in good standing and the employee will be a suspended member. The Union will serve on the employee a Final Payment Notice which will specify the deadline for payment of the dues.

3. Should the dues not be paid in accordance with the Notice, the Union will request that the employee be terminated.

4. The Company agrees to deduct, upon receipt of a signed VOLUNTARY DUES CHECK-OFF AUTHORIZATION FORM, Union Dues from the pay of each employee. The amount to be deducted will be the amount specified by the Union Bylaws and such amount (including increases and decreases) shall be certified to the Company by the Union.

5. Union Dues will be deducted from the employee's pay only after all other payroll deductions have been taken. If there is not sufficient pay available to deduct dues, the dues shall be deducted in a subsequent paycheck. Should an employee be on an extended leave which prevents sufficient dues from being collected through payroll deductions, it shall be the employee's responsibility to pay his uncollected Union Dues directly to the Union for the extended leave period.

6. Voluntary Dues Check-Off Authorization shall automatically be renewable on each anniversary date of the existing collective bargaining agreement between the Company and the Union. Any member may revoke his Voluntary Dues Check-Off Authorization provided written notice is given to the Company and the Union. Such written notice shall only be accepted during the period of May 1 and May 20 of each calendar year and such request for revocation shall become effective the first pay period of June.

7. The Company shall forward the deducted Union Dues by check, accompanied by a report listing the employees alphabetically, to the Union no later than the last day of the calendar month following the month in which they are deducted, except for the following months of:

a) August, which is due by September 15,

b) November, which is due by December 15,

c) February, which is due by March 15, and

d) May, which is due by June 15.

8. An employee who does not authorize Union Dues deductions shall be responsible for payment of his Union Dues directly to the Union.

9. Authorized dues deductions are solely for Union Dues and shall not include new member "initiation fees" or "fines" levied by the Union against a member. It shall be the responsibility of the new or existing employee to contact the Union to determine and comply with such Union fees to maintain the employee in good standing with the Union. The dues deduction shall be terminated for any employee who terminates his employment or transfers out of the bargaining unit.

10. The Company assumes no responsibility of any kind in connection with dues deductions other than to remit to the Union the amount deducted by the Company. The Union agrees to indemnify and hold the Company harmless against any and all claims, demands, suits, or other courses of action or liability that may arise out of or by reason of action taken or not taken by the Company for the purposes of complying with any of the provisions set out in this Section.

SECTION 11. GRIEVANCE PROCEDURE

1. Any dispute which the Union or the employees in the bargaining unit may have regarding the Company's interpretation or application of the Agreement shall constitute a grievance and shall be processed in the following manner.

STEP ONE: Before submitting a written grievance, the employee shall first orally discuss the problem with his supervisor. In the event the grievance is not settled by his immediate supervisor, the employee shall reduce the grievance to writing, signed by the aggrieved employee and stating the provision(s) in this Agreement that the employee claims has been violated and, within seven days from the occurrence of the event giving rise to the grievance, submit it to his immediate supervisor. The employee may seek assistance in the preparation of his grievance from his steward on their own time, including their lunch and break time. The supervisor within seven days shall give his answer.

STEP TWO: If the grievance is not resolved in Step One, the chief steward within seven days may submit the grievance to the Manager of Transmission or his designee, who shall answer the grievance in seven days.

STEP THREE: If the grievance is not resolved in Step Two, the chief steward, within seven days shall submit the written grievance to a panel of Union and Company representatives for settlement. Union and Company representatives consisting of the Union's Business Manager, Chief Steward, the Company's Human Resources Representative, Manager of Transmission, and Vice President if necessary, will meet quarterly at ET&S or

another mutually agreeable location to discuss Third Step Grievances. If no settlement is agreed upon by the panel within 30 days of submission to Step Three, the grievance may be submitted to arbitration. An International Representative of the IBEW may be present at this step to assist the Union.

2. Any grievance upon which an answer is not made by the Company within the time limits prescribed, or any extension which may have been agreed to, may be referred to the next step in the grievance procedure, the time limit to run from the date when time for the answer expired. Any grievance not carried to the next step by the Union within the prescribed time limits, or such extension which may have been agreed to by the Company, shall be automatically settled upon the basis of the Company's last decision. The above time limits may be extended by mutual agreement between the parties.

3. A grievance involving discharge will commence at Step Three of the grievance procedure. A grievance from a discharged employee will be submitted to the Company Human Resources Department located at 201Third Street, Henderson, Kentucky 42420.

4. All grievances must be presented in writing within seven days after the occurrence of the event giving rise to the grievance; otherwise, it shall not be entitled to consideration.

5. In computing any period of time in the Grievance and Arbitration Procedure, all Saturdays, Sundays and recognized holidays shall be excluded.

SECTION 12. ARBITRATION

1. The Union may request arbitration of a grievance unsettled at the last step of the grievance procedure and submit the grievance to a final and binding arbitration by serving a written demand for arbitration upon the Company within 15 days from the date of the last meeting in Step Three of the grievance procedure. If the parties are unable to select an arbitrator by mutual agreement, the Union shall initiate the Joint Request for Arbitration Panel form as required by the Federal Mediation and Conciliation Service.

2. The Federal Mediation and Conciliation Service will submit a list or lists of seven arbitrators. The Union shall strike from the list one name, the Company shall strike one of the remaining six names, the Union the fifth name, the Company the fourth name, and so on until the last remaining name shall be the Arbitrator.

3. The fee and expenses of the Arbitrator shall be borne by the party that is the loser in the arbitration award. In an event that the award declared by the Arbitrator is determined to be a split decision, the fees and expenses of the Arbitrator shall be shared equally by the Company and the Union. Each party shall assume any expenses in presenting its own case.

4. The Arbitrator shall have no power to add to, subtract from or modify any of the terms of this Agreement or any Agreement made supplementary hereto, nor to rule on any matter arbitrable under this Agreement except while this Agreement is in full force and effect between the parties.

5. Claims against the Company will not be accepted for consideration which cover a period of more than 30 days prior to the date the grievance was first filed in writing. In such cases, retroactive claims and awards therefore shall be limited to a period of 30 days prior to the date the claim was first filed in writing.

6. No more than one grievance may be submitted to or be under review by any one arbitrator at any time unless by prior mutual written agreement of the parties.

SECTION 13. PROBATIONARY EMPLOYEES

1. All employees, from their last date of hire, will be on probation for the first 180 calendar days of their regular full-time employment during which time they will be termed probationary employees.

2. When a non-bargaining unit employee transfers to a job within the bargaining unit he must, as a condition of continued employment, satisfactorily complete his full probationary period as defined within this Section. In addition he shall be entitled to the following:

a) To use his accumulated continuous Company seniority to satisfy the eligibility requirements for all benefit programs provided by this Agreement.

b) To use his accumulated continuous Company seniority for accrual of vacation and retirement benefits. Such an employee shall be assigned a new bargaining unit seniority date effective the first day of transfer to the bargaining unit and this date shall be the basis within the bargaining unit for job bidding, vacation preference, and layoff determination.

3. Probationary employees' service with the Company may be terminated at any time by the Company in its sole discretion, without recourse to a grievance and arbitration procedure.

4. Probationary employees are entitled to medical insurance, dental insurance, life insurance, workers' compensation and military duty leave on the first day of full-time employment as expressed under the specific provisions of this Agreement and the plan documents.

5. Probationary employees accrue vacation and sick days, but they are not entitled to such benefits until the probation period is successfully completed as set forth above, and entitlement to such benefits are further governed by the specific provisions of the Vacation and Sick Leave Pay sections of this Agreement.

6. Probationary employees become eligible for long term disability coverage when they satisfactorily complete the following:

a) Three consecutive months of regular full-time employment without a continuous absence as defined within this Section.

b) Must be at work on the final day of the three months eligibility period, or the coverage will not start until the employee returns to regular full-time work.

c) Three months of continuous disability resulting from a medically approved physical or mental condition.

Entitlement to long term disability coverage is further governed as expressed under the specific provisions of this Agreement and the plan document.

7. A probationary employee does not have job bid rights. However, he may submit a Request for Transfer. Probationary employees are not entitled to compensation for funeral leave, jury duty, educational benefits or holidays until the probationary period is successfully completed as set forth above. However, probationary employees will receive pay at the rate of time and one-half their regular straight-time rate for all hours worked on a day observed as a holiday by the terms of this Agreement. The overtime pay provisions that apply to a seniority employee shall also apply to a probationary employee.

8. Once an employee has successfully completed his full probation period as set forth above, he becomes a seniority employee.

SECTION 14. SENIORITY

1. Seniority is defined as an employee's length of continuous regular full-time service from his last date of hire, except that a new employee shall be on probation for the first 180 calendar days of his employment as set forth in the Probationary Employees section of this Agreement.

2. The term seniority as used in this Agreement will be construed to mean departmental seniority, Company seniority or bargaining unit seniority. The definition of each is as follows:

a) Departmental seniority shall be measured from the date an employee is assigned to a job classification within an established line of progression. An employee shall not have seniority in more than one department at any one time. In determining seniority the parties agree that seniority by department shall govern unless otherwise specifically expressed.

b) Company seniority is measured from the date an employee is last hired for a continuous regular full-time employment with the Company.

c) Bargaining unit seniority is measured in the same manner as Company seniority, except that employees who transfer from a non-bargaining unit position to a bargaining unit position after April 22, 1984, will not transfer their years of service earned as a Company non-bargaining unit employee.

3. When an employee is permanently transferred from one department to another, he shall retain his departmental seniority in his original department for a period of 120 calendar days after the effective date of transfer. Thereafter, he shall cease to hold seniority in his previous department. During the 120 day period he shall not have seniority status in the new department, and at the end of this period the 120 days shall be credited to him in his new department. An employee does not have bid rights during this 120 day period.

4. An employee's seniority shall terminate if:

a) The employee quits.

b) The employee is discharged.

c) The employee fails to return to work or to supply a satisfactory reason for not doing so within the time limits prescribed in the Layoff, Displacement, and Recall section, which shall result in termination of employment.

d) The employee is absent from work for three consecutive working days without notification to the Company. However, it is the employee's responsibility to notify the Company on each day of any absence, unless an absence in excess of one day is authorized by the Company.

e) The employee overstays a leave of absence or a vacation without authorization.

f) The employee gives a false reason for leave of absence or engages in other employment during such leave.

g) A settlement with the employee has been made for total disability.

h) The employee is retired.

i) An employee with less than five years of bargaining unit seniority is laid off for a continuous period of one year or an employee with five or more years of bargaining unit seniority is laid off for a continuous period of two years. Any employee with less than one year of bargaining

unit seniority will be protected only by the actual amount of bargaining unit seniority accrued at the time of layoff. The employee's seniority shall continue to accrue during these layoff protection periods.

5. Employees who are transferred in or out of the bargaining unit shall accrue and maintain their seniority as of their original starting date. Any employee transferred back into the bargaining unit shall exercise his departmental seniority, but in no event will he bump back into a higher classification than he previously held. If an employee is transferred out of the bargaining unit for a period in excess of one year, he shall forfeit all previous departmental and bargaining unit seniority.

6. Seniority lists will be posted in January of each year and a copy will be forwarded to the chief steward and to the Union's Business Manager. The chief steward may request an additional seniority list twice a year from the Human Resources Department.

SECTION 15. LAYOFF, DISPLACEMENT, AND RECALL

1. In the event it becomes necessary to decrease the number of employees in a classification within a department, such displacement and layoff shall be in accordance with the employee's departmental seniority. The least senior employee within the classification affected shall be displaced first. Any employee faced with displacement or layoff shall have the opportunity to exercise his departmental seniority to displace the least senior employee in the same classification or in the next lower classification in the same line of progression, as outlined in Section 39. Any employee completely displaced out of his department shall have the opportunity to exercise his bargaining unit seniority to displace the least senior laborer in ET&S, or request a "voluntary layoff." If he is unable to displace a laborer, he shall be laid off.

2. The selection of the above options must be made in advance and shall be binding throughout the displacement or layoff period. Employees in the department(s) affected shall be given a 14 calendar day notice of the Company's plans to reduce the workforce. Such notice to the department(s) shall serve as the official notice to the classification(s) initially affected by the workforce reduction. The Company shall distribute at the time of the departmental notice a Workforce Reduction Option Form to each employee in the classification first impacted by the displacement or layoff. The form must be completed and returned to supervision no later than the end of the 10th calendar day of the 14 calendar day notice period. Upon receipt of the Workforce Reduction Option Form the Company may initiate the displacement or layoff process with the initial employee transfer or layoff not occurring until the completion of the 14 calendar day notice. Employees affected by subsequent displacements or layoffs must be given a Workforce Reduction Option Form that must be completed and returned to supervision within 48 hours of receipt of the notice. Any employee who fails to return the option form on time may only exercise his bargaining unit seniority to displace the least senior laborer, and if unable to displace a laborer, he shall be laid off.

3. Any employee displaced as a result of the above workforce reduction may, in turn, exercise his departmental seniority to secure other positions within his line of progression and to exercise his bargaining unit seniority to secure a laborer position, in accordance with his options as selected before the workforce reduction.

4. At the time of workforce reduction, the displaced or laid off employee cannot bump upward to higher rated classifications.

5. An employee displaced to other classifications within his line of progression shall be given a period of 10 working days to train and demonstrate his ability to adequately perform the work required. This demonstration period may be extended an additional 10 working days if the Company feels the employee is showing progress. The employee and the chief steward will be given written notice of all extensions granted by the Company.

6. Any employee determined by the Company to be unable to adequately perform the work required at the completion of the demonstration period must exercise his departmental seniority in accordance with the options selected prior to the workforce reduction to displace the least senior employee in the next lower classification in the same line of progression. If this removes him from his department, he may exercise his bargaining unit seniority in accordance with the options selected prior to the workforce reduction to displace the least senior laborer. Any employee who moves to a lower classification as a result of his unsuccessful demonstration period will lose his recall rights to the higher classification, except in his original department.

7. In the event a displacement or layoff becomes necessary, the Company will ensure the affected employee of the following "notice" and "recall" rights to the classification held prior to the workforce adjustment:

a) Give the employees affected and the Union a notice of any displacement or layoff as specified in Paragraph 2 of this Section.

b) Displaced or laid off employees have recall rights to the classification held prior to the workforce adjustment for the following time frames:

1) Employees who have completed their probation period but have less than one year of bargaining unit seniority shall have recall rights extended for a period of time equal to the employee's bargaining unit seniority.

2) Employees who have one or more years of bargaining unit seniority but less than five years shall have recall rights extended for a period of one year.

3) Employees who have five or more years of bargaining unit seniority shall have their recall rights extended for a period of two years.

8. In the event an employee is laid off, his group dental, medical, and personal life insurance coverage is paid to the end of the month of the layoff plus one more month. Thereafter, the employee may pay the full premium of such group insurance coverage commencing with the actual date of layoff, not to exceed the time frame set out in Paragraph 7.b) above.

9. Accrual of vacation and sick leave benefits shall cease effective with the date of layoff.

10. When there is a restoration of the workforce, the Company subscribes to the principle of "last out, first in." In any case, the Company will recall displaced and laid off employees by applying in inverse order the guidelines used to displace and layoff employees, and in accordance with the options the employee selected. Recalled employees shall be given a demonstration period, as set forth above. Should the employee be determined by the Company to be unable to adequately perform the work during the demonstration period, he shall exercise his departmental or bargaining unit seniority, as set forth in Paragraph 1 of this Section.

11. A displaced or laid off employee who elected to exercise his departmental seniority within his line of progression must, without exception, return to any job within his line of progression, up to and including the highest job he held on a permanent basis prior to the workforce reduction, and to any laborer classification within ET&S. Refusal will result in the employee being terminated.

12. A job vacancy will not be posted until all former displaced and laid off seniority employees, who have a recall right to the vacant job, have either accepted or rejected a recall to fill the vacancy.

13. Employees recalled from layoff shall be given notice by registered or certified mail to the employee's last known address on file in the Human Resources Department. The laid off employee has three days after receiving notice of recall from the Company to notify the Company of his intention to return to work and five days to actually return. A copy of the notice will also be forwarded to the Union's Business

Manager. Failure by an employee to return to work or to supply a satisfactory reason for not doing so within the time limits prescribed, shall result in termination of employment.

14. Each laid off employee shall keep the Human Resources Department advised of his correct mailing address and telephone number.

15. A displaced or laid off employee may submit Job Bids in response to posted job vacancies regardless of any previous loss of job bid rights. He may also submit Requests for Transfer under the provisions of Paragraphs 6 and 7 of the Job Bids and Requests for Transfer section of this Agreement. Any displaced or laid off employee who has a successful Job Bid or Request for Transfer, waives all recall rights, as set forth in this Section.

16. It shall be the responsibility of each laid off employee to keep in touch with the Company concerning his interest in specific posted job vacancies.

17. A laid off employee may choose to waive a return-to-work call for a temporary laborer position. If refused, no additional offers for such temporary work will be made during the duration of the layoff.

18. In the event it becomes necessary to decrease the number of employees in any of the five journeyman departments (equipment maintenance, substations, metering, lines, and communications), the displacement and layoff provisions listed in this Section shall apply except for the following:

a) The senior journeyman and journeyman classifications in such affected department shall be combined as one unit and the employee's departmental seniority shall be the determining factor for the order of displacement, layoff, or recall.

b) The "least senior" employee in the affected "combined unit" shall be displaced or laid off first.

SECTION 16. CONTRACTING OUT WORK

1. The Company agrees that it will not contract out any work if the effect of such contracted work will cause layoffs to any seniority employee.

SECTION 17. JOB BIDS AND REQUESTS FOR TRANSFER

1. If a vacancy occurs in a permanent position or if a new job is established or if the workforce is expanded in any of the established lines of progression, and the Company decides to fill such opening, the Company shall post a job vacancy for a period of seven calendar days. All Job Bids and Requests for Transfer must be submitted during the seven calendar day posting period. A detailed listing of the employee's previous education, training and experience must be listed on the Job Bid or Request for Transfer form.

2. Employees in STEP RATE PROGRESSION have bid rights upward to vacancies within their line of progression and a transfer right to vacancies in other lines of progression. They may also submit Requests for Transfer in accordance with Paragraphs 6 and 7 of this Section.

3. An employee on sick leave shall be eligible to bid on a job posting if he provides documented evidence that he will return to work within 10 calendar days from the expiration date of the job posting.

4. The Company will review the Job Bids in the following order:

a) The employee with the most departmental seniority in the established line of progression shall be the successful bidder if he has sufficient qualifications to perform the job.

b) The laborer with the most bargaining unit seniority shall be the successful bidder if he has sufficient qualifications to perform the job.

5. The employee selected for the posted job shall be given a period up to 20 working days to train and demonstrate his ability to adequately perform the work required, and the Company may assign the employee to all (or the Company may simulate) tasks performed by the higher classification. This demonstration period may be extended an additional 20 working days if the Company feels the employee is showing progress. The employee and the chief steward will be given written notice of all extensions granted by the Company. Should the employee be determined by the Company to be unsuitable during the demonstration period, he shall be returned to his former position without loss of departmental seniority. An employee may have only one successful bid in any one year.

6. In the event no one is selected from among the eligible bidders, the Company will review each Request for Transfer submitted as a result of the posted job vacancy before hiring from other sources. The Company will review those Requests for Transfer in the following order:

a) Those Requests for Transfer that involve promotion or lateral moves leading to promotion in another line of progression. Employees shall have a transfer right provided they have sufficient qualifications and the employee selected has not been the successful bidder to a job in the past year, or has not been granted a Request for Transfer to another department in the past five years. In the event there are multiple requests that meet at least the sufficient qualification requirement, the Company has the right to select the most qualified employee. If two or more of these qualified employees are equally qualified, then bargaining unit seniority shall prevail. The employee selected for the posted job shall be given a demonstration period, as set forth above. The employee who is allowed to transfer under the provisions of this Paragraph shall not be eligible for job bidding for one year from the date of transfer.

b) Last in the order of consideration, in the Company's sole discretion, will be all other Requests for Transfer, provided the employee has not been a successful bidder to a job in the past year, or has not been granted a Request for Transfer to another department in the past five years. The employee selected for the posted job shall be given a demonstration period, as set forth above. The employee who is allowed to transfer under the provisions of this Paragraph shall not be eligible for job bidding for one year from the date of transfer.

7. The Company may authorize a Request for Transfer from an employee who has a physical or medical condition that keeps him from continuing to perform his regular duties. Such requests will be closely scrutinized and will be acted upon based on the employee's prior work record, preservation of departmental skills and efficiency, merits, and circumstances of each individual case. In the event of multiple requests and all of the above factors are equal, bargaining unit seniority shall prevail. An employee who is granted such a request will go to the top step rate of the lower classification if the employee is moved downward in his line of progression. An employee who is allowed to move to another job classification in another line of progression shall enter at the first step rate unless, in the determination of the Company, the employee's previous experience and qualifications warrant a higher step rate. Requirements for such requests are:

a) They must be made in writing in response to a posted vacancy, accompanied by written documentation that verifies the extent of the condition. Such placement may or may not be in the employee's line of progression, or in the same Labor Grade; in any event, it will not be to a classification in a higher Labor Grade. In addition, such placement shall not be subject to the other job bid and requests for transfer provisions of this Section, provided the employee with the physical or medical condition has more bargaining unit seniority than the employee who would have otherwise received the job. The employee who is allowed a transfer under the provisions of this Paragraph shall not be eligible for job bidding for two years from the date of transfer.

b) This provision in no way obligates the Company to create a position to accommodate such requests.

SECTION 18. TEMPORARY AND PERMANENT TRANSFERS

1. In order to fully utilize the Company's workforce during workload fluctuations between departments, the Company will make temporary transfers from one department to another as needed. The total duration of all such transfers in any one calendar year for any one employee shall not exceed six months.

2. The Company will determine when an employee is far enough along in his training to qualify for work in a temporary upgrade position. When an employee is temporarily upgraded and performs the tasks normally assigned to the higher rated classification for two hours or more, he will receive the first step rate of pay for that classification for all hours worked in the higher rated classification that day.

3. When an employee is temporarily transferred to a lower rated classification, he will receive his regular rate of pay during such transfer.

4. When it becomes necessary to permanently transfer employees to a lower rated classification (see the Layoff, Displacement, and Recall section of this Agreement), the employees with the least departmental seniority in the affected job classification shall be transferred. In the case of such a transfer from a higher rated classification to a lower rated classification, the employee will continue receiving the higher pay rate for 30 working days. After that, he shall be paid the top step rate of the lower classification. Any transfer determined by the Company to be on a permanent basis will be given in writing to the employee.

SECTION 19. HOURS, OVERTIME AND PREMIUM PAY

1. The standard workweek is a seven day period beginning at 12:01 a.m. on Sunday and ending at 11:59 p.m. the following Saturday. The work schedule showing the scheduled starting and quitting times and the scheduled days off shall be posted in each department by the end of the first shift Thursday.

2. Time and one-half will be paid for all hours worked by an employee on Saturday, and double time will be paid for all hours worked by an employee on Sunday. Time and one-half shall be paid for all hours worked when working for another utility other than the Company's member cooperatives, except when double time is otherwise required to be paid under this Agreement.

3. The normal workday for employees shall be eight and one-half consecutive hours with a one-half hour intermission for lunch. Employees will be allowed to eat their lunch at approximately the midpoint of the shift. If an employee is required to work through his lunch period he will be paid and he will be given 20 minutes to eat his lunch.

4. The Company will pay, in addition to the employee's base wage rate, a shift differential to employees on shifts that commence as follows:

First Shift	Between the hours 5:00 a.m. and 11:59 a.m. - None
Second Shift	Between the hours 12:00 noon and 7:59 p.m. - 25¢
Third Shift	Between the hours 8:00 p.m. and 4:59 a.m. - 40¢

The appropriate shift premium will be paid for all overtime hours; however, no shift premium will be paid for any vacation pay, sick leave pay, holiday pay, or for any hours not worked.

5. As a public service corporation, the Company must perform its obligations to its customers at all times and in recognition of these obligations the Company shall have the right to require an employee to work overtime. The Company will attempt to arrange such overtime to avoid undue hardship on any employee, and the Company at its discretion will rotate overtime as equitably as possible among the qualified employees in the department involved.

6. The parties agree that the equitable rotation of overtime shall be on the basis of departmental seniority in classification. Rotation by seniority will be every 28 calendar days. (Refer to Overtime Guidelines for details of distribution of overtime.)

7. The standard workday is a 24 hour period beginning at 12:01 a.m. and ending 24 hours later. Time and one-half will be paid for all time worked in excess of eight straight-time hours in any one standard workday and for all time worked in excess of 40 straight-time hours in any one standard workweek.

8. The Company may assign all or part of the employees within a department to work a four 10-hour day schedule. If this schedule is used, employees in a department may be assigned to work either Monday through Thursday or Tuesday through Friday, but a department shall not have some employees assigned to work Monday through Thursday and other employees in the department assigned to a Tuesday through Friday workweek.

a) Overtime on the four 10-hour day schedule will be paid for all time worked in excess of 10 straight-time hours in any one day and for all time worked in excess of 40 straight-time hours in any one week. However, if an employee works on any of his three days off to perform non-emergency work, he shall be paid the appropriate overtime rate for such work, and he shall receive time and one-half for the 9th and 10th hours worked on each of the scheduled four 10-hour days he worked; provided that if the employee volunteers to perform non-emergency work on any of his three days off, he shall not receive time and one-half for the 9th and 10th hours in his four 10-hour day schedule. If an employee is required to work on any of his three days off in an "emergency," he shall receive appropriate overtime pay for the hours worked in those three days, but he will not receive overtime for the 9th and 10th hours worked in any of his scheduled four 10-hour days. An "emergency" is an unexpected interruption of the Company's lines or substation equipment.

b) Employees assigned to work a four 10-hour day workweek shall receive: 10 hours holiday pay for any holiday that occurs in that workweek; 10 hours personal day pay for any paid personal day taken; 10 hours sick leave pay for any day of accrued sick leave taken; and 10 hours funeral leave pay for any day of funeral leave taken. Employees taking a vacation day in that workweek shall have the option to receive up to 10 hours of vacation pay.

9. An employee shall be paid the appropriate overtime rate for all hours worked outside his scheduled work shift in the standard workday. This includes "hold-overs," "report-ins," and "call-ins" which are defined as follows:

a) "Hold-over" work shall be work which is a continuation of a scheduled work shift. For hold-over work to apply, an employee shall be notified prior to the end of his scheduled shift. An employee who is held over shall be paid only for the additional hours worked at the appropriate overtime rate.

b) "Report-in" means that a notice is given to an employee before his scheduled shift ends to return for work at some hour before his next scheduled shift begins. If an employee is given notice to report in and that notice is not cancelled prior to the end of his shift, he will receive no less than one hour's pay at the appropriate overtime rate, even if the scheduled report-in is cancelled after the end of the shift. It is not a report-in when the proper 12 hour notice is given.

c) "Call-in" is when an employee is called in for emergency work outside his scheduled working hours. Call-ins shall be paid as follows:

1) When an employee is called in for emergency work or is instructed to come in for emergency work and the hours worked are not continuous with other hours worked, he shall receive no less than four hours pay at the appropriate overtime rate. The employee must do any emergency work assigned to him by the Company in order to be entitled to the call-in pay. It is not a call-in when the proper 12 hour notice is given.

2) Anytime an employee is called to work from his home prior to the start of his shift and works into his shift, the employee shall receive a minimum of one hour's pay at the appropriate overtime rate. If the employee is on the premises and is asked to work prior to the start of his shift, he shall be due pay at the appropriate overtime rate.

10. "Scheduled" work is work for which 12 hours or more notice is given to the employee prior to the start of his shift. "Unscheduled" work is work for which less than 12 hours notice is given to the employee prior to the start of his shift.

11. Prearranged schedule changes in the employee's posted work schedule will be work for which 12 hours or more notice has been given. If an employee is not given proper notice, he will receive time and one-half for the first eight hours worked on his new scheduled shift. All scheduled shifts shall be a minimum of four hours.

12. Changes in working hours whereby schedules are extended by the addition of overtime hours immediately preceding or immediately following an employee's scheduled shift will not be considered a schedule change within the meaning of Paragraph 11 of this Section.

13. In order to cancel any scheduled overtime, eight hours notice must be given prior to the start of the employee's shift. If less than eight hours notice is given, the employee will be given the option to work or he will be paid at the appropriate overtime rate for one-half the overtime hours cancelled.

14. When an employee works 16 or more hours in any rolling 24 hour period, he shall be entitled to a 12 hour rest period, commencing immediately upon his release from work and lasting 12 consecutive hours thereafter. Compensation to the employee will be based on the following:

a) Be paid at two times the straight-time rate of pay for all hours worked over 16 hours and for all hours worked in the 12 hour rest period,

b) Be given a rest period at no loss of pay for any hours scheduled in his 12 hour rest period. If the employee's 12 hour rest period ends and there is a portion of a scheduled shift remaining, the employee may be given the option to waive the remainder of the affected shift without pay and with no penalty under the Absenteeism Control Program.

15. An employee must work 16 hours in a 24 hour period in order to be entitled to a 12 hour rest period. Pay that is received by an employee for hours not worked, such as personal day, holiday or workers' compensation pay, or the minimum one hour's pay due an employee in "report-in" situations, etc. does not count as time worked for the purpose of satisfying the 16 hour clause.

16. Overtime and premium pay shall not be pyramided, compounded, or paid twice for the same hours worked. All hours for which an employee receives pay shall be considered as time worked for the computation of overtime pay.

17. If an employee is more than 30 minutes tardy, his supervisor may send him home for the balance of that workday, in that event he shall not receive any pay for that day.

SECTION 20. MEALS

1. If an employee is required to work past his scheduled quitting time two or more hours, the employee will be furnished a meal at Company expense and an additional meal at Company expense each four hours thereafter, or seven dollars in lieu thereof, as long as he continues to work.

Example: An employee whose schedule is 7:00 a.m. to 3:30 p.m. is required to work until 5:30 p.m. The employee is due a meal. If this employee continues to work until 9:30 p.m., another meal is due.

2. If an employee is called in for unscheduled work two to four hours before his scheduled starting time, the employee will be furnished a meal ("breakfast") at his scheduled starting time at Company expense or seven dollars in lieu thereof. Since the intent here is for the employee not to take the time to eat or prepare any meal prior to coming in to work, the Company will furnish the mid-shift ("lunch") meal or seven dollars in lieu thereof. If the employee ceases work at his scheduled quitting time, no additional meals will be paid.

Example: a) An employee whose schedule is 7:00 a.m. to 3:30 p.m. is called in for unscheduled work at 4:00 a.m. and works until his scheduled quitting time. The employee is due "breakfast" and "lunch."

Example: b) An employee whose schedule is 7:00 a.m. to 3:30 p.m. is called in for unscheduled work at 5:00 a.m. and continues to work through his schedule until 6:30 p.m. The employee is due three meals "breakfast", "lunch" and "supper".

3. If an employee is called in for unscheduled work more than four hours before his scheduled starting time and works into his scheduled shift, he will be furnished a meal or seven dollars in lieu thereof for each full four hour period worked prior to the scheduled starting time of the shift. The employee will also be furnished the mid-shift ("lunch") meal or seven dollars in lieu thereof. If the employee ceases work at his scheduled quitting time, no additional meals will be paid.

Example: An employee whose schedule is 7:00 a.m. to 3:30 p.m. is called in for unscheduled work at 1:00 a.m. and continues to work through his scheduled shift. The employee is due a meal at 5:00 a.m. He is also due the mid-shift ("lunch") meal.

4. If an employee is called in for unscheduled work and works over four hours, and the unscheduled work ends prior to the employee's scheduled shift, he shall be furnished a meal or seven dollars in lieu thereof for each continuous four hour period worked.

Example: An employee is called in for unscheduled work at 2:00 a.m. and works until 2:00 p.m. He is due a meal at 6:00 a.m., 10:00 a.m., and 2:00 p.m.

5. If an employee is given eight hours or more notice to report to work or if the employee is notified prior to leaving his duty station that he will be held over on his next scheduled shift, he will not be due meals. An employee given sufficient notice of the starting time for hours to be worked, but not given a designated quitting time, will receive meals as set forth in this Section as if no notice was given.

6. In addition to the provisions above, the following shall also apply for meals while the employee is on unscheduled overtime.

a) An employee whose unscheduled work has continued and he will not arrive at the ET&S office within three hours of his scheduled quitting time shall be entitled to: receive payment in lieu of a meal as set out above; or stop on the way back to the ET&S office and eat a meal at the rate not to exceed 10 dollars and paid time to eat his meal not to exceed 30 minutes.

b) Time taken to eat (paid and unpaid) will not be used in the calculation toward the next meal due the employee. Time taken to eat beyond 30 minutes will be unpaid. The meal stop shall be used as reimbursement of one meal ticket.

c) An employee who chooses to stop and eat shall notify the management of the ET&S Department. If the ET&S management cannot be reached, then the employee shall notify the Energy Control system supervisor of the stop.

d) If an employee is called in for unscheduled overtime and works six hours or more, and if the unscheduled overtime work ends prior to the employee's scheduled shift, he will be permitted to stop on his way back to the ET&S office to eat a meal, as set out above in Paragraph 6.a).

7. Reimbursement for food purchase receipts or redemption of meal tickets will be monthly and may be paid in cash or by check.

8. The provisions in this Section are in no way intended to provide meals or meal money during "scheduled overtime." The intent of these Paragraphs is to provide the employee with the normal and regular meals that may be missed due to unscheduled work, not to provide additional meals.

SECTION 21. SUPERVISORS WORKING

1. It is understood and agreed that no supervisor or foreman will take the place of any employee and perform production work except in an emergency, or for the purpose of instruction and training, or to assure proper performance of work, to protect Company property, or to ensure safety of employees.

SECTION 22. LEAVE OF ABSENCE

1. By special written request from a seniority employee the Company in its sole discretion may grant a Personal Leave of Absence without pay for a maximum period of 30 days. Credit for Company seniority and employee benefit accrual during the granted Personal Leave of Absence shall not exceed the 30 day maximum.

2. An employee who is unable to work because of illness or injury may be granted a sick leave provided the employee furnishes the Company with a written statement from his physician verifying the sickness or injury. The employee may utilize his accumulated sick leave pay during the sick leave. The Company reserves the right to require a physical examination of the employee, at Company expense by a Company doctor, during any time of an authorized sick leave. If the employee is physically unable to return to his job classification or any other suitable job that he can be fitted by education, training or experience and in accordance with his departmental seniority, the employee will be determined to be eligible for long term disability. The qualifying period for long term disability is three months of continued disability resulting from a medically approved physical or mental condition. During absences covered by an authorized personal or work-related sick leave, credit toward seniority will continue as set forth in Paragraph 4.i) of Section 14. Credit toward other employee benefit accrual will continue for a period up to the employee's accumulated seniority not to exceed one year.

3. An employee who fails to return to work at the termination of his Personal Leave of Absence or sick leave will be treated as a voluntary quit.

4. Upon return to work, an employee shall be reemployed at his former job or at a job in line with his seniority, provided the employee can perform the job without training but receiving adequate instruction, and to a job which carried a rate of pay equal to or as near that of his former job as possible, provided there is such work available.

5. It is the Company's intent that the medical leave provisions shall be consistent with and in full compliance with the FMLA.

SECTION 23. SICK LEAVE PAY

1. Commencing with the date of employment, all employees on the active payroll shall accumulate sick leave pay at the rate of eight hours at regular (straight-time) rate for each calendar month of continued employment. Accumulated sick leave will be payable only when a seniority employee is absent from and unable to work his scheduled workdays due to non-occupational sickness or injury. In no event will sick leave be paid in excess of sick leave accrued at the time the absence occurs. During the probationary period an employee shall not be eligible for sick leave pay.

2. Although an employee may accrue an unlimited amount of sick leave, in the case of illness or injury he will not be allowed to take more than 13 weeks sick leave in any one continuous period after which he will be eligible to apply for long term disability.

3. Personal illness shall mean an employee being unable to work due to a sickness, or accidental personal injury not arising from participation in outside gainful occupation or unlawful activities and shall specifically exclude injury arising out of or in the course of employment with the Company.

4. The Company reserves the right to have an employee examined by a doctor of its choice concerning the verification or continuation of the employee's illness, injury, or surgery. If an employee is instructed by Management that verification is needed, such verification will be at Company expense and the physician will be designated by the Company. An employee who fails to satisfactorily verify his reason for absence for the entire period or who refuses or fails to submit the verification as instructed, will not be paid and will be subject to discipline.

5. Accumulated sick leave will not be paid to employees leaving for any reason, the employ of the Company.

6. When an employee is unable to report for work due to a sickness or injury as defined above, he must report this fact to his immediate supervisor or other management personnel at the earliest possible time, but in no event later than 15 minutes prior to the scheduled time to commence work, otherwise the employee will receive no sick leave allowance for the day.

7. The Company is aware that there are times when absences and extended leaves associated with personal or work-related sickness or injury are not known in advance. However, when such absences are known in advance, the employee should promptly notify the Company as to the time and date of a physician's appointment. For absences of a longer period of time, the employee should promptly notify the Company as to the beginning date and anticipated duration of the leave. The intent here is to keep the Company informed in advance so that supervision can plan and schedule work in the most efficient manner.

8. Employees receiving sick leave pay under the provisions of this Section shall receive holiday pay in lieu of sick leave pay in the event a holiday falls during such sick leave period.

9. For absences of three or more consecutive workdays, a satisfactory medical doctor's certificate must be presented.

SICK LEAVE PAY OPTIONS

10. An employee who needs to be absent from work due to a non work-related illness or injury may, at his option, use accumulated sick leave as set out below:

a) He may receive full sick leave pay at his base wage rate in effect on the day of absence, provided he furnishes the Company with a medical doctor's certificate satisfactorily verifying the need for the absence.

b) He may receive sick leave pay at 80 percent of his base wage rate in effect on the day of absence without submitting a medical doctor's certificate. This option may be used a maximum of two days per calendar year and for a period not to exceed two consecutive workdays.

c) In lieu of receiving pay as set forth in a) or b) above, an employee may be absent for up to two consecutive days and elect to receive no pay.

SERIOUS ILLNESS OF EMPLOYEE'S SPOUSE OR DEPENDENT CHILD

11. Accumulated sick leave may be utilized by employees when a spouse or dependent child is:

a) Seriously ill or injured,
b) In the hospital or having out-patient surgery or treatment,
c) Recovering at home from an illness, injury, or surgery.

12. In all absences associated with the spouse or dependent child, the employee must present a written medical doctor's certificate satisfactorily verifying the need for the employee's presence, the nature of the relative's illness, injury, or surgery and the starting and ending dates of the absence. An employee who fails to satisfactorily verify his reason for absence, or who refuses or fails to submit the verification as instructed, will not be paid and will be subject to discipline.

13. The maximum utilization of accumulated sick leave for incidents of serious illness, injury, or surgery to the employee's spouse or dependent child shall not exceed five days [40 straight-time hours] in any calendar year. In the event a serious illness, injury, or surgery to the employee's spouse or dependent child requires the employee to be absent from work for more than 15 scheduled straight-time workdays during a calendar year, the employee may utilize his accumulated sick leave to cover absences beginning with the 16th day. A doctor's statement is required which satisfactorily verifies the need for such long term absence.

PARTIAL SICK DAY ABSENCES

14. Employees may use accumulated sick leave for partial sick day absences for legitimate medical reasons, provided that all provisions set out below are met:

a) Accumulated sick leave may be used in increments, subject to the employee's discretion, of up to four full straight-time hours (five full straight-time hours if on a four 10-hour day schedule). Partial sick day absence may be used for personal illness or off-the-job injury, or for medical and dental appointments of the employee and eligible dependents.

b) To receive pay for a partial sick day absence, an employee must give at least 16 hours notice of the absence prior to the starting time of his scheduled straight-time shift, and present upon return to work a medical doctor's certificate verifying the illness or injury.

c) If an employee becomes sick while at work and must leave work the notice requirement will be waived, and the employee will be compensated for the full period of sick day absence. The medical doctor's certificate verifying the reason for absence is also waived unless the employee is instructed before leaving work that verification of his partial day absence is needed.

d) Each partial sick day absence will be charged under the Absenteeism Control Program.

SECTION 24. WORKERS' COMPENSATION PAY

1. A regular full-time employee who is absent from work because of an industrial illness or injury shall have his lost wages reimbursed at a rate of 75%, commencing on the fourth consecutive full working day of the absence. Pay will be computed at the employee's base straight-time rate in effect at the onset of the illness or injury, on the basis of his 40 hour workweek, and exclusive of shift premium or any other premium pay.

2. The 75% reimbursement program remains effective for a maximum of 13 weeks, provided the employee remains on a verifiable work-related disability. Thereafter, the maximum reimbursement due an employee off on a verifiable extended work-related illness or injury shall be a maximum of 66 2/3% of the employee's base straight-time rate in effect at the onset of the illness or injury. The 66 2/3% maximum benefit is paid jointly under the terms and conditions of Workers' Compensation and the Long Term Disability Policy.

3. If an illness or injury occurs on the job, the Company must be notified immediately and the illness or injury must be verified by a medical doctor's certificate.

4. If an employee is absent for eight or more consecutive working days for an industrial illness or injury, he shall be compensated as set forth above, for the first three working days of the absence.

5. This benefit will continue as long as the employee remains disabled and eligible for Workers' Compensation from the insurance carrier. Thereafter, additional benefits are payable under the terms and conditions as set forth in the Long Term Disability Policy.

6. Successive disabilities separated by less than 10 consecutive working days of regular full-time work will be considered as the same disability, unless the subsequent disability is due to a different cause.

7. An employee shall not lose any straight-time pay for a partial day absence due to an industrial illness or injury.

8. An employee who fails to return to work at the termination of his Workers' Compensation leave will be treated as a voluntary quit.

9. The Company reserves the right to have an employee examined by a doctor of its choice concerning the verification or continuation of a work-related illness or injury.

SECTION 25. PERSONAL DAY PAY

1. Each seniority employee on the active payroll shall have two personal days each calendar year. The employee will be paid eight hours (10 hours if on a four 10-hour day schedule) at his straight-time rate in effect on the date a personal day is taken.

2. The absence for a paid personal day shall be a non-chargeable occurrence under the Absenteeism Control Program.

3. When an employee needs to take a personal day, he should report this fact to his immediate supervisor or other management personnel at the earliest possible time, but in no event later than 15 minutes prior to the scheduled time to commence work, otherwise the employee will receive no pay for the day and the absence becomes a chargeable occurrence.

4. An unused personal day cannot be carried over to the next calendar year. For any personal day not taken by December 31, the employee shall receive eight hours pay (10 hours if on a four 10-hour day

schedule) at his straight-time rate in effect on that date. An employee can choose to take a cash-out of his personal day(s) before December 31.

5. Paid personal days may be taken up to and including December 31. However, a paid personal day cannot be taken on a Saturday, Sunday, or a holiday. (A personal day is not a holiday.) If an employee decides to take a personal day after November 30, he must schedule it in advance during the time period between November 1 and November 15. The cash-out received for an unused personal day does not count toward overtime.

6. A probationary employee is entitled to the paid personal days if he completes his probation period prior to December 30. If he completes his probation period on December 30, he is entitled to take or cash-out one personal day. He is not entitled to a paid personal day if he completes his probation period on December 31.

SECTION 26. FUNERAL LEAVE

1. In the event of a death in the employee's immediate family, the employee will be granted four consecutive calendar days off without loss of pay from the straight-time workdays he would have worked, provided one of the days absent is the day of the funeral.

The immediate family is defined as:

a) spouse
b) parent or stepparent (funeral leave is available to the employee for one mother and one father during employment with the Company)
c) spouse's parent or stepparent (the limitation as set out for the employee's parent shall also apply)
d) employee's brother, sister, half-brother, or half-sister
e) employee's children or the children of the spouse, provided they are stepchildren who live or who have lived in the employee's home in a normal parent/child relationship

2. In case of a death of an employee's grandparent, grandchild, brother-in-law, sister-in-law, son-in-law or daughter-in-law, the employee will be granted three consecutive calendar days off without loss of pay from the straight-time workdays he would have worked, provided one of the days absent is the day of the funeral.

3. In case of a death of a stepchild not related to the employee's current spouse, the employee will be granted one day off without loss of pay from the straight-time workday he would have worked provided:

a) the day absent is the day of the funeral, and
b) the stepchild lives or has lived in the employee's home in a normal parent/child relationship.

4. It is an employee's option when he starts his funeral leave, provided one of the days is the day of the funeral, and provided he gives advance notice to supervision of his days of absence.

5. An employee will receive eight hours straight-time pay (10 hours if on a four 10-hour day schedule) for each funeral leave day that is a scheduled straight-time workday. In addition, if he is scheduled to work on a Saturday or Sunday, the employee will be allowed off for funeral leave, without pay.

6. The funeral leave benefit in all cases is contingent upon the honest reporting of the relative that has passed away and the employee's attendance at the funeral.

7. Only those step-relatives specifically identified above are covered by funeral leave.

SECTION 27. JURY DUTY

1. Employees serving on jury duty shall not lose straight-time pay (exclusive of shift premium) on that account.

2. An employee who is required to report for jury duty before noon shall, upon request and notification to his supervisor, 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 hours from his scheduled starting time (five hours from his starting time if on a four 10-hour day schedule).

3. 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 the subpoena.

4. 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.

SECTION 28. HEALTH AND SAFETY

1. A physical examination is required before hiring and may be required during an employee's employment at the discretion of the Company.

2. The Company will continue its present practice in regard to maintenance of proper housekeeping, safety equipment, sanitary health and safety protection for all employees.

3. The Union and the employees agree to cooperate fully with the Company in order to promote safety in all work locations by the observance of all safety regulations and by performing their work in a safe and careful manner, at all times. Employees will promptly report unsafe conditions or defective equipment to their supervisor. There will be safety meetings and copies of the meeting minutes will be forwarded to the Union's Business Manager. The chief steward will be the safety representative and will meet with the Manager of Transmission, or his designee, once a month for the discussion of safe work practices and conditions.

4. In case of a work-related injury, regardless of how small, the employee must notify his supervisor. In case of a work-related injury that results in lost time from work or requires medical treatment other than first aid, the employee must complete the Employer's First Report of Injury as required by OSHA. Copies of the Employer's First Report of Injury will be forwarded to the Union's Business Manager.

5. The Company shall distribute to all employees a Safety Manual for their guidance and instruction as to safe work practices. Every employee shall become familiar with the rules of the Safety Manual as they apply to his work activities. While the rules of the Safety Manual will cover as many working situations as possible, it should be understood that it is impossible for the manual to cover all situations. The Company will, when it is necessary, establish additional safety rules and regulations which will be distributed to all employees. The Company will forward to the Union's Business Manager advance notice of any new safety rules.

6. In conjunction with 49CFR (Code of Federal Regulations) 391.41 through 391.49, the Company will pay for all testing and licensing expenses associated with employees obtaining and retaining a DOT (Department of Transportation) Operators License.

7. The Company will reimburse each employee $95.00 for safety shoes once a calendar year. Steel toed caps for shoes will not be acceptable. The Company will also reimburse $95.00, once a calendar year, towards the purchase of lineman's climbing boots for any employee whose work for the Company necessitates the purchase of such boots. Receipt of purchase is required for any reimbursement under this Paragraph. Employees shall have the option to combine two calendar years for a single purchase (four years if for lineman's boots). The employee shall declare his option when the receipt is submitted.

8. The Company will furnish the uniforms to be provided in the Company's clothing policy regarding exposure to energized circuits. The Company will also furnish T-shirts bearing the Company logo that comply with the policy. The T-shirts are to be laundered by the employee. The clothing furnished by the Company under this provision is required to be worn by the employee, except he can choose to wear the T-shirt without the uniform shirt when and where allowed in the clothing policy.

SECTION 29. EMERGENCY RESCUE TEAM

1. All Emergency Rescue Team (ERT) members shall meet and maintain the required physical standards set out in the Company's Emergency Rescue Team Policy. ERT members will be expected to respond to hazardous chemical spill and confined space emergencies where employees are in need of being rescued.

2. The ERT shall be staffed on a volunteer basis.

3. The Company shall provide training for rescue team members as stated below:

   a) Three days of initial training for employees joining the rescue team.

   b) Eight hours of training which includes at least one drill per year for each ERT member.

   c) Any additional training required by ERT members to acquire or maintain skills sufficient to perform emergency rescues or training required to acquaint ERT members with new equipment will be conducted on an as needed basis, as determined by the corporate safety administrator.

4. Injuries that result from an ERT member's rescue efforts, while at work, are covered by Workers' Compensation.

5. All volunteers for the ERT will be accepted on the basis of bargaining unit seniority. However, employees who hold positions outside of the Company at the time they volunteer such as volunteer firemen, policemen, emergency medical technicians, etc. will be given priority selection. The selection process for this group will also be based on bargaining unit seniority.

6. Employees who volunteer for the ERT shall do so with the understanding that they must remain on the ERT for a minimum of one year. It is understood by the parties that an employee who has an unknown medical condition may volunteer and be accepted into the ERT. Upon discovery of a condition that disqualifies an employee from being an ERT member, the employee shall be allowed to exit the ERT without completing the one year minimum service requirement.

7. Employees interested in withdrawing from the rescue team may do so after the minimum one year of enrollment, provided 60 calendar days written notice is submitted to the Company.

8. ERT members shall be identified by either a special hard hat or insignia.

9. Employees selected for the ERT who have passed the physical examination required to be an ERT member shall earn additional vacation days, as set out below:

a) One vacation day will be credited to the employee's vacation account following the successful completion of the initial three days of rescue training. Once credited, this vacation day will be immediately available for use. Thereafter,

b) Beginning either June 30 or December 31, depending upon when the employee became an ERT member, one additional vacation day will be credited to the employee's vacation account following the completion of six * months of service.

Example: An employee who completes the rescue training on December 1, 1998, will be credited with one vacation day. Following the completion of six months of service (June 30, 1999) as an ERT member, one additional vacation day will be credited to the employee's vacation account. This process of crediting an employee's vacation account with one vacation day will continue each June 30, and each December 31, provided the employee remains an ERT member.

*The first time period for earning an additional vacation day typically will be longer than six months. However, the first vacation day earned by joining the ERT offsets this additional time.

c) Vacation days earned by being an ERT member will be credited to the employee's regular vacation account and may be used or paid to the employee upon termination, resignation, or retirement, according to the Vacations section of this Agreement, except that the vacation day credited under 9.a) above upon completion of the initial three days of training will be immediately available for use.

d) An ERT member will continue to earn service for the accrual of ERT vacation days while on sick/workers' compensation leave until the employee is placed on long term disability.

e) A vacation day earned by an ERT member when on a four 10-hour day schedule will be 10 hours.

10. The Union or the Company may withdraw from this ERT Section in its entirety at the expiration of this Agreement.

SECTION 30. VACATIONS

1. All employees must be continuously employed on the active payroll as full-time employees, by January 1 of each current year, to receive any vacation pay. The vacation year shall be the calendar year.

2. The Company will grant paid vacations in accordance with the following schedule beginning January 1, 2013:

Length of Continuous Service As of January 1 of the vacation year	Hours Paid At Straight-Time
a) Less than 12 months continuous service	8 hours per full month up to a maximum of 80 hours
b) More than one year but less than five years continuous service	80 hours

c) After five years continuous service	104 hours
d) After nine years continuous service	112 hours
e) After 10 years continuous service	120 hours
f) After 11 years continuous service	128 hours
g) After 12 years continuous service	136 hours
h) After 13 years continuous service	144 hours
i) After 14 years continuous service	152 hours
j) After 15 years continuous service	160 hours
k) After 25 years continuous service	184 hours

3. "Continuous service" in this Section is defined as time actually spent performing productive work for the Company and does not include time away from work for any cause or reason whatever, except approved leaves of absence or vacations.

4. Employees eligible to receive vacation benefits under this Section, who resign, retire, terminate, or are laid off, shall receive pay in lieu of vacation benefits accumulated to the time of separation on the following basis:

a) They shall receive pay for one-twelfth (1/12) of the applicable vacation hours earned for each month worked during the current vacation accrual year. The vacation accrual year is the calendar year commencing with each January 1 and ending December 31. A month's work will be defined as any calendar month in which the employee works 120 hours.

b) In order to be entitled to any pay under this Paragraph, all persons who resign or retire must give proper notice by submitting a "resignation notice" to his supervisor at least two weeks (14 calendar days) prior to the desired date of termination or separation. Employees who fail to submit proper notice will forfeit all accrued vacation entitlement.

5. All discharged employees will receive pay for vacation accrued prior to the year of termination.

6. All vacation requests are to be turned in by February 1. The Company will post vacation schedules by March 1. All vacation requests turned in after February 1 will be on a first-come, first-serve basis. Vacations will be granted based on employees' bargaining unit seniority provided the Company maintains the proper balance of skills, experience and job knowledge.

7. An employee will ask his supervisor before his vacation commences about his work schedule (shift, starting and quitting times) for the first scheduled workday upon his return from vacation. If it is

necessary to change an employee's work schedule while he is on vacation, the change will be made in accordance with the 12 hour notice provisions of the Hours, Overtime and Premium Pay section of this Agreement.

8. Subject to the approval of the employee's supervisor, employees will be permitted to trade vacation periods with other employees within their job classifications.

9. A maximum of 184 hours vacation credit may be carried from one calendar year to the next. Vacation credit is accrued in the calendar year prior to the calendar year in which it can be used. If an employee foregoes his vacation at the request of the Company, the Company shall in lieu thereof pay the employee his vacation pay over and above his ordinary pay.

Example: An employee with five years of continuous service has 184 hours vacation credit accumulated on December 31. On the following January 1 this employee has a total of 288 hours of vacation credit available for use in the new calendar year. (184 hours "carryover" plus 104 hours accrued during previous year equals 288 hours available in the new calendar year.) This employee can use all 288 hours during this new calendar year if it is mutually agreeable with his immediate supervisor. If this employee fails to use 104 hours vacation time during this new calendar year, he will lose all hours above 184 on December 31 since this is the maximum allowable for carryover into the next calendar year.

SECTION 31. HOLIDAYS

1. All active, full-time regular employees with seniority shall receive eight hours pay at their straight-time rate in effect on the day of the holiday.

2. An employee who works on a day observed as a holiday shall be compensated as follows:

a) He shall be paid for all hours worked on the holiday at a rate of time and one-half his straight-time rate in effect on that day.

b) He shall receive eight hours holiday pay at his straight-time rate in effect on that day.

3. When an employee works temporarily upgraded on a day observed as a holiday, he will receive holiday pay, as set out above, at the appropriate temporary upgrade rate.

4. If an employee is scheduled to work on a holiday and fails to work, he will not be paid for the holiday unless his absence is excused by the Company.

5. An employee that does not work the holiday shall receive holiday pay under the following conditions:

a) He must work or receive pay for all the hours of his scheduled shift on the last workday preceding such holiday(s), and he must work or receive pay for all the hours of his first scheduled shift immediately following the holiday(s).

b) If an employee is absent on one of the qualifying days for a reason that is non-payable under the provisions of this Agreement, such absence will not result in the loss of holiday pay if the reason is substantiated by the employee and accepted by the Company.

c) No holiday pay is due an employee who is absent on both of the qualifying days for a non-payable reason.

d) If an employee is tardy and the Company does not invoke Paragraph 17 of Section 19, the employee shall receive holiday pay.

e) Holiday pay is not paid an employee on disciplinary suspension on both of the qualifying days. The holiday(s) is counted as part of the suspension period.

f) Holiday pay is not paid an employee who is on long term disability on both of the qualifying days.

g) Holiday pay is not paid in lieu of workers' compensation pay, however holiday pay is paid in lieu of sick pay.

6. During this Agreement there shall be 10 paid holidays as follows:

New Year's Day	Veteran's Day
Good Friday	Thanksgiving Day
Memorial Day	Friday after Thanksgiving
Independence Day	Christmas Eve
Labor Day	Christmas Day

7. In the event a holiday occurs on any employee's scheduled day off, the preceding scheduled workday (if in the same 7 day calendar week) will be observed as the holiday.

8. In the event a holiday occurs on any employee's scheduled day off at the beginning of the same 7 day calendar week such that Paragraph 7 cannot be applied, the next scheduled workday will be observed as the holiday.

9. Employees assigned to work a four 10-hour day workweek shall receive 10 hours holiday pay for any holiday that occurs in that workweek; and in that case, all provisions of this Section that refer to eight hours holiday pay shall apply to 10 hours holiday pay.

SECTION 32. HEALTH AND WELFARE

1. The details covering such matters as eligibility, coverage continuation, benefits and covered services, deductibles, exclusions and limitations, coordination of benefits, termination of coverage, conversion privileges, and all other terms and provisions of the plans referred to in this Section shall be as specifically provided or set out in the plan documents.

MEDICAL INSURANCE – ACTIVE EMPLOYEES

2. Each employee is entitled to the group health coverage provided to, and on the same basis as, all other regular full-time employees of the Company. The Company retains the right in its sole discretion to modify the terms, conditions, and level of benefits under the group health coverage, after offering to meet and discuss such changes with the Union, so long as benefits for employees covered by this Agreement are the same as provided to other full-time employees of the Company.

3. The Company and the employees will co-share the cost of the medical premiums. The employee's contribution to the cost of coverage will depend on the coverage he has. The monthly employee contribution percentage and fixed amounts in effect on October 14, 2012, will remain in effect until January 1, 2013. The monthly employee contribution effective January 1, 2013, will be nine percent of the cost, but no more than the following:

Employee Only	$ 65.00
Employee and Spouse	140.00
Employee, Spouse, and Child(ren)	190.00
Employee and Child(ren)	125.00

The employee's contribution will be made through payroll deduction on a pre-tax basis.

MEDICAL INSURANCE – RETIREES

4. Group medical coverage is available for employees who retire on or after age 62; provided that those hired or transferring into the transmission division after October 14, 2012, must also have 10 or more years of service. The Company and retiree will co-share the cost of the medical premiums on an 85/15 basis (85% Company, 15% retiree). Coverage is also available for the retiree's spouse during the period of time that the retiree is between the ages of 62 and 65. The cost to the retiree and/or spouse for the spouse's coverage is 15% if the spouse is between the ages of 62 and 65, and 75% if the spouse is less than 62. The Company will provide Medicare supplement coverage at age 65. To be eligible for the Medicare supplement coverage, the participant must enroll in Medicare Part B. The cost to the participant is 75 percent of the Medicare supplement premium rate. Coverage may also be continued for the retiree's spouse, with the coverage and cost dependent on the spouse's age, as indicated in this Paragraph.

MEDICAL INSURANCE – DISABLED EMPLOYEES

5. If an employee becomes disabled as a result of an injury or an illness while employed by the Company, group health coverage will be provided for him on the following basis:

a) Coverage will be provided for the first 12 months of disability, beginning with the first day of disability (the day following the last day worked), with the employee paying the same as an active employee.

b) After 12 months of disability, coverage will be provided on an 80/20 co-shared basis, with the employee paying 20 percent of the monthly premium, except that coverage for employees on long term disability as of October 14, 2012, will be on an 85/15 co-shared basis.

6. The Company's active group health coverage will continue until the disabled employee becomes eligible for Medicare as a result of his disability, at which time the Company will provide Medicare supplement coverage. To be eligible for the Medicare supplement coverage provided by the Company, the disabled employee must enroll in Medicare Part B. The cost to the disabled employee for the supplemental coverage is 75 percent of the Medicare supplement premium rate.

7. The Company's applicable health coverage for the disabled individual will continue for the duration of the disability regardless of his employment status with the Company; provided that the health coverage will terminate when the individual (i) reaches age 65, (ii) recovers from the disability, (iii) accepts other employment, (iv) ceases to pay the required monthly premiums, or (v) can no longer provide proof of disability.

8. If an employee who becomes disabled has dependent coverage as of the first day of disability, the coverage may be continued on the same basis as set out in Paragraph 5 above. Dependent medical coverage may continue up to the fifth anniversary of the date the employee qualified for long term disability, or until the employee's earlier termination of employment. Any continuation of coverage thereafter will be that available under COBRA, except that the amount to be paid for spousal coverage shall be that called for under Paragraph 4 above if the employee is between the ages of 62 and 65 on the date that dependent coverage would terminate but for COBRA.

OTHER INSURANCE

9. The Company shall provide employee life and AD&D insurance, with the amount of life insurance equal to two times the employee's annual base pay, and the amount of AD&D insurance equal to the life insurance amount. The Company shall also provide $10,000 of life insurance on the employee's spouse and each dependent child, and $100,000 of business travel accident coverage on each employee. The cost of the insurance shall be paid by the Company.

10. Each employee is also entitled to the dental insurance and vision insurance provided to, and on the same basis as, all other regular full-time employees of the Company. The cost of dental insurance on the employee is paid by the Company. Dependent dental coverage is optional, and the cost is co-shared by the Company and the employee on an 80/20 basis (80% Company, 20% employee). The cost of vision insurance on the employee is paid by the Company, up to a monthly maximum of $8.00, with an amount equal to the employee-only coverage cost (subject to the $8.00 maximum) being applied to offset the cost for employee and dependent coverage (i.e., employee and spouse; employee, spouse, and child; employee and child).

11. For an employee who becomes disabled, the life, AD&D, dental, and vision insurance provided for him and/or his dependents will or may continue for one full year, beginning with the first day of disability. Thereafter, AD&D and dependent life insurance will cease, and the employee's life insurance will continue only where approved (premium waived) by the carrier. Dental and/or vision coverage may continue after one full year, up to the third anniversary of the date the employee qualified for long term disability, with the employee paying 100% of the cost.

LONG TERM DISABILITY

12. The Company will pay the cost of long term disability insurance that provides the same level of benefits in effect as of the commencement date of this Agreement, which is 66 2/3% of the employee's base pay rate, up to a maximum monthly benefit of $4,000.

13. An employee on long term disability must become eligible for Social Security disability benefits as of the second anniversary of the date he qualified for long term disability, or be in the process of appealing a Social Security benefit denial, if he is to continue receiving long term disability benefits on or after that date. If a decision on the appeal in process has not been rendered as of the two year expiration date, the long term disability benefit will decrease by the amount the employee would otherwise be entitled to receive from Social Security. If the employee later receives a favorable decision on the appeal, the long term disability benefit will continue as set out in the plan document. If the employee loses his appeal, his coverage will cease and if he is unable to return to work at that time, he shall be terminated.

SECTION 33. PENSION

1. All bargaining unit employees actively employed by the Company as of October 31, 2008, may remain, or upon meeting the eligibility requirements set out in the plan, may become, members of the Bargaining Employees Retirement Plan. The Company currently pays the entire cost of the plan. Any other person who is not an active member of the plan on October 31, 2008, which includes retired, disabled, and terminated members, as well as any persons hired after that date, shall not become an active member on or after November 1, 2008, unless he was an active member of the Salaried Employees Retirement Plan prior to January 1, 2008, and immediately prior to becoming a bargaining unit employee on or after November 1, 2008.

2. Credited service for purposes of calculating benefits under the Bargaining Employees Retirement Plan, for employees who become and remain totally and permanently disabled, shall include the period from the date the employee became eligible for long term disability benefits to the fifth anniversary of that date; provided that this provision shall not provide credited service in excess of the credited service to which he is entitled upon normal retirement or earlier termination of employment.

3. For bargaining unit employees hired on or after November 1, 2008, the pension plan is the Bargaining Employees Retirement Savings Plan, consisting of two parts: a retirement section providing for unmatched non-elective employer contributions; and a thrift and 401(k) savings section providing for employee and matching employer contributions. The retirement section calls for employer contributions into a retirement or base contribution account, based on graduated percentages of base pay, depending on the employee's age.

Age	≤33	33-36	37-40	41-44	45-48	49-52	53-56	57+
%	5	6	7	8	9	10	11	12

The thrift and 401(k) savings section allows employees to contribute or defer base pay on an after-tax basis (thrift savings), a pre-tax basis (401(k) savings), or both. The matching employer contribution is 60% of the first 6% of base pay contributed by the employee on a pre-tax basis.

4. Employees are eligible to participate in the Bargaining Employees Retirement Savings Plan, for purposes of receiving the employer base contributions and/or matching contributions, on the first day of the month coincident with or next following completion of a 12 consecutive month period during which the employee earns 1,000 hours of service. For purposes of making employee thrift and 401(k) savings contributions, employees are eligible as of the first of the month coincident with or next following completion of their first hour of service.

5. Employees who are active members of the Bargaining Employees Retirement Plan shall be eligible to participate in the Bargaining Employees Retirement Savings Plan, and prior to November 1, 2008, remain eligible to participate in the predecessor savings plan, the Bargaining Employees Savings Plan, for purposes of making employee thrift and 401(k) savings contributions and receiving employer matching contributions. They shall not be eligible for purposes of receiving the employer base contributions.

6. The details covering the provisions of the Retirement Plan and the Retirement Savings Plan shall be as specifically provided in the plan documents, and are subject to IRS rules and regulations. Effective January 1, 2009, loans from thrift and 401(k) savings shall be limited to no more than two outstanding at any time, excluding loans made prior to January 1, 2009.

SECTION 34. BULLETIN BOARDS

1. The Company shall provide bulletin boards to be used for the posting of Union notices of elections, meetings, appointments, and Union recreational and social affairs. Prior to posting, all materials must be approved by the Human Resources Department or the chief steward may have materials approved by the Manager of Transmission. There shall be no posting by employees of pamphlets, advertising or political materials, notices of any kind or literature upon Company property.

SECTION 35. ET&S VISITATION

1. An accredited Union representative may visit ET&S at reasonable times during working hours. The representative will notify the Company prior to the visit and will secure permission from the Human Resources Department prior to the visit, and such visits will not be permitted if they interfere with the operations of ET&S. Such visits shall be limited to participation in the adjustment of a pending grievance as provided for in the grievance procedure under this Agreement, or to make a physical inspection of ET&S operations necessary to process a pending grievance. Such visits will not be permitted if they are abused or if they interfere with production or with employees while at work.

SECTION 36. SEPARABILITY

1. If any provision of this Agreement is invalidated by legislation or by decision of a court of competent jurisdiction, such invalidation shall apply only to the provision or provisions expressly invalidated, and all remaining portions of this Agreement shall remain in full force and effect. The Company and the Union shall meet to renegotiate the invalidated provision or provisions.

SECTION 37. HOURLY WAGE RATES AND LABOR GRADE CLASSIFICATION ASSIGNMENTS

1. All basic hourly wage rates paid by the Company to bargaining unit employees in the respective labor grades are listed below.

First year hourly wage rates from October 15, 2012 through October 14, 2013

Second year hourly wage rates from October 15, 2013 through October 14, 2014

Third year hourly wage rates from October 15, 2014 through October 14, 2015

Fourth year hourly wage rates from October 15, 2015 through October 14, 2016

LABOR GRADE 1

	First Step	Second Step	Top Step
1st year	$30.56	$31.82	$33.04
2nd year	$31.25	$32.54	$33.78
3rd year	$31.95	$33.27	$34.54
4th year	$32.67	$34.02	$35.32

Classifications: Senior Technician, Senior Lineman, Senior Equipment Mechanic, (Grandfathered) Right-of-Way Maintenance "A"

Advancement to a Labor Grade 1 Senior Journeyman position shall occur only through the job bid and request for transfer provisions.

LABOR GRADE 2

	First Step	Second Step	Top Step
1st year	$26.01	$27.80	$29.99
2nd year	$26.60	$28.43	$30.66
3rd year	$27.20	$29.07	$31.35
4th year	$27.81	$29.72	$32.06

Classifications: Technician, Equipment Mechanic, Lineman, Right-of-Way Maintenance "A" a)

a) Labor Grade 2 applies to all employees who enter the Right-of-Way Maintenance "A" classification on or after October 15, 2008.

LABOR GRADE 3

	First Step	Second Step	Top Step
1st year	$26.01	$26.91	$27.80
2nd year	$26.60	$27.52	$28.43
3rd year	$27.20	$28.14	$29.07
4th year	$27.81	$28.77	$29.72

Classifications: Storekeeper, Right-of-Way Maintenance "B"

LABOR GRADE 4

	First Step	Second Step	Top Step
1st year	$22.77	$23.54	$24.31
2nd year	$23.28	$24.07	$24.86
3rd year	$23.80	$24.61	$25.42
4th year	$24.34	$25.16	$25.99

Classifications: Assistant Storekeeper, Groundman, Utility

LABOR GRADE 5

	First Step	Second Step
1st year	$19.79	$21.24
2nd year	$20.24	$21.72
3rd year	$20.70	$22.21
4th year	$21.17	$22.71

Classification: Laborer

APPRENTICE LINEMAN – EIGHT PERIODS

Period	% of Top Step Lineman Rate	Minimum Cumulative Hours
1st Period	55%	0-1000
2nd Period	60%	1000-2000
3rd Period	65%	2000-3000
4th Period	70%	3000-4000
5th Period	75%	4000-5000
6th Period	80%	5000-6000
7th Period	85%	6000-7000
8th Period	90%	7000-8000

In addition to the minimum cumulative hours, advancement to the next consecutive period within the apprenticeship program requires satisfactory progress/performance on the job, and satisfactory completion of related classroom training. Upon successful completion of the apprenticeship program, the employee shall receive 100% of the Second Step Lineman rate.

1. The Company, at its discretion, may designate one or more bargaining unit employees as crew leader(s). Crew leaders shall be selected from employees at the top step in Labor Grade 1, and shall receive pay at a rate equal to 104% of that top step. In addition to the tasks performed as employees in their senior journeyman classifications, crew leaders, in cooperation with their immediate supervisor and the Manager of Transmission, shall be responsible for the safe and efficient management of their crews. Crew leaders shall have no authority to discipline employees. When a crew leader is absent from work, the Company may temporarily upgrade another Labor Grade 1 top step employee to serve as crew leader. The decision to fill a crew leader position, the employee selected from those at the top step in Labor Grade 1, and the decision to remove an employee from a crew leader position, will be at the Company's discretion. An employee offered the position of crew leader may refuse to accept. An employee designated as crew leader may choose to resign the position.

SECTION 38. STEP RATE PROGRESSION

1. All employees will progress to the next step rate on his classification anniversary date, until he reaches the top rate of his Labor Grade, provided he is qualified to do the job.

SECTION 39. ESTABLISHED LINES OF PROGRESSION

1. Employees will progress through the established lines of progression set out below within the following departments: right-of-way maintenance, equipment maintenance, substations, lines, metering, warehousing, and communications.

Right-of-Way Maintenance

1. Maintenance "A" (R/W)
2. Maintenance "B" (R/W)
3. Utility (R/W)

Equipment Maintenance

1. Senior Mechanic (Equipment)
2. Mechanic (Equipment)
3. Utility (Equipment)

Substations

1. Senior Technician (Substation)
2. Technician (Substation)
3. Utility (Substation)

Lines

1. Senior Lineman
2. Lineman
3. Groundman

Metering

1. Senior Technician (Metering)
2. Technician (Metering)
3. Utility (Metering)

Warehousing

1. Storekeeper
2. Assistant Storekeeper

Communications

1. Senior Technician (Communications)
2. Technician (Communications)
3. Utility (Communications)

Laborers

1. Laborer [a)]

[a)] Laborers are not in an established line of progression.

The parties agree that the ratio of senior journeyman to journeyman may not be less than 1 to 1 for the first four positions in each journeyman department and such ratio may not be less than 2 to 1 for all additional senior journeyman and journeyman positions in that department. Such

ratios may be maintained by the Company provided that business conditions allow such a ratio to exist.

SECTION 40. APPRENTICESHIP AND TRAINING

1. The Company and the Union agree to the establishment of the classification of apprentice lineman. The Company's standards of apprenticeship (Apprenticeship Standards) shall be registered with the Bureau of Apprenticeship and Training, and each apprentice lineman (hereinafter "apprentice") shall be registered with the Kentucky Department of Labor.

2. The Company shall be responsible for the training of apprentices.

3. The first person assigned to a job site requiring the skills of a journeyman lineman (lineman or senior lineman) shall be a journeyman lineman (hereinafter "journeyman").

4. The Company's line supervisor is the person designated in the Apprenticeship Standards to supervise the apprentice (the "immediate supervisor") and be responsible for his training and safety. An apprentice is to be under the supervision of the immediate supervisor or a journeyman at all times. This does not imply that the apprentice must always be in sight of the immediate supervisor or journeyman, or that they are required to constantly watch the apprentice. Supervision will not be of a nature that prevents the development of responsibility and initiative. Work may be laid out by the immediate supervisor or journeyman based on their evaluation of the apprentice's skills and ability to perform the job tasks. Apprentices shall be permitted to perform job tasks in order to develop job skills and trade competencies. The immediate supervisor and journeyman are permitted to leave the immediate work area without being accompanied by the apprentice.

5. Apprentices shall not supervise the work of others.

6. To help ensure diversity of training, apprentices shall be transferred on an equitable basis from one journeyman to another for job training.

7. Nothing in this Section or in the Apprenticeship Standards shall preempt in any way the provisions of this Agreement set out in Section 21.

8. Applicants for an apprentice position will not be solicited through job bids or transfers, but the Company, when preparing to fill the position, shall provide current bargaining unit employees the opportunity to apply prior to public advertising. To apply, the current employee must meet the qualifications provided in the Apprenticeship Standards. Prior to placement in the apprenticeship program, the current employee shall be given the opportunity to complete climbing school prior to the Company posting his previous job. Upon completion of the climbing school, the employee may choose to enroll in the apprenticeship program (by signing the apprenticeship agreement with the Company) or return to his previous job. If the employee chooses to enroll in the program, he shall be subject to its provisions. He shall not have seniority status as an apprentice and shall cease to hold his previous departmental seniority. Although training to become journeyman linemen, apprentices are not in an established line of progression and do not have job bid or transfer rights.

9. Any bargaining unit employee employed in a classification other than apprentice, who enrolls in the apprenticeship program, shall retain his hourly rate of pay if it is more than the rate to which his credit for previous experience or training entitles him under the program. The employee in such case would retain his current pay rate until his progression in the apprenticeship program advances him to a higher rate.

10. The apprenticeship program may be deregistered upon the voluntary action of the Company by the Company's written request for cancellation to the registration agency (Bureau of Apprenticeship and

Training). Upon deregistration of the program by the Company, or by the registration agency, the Union may voluntarily choose to rescind its agreement to the establishment of the apprentice lineman classification.

SECTION 41. RESIDENCY REQUIREMENT

1. All employees who become transmission division employees after October 22, 1991, shall have a place of residence within a 35 mile radius of the ET&S office on Airline Road, Henderson, Kentucky, within 12 months after becoming such an employee. If the employee does not comply with this residency requirement within 12 months, he shall be terminated. If the employee complies with the residency requirement, and later changes his residence so that he no longer complies, his employment with the Company shall be terminated. The Company's new-hire residency requirement shall be as it sees fit, but shall not have a residency requirement more liberal than that set out above.

SECTION 42. STANDBY PROVISION

1. Employees assigned to be on standby for the purpose of receiving after-hours notification of system emergencies shall be paid one hour's straight-time pay at the top step hourly rate of Labor Grade 1 for the term of this Agreement, for each 24 hour period that the employee is on standby.

2. The departmental seniority overtime rotation list for the ET&S departments that utilize the standby provision shall be rotated every seven calendar days. The assignment of overtime and standby work shall be made from the senior journeyman overtime rotation list. The employee required to be on standby shall be the bottom senior journeyman on the overtime rotation list and such assignment shall begin at the start of the first shift on Monday and shall continue to the start of first shift the following Monday.

3. Employees assigned to be on standby shall be available for "beeper" or telephone contact at all times during the assignment and shall be able to promptly report to the ET&S office within a time frame not to exceed their normal commuting time. A standby assignment shall not be considered as an overtime assignment or commitment, for such assignment is to assure that someone can be contacted in the event no qualified employee can be contacted for the emergency work from the department's overtime lists.

4. Employees required to be on standby may trade out their assignment with another qualified senior journeyman. If a qualified employee trade-out cannot be arranged, the employee assigned the standby must be available for emergency calls as set out above.

SECTION 43. OUT-OF-TOWN WORK

1. Employees required to work out of town shall receive a payment equal to 1.75 times the top hourly rate of Labor Grade 1 for the term of this Agreement, for each night that they are required to spend in lodging away from their home. Such payment will be made to cover all of the expenses incurred by the employee except for lodging, which will be paid by the Company. When returning to the ET&S office from out-of-town work, if the employee is not at ET&S within three hours following the end of the scheduled work shift, the contractual meal money provision shall be in effect. It is understood that "out-of-town" work shall be defined as any time an employee's work assignment requires him to spend the night at a place of lodging away from his own home; but it does not include travel away from home to attend conferences, seminars, or training sessions.

2. When an employee is scheduled to work out of town he will be allowed a 30 minute lunch break without pay, unless a longer period is approved by supervision. Any additional time approved by supervision shall also be without pay. If the lunch break is extended beyond 30 minutes, the work day will be extended an equal amount of time.

3. When an employee is scheduled to work out of town, he shall be permitted to take his personal vehicle, provided he is not needed to drive a company vehicle to the out-of-town location. Mileage reimbursement will be at the Company's approved rate for no more than one round trip from the ET&S office to the lodging site per week.

4. The Company will provide or reimburse the expense of transportation for the evening meal to employees who are required to work out of town, not to exceed 15 miles from their overnight lodging (30 miles when in Brandenburg, Kentucky area). Transportation will not be provided for entertainment, social, or recreational purposes.

5. An employee shall not take his personal day while working out of town except in case of personal or family emergency.

6. When an employee is required to work out of town, his work shall commence upon leaving his place of lodging for the job site, and shall end upon return to his place of lodging, or to the ET&S office on the last day of out-of-town work.

7. In addition to the daily per diem for out-of-town work, employees will be paid seven dollars in lieu of a meal for unscheduled overtime starting with the seventh hour past the employee's scheduled quitting time and including the 11th hour, but not to exceed two per day.

8. When out-of-town work is required, it shall be offered on a volunteer basis utilizing the departmental seniority list by classification, providing all business considerations made on behalf of safety, qualifications, efficiency, economics, and orderly operations do not prevail. In the event there are not enough volunteers to perform the work, the least senior qualified employee(s) in the classification(s) shall be required to work out of town. In the event there is only one employee in a classification, the Company may use or accept a qualified substitute to perform the out-of-town work, rather than require the one employee to work out of town.

SECTION 44. IN WITNESS WHEREOF

1. IN WITNESS WHEREOF, this Agreement is entered into the 15th day of October, 2012.

BIG RIVERS ELECTRIC CORPORATION
by

President & CEO

Vice President System Operations

Vice President Administrative Services

LOCAL UNION 1701, INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS,
AFL-CIO
by

Business Manager and Financial Secretary

Chairman and Chief Steward

Executive Committee Member

RELATED

INFORMATION

SECTION

OVERTIME GUIDELINES

Distribution of overtime shall be on the basis of departmental seniority and according to a set sequence, providing all business considerations made on behalf of safety, qualifications, efficiency, economics, and orderly operations do not prevail.

The most senior employee in the classification involved shall have his name first on the overtime list. Such senior employee shall remain on the overtime list for the following period:

1. Department overtime rotation by seniority will be every 28 calendar days.
2. Beginning at 12 midnight on the 29th day, the senior employee at the top of the respective seniority list will rotate to the bottom of the overtime list. The next senior employee will then become the first person offered the overtime for the next applicable 28 day period. This rotation shall continue thereafter.

Providing all business considerations have been exhausted, the Company will use the following sequence when offering overtime:

CONTINUATION OF TASK

1. Employee presently on the job.
2. Employee in the same classification on shift by the overtime seniority list.
3. Low departmental seniority employee in the classification on shift presently performing the task will be required to work the overtime.

HOLD-OVER AND REPORT-IN

1. Qualified employee on shift by the overtime seniority list.
2. Qualified low departmental seniority employee on shift will be required to work the overtime.

CALL-IN

1. Qualified employee by the overtime seniority list. If overtime is not filled voluntarily by the overtime seniority list, the qualified lowest departmental seniority employee available will be required to work the overtime.
2. If no one has been reached in the original classification and the overtime list has been exhausted, the Company will move to the next classification. If no one can be reached, the Company will then move to adjacent departments.

REMEDY FOR VIOLATION OF OVERTIME GUIDELINES

The appropriate remedy for violation of the overtime guidelines shall be as follows:

1. When an unintentional violation occurs and is grieved after the overtime has been worked, the employee(s) who files a grievance and was eligible for the overtime shall be offered make-up overtime hours equal to the number of hours missed as a result of the violation, within 30 days of the violation. The make-up overtime shall not be on work that would be performed on an overtime basis, and the overtime rate shall not be less than the rate the employee would have received had the violation not occurred.
2. When an intentional violation occurs, or the Company is made aware of a violation prior to the start of the overtime assignment and does not assign the overtime to the appropriate employee(s), the employee(s) who files a grievance and was eligible for the overtime shall receive pay in an amount equal to the amount the employee would have received had the employee worked the overtime.

In any case, the Company's liability will not exceed the hours paid to the employee(s) during the disputed overtime occurrence.

MEMORANDUM OF UNDERSTANDING
October 20, 1988

RE: *Request For Waiver of Overtime*

When offering scheduled or unscheduled overtime work, the Request For Waiver shall be in effect until the "offer process" has been exhausted. At such time, Management reserves the right to offer and assign such waivered employees the overtime work.

When scheduled overtime work is being assigned, the Request For Waiver will not be in effect. When Request For Waiver employees are assigned overtime work, such assignments will be in reverse seniority order.

I. REQUEST FOR WAIVER

I hereby request to waive my rights to overtime work, scheduled or unscheduled, starting with my next scheduled workweek which begins on (date) _____.

This authorization shall remain in effect until I submit a written revocation.

Employee _____ Date _____

Approved by _____ Date _____

Management reserves the right to require such employees to work, by reverse seniority, if a qualified employee who has not waived his overtime rights cannot be contacted.

II. CANCELLATION OF WAIVER

I hereby request to have my name reinstated to the rotating overtime list starting with my next scheduled workweek, which begins on (date) _____.

Employee _____ Date _____

Approved by _____ Date _____

LETTER OF INTENT

RE: Calculation of the 16 hours worked and 12 hour rest period set out in the labor agreement.

When calculating whether 16 hours has been worked in a 24 hour period or when applying the 12 hour rest period provision, the following rules apply:

a) In the event an employee works 16 hours in a 24 hour period, the 12 hour rest period hours shall not be included in a subsequent 16 hours worked calculation.

b) There is no pay due an employee who has been excused from and does not work the scheduled hours outside his 12 hour rest period. In respect to such non-premium hours, the employee may be excused from such hours of work without pay, provided Management approves the employee's request to go home and rest, rather than work. Or, if there is a concern by the Company because of the long hours worked for the safety of the employee and/or for his fellow workers, the Company may direct the employee to go home to rest, without pay, during the non-premium hours of the scheduled shift. If the employee is directed to go home, as set out herein, during scheduled overtime hours the appropriate contractual overtime cancellation notice must be applied.

c) Time taken for meals outside of the employee's scheduled shift is restricted to "ample time only." Time taken for such non-scheduled meal breaks is included in the 16 hours worked calculation. The parties agree that "ample time only" is the necessary time for an employee to eat, but at no time shall the meal break exceed 20 minutes.

MEMORANDUM OF UNDERSTANDING
October 15, 2002

RE: Holiday Week Work Schedule

It is the intent of the Company to work the four 10-hour day schedule year-round. It is understood and agreed by the Company and the Union that the Company will not assign employees on a four 10-hour day schedule to work a five 8-hour day schedule during a week containing a paid holiday when observance of the holiday is the only reason for such a change in the work schedule. The Company and the Union recognize that this memorandum of understanding does not modify or abridge the Company's right to make changes in work schedules as it deems best for the purpose of maintaining effective operation of the business.

Big Rivers' Labor Agreements with IBEW Local 1701 - September 15, 2012

A G R E E M E N T

BIG RIVERS

ELECTRIC CORPORATION

AND

INTERNATIONAL BROTHERHOOD

OF

ELECTRICAL WORKERS

LOCAL 1701

September 15, 2012

LARRY W. BOSWELL
BUSINESS MANAGER

TIM WEST
CHAIR

DONNA HAYNES
VICE CHAIR

JAMES GREGORY
RECORDER

KEITH HARLEY
RAY JENKINS
JERRAME SWIFT
JERRY WILSON
EXECUTIVE COMMITTEE

INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS
LOCAL 1701
2911 WEST PARRISH AVENUE
OWENSBORO, KY 42301
TELEPHONE: 270-684-3058

INDEX

RELATED INFORMATION SECTION

SECTION 1. AGREEMENT

1. This Agreement is entered into the 15th day of September 2012, by and between the generation division of BIG RIVERS ELECTRIC CORPORATION, located in Henderson, Kentucky, hereinafter referred to as the Company, and LOCAL UNION 1701 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO, hereinafter referred to as the Union, who hereby agree as follows:

SECTION 2. DURATION AND TERMINATION

1. This Agreement shall commence September 15, 2012 and shall continue in full force and effect until 11:59 p.m., September 14, 2015, when it shall terminate. If any party desires to renew this Agreement, they shall give the other party written notice to that effect not less than 60 days nor more than 90 days prior to September 14, 2015, except by written consent of the parties.

SECTION 3. AGREEMENT IN FULL

1. This Agreement expresses the entire agreement of the parties, and the Company and the Union, for the life of this Agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated to bargain collectively with respect to any subject matter referred to or covered in this Agreement, or with respect to any subject matter not specifically referred to or covered in this Agreement. Both parties agree to meet (upon request of either party) quarterly for clarification of Agreement language (not grievances), if necessary.

SECTION 4. NONDISCRIMINATION

1. Neither the Company nor the Union will discriminate against any employee because of race, color, sex, religion, age, national origin, handicap or veteran. Wherever the male gender pronoun is used, or wherever a job classification is described with a male term in this Agreement, it is understood it shall apply to either male or female.

SECTION 5. WITNESSETH RECOGNITION CLAUSE

1. The Company recognizes the Union as the exclusive representative for the purpose of collective bargaining with respect to wages, hours of employment and all other conditions of employment of all operation and maintenance employees of the Company employed throughout its generation system in Kentucky, including control room operators, scrubber operators, solid waste operators, auxiliary operators, utilities, lab technicians, storekeepers, assistant storekeepers, fuels equipment mechanics, fuels equipment operators, senior journeymen, journeymen, and laborers; BUT EXCLUDING, all office clerical and building attendants, all temporary employees hired for up to but not more than 60 working days during the life of this Agreement for laborer duties only, all professional, administrative and management employees, guards and supervisors as defined in the Act, as set out in the Certification of Representative being NLRB Case No. 25-RC-5955 duly certifying the Union in the bargaining unit set out above. The Union's Business Manager will be informed of all bargaining unit and temporary employees hired as described above. Any laid off employee will be recalled prior to hiring temporary employees.

SECTION 6. PUBLIC OBLIGATION (NO STRIKE-NO LOCKOUT)

1. It is expressly understood and agreed that the services to be performed by the employees pertain to and are essential to the operation of a public utility and the welfare of the public is dependent thereon

requiring continuous operation, and it is agreed, in recognition of such obligation of continuous service that, during the term of this Agreement, there shall be no collective cessation of work by members of the Union and neither the Union, nor its members, agents, representatives, or employees of the Company or any individual employees, shall incite, encourage, condone, support, or participate in any strike, slowdown, work stoppage, picketing, sympathy strike, refusal to cross a picket line, or other curtailment or interference interrupting the Company's production, deliveries, or operations, in any manner whatsoever during the life of this Agreement for any cause whatsoever, or take any action which results in the prohibited conduct, even in sympathy with disputes involving different groups of employees and this same labor organization, or other labor organizations, groups of employees, or individual employees. In the event of such strike, sympathy strike, slowdown, work stoppage, picketing, refusal to cross picket line, or other curtailment or interference with the Company's production, deliveries, or operations, or a threat thereof, the Union and its officers and agents will do everything within their power to immediately end or avoid the conduct prohibited in this Paragraph.

2. Further, in consideration of this Agreement, the Company shall not lock out its employees during the term of this Agreement.

SECTION 7. INTENT, PURPOSE AND SCOPE OF AGREEMENT

1. It is the intent and general purpose of this Agreement to promote the mutual interest of the Company and its employees. The Union recognizes that the Company is a public service corporation engaged in furnishing electricity and is subject to regulation by utility regulatory bodies, and is required to furnish adequate and continuous service. This Agreement is to provide for the operation of the Company's business under methods which will further, to the fullest extent possible, the safety of the employees, economy and efficiency of operation, elimination of waste, realization of maximum quantity and quality of output, cleanliness, and protection of property.

2. The parties hereto recognize that continuous service of the Company is of vital importance to its customers in the area served, and that any interruption of such service directly affects individuals in their everyday lives and disrupts the orderly conduct of the business in the area served and the parties will cooperate fully to avoid any interruption to such service.

3. Each employee covered by this Agreement shall be responsible, at all times, for having his correct address and personal phone number recorded with the Company. All notices shall be deemed to have been given in accordance with this Agreement if mailed to the last address given to the Company.

4. It is further understood and agreed that this Agreement together with any written appendancy supplements or letters of understanding hereto contains all understandings oral or written between the Company and the Union.

5. This Agreement cannot be modified or amended except in writing signed by the Company and the Union. No individual shall have any right to modify, amend or revoke this Agreement.

SECTION 8. MANAGEMENT RIGHTS

1. The management of the business of the Company and the direction of its employees are the exclusive responsibilities of Management, except as expressly modified by the terms of this Agreement. The sole and exclusive rights of Management which are not abridged by this Agreement, which include but are not limited to, its right to select and direct the working force; to determine, and from time to time to redetermine the number, location and types of its plants and operations and the methods, processes and materials to be employed; to hire, promote, discipline or discharge for cause; to establish, allocate, and change work schedules and assignments; to transfer employees from one job classification or location to another; or to relieve employees from duties because of lack of work or other legitimate reasons; the right to study or

introduce new or changed production methods, machinery, tools and equipment or facilities and to determine the quantity and quality of the materials and workmanship required; to establish, determine, maintain, and enforce standards of production; to determine and redetermine job content; to contract with others to make improvements, changes, or repairs to the plant, equipment, or machinery, subcontract work, whatever may be the effect upon employment; to expand, reduce, combine or cease any job, department, operation or service; to determine starting and quitting times and determine the number of hours and shifts to be worked; to alter, rearrange, or change, to extend, limit, or curtail its operations or any part thereof, or to shut down completely or any part thereof whatever may be the effect upon employment; to make such reasonable rules and regulations, not in conflict with this Agreement as it may from time to time deem best for the purpose of maintaining order, safety, and the effective operation of the business and after advance notice of such rules and regulations to require compliance therewith.

2. Management shall have all other rights and prerogatives including those exercised unilaterally in the past, subject only to express restrictions on such rights, as are provided in this Agreement.

SECTION 9. UNION REPRESENTATION

1. The Company recognizes the right of the Union to designate, from the seniority list, union representatives who will represent employees in the bargaining unit. The Union may designate the following representatives:

> Reid/ Station Two; Green; Coleman; and Wilson Plants: Maximum of five stewards and one chief steward at each of the respective plants.

The authority of these representatives shall be limited to handling Union business as may be necessary in the investigation and presentation of grievances and, if requested by an employee, be present at interviews that involve or may lead to discipline. The chief steward will also perform in the capacity of the safety representative. The chief steward will be relieved of his duties as operating conditions permit with no loss in pay to participate in the investigation of any accident which results in an injury or any near miss accident which could have resulted in an injury.

2. Union representatives shall be permitted to absent themselves from work with reasonable frequency and for reasonable lengths of time to transact official union business, without pay, provided such absences do not unreasonably interfere with production. Examples of such reasons for absences are as follows:

> Assisting Business Manager with Company related work.
>
> Attendance at Union related schools, seminars, and conventions.

Each employee shall submit his request to his supervisor for participation in such Union business as soon as he is aware of such event, but no later than two weeks prior to the requested absence. All requests for absences for Union business shall be in writing. All such requests not in compliance with the notice requirement will be given consideration at the Company's sole discretion.

3. In meetings with the Company, no employee shall be paid unless the meeting is initiated at the Company's request. Meetings called to discuss joint Company and Union issues such as contract interpretation, labor relations, Third Step Grievances and Retirement Committee Meetings will be considered as meetings for the mutual benefit of the parties and the employee is due pay only if he is scheduled to work the hours during which the meeting is held. In no event is the employee to be paid overtime for such meetings.

4. In meetings initiated by the Company such as safety meetings, First or Second Step Grievance

Meetings, disciplinary meetings, or other employer/employee relation meetings, the employee(s) will be paid the appropriate regular or overtime rate.

5. If an employee is subpoenaed by the Company for arbitration or other legal proceeding, the Company, at its discretion, will work with the employee to see that his presence in conjunction with his work schedule is not an undue burden on the employee. The employee subpoenaed on his off days, at the Company's discretion, will be given either compensatory time off (hour-for-hour) or be paid the appropriate rate. The subpoenaed employee will be reimbursed at the appropriate rate for necessary mileage traveled.

6. Any one employee of the Company within the scope of this Agreement who is elected to an office in the Union, or is appointed to an office in the Union requiring his absence from duty with the Company, may be granted a leave of absence for a period not to exceed three years and 30 calendar days, and shall continue to accumulate seniority with the Company throughout such leave of absence. An additional leave of absence will be granted thereafter for each succeeding term of elective or appointive office. During such period of leave of absence, such employee shall accrue no vacation or sick leave credit. During such leave of absence, the employee may participate in the Disability Insurance Plan, the Medical and Dental Insurance Plans, the Group Life Insurance Plan, the Savings Plan, and the Retirement Plan, as available to regular employees of the Company, except that the total premium costs shall be paid by the Union to the Company. Premium costs, to the extent they are based on hourly wage rate, are based upon the hourly wage rate for the most recent job classification the employee held at the time such leave of absence began. Any such employee shall, upon termination of such leave of absence and upon return to duty, be reinstated in his former position, including his seniority and rights, after a reasonable training period, provided he is physically able to perform the duties of the position. It is understood and agreed that in case of return of such an employee to duty with the Company, other employees will consent to such displacement or layoff as is necessary to make room for him. The Union agrees to indemnify and hold the Company harmless against any and all claims, demands, suits, or other courses of action or liability that may arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any of the provisions set out in this Paragraph.

SECTION 10. UNION MEMBERSHIP REQUIREMENT

1. All new employees covered under this Agreement joining the Company shall arrange with the Union for membership therein after the 30th day of employment as a condition of employment. Employees that are members of the Union shall maintain their membership.

2. Should a member become delinquent in the payment of his Union Dues, the employee is no longer a member in good standing and the employee will be a suspended member. The Union will serve on the employee a Final Payment Notice which will specify the deadline for payment of the dues.

3. Should the dues not be paid in accordance with the Notice, the Union will request that the employee be terminated.

4. The Company agrees to deduct, upon receipt of a signed VOLUNTARY DUES CHECK-OFF AUTHORIZATION FORM, Union Dues from the pay of each employee. The amount to be deducted will be the amount specified by the Union Bylaws and such amount (including increases and decreases) shall be certified to the Company by the Union.

5. Union Dues will be deducted from the employee's pay only after all other payroll deductions have been taken. If there is not sufficient pay available to deduct dues, the dues shall be deducted in a subsequent paycheck. Should an employee be on an extended leave which prevents sufficient dues from being collected through payroll deductions, it shall be the employee's responsibility to pay his uncollected Union Dues directly to the Union for the extended leave period.

6. Voluntary Dues Check-Off Authorization shall automatically be renewable on each anniversary

date of the existing collective bargaining agreement between the Company and the Union. Any member may revoke his Voluntary Dues Check-Off Authorization provided written notice is given to the Company and the Union. Such written notice shall only be accepted during the period of May 1 and May 20 of each calendar year and such request for revocation shall become effective the first pay period of June.

7. The Company shall forward the deducted Union Dues by check, accompanied by a report listing the employees alphabetically, to the Union no later than the last day of the calendar month following the month in which they are deducted, except for the following months of:

a) August, which is due by September 15,

b) November, which is due by December 15,

c) February, which is due by March 15, and

d) May, which is due by June 15.

8. An employee who does not authorize Union Dues deductions shall be responsible for payment of his Union Dues directly to the Union.

9. Authorized dues deductions are solely for Union Dues and shall not include new member "initiation fees" or "fines" levied by the Union against a member. It shall be the responsibility of the new or existing employee to contact the Union to determine and comply with such Union fees to maintain the employee in good standing with the Union. The dues deduction shall be terminated for any employee who terminates his employment or transfers out of the bargaining unit.

10. The Company assumes no responsibility of any kind in connection with dues deductions other than to remit to the Union the amount deducted by the Company. The Union agrees to indemnify and hold the Company harmless against any and all claims, demands, suits, or other courses of action or liability that may arise out of or by reason of action taken or not taken by the Company for the purposes of complying with any of the provisions set out in this Section.

SECTION 11. GRIEVANCE PROCEDURE

1. Any dispute which the Union or the employees in the bargaining unit may have regarding the Company's interpretation or application of the Agreement shall constitute a grievance and shall be processed in the following manner.

STEP ONE: Before submitting a written grievance, the employee shall first orally discuss the problem with his supervisor. In the event the grievance is not settled by his immediate supervisor, the employee shall reduce the grievance to writing, signed by the aggrieved employee and stating the provision(s) in this Agreement that the employee claims has been violated and, within seven days from the occurrence of the event giving rise to the grievance, submit it to his immediate supervisor. The employee may seek assistance in the preparation of his grievance from his steward on their own time, including their lunch and break time. The supervisor within seven days shall give his answer.

STEP TWO: If the grievance is not resolved in Step One, the chief steward within seven days may submit the grievance to the respective Manager or his designee, who shall answer the grievance in seven days.

STEP THREE: If the grievance is not resolved in Step Two, the chief steward, within seven days shall

submit the written grievance to a panel of Union and Company representatives for settlement. Union and Company representatives consisting of the Union's Business Manager, Chief Steward, the Company's Human Resources Representative, respective Plant Manager, and Vice President if necessary, will meet quarterly at the respective plant or another mutually agreeable location to discuss Third Step Grievances. If no settlement is agreed upon by the panel within 30 days of submission to Step Three, the grievance may be submitted to arbitration. An International Representative of the IBEW may be present at this step to assist the Union.

2. Any grievance upon which an answer is not made by the Company within the time limits prescribed, or any extension which may have been agreed to, may be referred to the next step in the grievance procedure, the time limit to run from the date when time for the answer expired. Any grievance not carried to the next step by the Union within the prescribed time limits, or such extension which may have been agreed to by the Company, shall be automatically settled upon the basis of the Company's last decision. The above time limits may be extended by mutual agreement between the parties.

3. A grievance involving discharge will commence at Step Three of the grievance procedure. A grievance from a discharged employee will be submitted to the Company Human Resources Department located at 201 Third Street, Henderson, Kentucky 42420.

4. All grievances must be presented in writing within seven days after the occurrence of the event giving rise to the grievance; otherwise, it shall not be entitled to consideration.

5. In computing any period of time in the Grievance and Arbitration Procedure, all Saturdays, Sundays and recognized holidays shall be excluded.

SECTION 12. ARBITRATION

1. The Union may request arbitration of a grievance unsettled at the last step of the grievance procedure and submit the grievance to a final and binding arbitration by serving a written demand for arbitration upon the Company within fifteen (15) days from the date of the last meeting in Step Three of the grievance procedure. If the parties are unable to select an arbitrator by mutual agreement, the Union shall initiate the Joint Request for Arbitration Panel form as required by the Federal Mediation and Conciliation Service.

2. The Federal Mediation and Conciliation Service will submit a list or lists of seven (7) arbitrators. The Union shall strike from the list one (1) name, the Company shall strike one (1) of the remaining six (6) names, the Union the fifth name, the Company the fourth name, and so on until the last remaining name shall be the Arbitrator.

3. The fee and expenses of the Arbitrator shall be borne by the party that is the loser in the arbitration award. In an event that the award declared by the Arbitrator is determined to be a split decision, the fees and expenses of the Arbitrator shall be shared equally by the Company and the Union. Each party shall assume any expenses in presenting its own case.

4. The Arbitrator shall have no power to add to, subtract from or modify any of the terms of this Agreement or any Agreement made supplementary hereto, nor to rule on any matter arbitrable under this Agreement except while this Agreement is in full force and effect between the parties.

5. Claims against the Company will not be accepted for consideration, which cover a period of more than thirty (30) days prior to the date the grievance was first filed in writing. In such cases, retroactive claims and awards therefore shall be limited to a period of thirty (30) days prior to the date the claim was first filed in writing.

6. No more than one (1) grievance may be submitted to or be under review by any one arbitrator at any time unless by prior mutual written agreement of the parties.

SECTION 13. PROBATIONARY EMPLOYEES

1. All employees, from their last date of hire, will be on probation for the first 180 calendar days of their regular full-time employment during which time they will be termed probationary employees.

2. When a non-bargaining unit employee transfers to a job within the bargaining unit he must, as a condition of continued employment, satisfactorily complete his full probationary period as defined within this Section. In addition he shall be entitled to the following:

a) To use his accumulated continuous Company seniority to satisfy the eligibility requirements for all benefit programs provided by this Agreement.

b) To use his accumulated continuous Company seniority for accrual of vacation and retirement benefits. Such an employee shall be assigned a new bargaining unit seniority date effective the first day of transfer to the bargaining unit and this date shall be the basis within the bargaining unit for job bidding, vacation preference, and layoff determination.

3. Probationary employees' service with the Company may be terminated at any time by the Company in its sole discretion, without recourse to a grievance and arbitration procedure.

4. Probationary employees are entitled to medical insurance, dental insurance, life insurance, workers' compensation and military duty leave on the first day of full-time employment as expressed under the specific provisions of this Agreement and the plan documents.

5. Probationary employees accrue vacation and sick days, but they are not entitled to such benefits until the probation period is successfully completed as set forth above, and entitlement to such benefits are further governed by the specific provisions of the Vacation and Sick Leave Pay sections of this Agreement.

6. Probationary employees become eligible for long term disability coverage when they satisfactorily complete the following:

a) Three consecutive months of regular full-time employment without a continuous absence as defined within this Section.

b) Must be at work on the final day of the three months eligibility period, or the coverage will not start until the employee returns to regular full-time work.

c) Three months of continuous disability resulting from a medically approved physical or mental condition.

Entitlement to long term disability coverage is further governed as expressed under the specific provisions of this Agreement and the plan document.

7. A probationary employee does not have job bid rights. However, he may submit a Request for Transfer. Probationary employees are not entitled to compensation for funeral leave, jury duty, educational benefits or holidays until the probationary period is successfully completed as set forth above. However, probationary employees will receive pay at the rate of time and one-half their regular straight-time rate for all hours worked on a day observed as a holiday by the terms of this Agreement. The overtime pay provisions that apply to a seniority employee shall also apply to a probationary employee.

8. Once an employee has successfully completed his full probation period as set forth above, he becomes a seniority employee.

SECTION 14. SENIORITY

1. Seniority is defined as an employee's length of continuous regular full-time service from his last date of hire, except that a new employee shall be on probation for the first 180 calendar days of his employment as set forth in the Probationary Employees section of this Agreement.

2. The term seniority as used in this Agreement will be construed to mean departmental seniority, Company seniority or bargaining unit seniority. The definition of each is as follows:

a) Departmental seniority shall be measured from the date an employee is assigned to a job classification within an established line of progression. An employee shall not have seniority in more than one department at any one time. In determining seniority the parties agree that seniority by department shall govern unless otherwise specifically expressed.

b) Company seniority is measured from the date an employee is last hired for a continuous regular full-time employment with the Company.

c) Bargaining unit seniority is measured in the same manner as Company seniority, except that employees who transfer from a non-bargaining unit position to a bargaining unit position after April 22, 1984, will not transfer their years of service earned as a Company non-bargaining unit employee.

3. When an employee is permanently transferred from one department to another, he shall retain his departmental seniority in his original department for a period of 120 calendar days after the effective date of transfer. Thereafter, he shall cease to hold seniority in his previous department. During the 120 day period he shall not have seniority status in the new department, and at the end of this period the 120 days shall be credited to him in his new department. An employee does not have bid rights during this 120 day period.

4. An employee's seniority shall terminate if:

a) The employee quits.

b) The employee is discharged.

c) The employee fails to return to work or to supply a satisfactory reason for not doing so within the time limits prescribed in the Layoff, Displacement, and Recall section, which shall result in termination of employment.

d) The employee is absent from work for three consecutive working days without notification to the Company. However, it is the employee's responsibility to notify the Company on each day of any absence, unless an absence in excess of one day is authorized by the Company.

e) The employee overstays a leave of absence or a vacation without authorization.

f) The employee gives a false reason for leave of absence or engages in other employment during such leave.

g) A settlement with the employee has been made for total disability.

h) The employee is retired.

i) An employee with less than five years of bargaining unit seniority is laid off for a continuous period of one year or an employee with five or more years of bargaining unit seniority is laid off for a continuous period of two years. Any employee with less than one year of bargaining unit seniority will be protected only by the actual amount of bargaining unit seniority accrued at the time of layoff. The employee's seniority shall continue to accrue during these layoff protection periods.

5. Employees who are transferred in or out of the bargaining unit shall accrue and maintain their seniority as of their original starting date. Any employee transferred back into the bargaining unit shall exercise his departmental seniority, but in no event will he bump back into a higher classification than he previously held. If an employee is transferred out of the bargaining unit for a period in excess of one year, he shall forfeit all previous departmental and bargaining unit seniority.

6. Seniority lists will be posted in January of each year and a copy will be forwarded to each chief steward and to the Union's Business Manager. Chief stewards may request an additional seniority list twice a year from the Human Resources Department.

SECTION 15. LAYOFF, DISPLACEMENT, AND RECALL

1. In the event it becomes necessary to decrease the number of employees in a classification within a department, such displacement and layoff shall be in accordance with the employee's departmental seniority. The least senior employee within the classification affected shall be displaced first. Any employee faced with displacement or layoff shall have the opportunity to select from the following options:

a) Exercise his departmental seniority to displace the least senior employee in the same classification or in the next lower classification in the same line of progression departmental wide, as outlined in Section 39.

b) Voluntarily remain in his current work facility and exercise his departmental seniority to displace the least senior employee in the next lower classification in the same line of progression, as outlined in Section 39.

c) If completely displaced out of his department, exercise his bargaining unit seniority to displace the least senior laborer in his current work facility. If he is unable to displace a laborer at his work facility, he shall select one of the following options:

1) Exercise his bargaining unit seniority to displace the least senior laborer in any of the other work facilities.

2) Request a "voluntary layoff" rather than bump to a laborer position at a different work facility. A "voluntary layoff" is a request and is only available if the Company is actually laying off an employee(s). The number of "voluntary layoffs" available is limited to the actual number of employees the Company intends to layoff.

2. The selection of the above options must be made in advance and shall be binding throughout the displacement or layoff period. Employees in the department(s) affected shall be given a 14 calendar day notice of the Company's plans to reduce the workforce. Such notice to the department(s) shall serve as the official notice to the classification(s) initially affected by the workforce reduction. The Company shall distribute at the time of the departmental notice a Workforce Reduction Option Form to each employee in the classification first impacted by the displacement or layoff. The form must be completed and returned to supervision no later than the end of the 10th calendar day of the 14 calendar day notice period. Upon receipt of the Workforce Reduction Option Form the Company may initiate the displacement or layoff process with the initial employee transfer or layoff not occurring until the completion of the 14 calendar day notice.

Employees affected by subsequent displacements or layoffs must be given a Workforce Reduction Option Form that must be completed and returned to supervision within 48 hours of receipt of the notice. Any employee who fails to return the option form on time shall be deemed covered by options b) and c) 1) in Paragraph 1 of this Section.

3. Any employee displaced as a result of the above workforce reduction may, in turn, exercise his departmental seniority to secure other positions within his line of progression and to exercise his bargaining unit seniority to secure a laborer position, in accordance with his options as selected before the workforce reduction.

4. At the time of workforce reduction, the displaced or laid off employee cannot bump upward to higher rated classifications.

5. An employee displaced to another work facility, or to other classifications within his line of progression, shall be given a period of 20 working days to train and demonstrate his ability to adequately perform the work required. This demonstration period may be extended an additional 20 working days if the Company feels the employee is showing progress. The employee and his chief steward will be given written notice of all extensions granted by the Company.

6. Any employee determined by the Company to be unable to adequately perform the work required at the completion of the demonstration period must exercise his departmental seniority in accordance with the options selected prior to the workforce reduction to displace the least senior employee in the next lower classification in the same line of progression. If this removes him from his department, he must exercise his bargaining unit seniority in accordance with the options selected prior to the workforce reduction to displace the least senior laborer. Any employee who moves to a lower classification as a result of his unsuccessful demonstration period will lose his recall rights to the higher classification, except at his original facility.

7. In the event a displacement or layoff becomes necessary, the Company will ensure the affected employee of the following "notice" and "recall" rights to the classification held prior to the workforce adjustment:

a) Give the employees affected and the Union a notice of any displacement or layoff as specified in Paragraph 2 of this Section.

b) Displaced or laid off employees have recall rights to the classification held prior to the workforce adjustment for the following time frames:

1) Employees who have completed their probation period but have less than one year of bargaining unit seniority shall have recall rights extended for a period of time equal to the employee's bargaining unit seniority.

2) Employees who have one or more years of bargaining unit seniority but less than five years shall have recall rights extended for a period of one year.

3) Employees who have five or more years of bargaining unit seniority shall have their recall rights extended for a period of two years.

8. In the event an employee is laid off, his group dental, medical, and personal life insurance coverage is paid to the end of the month of the layoff plus one more month. Thereafter, the employee may pay the full premium of such group insurance coverage commencing with the actual date of layoff, not to exceed the time frame set out in Paragraph 7.b) above.

9. Accrual of vacation and sick leave benefits shall cease effective with the date of layoff.

10. When there is a restoration of the workforce, the Company subscribes to the principle of "last out, first in." In any case, the Company will recall displaced and laid off employees by applying in inverse order the guidelines used to displace and layoff employees, and in accordance with the options the employee selected. Recalled employees shall be given a demonstration period, as set forth above. Should the employee be determined by the Company to be unable to adequately perform the work during the demonstration period, he shall exercise his departmental or bargaining unit seniority, as set forth in Paragraph 1 of this Section.

11. A displaced or laid off employee who elected to bump departmental wide [option a) in Paragraph 1 of this Section] must, without exception, return to any job within his line of progression departmental wide, up to and including the highest job he held on a permanent basis prior to the workforce reduction, and to any laborer classification at any work facility. Refusal will result in the employee being terminated.

12. A displaced or laid off employee who elected to remain at his work facility [option b) in Paragraph 1 of this Section] must, without exception, return to any job within his line of progression in his work facility, up to and including the highest job he held on a permanent basis prior to the workforce reduction, and to any laborer classification at any work facility. Refusal will result in the employee being terminated.

13. A job vacancy will not be posted until all former displaced and laid off seniority employees, who have a recall right to the vacant job, have either accepted or rejected a recall to fill the vacancy.

14. Employees recalled from layoff shall be given notice by registered or certified mail to the employee's last known address on file in the Human Resources Department. The laid off employee has three days after receiving notice of recall from the Company to notify the Company of his intention to return to work and five days to actually return. A copy of the notice will also be forwarded to the Union's Business Manager. Failure by an employee to return to work or to supply a satisfactory reason for not doing so within the time limits prescribed, shall result in termination of employment.

15. Each laid off employee shall keep the Human Resources Department advised of his correct mailing address and telephone number.

16. A displaced or laid off employee may submit Job Bids in response to posted job vacancies regardless of any previous loss of job bid rights. He may also submit Requests for Transfer under the provisions of Paragraphs 6 and 7 of the Job Bids and Requests for Transfer section of this Agreement. Any displaced or laid off employee, who has a successful Job Bid or Request for Transfer, waives all recall rights, as set forth in this Section. Any employee displaced under this Section or force transferred to another work facility under Section 18.2 will be eligible for plant to plant trades.

17. It shall be the responsibility of each laid off employee to keep in touch with the Company concerning his interest in specific posted job vacancies.

18. A laid off employee may choose to waive a return-to-work call for a temporary laborer position. If refused, no additional offers for such temporary work will be made during the duration of the layoff.

19. In the event it becomes necessary to decrease the number of employees in any of the journeyman departments, the displacement and layoff provisions listed in this Section shall apply except for the following:

a) The senior journeyman and journeyman classifications in such affected department shall be combined as one unit and the employee's departmental seniority shall be the determining factor for the order of displacement, layoff, or recall.

b) The "least senior" employee in the affected "combined unit" shall be displaced or laid off first.

SECTION 16. CONTRACTING OUT WORK

1. The Company agrees that it will not contract out any work if the effect of such contracted work will cause layoffs to any seniority employee.

SECTION 17. JOB BIDS AND REQUESTS FOR TRANSFER

1. If a vacancy occurs in a permanent position or if a new job is established or if the workforce is expanded in any of the established lines of progression, and the Company decides to fill such opening, the Company shall post the job vacancy for a period of seven calendar days. All Job Bids and Requests for Transfer for the posted vacancy must be submitted during the seven calendar day posting period. A detailed listing of the employee's previous education, training and experience must be listed on the Job Bid or Request for Transfer form.

2. Employees in STEP RATE PROGRESSION have bid rights upward, downward, and laterally to vacancies within their line of progression and bid rights to entry level vacancies in other lines of progression. They may also submit Requests for Transfer in accordance with Paragraphs 6 and 7 of this Section.

3. An employee on sick leave shall be eligible to bid on a job posting if he provides documented evidence that he will return to work within 10 calendar days from the expiration date of the job posting.

4. The Company will review the Job Bids in the following order:

   a) The employee submitting an upward Job Bid with the most departmental seniority in the established line of progression shall be the successful bidder if he has sufficient qualifications to perform the job.

   b) The employee submitting a lateral Job Bid with the most departmental seniority in the established line of progression shall be the successful bidder if he has sufficient qualifications to perform the job.

   c) The employee submitting a downward Job Bid with the most departmental seniority in the established line of progression shall be the successful bidder if he has sufficient qualifications to perform the job.

   d) The laborer or the bidder from another line of progression with the most bargaining unit seniority shall be the successful bidder if he has sufficient qualifications to perform the job.

5. The employee selected for the posted job shall be given a period of 20 working days to train and demonstrate his ability to adequately perform the work required, and the Company may assign the employee to all (or the Company may simulate) tasks performed by the higher classification. This demonstration period may be extended an additional 20 working days if the Company feels the employee is showing progress. The employee and his chief steward will be given written notice of all extensions granted by the Company. Should the employee be determined by the Company to be unsuitable during the demonstration period, he shall be returned to his former position without loss of departmental seniority. In turn, each employee who had filled an opening that resulted from the disqualified employee's Job Bid or Request for Transfer shall also be returned to his former position without loss of departmental seniority; even if the affected employee had completed his demonstration period. An employee may have only one successful bid in any one year.

6. In the event no one is selected from among the eligible bidders, the Company will review each Request for Transfer submitted as a result of the posted job vacancy before hiring from other sources. The Company will review those Requests for Transfer in the following order:

a) Those Requests for Transfer that involve promotion or lateral moves leading to promotion in another line of progression. Employees shall have a transfer right provided they have sufficient qualifications and the employee selected has not been the successful bidder to a job in the past year, or has not been granted a Request for Transfer to another department in the past five years. In the event there are multiple requests that meet at least the sufficient qualification requirement, the Company has the right to select the most qualified employee. If two or more of these qualified employees are equally qualified, then bargaining unit seniority shall prevail. The employee selected for the posted job shall be given a demonstration period, as set forth above. The employee who is allowed to transfer under the provisions of this Paragraph shall not be eligible for job bidding for one year from the date of transfer.

b) Last in the order of consideration, in the Company's sole discretion, will be all other Requests for Transfer, provided the employee has not been a successful bidder to a job in the past year, or has not been granted a Request for Transfer to another department in the past five years. The employee selected for the posted job shall be given a demonstration period, as set forth above. The employee who is allowed to transfer under the provisions of this Paragraph shall not be eligible for job bidding for one year from the date of transfer.

7. The Company may authorize a Request for Transfer from an employee who has a physical or medical condition that keeps him from continuing to perform his regular duties. Such requests will be closely scrutinized and will be acted upon based on the employee's prior work record, preservation of departmental skills and efficiency, merits, and circumstances of each individual case. In the event of multiple requests and all of the above factors are equal, bargaining unit seniority shall prevail. An employee who is granted such a request will go to the top step rate of the lower classification if the employee is moved downward in his line of progression. An employee who is allowed to move to another job classification in another line of progression shall enter at the first step rate unless, in the determination of the Company, the employee's previous experience and qualifications warrant a higher step rate. Requirements for such requests are:

a) They must be made in writing in response to a posted vacancy, accompanied by written documentation that verifies the extent of the condition. Such placement may or may not be in the employee's line of progression, or in the same Labor Grade; in any event, it will not be to a classification in a higher Labor Grade. In addition, such placement shall not be subject to the other job bid and requests for transfer provisions of this Section, provided the employee with the physical or medical condition has more bargaining unit seniority than the employee who would have otherwise received the job. The employee who is allowed a transfer under the provisions of this Paragraph shall not be eligible for job bidding for two years from the date of transfer.

b) This provision in no way obligates the Company to create a position to accommodate such requests.

8. An employee is not eligible for a plant to plant trade for at least one year after the date of a successful Job Bid or Request for Transfer. An employee is not eligible to submit a Job Bid or a Request for Transfer for one year from the date of a plant to plant trade.

9. Fuels Utility and Equipment Operator employees in the Fuels Department as of April 22, 1987 are "grandfathered" for bidding into either Fuels Equipment Operations or Fuels Equipment Maintenance. Such "grandfathered" employees are allowed one successful job bid into either of the two Fuels departments. After a successful bid, they are no longer considered to be "grandfathered" and any future Job Bids or Requests for Transfer shall be in accordance with the provisions as outlined in this Section, using their original Fuels departmental seniority.

SECTION 18. TEMPORARY AND PERMANENT TRANSFERS

1. The Company is a multi-facility company, and all employees covered by this Agreement can expect to be placed temporarily or transferred permanently for work at any of the Company's plant facilities. Any employee whose temporary work assignment at another facility exceeds 720 continuous straight time working hours shall, beginning on the 721st continuous straight time working hour, be compensated at a rate of time and one-half, except where double time is otherwise required. A temporary transfer to another facility shall be considered continuous unless separated by a period of 80 or more continuous straight time working hours at the employee's normal work facility. For the purposes of this Paragraph, the Reid/Station Two and Green Plants are considered the same facility.

2. Any transfer to another work facility determined by the Company to be on a permanent basis will be by departmental seniority and given in writing to the employee. The Company in this case shall first ask for volunteers in the classification and facility involved, starting with the most senior qualified employee, and will continue to ask until a volunteer is found. If no volunteer is found, the Company will transfer the least senior qualified employee, in the classification and facility involved, to the other work facility.

3. The Company may temporarily transfer employees from one job classification to another. Any employee whose temporary transfer to another classification exceeds 720 continuous straight time working hours shall, beginning on the 721st continuous straight time working hour, be compensated at the rate of time and one-quarter, except where time and one-half or double time is otherwise required. A temporary transfer from one job classification to another shall be considered continuous unless separated by a period of 24 or more continuous straight time working hours in the employee's normal work classification.

4. The Company will determine when an employee is far enough along in his training to qualify for work in a temporary upgrade position. When an employee is temporarily upgraded and performs the tasks normally assigned to the higher rated classification for two hours or more, he will receive the first step rate of pay for that classification for all hours worked in the higher rated classification that shift. When an Equipment Operator pilots the tugboat, he will receive upgrade pay for the greater of two hours or actual time worked operating the tugboat.

5. When an employee is temporarily transferred to a lower rated classification, he will receive his regular rate of pay during such transfer.

6. When it becomes necessary to permanently transfer employees to a lower rated classification (see the Layoff, Displacement, and Recall section of this Agreement), the employees with the least departmental seniority in the affected job classification shall be transferred. In the case of such a transfer from a higher rated classification to a lower rated classification, the employee will continue receiving the higher pay rate until the start of the pay period which begins on or after the 35th calendar day following the effective date of the transfer. After that, he shall be paid the top step rate of the lower classification. Any transfer determined by the Company to be on a permanent basis will be given in writing to the employee.

7. When an employee reports to his regular work facility, and is required to report to another work facility during the same shift, he will be paid mileage expense for travel from one facility to another provided he travels in his personal vehicle. If an employee is given notice of a temporary assignment to another work facility and it requires the employee to travel from his home to the temporary work facility at a distance greater than he normally travels to work, the employee shall be reimbursed the additional mileage expense incurred related to driving his personal vehicle. When carpooling in mileage reimbursement situations, only the driver is eligible for mileage reimbursement. Reimbursement will be at the existing mileage rate for each day of temporary assignment and will include road tolls.

8. There will be a maximum mileage reimbursement that is based upon the actual miles between each work facility. The maximum mileage submitted for reimbursement by any employee shall not exceed the following:

a) Coleman to Wilson ..... 55 miles one way

b) Coleman to Reid/Green/Station Two .....57 miles one way

c) Reid/Green/Station Two to Wilson. .....37 miles one way

9. Travel time, other than travel to and from work, shall be considered as time worked for the purpose of computing pay when such travel is performed in connection with assigned duties and at the direction of the appropriate Company official.

SECTION 19. HOURS, OVERTIME AND PREMIUM PAY

1. The standard workweek is a seven day period beginning at 12:01 a.m. on Sunday and ending at 11:59 p.m. the following Saturday. The work schedule showing the scheduled starting and quitting times and the scheduled days off shall be posted in each department by the end of the first shift Thursday.

2. Time and one-half will be paid for all hours worked by an employee on his first scheduled rest day (SDO-1), and double time will be paid for all hours worked by an employee on his second scheduled rest day (SDO-2). An employee's SDO-1 and SDO-2 cannot be changed after the end of the first shift Thursday.

3. Employees assigned to a non-rotating Monday through Friday or Tuesday through Saturday shift will observe Sunday as their SDO-2.

4. The normal workday for employees who work rotating shifts, that provide 24 hour around-the-clock coverage, shall be eight consecutive hours with no intermission for lunch. Rotating shift employees will be allowed to eat their lunch and take their breaks while on duty and as operating conditions permit. An employee temporarily assigned from a rotating shift to a non-rotating shift for less than seven calendar days will work an eight hour shift with lunch paid. Following the first seven calendar days of assignment on the non-rotating shift, the employee will be classified as a non-rotating employee as set forth in Paragraph 5 of this Section. If an employee is notified prior to the start of the temporary assignment that the assignment will be for more than seven calendar days, the employee may be assigned to an eight and one-half hour work shift with a one-half hour unpaid intermission for lunch commencing on the first day of the temporary assignment.

5. The normal workday for employees who work non-rotating shifts shall be eight and one-half consecutive hours with a one-half hour intermission for lunch. Employees working non-rotating shifts will be allowed to eat their lunch at approximately the midpoint of the shift. If an employee is required to work through his lunch period he will be paid and he will be given ample time to eat his lunch.

6. The Company will pay, in addition to the employee's base wage rate, a shift premium to employees on shifts that commence as follows:

First Shift - Between the hours 5:00 a.m. and 11:59 a.m. - None

Second Shift - Between the hours 12:00 noon and 7:59 p.m. - 41¢

Third Shift - Between the hours 8:00 p.m. and 4:59 a.m. - 55¢

The appropriate shift premium will be paid at time and one-half for all overtime hours. Shift premium will not be paid for any hours not worked, nor will it be used for calculating any employee benefit.

7. Employees assigned to a rotating shift will be paid a rotating shift premium of $.40 an hour for all hours worked. This rotating shift premium will be paid at time and one-half for all overtime hours. It will not be used for calculating any employee benefit. Employees temporarily assigned to rotating shifts will not

receive this rotating shift premium unless and until the assignment exceeds 90 working days.

8. A premium of $.61 per hour will be paid for all hours worked on a Sunday by an employee for whom Sunday is one of his five straight-time scheduled workdays for that week. This Sunday premium will be paid at time and one-half for all overtime hours. It will not be used for calculating any employee benefit.

9. As a public service corporation, the Company must perform its obligations to its customers at all times and in recognition of these obligations the Company shall have the right to require an employee to work overtime. The Company will attempt to arrange such overtime to avoid undue hardship on any employee, and the Company at its discretion will rotate overtime as equitably as possible among the qualified employees in the plant, department, and shift involved.

10. The parties agree that the equitable rotation of overtime shall be on the basis of departmental seniority in classification. Distribution of overtime by seniority shall commence with the qualified most senior employee in each work facility, department, classification and shift involved. For employees working in the mechanical, instrumentation, and electrical departments, rotation will be by seniority. For employees working in all other departments, rotation by seniority will be every 28 calendar days. (Refer to Overtime Guidelines for specifics.)

11. The standard workday is a 24 hour period beginning at 12:01 a.m. and ending 24 hours later. Time and one-half will be paid for all time worked in excess of eight straight-time hours in any one standard workday and for all time worked in excess of 40 straight-time hours in any one standard workweek.

12. An employee shall be paid the appropriate overtime rate for all hours worked outside his scheduled work shift in the standard workday. This includes "hold-overs," "report-ins," and "call-ins" which are defined as follows:

a) "Hold-over" work shall be work which is a continuation of a scheduled work shift. For hold-over work to apply, an employee shall be notified prior to the end of his scheduled shift. An employee who is held over shall be paid only for the additional hours worked at the appropriate overtime rate.

b) "Report-in" means that a notice is given to an employee before his scheduled shift ends to return for work at some hour before his next scheduled shift begins. If an employee is given notice to report in and that notice is not canceled prior to the end of his shift, he will receive no less than two hour's pay at the appropriate overtime rate, even if the scheduled report-in is canceled after the end of the shift. It is not a report-in when the proper 16 hour notice is given.

c) "Call-in" is when an employee is called in for emergency work outside his scheduled working hours. Call-ins shall be paid as follows:

1) When an employee is called in for emergency work or is instructed to come in for emergency work and the hours worked are not continuous with other hours worked, he shall receive no less than four hours pay at the appropriate overtime rate. The employee must do any emergency work assigned to him by the Company in order to be entitled to the call-in pay. It is not a "call-in" when the proper 16 hour notice is given.

2) Anytime an employee is called to work from his home prior to the start of his shift and works into his shift, the employee shall receive a minimum of two hours pay at the appropriate overtime rate. If the employee is on the premises and is asked to work prior to the start of his shift, he shall be due a minimum of one hour's pay at the appropriate overtime rate.

13. "Scheduled" work is work for which 16 hours or more notice is given to the employee prior to the

start of his shift. "Unscheduled" work is work for which less than 16 hours notice is given to the employee prior to the start of his shift.

14. Prearranged schedule changes in the employee's posted work schedule will be work for which 16 hours or more notice has been given. If an employee is not given proper notice, he will receive time and one-half for the first eight hours worked on his new scheduled shift. All scheduled shifts shall be a minimum of four hours.

15. Changes in working hours whereby schedules are extended by the addition of overtime hours immediately preceding and/or immediately following an employee's scheduled shift will not be considered a schedule change within the meaning of Paragraph 14 of this Section.

16. In order to cancel scheduled overtime on an SDO-1, SDO-2, or a day observed as a holiday, eight hours notice must be given prior to the start of the employee's shift. If less than eight hours notice is given, the employee will be given the option to work or he will be paid at the appropriate overtime rate for one-half the overtime hours canceled, but in no event shall he receive less than four hours pay at the appropriate overtime rate if he is not given the option to work. If an employee works a partial shift and is not given the option to work the full scheduled shift, he shall be paid at the appropriate overtime rate for the hours actually worked and, in addition, one-half of all hours canceled, but in no event shall he receive less than a total of four hours pay at the appropriate overtime rate if he is not given the option to work.

17. In order to cancel scheduled overtime on a day other than an SDO-1, SDO-2, or a day observed as a holiday, eight hours notice must be given prior to the start of the employee's shift. If less than eight hours notice is given, the employee will be given the option to work or he will be paid at the appropriate overtime rate for one-half the overtime hours canceled if he is not given the option to work.

18. When an employee works 16 or more hours in any rolling 24 hour period, he shall be entitled to a 12 hour rest period, commencing immediately upon his release from work and lasting 12 consecutive hours thereafter. If a 12 hour rest period is not provided, the employee will receive either of the following:

a) Be paid at two times the straight-time rate of pay for all hours worked over 16 hours and for all hours worked in the 12 hour rest period, or

b) Be given a rest period at no loss of pay for any hours scheduled in his 12 hour rest period. If the employee's 12 hour rest period ends and there is a portion of a scheduled shift remaining, the employee may be given the option to waive the remainder of the affected shift without pay and with no penalty under the Absenteeism Control Program.

19. An employee must work 16 hours in a 24 hour period in order to be entitled to a 12 hour rest period. Pay that is received by an employee for hours not worked, such as personal day, holiday or workers' compensation pay, or the minimum two hours pay due an employee in "report-in" situations, etc. does not count as time worked for the purpose of satisfying the 16 hour clause.

20. Premium pay shall not be paid for schedule changes that are a result of an employee being awarded a job bid or request for transfer.

21. Overtime and premium pay shall not be pyramided, compounded, or paid twice for the same hours worked. All hours for which an employee receives pay shall be considered as time worked for the computation of overtime pay.

22. If an employee is more than 30 minutes tardy, his supervisor may send him home for the balance of that workday, in that event he shall not receive any pay for that day.

SECTION 20. RESERVED

Reserved for future use.

SECTION 21. SUPERVISORS WORKING

1. It is understood and agreed that no supervisor or foreman will take the place of any employee and perform production work except in an emergency, or for the purpose of instruction and training, or to assure proper performance of work, to protect Company property, or to ensure safety of employees.

SECTION 22. LEAVE OF ABSENCE

1. By special written request from a seniority employee the Company in its sole discretion may grant a Personal Leave of Absence without pay for a maximum period of thirty (30) days. Credit for Company seniority and employee benefit accrual during the granted Personal Leave of Absence shall not exceed the thirty (30) day maximum.

2. An employee who is unable to work because of illness or injury may be granted a sick leave provided the employee furnishes the Company with a written statement from his physician verifying the sickness or injury. The employee may utilize his accumulated sick leave pay during the sick leave. The Company reserves the right to require a physical examination of the employee, at Company expense by a Company doctor, during any time of an authorized sick leave. If the employee is physically unable to return to his job classification or any other suitable job that he can be fitted by education, training or experience and in accordance with his departmental seniority, the employee will be determined to be eligible for long term disability. The qualifying period for long term disability is three months of continued disability resulting from a medically approved physical or mental condition. During absences covered by an authorized personal or work-related sick leave, credit toward seniority will continue as set forth in Paragraph 4.i) of Section 14. Credit toward other employee benefit accrual will continue for a period up to the employee's accumulated seniority not to exceed one year.

3. An employee who fails to return to work at the termination of his Personal Leave of Absence or sick leave will be treated as a voluntary quit.

4. Upon return to work, an employee shall be reemployed at his former job or at a job in line with his seniority, provided the employee can perform the job without training but receiving adequate instruction, and to a job which carried a rate of pay equal to or as near that of his former job as possible, provided there is such work available.

5. It is the Company's intent that the medical leave provisions shall be consistent with and in full compliance with the FMLA.

SECTION 23. SICK LEAVE PAY

1. Commencing with the date of employment, all employees on the active payroll shall accumulate sick leave pay at the rate of eight hours at regular (straight-time) rate for each calendar month of continued employment. Accumulated sick leave will be payable only when a seniority employee is absent from and unable to work his scheduled workdays due to non-occupational sickness or injury. In no event will sick leave be paid in excess of sick leave accrued at the time the absence occurs. During the probationary period an employee shall not be eligible for sick leave pay.

2. Although an employee may accrue an unlimited amount of sick leave, in the case of illness or

injury he will not be allowed to take more than 13 weeks sick leave in any one continuous period after which he will be eligible to apply for long term disability.

3. Personal illness shall mean an employee being unable to work due to a sickness, or accidental personal injury not arising from participation in outside gainful occupation or unlawful activities and shall specifically exclude injury arising out of or in the course of employment with the Company.

4. The Company reserves the right to have an employee examined by a doctor of its choice concerning the verification or continuation of the employee's illness, injury, or surgery. If an employee is instructed by Management that verification is needed, such verification will be at Company expense and the physician will be designated by the Company. An employee who fails to satisfactorily verify his reason for absence for the entire period or who refuses or fails to submit the verification as instructed, will not be paid and will be subject to discipline.

5. Accumulated sick leave will not be paid to employees leaving for any reason, the employ of the Company.

6. When an employee is unable to report for work due to a sickness or injury as defined above, he must report this fact to his immediate supervisor or other plant management personnel at the earliest possible time, but in no event later than one hour prior to the scheduled time to commence work, otherwise the employee will receive no sick leave allowance for the day.

7. The Company is aware that there are times when absences and extended leaves associated with personal or work-related sickness or injury are not known in advance. However, when such absences are known in advance, the employee should promptly notify the Company as to the time and date of a physician's appointment. For absences of a longer period of time, the employee should promptly notify the Company as to the beginning date and anticipated duration of the leave. The intent here is to keep the Company informed in advance so that supervision can plan and schedule work in the most efficient manner.

8. Employees receiving sick leave pay under the provisions of this Section shall receive holiday pay in lieu of sick leave pay in the event a holiday falls during such sick leave period. Holiday pay shall also be paid for a holiday that falls within the waiting period referred to in Paragraph 10 of this Section.

9. For absences of four or more consecutive workdays, a satisfactory medical doctor's certificate must be presented.

10. An employee who needs to be absent from work due to a non work-related illness or injury may use accumulated sick leave following an absence of three scheduled straight-time workdays, beginning with the fourth such day. The absence due to illness or injury, including the three day waiting period, must be continuous. A return to work not in excess of two workdays, or a paid holiday, shall not interrupt or cancel a waiting period or the beginning or continuation of sick leave pay. A paid holiday, however, will not count as part of the waiting period. An employee who becomes eligible to receive sick leave pay under this Paragraph may substitute vacation pay for any or all of the hours not paid during the waiting period, provided he requests such by the close of the normal business day that follows the day he first became eligible for the sick leave pay. An employee with an imminently life-threatening condition requiring a regimen of treatment such that he will routinely need time off less than four days will be subject to only one three day waiting period in a year for the purpose of receiving that treatment.

11. An employee who reports for work on a straight-time scheduled workday, but is forced by illness to leave work before working more than four hours, shall have that day counted as one day of the required waiting period. An employee who is forced by illness to leave work after working four or more hours, but less than eight, may, on the third day of the waiting period, be paid sick leave pay for the hours lost on the last day worked.

SERIOUS ILLNESS OF EMPLOYEE'S SPOUSE OR DEPENDENT CHILD

12. Accumulated sick leave may be utilized by employees when a spouse or dependent child is:

a) Seriously ill or injured,
b) In the hospital or having out-patient surgery or treatment,
c) Recovering at home from an illness, injury, or surgery.

13. In all absences associated with the spouse or dependent child, the employee must present a written medical doctor's certificate satisfactorily verifying the need for the employee's presence, the nature of the relative's illness, injury, or surgery and the starting and ending dates of the absence. An employee who fails to satisfactorily verify his reason for absence, or who refuses or fails to submit the verification as instructed, will not be paid and will be subject to discipline. There is no sick leave pay waiting period for an absence associated with the spouse or dependent child.

14. The maximum utilization of accumulated sick leave for incidents of serious illness, injury, or surgery to the employee's spouse or dependent child shall not exceed 40 scheduled straight-time hours in any calendar year. In the event a serious illness, injury, or surgery to the employee's spouse or dependent child requires the employee to be absent from work for more than 120 scheduled straight-time hours during a calendar year, the employee may utilize his accumulated sick leave to cover absences beginning with the 121st hour. A doctor's statement is required which satisfactorily verifies the need for such long term absence.

15. Each seniority employee on the active payroll as of January 1 of each calendar year will receive a sick leave pay waiting period credit, during the month of January, equal to 24 hours of pay at his straight-time rate of pay in effect as of January 1. Upon completion of his probationary period, a probationary employee will receive a sick leave pay waiting period credit as follows:

Date Probationary Period Completed	Amount of Credit
Prior to May 1	Sixteen (16) hours
Prior to September 1	Eight (8) hours
September 1 or later	None

SECTION 24. WORKERS' COMPENSATION PAY

1. A regular full-time employee who is absent from work because of an industrial illness or injury shall have his lost wages reimbursed at a rate of 75%, commencing on the fourth consecutive full working day of the absence. Pay will be computed at the employee's base straight-time rate in effect at the onset of the illness or injury, on the basis of his forty (40) hour workweek, and exclusive of shift premium or any other premium pay.

2. The 75% reimbursement program remains effective for a maximum of thirteen (13) weeks, provided the employee remains on a verifiable work-related disability. Thereafter, the maximum reimbursement due an employee off on a verifiable extended work-related illness or injury shall be a maximum of 66 2/3% of the employee's base straight-time rate in effect at the onset of the illness or injury. The 66 2/3% maximum benefit is paid jointly under the terms and conditions of Workers' Compensation and the Long Term Disability Policy.

3. If an illness or injury occurs on the job, the Company must be notified immediately and the illness or injury must be verified by a medical doctor's certificate.

4. If an employee is absent for eight (8) or more consecutive working days for an industrial illness or injury, he shall be compensated as set forth above, for the first three (3) working days of the absence.

5. This benefit will continue as long as the employee remains disabled and eligible for Workers' Compensation from the insurance carrier. Thereafter, additional benefits are payable under the terms and conditions as set forth in the Long Term Disability Policy.

6. Successive disabilities separated by less than ten (10) consecutive working days of regular full-time work will be considered as the same disability, unless the subsequent disability is due to a different cause.

7. An employee shall not lose any straight-time pay for a partial day absence due to an industrial illness or injury.

8. An employee who fails to return to work at the termination of his Workers' Compensation leave will be treated as a voluntary quit.

9. The Company reserves the right to have an employee examined by a doctor of its choice concerning the verification or continuation of a work-related illness or injury.

SECTION 25. PERSONAL DAY PAY

1. Each seniority employee on the active payroll shall have two personal days each calendar year. The employee will be paid eight hours at his straight-time rate in effect on the date a personal day is taken.

2. The absence for a paid personal day shall be a non-chargeable occurrence under the Company's Absenteeism Control Program.

3. When an employee needs to take a personal day, he should report this fact to his immediate supervisor or other plant management personnel at the earliest possible time, but in no event later than one hour prior to the scheduled time to commence work, otherwise the employee will receive no pay for the day and the absence becomes a chargeable occurrence. On a first-come, first-serve basis, one employee per work group will be permitted to take a personal day. Additional requests will be considered and may be granted based on operational needs.

4. An unused personal day cannot be carried over to the next calendar year. For any personal day not taken by December 31, the employee shall receive eight hours pay at his straight-time rate in effect on that date. An employee can choose to take a cash-out of his personal day(s) before December 31.

5. Paid personal days may be taken up to and including December 31. However, a paid personal day cannot be taken on an SDO-1, SDO-2, or a holiday. (A personal day is not a holiday.) If an employee decides to take a personal day after November 15, he must schedule it in advance during the time period between November 1 and November 15. The cash-out received for an unused personal day does not count toward overtime.

6. A probationary employee is entitled to the paid personal days if he completes his probation period prior to December 30. If he completes his probation period on December 30, he is entitled to take or cash out one personal day. He is not entitled to a paid personal day if he completes his probation period on December 31.

SECTION 26. FUNERAL LEAVE

1. In the event of a death in the employee's immediate family, the employee will be granted four consecutive calendar days off without loss of pay from the straight-time workdays he would have worked, provided one of the days absent is the day of the funeral.

The immediate family is defined as:

a) spouse
b) parent or stepparent (funeral leave is available to the employee for one mother and one father during employment with the Company)
c) spouse's parent or stepparent (the limitation as set out for the employee's parent shall also apply)
d) employee's brother, sister, half-brother, or half-sister
e) employee's children or the children of the spouse, provided they are stepchildren who live or who have lived in the employee's home in a normal parent/child relationship

2. In case of a death of an employee's grandparent, grandchild, brother-in-law, sister-in-law, son-in-law or daughter-in-law, the employee will be granted three consecutive calendar days off without loss of pay from the straight-time workdays he would have worked, provided one of the days absent is the day of the funeral.

3. In case of a death of a stepchild not related to the employee's current spouse, the employee will be granted one day off without loss of pay from the straight-time workday he would have worked provided:

a) the day absent is the day of the funeral, and
b) the stepchild lives or has lived in the employee's home in a normal parent/child relationship.

4. It is an employee's option when he starts his funeral leave, provided one of the days is the day of the funeral, and provided he gives advance notice to supervision of his days of absence.

5. An employee will receive eight hours straight-time pay for each funeral leave day that is a scheduled straight-time workday. In addition, if he is scheduled to work on an SDO-1 or SDO-2, the employee will be allowed off for funeral leave, without pay.

6. The funeral leave benefit in all cases is contingent upon the honest reporting of the relative that has passed away and the employee's attendance at the funeral.

7. Only those step-relatives specifically identified above are covered by funeral leave.

SECTION 27. JURY DUTY

1. Employees serving on jury duty shall not lose straight-time pay (exclusive of shift premium) on that account.

2. An employee scheduled to work the day shift, who is required to report for jury duty before noon, shall, upon request and notification to his supervisor, be excused from reporting for work prior to reporting for jury duty, and shall not be required to return to work if he has less than half of his scheduled shift remaining when released from jury duty. An employee who has half or more of his scheduled shift remaining when released from jury duty shall contact his supervisor to determine if he is to return to work. Where practicable, and upon request to the employee's supervisor, an employee scheduled for shift work will be rescheduled to day work for the entire period he is scheduled for jury duty.

3. 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 the subpoena.

4. 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.

SECTION 28. HEALTH AND SAFETY

1. A physical examination is required before hiring and may be required during an employee's employment at the discretion of the Company.

2. The Company will provide maintenance of proper housekeeping, safety equipment, sanitary health and safety protection for all employees.

3. The Union and the employees agree to cooperate fully with the Company in order to promote safety in all work locations by the observance of all safety regulations and by performing their work in a safe and careful manner, at all times. Employees will promptly report unsafe conditions or defective equipment to their supervisor. There will be safety meetings and copies of the meeting minutes will be forwarded to the Union's Business Manager. The chief stewards will be the safety representatives. The chief steward and members of the safety committee will meet with their respective Plant Manager, or his designee, once a month for the discussion of safe work practices and conditions.

4. In case of a work-related injury, regardless of how small, the employee must notify his supervisor. In case of a work-related injury that results in lost time from work or requires medical treatment other than first aid, the employee must complete the Employer's First Report of Injury as required by OSHA. Copies of the Employer's First Report of Injury will be forwarded to the Union's Business Manager.

5. The Company shall distribute to all employees a Safety Manual for their guidance and instruction as to safe work practices. Every employee shall become familiar with the rules of the Safety Manual as they apply to his work activities. While the rules of the Safety Manual will cover as many working situations as possible, it should be understood that it is impossible for the manual to cover all situations. The Company will, when it is necessary, establish additional safety rules and regulations which will be distributed to all employees. The Company will forward to the Union's Business Manager advance notice of any new safety rules.

6. In conjunction with 49CFR (Code of Federal Regulations) 391.41 through 391.49, the Company will pay for all testing and licensing expenses associated with employees obtaining and retaining a DOT (Department of Transportation) Operators License.

7. The Company will reimburse each employee up to $95.00 for safety shoes once a calendar year. Receipt of purchase is required for reimbursement. Employees shall have the option to prospectively combine two calendar years for a single purchase. The employee shall declare his option when the receipt is submitted.

8. The Company will furnish the uniforms to be provided in the Company's clothing policy regarding exposure to energized circuits. The clothing furnished by the Company under this provision is required to be worn by the employee.

SECTION 29. EMERGENCY RESCUE TEAM

1. All Emergency Rescue Team (ERT) members shall meet and maintain the required physical standards set out in the Company's Emergency Rescue Team Policy. ERT members will be expected to respond to hazardous chemical spill and confined space emergencies where employees are in need of being rescued.

2. The ERT shall be staffed on a volunteer basis.

3. The Company shall provide training for rescue team members as stated below:

   a) Three days of initial training for employees joining the rescue team.

   b) Eight hours of training, which includes at least one training session or drill per quarter, for each ERT member.

   c) Any additional training required by ERT members to acquire or maintain skills sufficient to perform emergency rescues or training required to acquaint ERT members with new equipment will be conducted on an as needed basis, as determined by the corporate safety administrator.

4. Injuries that result from an ERT member's rescue efforts, while at work, are covered by Workers' Compensation.

5. All volunteers for the ERT will be accepted on the basis of bargaining unit seniority. However, employees who hold positions outside of the Company at the time they volunteer such as volunteer firemen, policemen, emergency medical technicians, etc. will be given priority selection. The selection process for this group will also be based on bargaining unit seniority.

6. Employees who volunteer for the ERT shall do so with the understanding that they must remain on the ERT for a minimum of one year. It is understood by the parties that an employee who has an unknown medical condition may volunteer and be accepted into the ERT. Upon discovery of a condition that disqualifies an employee from being an ERT member, the employee shall be allowed to exit the ERT without completing the one year minimum service requirement.

7. Employees interested in withdrawing from the rescue team may do so after the minimum one year of enrollment, provided 60 calendar days written notice is submitted to the Company.

8. ERT members shall be identified by either a special hard hat or insignia.

9. Employees selected for the ERT who have passed the physical examination required to be an ERT member shall earn additional vacation days, as set out below:

   a) One vacation day will be credited to the employee's vacation account following the successful completion of the initial three days of rescue training. Once credited, this vacation day will be immediately available for use. Thereafter,

   b) Beginning either June 30 or December 31, depending upon when the employee became an ERT member, one additional vacation day will be credited to the employee's vacation account following the completion of six * months of service.

   Example: An employee who completes the rescue training on December 1, 1998, will be credited with one vacation day. Following the completion of six months of service (June 30, 1999) as an ERT member, one additional vacation day will be credited to the employee's vacation account. This process of crediting an employee's vacation account

with one vacation day will continue each June 30, and each December 31, provided the employee remains an ERT member.

*The first time period for earning an additional vacation day typically will be longer than six months. However, the first vacation day earned by joining the ERT offsets this additional time.

c) Vacation days earned by being an ERT member will be credited to the employee's regular vacation account and may be used or paid to the employee upon termination, resignation, or retirement, according to the Vacations section of this Agreement, except that the vacation day credited under 9.a) above upon completion of the initial three days of training will be immediately available for use.

d) An ERT member will continue to earn service for the accrual of ERT vacation days while on sick/workers' compensation leave until the employee is placed on long term disability.

10. The Union or the Company may withdraw from this ERT Section in its entirety at the expiration of this Agreement.

SECTION 30. VACATIONS

1. All employees must be continuously employed on the active payroll as full-time employees, by January 1 of each current year, to receive any vacation pay. The vacation year shall be the calendar year.

2. The Company will grant paid vacations in accordance with the following schedule beginning January 1, 2013:

Length of Continuous Service As of January 1 of the vacation year	Hours Paid At Straight Time
a) Less than 12 months continuous service	8 hours per full month up to a maximum of 80 hours
b) More than one year but less than five years continuous service	80 hours
c) After five years continuous service	104 hours
d) After nine years continuous service	112 hours
e) After 10 years continuous service	120 hours
f) After 11 years continuous service	128 hours
g) After 12 years continuous service	136 hours

h) After 13 years continuous service	144 hours
i) After 14 years continuous service	152 hours
j) After 15 years continuous service	160 hours
k) After 25 years continuous service	184 hours

3. "Continuous service" in this Section is defined as time actually spent performing productive work for the Company and does not include time away from work for any cause or reason whatever, except approved leaves of absence or vacations.

4. Employees eligible to receive vacation benefits under this Section, who resign, retire, terminate, or are laid off, shall receive pay in lieu of vacation benefits accumulated to the time of separation on the following basis:

a) They shall receive pay for one-twelfth (1/12) of the applicable vacation hours earned for each month worked during the current vacation accrual year. The vacation accrual year is the calendar year commencing with each January 1 and ending December 31. A month's work will be defined as any calendar month in which the employee works 120 hours.

b) In order to be entitled to any pay under this Paragraph, all persons who resign or retire must give proper notice by submitting a "resignation notice" to his supervisor at least two weeks (14 calendar days) prior to the desired date of termination or separation. Employees who fail to submit proper notice will forfeit all accrued vacation entitlement.

c) In the event of the employee's death, the benefits described in 4.a) above shall be paid to the employee's estate.

5. All discharged employees will receive pay for vacation accrued prior to the year of termination.

6. All vacation requests are to be turned in by February 1. The Company will post vacation schedules by March 1. All vacation requests turned in after February 1 will be on a first-come, first-serve basis. Vacations will be granted based on employees' bargaining unit seniority provided the Company maintains the proper balance of skills, experience and job knowledge.

7. An employee will ask his supervisor before his vacation commences about his work schedule (shift, starting and quitting times) for the first scheduled workday upon his return from vacation. If it is necessary to change an employee's work schedule while he is on vacation, the change will be made in accordance with the 16 hour notice provisions of the Hours, Overtime and Premium Pay section of this Agreement.

8. Subject to the approval of the employee's supervisor, employees will be permitted to trade vacation periods with other employees within their job classifications.

9. A maximum of 184 hours vacation credit may be carried from one calendar year to the next. Vacation credit is accrued in the calendar year prior to the calendar year in which it can be used. If an employee foregoes his vacation at the request of the Company, the Company shall in lieu thereof pay the employee his vacation pay over and above his ordinary pay.

SECTION 31. HOLIDAYS

1. All active, full-time regular employees with seniority shall receive eight hours pay at their straight-time rate in effect on the day of the holiday.

2. An employee who works on a day observed as a holiday shall be compensated as follows:

   a) He shall be paid for all hours worked on the holiday at a rate of time and one-half his straight-time rate in effect on that day.

   b) He shall receive eight hours holiday pay at his straight-time rate in effect on that day.

3. When an employee works temporarily upgraded on a day observed as a holiday, he will receive holiday pay, as set out above, at the appropriate temporary upgrade rate.

4. If an employee is scheduled to work on a holiday and fails to work, he will not be paid for the holiday unless his absence is excused by the Company.

5. An employee that does not work the holiday shall receive holiday pay under the following conditions:

   a) He must work or receive pay for all the hours of his scheduled shift on the last workday preceding such holiday(s), and he must work or receive pay for all the hours of his first scheduled shift immediately following the holiday(s).

   b) If an employee is absent on one of the qualifying days for a reason that is non-payable under the provisions of this Agreement, such absence will not result in the loss of holiday pay if the reason is substantiated by the employee and accepted by the Company.

   c) No holiday pay is due an employee who is absent on both of the qualifying days for a non-payable reason, unless the holiday falls within the three day waiting period for paid sick leave eligibility as provided in Paragraph 10 of Section 23.

   d) If an employee is tardy and the Company does not invoke Paragraph 22 of Section 19, the employee shall receive holiday pay.

   e) Holiday pay is not paid an employee on disciplinary suspension on both of the qualifying days. The holiday(s) is counted as part of the suspension period.

   f) Holiday pay is not paid an employee who is on long term disability on both of the qualifying days.

   g). Holiday pay is not paid in lieu of workers' compensation pay, however holiday pay is paid in lieu of sick pay.

6. During this Agreement there shall be 10 paid holidays as follows:

New Year's Day	Veteran's Day
Good Friday	Thanksgiving Day
Memorial Day	Friday after Thanksgiving
Independence Day	Christmas Eve
Labor Day	Christmas Day

7. In the event a holiday occurs on any employee's scheduled day off, the preceding scheduled

workday (if in the same pay period) will be observed as the holiday.

Example: A holiday that occurs on Saturday will be observed on the preceding Friday by employees that are scheduled to work Monday through Friday for that pay period.

8. In the event a holiday occurs on any employee's scheduled day off at the beginning of the pay period such that Paragraph 7 cannot be applied, the next scheduled workday will be observed as the holiday.

Example: A holiday that occurs on Sunday will be observed on Monday by employees that are scheduled to work Monday through Friday for that pay period.

SECTION 32. HEALTH AND WELFARE

1. The details covering such matters as eligibility, coverage continuation, benefits and covered services, deductibles, exclusions and limitations, coordination of benefits, termination of coverage, conversion privileges, and all other terms and provisions of the plans referred to in this Section shall be as specifically provided or set out in the plan documents.

MEDICAL INSURANCE – ACTIVE EMPLOYEES

2. Each employee is entitled to the group health coverage provided to, and on the same basis as, all other regular full-time employees of the Company. The Company retains the right in its sole discretion to modify the terms, conditions, and level of benefits under the group health coverage, after offering to meet and discuss such changes with the Union, so long as benefits for employees covered by this Agreement are the same as provided to other full-time employees of the Company.

3. The Company and the employees will co-share the cost of the medical premiums. The employee's contribution to the cost of coverage will depend on the coverage he has. The monthly employee contribution percentage will be 10 percent of the cost, but no more than the following:

Employee Only	$ 75.00
Employee and Spouse	155.00
Employee, Spouse, and Child(ren)	210.00
Employee and Child(ren)	140.00

The employee's contribution will be made through payroll deduction on a pre-tax basis.

4. If an active employee with dependent coverage dies, dependent medical coverage may continue up to the fifth anniversary of the employee's death. Coverage will be provided for the first 12 months, with the survivor paying the same monthly contribution as an active employee. Thereafter, coverage will be provided on an 80/20 co-shared basis, with the survivor paying 20 percent of the monthly premium.

MEDICAL INSURANCE – RETIREES

5. Group medical coverage is available for employees who retire on or after age 62 with 10 or more years of service. Coverage is also available for the retiree's spouse and, prior to the retiree and his spouse attaining age 65, his dependents if otherwise eligible, provided the spouse and dependent were on the coverage as of the retiree's retirement date. Prior to age 65, the coverage for a participant will be the active group medical coverage. At age 65, the coverage will be Medicare supplement coverage. To be eligible for the Medicare supplement coverage, the participant must enroll in Medicare Part B. The cost to the retiree and/or his spouse and dependents is 100% of the applicable premium.

6. Upon retirement, the Company will establish a Retiree Medical Account to be used for the purpose of paying for the coverage provided by the Company under Paragraph 5 above; or to pay for medical insurance the retiree elects to purchase from another insurer for himself and/or his spouse, after which the participant cannot elect to resume coverage provided by the Company. The spouse can remain on the coverage provided by the Company as long as the retiree remains on the coverage. The spouse can choose at any time to use the Retiree Medical Account to purchase coverage from another insurer.

7. Use of the Retiree Medical Account to purchase medical coverage other than that provided by the Company will require, in such form as the Company deems necessary, verification that such coverage is in effect, documentation of the cost and, if participant reimbursement is to be made, proof of payment. The Company will arrange for payment directly to the insurer when the participant has arranged with the insurer for direct billing to the Company, provided it is administratively feasible to do so and does not create a tax liability for the Company. The Retiree Medical Account shall not be used to purchase coverage from any plan sponsored by an employer other than the Company.

8. For employees retiring on or after January 1, 2012, the initial amount in the Retiree Medical Account will equal $1,250 per year of service, to a maximum of $37,500. Employees retiring on or after September 15, 2012 shall receive service credit equal to 1/12th the amount per year for each whole month of service completed since their last service anniversary date, provided that this partial year service credit will not result in an initial account balance greater than $37,500. The account balance will be credited with interest based on the 10-year Treasury rate, subject to a four percent minimum and a seven percent maximum rate.

9. The retiree may elect to pay premiums from the Retiree Medical Account in full or in part until the account balance reaches zero. Thereafter, the retiree who has remained on the coverage provided by the Company may continue the coverage by paying 100% of the premium. If a retiree on the coverage provided by the Company dies and his spouse is also on the coverage, the spouse will be eligible to continue the coverage, or elect to purchase coverage from another insurer, using any balance in the Retiree Medical Account to pay premiums. If the retiree and his spouse die, any balance in the Retiree Medical Account will be paid to the first of the following then surviving: child(ren), parent(s); or to the estate.

MEDICAL INSURANCE – DISABLED EMPLOYEES

10. If an employee becomes disabled as a result of an injury or an illness while employed by the Company, group health coverage will be provided for him on the following basis:

a) Coverage will be provided for the first 12 months of disability, beginning with the first day of disability (the day following the last day worked), with the employee paying the same as an active employee.

b) After 12 months of disability, coverage will be provided on an 80/20 co-shared basis, with the employee paying 20 percent of the monthly premium.

11. The Company's active group health coverage will continue until the disabled employee becomes eligible for Medicare as a result of his disability, at which time the Company will provide Medicare supplement coverage. To be eligible for the Medicare supplement coverage provided by the Company, the disabled employee must enroll in Medicare Part B. The cost to the disabled employee for the supplemental coverage is 75 percent of the Medicare supplement premium rate.

12. The Company's applicable health coverage for the disabled individual will continue for the duration of the disability regardless of his employment status with the Company; provided that the health coverage will terminate when the individual (i) reaches age 65, (ii) recovers from the disability, (iii) accepts other employment, (iv) ceases to pay the required monthly premiums, or (v) can no longer provide proof of disability.

13. If an employee who becomes disabled has dependent coverage as of the first day of disability, the coverage may be continued on the same basis as set out in Paragraph 10 above. Dependent medical coverage may continue up to the fifth anniversary of the date the employee qualified for long term disability, or until the employee's earlier termination of employment.

OTHER INSURANCE

14. The Company shall provide employee life and AD&D insurance, with the amount of life insurance equal to two times the employee's annual base pay, and the amount of AD&D insurance equal to the life insurance amount. The Company shall also provide $10,000 of life insurance on the employee's spouse and each dependent child, and $100,000 of business travel accident coverage on each employee. The cost of the insurance shall be paid by the Company.

15. Each employee is also entitled to the dental insurance and vision insurance provided to, and on the same basis as, all other regular full-time employees of the Company. The cost of dental insurance on the employee is paid by the Company. Dependent dental coverage is optional, and the cost is co-shared by the Company and the employee on an 80/20 basis (80% Company, 20% employee). The cost of vision insurance on the employee is paid by the Company, up to a monthly maximum of $8.00, with an amount equal to the employee-only coverage cost (subject to the $8.00 maximum) being applied to offset the cost for employee and dependent coverage (i.e., employee and spouse; employee, spouse, and child; employee and child).

16. For an employee who becomes disabled, the life, AD&D, dental, and vision insurance provided for him and/or his dependents will or may continue for one full year, beginning with the first day of disability. Thereafter, AD&D and dependent life insurance will cease, and the employee's life insurance will continue only where approved (premium waived) by the carrier. Dental and/or vision coverage may continue after one full year, up to the third anniversary of the date the employee qualified for long term disability, with the employee paying 100% of the cost.

LONG TERM DISABILITY

17. The Company will pay the cost of long term disability insurance that provides the same level of benefits in effect as of the commencement date of this Agreement, which is 66 2/3% of the employee's base pay rate, up to a maximum monthly benefit of $4,000.

18. An employee on long term disability must become eligible for Social Security disability benefits as of the second anniversary of the date he qualified for long term disability, or be in the process of appealing a Social Security benefit denial, if he is to continue receiving long term disability benefits on or after that date. If a decision on the appeal in process has not been rendered as of the two year expiration date, the long term disability benefit will decrease by the amount the employee would otherwise be entitled to receive from Social Security. If the employee later receives a favorable decision on the appeal, the long term disability benefit will continue as set out in the plan document. If the employee loses his appeal, his coverage will cease and if he is unable to return to work at that time, he shall be terminated.

SECTION 33. PENSION

1. The Bargaining Employees Retirement Savings Plan is a defined contribution pension plan consisting of two parts: a retirement section providing for unmatched non-elective employer contributions; and a thrift and 401(k) savings section providing for employee and matching employer contributions. The retirement section calls for employer contributions into a retirement or base contribution account, based on graduated percentages of base pay, depending on the employee's age.

Age	≤33	33-36	37-40	41-44	45-48	49-52	53-56	57+
%	5	6	7	8	9	10	11	12

The thrift and 401(k) savings section allows employees to contribute or defer base pay on an after-tax basis (thrift savings), a pre-tax basis (401(k) savings), or both. The matching employer contribution is 60% of the first 6% of base pay contributed by the employee on a pre-tax basis.

2. Employees are eligible to participate in the Bargaining Employees Retirement Savings Plan, for purposes of receiving the employer base contributions and matching contributions, on the first day of the month coincident with or next following completion of a 12 consecutive month period during which the employee earns 1,000 hours of service. For purposes of making employee thrift and 401(k) savings contributions, employees are eligible as of the first of the month coincident with or next following completion of their first hour of service.

3. The details covering the provisions of the Bargaining Employees Retirement Savings Plan shall be as specifically provided in the plan documents, and are subject to IRS rules and regulations.

SECTION 34. BULLETIN BOARDS

1. The Company shall provide bulletin boards to be used for the posting of Union notices of elections, meetings, appointments, and Union recreational and social affairs. Prior to posting, all materials must be approved by the Human Resources Department or the chief stewards may have materials approved by the respective Plant Manager. There shall be no posting by employees of pamphlets, advertising or political materials, notices of any kind or literature upon Company property.

SECTION 35. PLANT VISITATION

1. An accredited Union representative may visit a plant at reasonable times during working hours. The representative will notify the Company prior to the visit and will secure permission from the respective Plant Manager prior to the visit, and such visits will not be permitted if they interfere with the operations of the plant. Such visits shall be limited to participation in the adjustment of a pending grievance as provided for in the grievance procedure under this Agreement, or to make a physical inspection of the plant operations necessary to process a pending grievance. Such visits will not be permitted if they are abused or if they interfere with production or with employees while at work.

SECTION 36. SEPARABILITY

1. If any provision of this Agreement is invalidated by legislation or by decision of a court of competent jurisdiction, such invalidation shall apply only to the provision or provisions expressly invalidated, and all remaining portions of this Agreement shall remain in full force and effect. The Company and the Union shall meet to renegotiate the invalidated provision or provisions.

SECTION 37. HOURLY WAGE RATES AND LABOR GRADE CLASSIFICATION ASSIGNMENTS

1. All basic hourly wage rates paid by the Company to bargaining unit employees in the respective labor grades are listed below.

First period from September 15, 2012 through September 14, 2013

Second period from September 15, 2013 through September 14, 2014

Third period from September 15, 2014 through September 14, 2015

LABOR GRADE 1

	First Step	Second Step	Top Step
1st period	$30.62	$31.88	$33.06
2nd period	$31.31	$32.60	$33.80
3rd period	$32.01	$33.33	$34.56

Classifications: Control Room Operator, Senior Mechanic, Senior Instrument Technician, Senior Electrician, Senior Machinist, Senior Equipment Mechanic, (Grandfathered) Lab Technician "A", Senior Equipment Operator

LABOR GRADE 2

	First Step	Second Step	Top Step
1st period	$26.20	$27.94	$30.06
2nd period	$26.79	$28.57	$30.74
3rd period	$27.39	$29.21	$31.43

Classifications: Mechanic, Instrument Technician, Electrician, Machinist, Equipment Mechanic a)

LABOR GRADE 3

	First Step	Second Step	Top Step
1st period	$27.43	$28.29	$29.70
2nd period	$28.05	$28.93	$30.37
3rd period	$28.68	$29.58	$31.05

Classifications: Lab Technician

LABOR GRADE 4

	First Step	Second Step	Top Step
1st period	$29.39		
2nd period	$30.05		
3rd period	$30.73		

Classifications: Scrubber Operator

LABOR GRADE 5

	First Step	Second Step	Top Step
1st period	$26.52	$27.43	$28.29
2nd period	$27.12	$28.05	$28.93
3rd period	$27.73	$28.68	$29.58

Classifications: Auxiliary Operator (Operations), Auxiliary Operator (Scrubber), Solid Waste Operator (Scrubber)

LABOR GRADE 6

	First Step	Second Step	Top Step
1st period	$26.20	$27.09	$27.94
2nd period	$26.79	$27.70	$28.57
3rd period	$27.39	$28.32	$29.21

Classifications: (Grandfathered Journeyman) – (Mechanic, Instrument Technician, Electrician, *Machinist, Equipment Mechanic*), Equipment Operator, Storekeeper

LABOR GRADE 7

	First Step	Second Step	Top Step
1st period	$23.35	$24.14	$24.89
2nd period	$23.88	$24.68	$25.45
3rd period	$24.42	$25.24	$26.02

Classifications: Utility (Operations), Utility (Scrubber)

LABOR GRADE 8

	First Step	Second Step	Top Step
1st period	$23.04	$23.79	$24.55
2nd period	$23.56	$24.33	$25.10
3rd period	$24.09	$24.88	$25.66

Classifications: Utility (all departments except Operations and Scrubber), Assistant Storekeeper

LABOR GRADE 9

	First Step	Second Step	Top Step
1st period	$21.53	$22.27	
2nd period	$22.01	$22.77	
3rd period	$22.51	$23.28	

Classifications: (Grandfathered) Laborer

LABOR GRADE 10

	First Step	Second Step	Top Step
1st period	$20.13	$21.53	
2nd period	$20.58	$22.01	
3rd period	$21.04	$22.51	

Classifications: Laborer b)

a) Employees who transfer or job bid into a journeyman position on or after April 23, 1987, shall be covered by this Labor Grade. Advancement to a Labor Grade 1 Senior Journeyman position shall occur only through the job bid and request for transfer provisions.

b) This Labor Grade applies to all new Laborers and those who request for transfer to the Laborer classification on or after April 23, 1984.

SECTION 38. STEP RATE PROGRESSION

1. All employees will progress to the next step rate on his classification anniversary date, until he reaches the top rate of his Labor Grade, provided he is qualified to do the job.

SECTION 39. ESTABLISHED LINES OF PROGRESSION

Employees will progress through the established lines of progression set out below:

Production, Scrubber and Solid Waste, Mechanical, Instrumentation, Electrical, Machine Shop, Fuels Equipment Operations, Fuels Equipment Maintenance, Lab and Warehousing Departments.

Production
1. Control Room Operator
2. Auxiliary Operator
3. Utility (Operations)

Scrubber and Solid Waste a)
1. Scrubber Operator
2. Auxiliary Operator (Scrubber)
   Solid Waste Operator
3. Utility (Scrubber)

Mechanical
1. Senior Mechanic
2. Mechanic
3. Utility (Mechanical)

Instrumentation
1. Senior Technician (Instrument)
2. Technician (Instrument)
3. Utility (Instrument)

Electrical
1. Senior Electrician
2. Electrician
3. Utility (Electrical)

Machine Shop
1. Senior Machinist
2. Machinist
3. Utility (Machinist)

Fuels Equipment Maintenance
1. Senior Equipment Mechanic
2. Equipment Mechanic
3. Utility (Equipment Maintenance)

Fuels Equipment Operations
1. Senior Equipment Operator
2. Equipment Operator
3. Utility (Equipment Operations)

Warehousing
1. Storekeeper
2. Assistant Storekeeper

Lab
1. (Grandfathered) Lab Technician "A"
   Lab Technician

Laborer b)
Laborer

a) The Scrubber Auxiliary and the Solid Waste Operator shall be treated as a combined classification for the purpose of layoff, displacement, and recall (Section 15) and permanent transfer (Section 18.2). The Scrubber Auxiliary or the Solid Waste Operator shall be offered the adjacent classification's unscheduled overtime, referred to in Section 19.10, before offering the unscheduled overtime to the Utility classification.

b) Laborers are not in an established line of progression.

The parties agree that the ratio of senior journeyman to journeyman may not be less than 1 to 1 for the first four positions in each journeyman department at each work facility and such ratio may not be less than 2 to 1 for all additional senior journeyman and journeyman positions in the department. Such ratios may be maintained by the Company provided that business conditions allow such a ratio to exist.

SECTION 40. IN WITNESS WHEREOF

1. IN WITNESS WHEREOF, this Agreement is entered into the 15th day of September, 2012.

BIG RIVERS ELECTRIC CORPORATION
by

_____
President & CEO

_____
Vice President Administrative Services

LOCAL UNION 1701, INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS,
AFL-CIO
by

_____
Larry W. Boswell
Business Manager & Financial Secretary

_____
Tim West, Chair

_____
Donna Haynes, Vice Chair

_____
James Gregory

_____
Rick Burcham

_____
Jerrame Swift

MECHANICAL, INSTRUMENTATION, AND ELECTRICAL OVERTIME GUIDELINES

Distribution of overtime shall be on the basis of departmental seniority and according to a set sequence, providing that all business considerations made on behalf of safety, qualifications, efficiency, economics, and orderly operations do not prevail.

1. By the end of the employee's first shift on Thursday of the previous workweek, overtime lists by seniority in department, classification, and shift involved will be posted at each facility.

2. When scheduled overtime is available, before the work schedule is posted at the end of the first shift on Thursday, it is Management's responsibility to identify the most senior employee on the overtime list and offer this employee the overtime opportunity on this work schedule. This sequence will continue down the overtime list until someone accepts the overtime opportunity. If no one accepts the overtime opportunity, the least senior employee will be required to work the overtime.

3. When scheduled overtime is available, after the work schedule was posted at the end of the first shift on Thursday, it is Management's responsibility to identify the least senior employee on the overtime list and offer that employee the overtime opportunity. The employee offered the overtime assignment will work the overtime unless he arranges for a substitute acceptable to the Company. It is the employee's responsibility to use the set overtime list to find the replacement.

4. When unscheduled overtime is available, it is Management's responsibility to offer the least senior employee the overtime assignment. The employee offered the overtime assignment will work the overtime unless he arranges for a substitute acceptable to the Company. It is the employee's responsibility to use the set overtime list to find the replacement.

5. Management holds no responsibility for the employee's improper use of the set overtime list as set out in Paragraphs 3 and 4 above.

OPERATIONS/SCRUBBER UNSCHEDULED OVERTIME GUIDELINES

Distribution of "unscheduled overtime" shall be on the basis of departmental seniority and according to a set sequence, providing that all business considerations made on behalf of safety, qualifications, efficiency, economics, and orderly operations do not prevail (e.g. avoiding extra expense for SDO-1 and SDO-2 employees; employees already having worked or are scheduled to work three or more hours beyond their regular shift not being required to work additional overtime for that day and not normally being offered such overtime; etc.).

1. When overtime is available, Management will ensure the following sequence will be used, utilizing the appropriate lists as follows:

a) For Hold-Over and Report-In overtime, use the list for the shift where the overtime is being offered. The order of offering overtime by classifications is as follows:

1) The classification where the opening occurs.

2) Qualified employees in the next lower classification.

3) Qualified employees in the next higher classification.

b) For Call-In overtime, use the list for the shift following the shift where the vacancy first

occurred. The order of offering overtime by classifications is as follows:

1) The classification where the opening occurs.

2) Qualified employees in the next lower classification.

2. If the vacancy is not filled voluntarily using the steps above, the appropriate employee in the same classification where the vacancy causing overtime first occurred will be required to work the overtime.

REMEDY FOR VIOLATION OF OVERTIME GUIDELINES

The appropriate remedy for violation of the overtime guidelines shall be as follows:

1. When an unintentional violation occurs and is grieved after the overtime has been worked, the employee(s) who files a grievance and was eligible for the overtime shall be offered make-up overtime hours equal to the number of hours missed as a result of the violation, within 30 days of the violation. This make-up overtime shall not be on work that would be performed on an overtime basis, and the overtime rate shall not be less than the rate the employee would have received, had the violation not occurred.

2. When an intentional violation occurs or the Company is made aware of a violation prior to the start of the overtime assignment and does not assign the overtime to the appropriate employee(s), the employee(s) who files a grievance and was eligible for the overtime shall receive pay in an amount equal to the amount the employee would have received had the employee worked the overtime.

In any case above, the Company's liability will not exceed the hours paid to the employee(s) during the disputed overtime occurrence.

12-HOUR ROTATING WORK SCHEDULE AGREEMENT

The Company and the Union mutually agree that the provisions negotiated between the parties permit the rotating shift departments as of September 14, 2012, to continue to work 12-Hour Rotating Work Schedules. Contained herein are the mutually agreed to deviations from the collective bargaining agreement (the Agreement) between the parties for application to 12-Hour Rotating Work Schedules. The 12-Hour Rotating Work Schedule mutually approved by the Company and the Union shall be a part of this 12-Hour Rotating Work Schedule Agreement.

The 12-hour Rotating Work Schedule shall continue for the life of the Agreement or until either party gives 30 days written notice to the other that they want the 12-Hour Rotating Work Schedule to be discontinued.

The following summarizes the mutually agreed to deviations between the administration of work schedules permitted under the parties' collective bargaining agreement and the 12-Hour Rotating Work Schedules permitted by this 12-Hour Rotating Work Schedule Agreement:

SECTION 11. GRIEVANCE PROCEDURE

1. The seven days will become 14 days.

SECTION 19. HOURS, OVERTIME AND PREMIUM PAY

1. An employee working a 12-Hour Rotating Work Schedule shall be paid the appropriate overtime rate for all hours worked outside his scheduled work shift or in excess of 12 straight-time hours in a standard workday. He shall be paid the appropriate overtime rate for all hours worked over 40 straight-time hours in a standard workweek.

2. Time and one-half shall be paid for all hours worked by an employee working a 12-Hour Rotating Work Schedule on his first full Scheduled Day Off (SDO-1) and double-time for all hours worked on his last full Scheduled Day Off (SDO-2). Hours of scheduled work performed on Other Scheduled Days Off (OSDO) will be paid at time and one-half, provided the 12-Hour Rotating Work Schedule employee has satisfied the over 40 hours of straight-time worked requirement.

3. All hours for which an employee receives straight-time pay will be considered as time worked for the purpose of meeting the over 40 straight-time hours requirement.

4. The Rotating Shift premium shall be paid for all straight-time hours worked to employees working a 12-Hour Rotating Work Schedule. The Rotating Shift premium shall be paid at time and one-half for all overtime hours worked.

5. No other shift premium or Sunday premium will apply to employees working a 12-Hour Rotating Work Schedule, except as set out above.

6. The Company, where appropriate, will utilize off-duty employees by the current overtime guidelines to cover unscheduled overtime work circumstances prior to utilizing on-shift employees. Each week, employees may sign a daily, volunteer overtime signup list for the following workweek. Employees, beginning with those that signed the volunteer list, on their short time off will be utilized before employees on their long time off.

SECTION 23. SICK LEAVE PAY

1. A regular full-time employee working a 12-Hour Rotating Work Schedule will not be paid sick leave pay for non-occupational illnesses for the first two full consecutive working days of any one continuous absence.

2. An employee who reports for work on a straight-time scheduled workday but is forced by illness to leave work before working more than six hours shall have the day counted as one day of the required waiting period.

3. Sick leave pay shall not exceed 12 hours pay for a scheduled straight-time workday, nor be in excess of a scheduled workweek, to exclude any overtime work on an off day.

4. Sick leave pay will be paid at the employee's base straight-time rate.

SECTION 24. WORKERS' COMPENSATION PAY

1. Workers' compensation pay shall be paid at a rate of 75 percent of the employee's base straight-time pay rate in effect at the onset of the illness or injury.

2. Workers' compensation pay shall not exceed 12 hours pay per scheduled straight-time workday, nor be in excess of a scheduled workweek.

3. A regular full-time employee working a 12-Hour Rotating Work Schedule will not be paid workers' compensation pay for industrial illness or injury for the first two full consecutive working days of any one continuous absence.

4. If an employee working a 12-Hour Rotating Work Schedule is absent for five or more consecutive scheduled workdays, he shall be compensated at a rate of 75 percent of his base straight-time pay rate for the first two full working days of the continuous absence.

5. The Company may assign the 12-Hour Rotating Work Schedule employee, absent on an extended leave, to a 40 hour workweek for successive full payroll periods.

6. Successive disabilities, separated by less than six consecutive 12-Hour Rotating Work Schedule working days of regular full-time work, will be considered the same disability unless the subsequent disability is due to a different cause.

SECTION 25. PERSONAL DAY PAY

1. Each personal day will be paid at a rate of 12 hours at the employee's base straight-time pay rate.

2. The paid personal day cannot be taken on any SDO or a scheduled holiday.

SECTION 26. FUNERAL LEAVE

1. An employee will receive up to 12 hours pay, paid at his base straight-time pay rate, for each scheduled straight-time funeral leave day.

SECTION 27. JURY DUTY

1. An employee serving on jury duty will receive up to 12 hours pay, paid at his base straight-time pay rate, for scheduled straight-time workday absences.

SECTION 29. EMERGENCY RESCUE TEAM

1. A vacation day will be 12 hours.

SECTION 30. VACATION

1. An employee will receive up to 12 hours vacation pay, paid at his base straight-time rate, for each scheduled straight-time workday taken as vacation; including up to 12 hours vacation pay for the fourth scheduled straight-time workday in the scheduled 48 hour workweek.

SECTION 31. HOLIDAYS

1. An employee scheduled off on a shift observed as his holiday will receive eight hours holiday pay, paid at his base straight-time pay rate. Such employee shall have the option to use vacation pay for the balance of the hours of the scheduled holiday.

2. An employee who works on a shift observed as his holiday will receive pay at the rate of time and one-half for all hours worked on the holiday. In addition, the employee will receive eight hours holiday pay, paid at his base straight-time pay rate.

SECTION 33. PENSION

1. For the purpose of pension plan administration, contributions will be calculated for all hours paid in any two week pay period, regardless of the premium payment, not to exceed 80 hours in any two week pay period, for all regular full-time employees working a 12-Hour Rotating Work Schedule.

RELATED

INFORMATION

SECTION

MEMORANDUM OF UNDERSTANDING

RE: AUTOMATIC STEP RATE PROGRESSION EMPLOYEES
(Mechanical, Electrical, Instrumentation, Fuels Equipment Maintenance, and Machinist)

In the event an employee covered under Section 38 of the 2007 WKE Labor Agreement between WKE and IBEW Local 1701 should ever be displaced to a utility or laborer position, upon recall to the journeyman line of progression, the employee shall be returned to his highest position previously held. Upon loss of recall rights, the employee shall have bid rights as all other step rate progression employees. After a successful bid to a journeyman classification, the employee will automatically progress on his classification anniversary date until he reaches the top step of Labor Grade 1.

LETTER OF INTENT

RE: Calculation of the 16 hours worked and 12 hour rest period set out in the labor agreement.

When calculating whether 16 hours has been worked in a 24 hour period or when applying the 12 hour rest period provision, the following rules apply:

a) In the event an employee works 16 hours in a 24 hour period, the 12 hour rest period hours shall not be included in a subsequent 16 hours worked calculation.

b) There is no pay due an employee who has been excused from and does not work the scheduled hours outside his 12 hour rest period. In respect to such non-premium hours, the employee may be excused from such hours of work without pay, provided Management approves the employee's request to go home and rest, rather than work. Or, if there is a concern by the Company because of the long hours worked for the safety of the employee and/or for his fellow workers, the Company may direct the employee to go home to rest, without pay, during the non-premium hours of the scheduled shift. If the employee is directed to go home, as set out herein, during scheduled overtime hours the appropriate contractual overtime cancellation notice must be applied.

c) Time taken for meals outside of the employee's scheduled shift is restricted to "ample time only." Time taken for such non-scheduled meal breaks is included in the 16 hours worked calculation. The parties agree that "ample time only" is the necessary time for an employee to eat, but at no time shall the meal break exceed 20 minutes.

Big Rivers' Labor Agreements with IBEW Local 1701 - July 17, 2009

Generation

AGREEMENT

BIG RIVERS

ELECTRIC CORPORATION

AND

INTERNATIONAL BROTHERHOOD

OF

ELECTRICAL WORKERS

LOCAL 1701

July 17, 2009

GARY OSBORNE
BUSINESS MANAGER

TIM WEST
CHAIRMAN

PATRICK KELLEMS
VICE CHAIRMAN

ROBERT MELLOY
RECORDER

NOBLE DENTON
JERRY PARKER
JERRAME SWIFT
JERRY WILSON
EXECUTIVE COMMITTEE

INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS
LOCAL 1701
2911 WEST PARRISH AVENUE
OWENSBORO, KY 42301
TELEPHONE: 270-684-3058

INDEX

RELATED INFORMATION SECTION

SECTION 1. AGREEMENT

1. This Agreement is entered into the 17th day of July 2009, by and between the generation division of BIG RIVERS ELECTRIC CORPORATION, located in Henderson, Kentucky, hereinafter referred to as the Company, and LOCAL UNION 1701 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO, hereinafter referred to as the Union, who hereby agree as follows:

SECTION 2. DURATION AND TERMINATION

1. This Agreement shall commence July 17, 2009 and shall continue in full force and effect until 11:59 p.m., September 14, 2012, when it shall terminate. If any party desires to renew this Agreement, they shall give the other party written notice to that effect not less than 60 days nor more than 90 days prior to September 14, 2012, except by written consent of the parties.

SECTION 3. AGREEMENT IN FULL

1. This Agreement expresses the entire agreement of the parties, and the Company and the Union, for the life of this Agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated to bargain collectively with respect to any subject matter referred to or covered in this Agreement, or with respect to any subject matter not specifically referred to or covered in this Agreement. Both parties agree to meet (upon request of either party) quarterly for clarification of Agreement language (not grievances), if necessary.

SECTION 4. NONDISCRIMINATION

1. Neither the Company nor the Union will discriminate against any employee because of race, color, sex, religion, age, national origin, handicap or veteran. Wherever the male gender pronoun is used, or wherever a job classification is described with a male term in this Agreement, it is understood it shall apply to either male or female.

SECTION 5. WITNESSETH RECOGNITION CLAUSE

1. The Company recognizes the Union as the exclusive representative for the purpose of collective bargaining with respect to wages, hours of employment and all other conditions of employment of all operation and maintenance employees of the Company employed throughout its generation system in Kentucky, including control room operators, scrubber operators, solid waste operators, auxiliary operators, utilities, lab technicians, storekeepers, assistant storekeepers, fuels equipment mechanics, fuels equipment operators, senior journeymen, journeymen, and laborers; BUT EXCLUDING, all office clerical and building attendants, all temporary employees hired for up to but not more than 60 working days during the life of this Agreement for laborer duties only, all professional, administrative and management employees, guards and supervisors as defined in the Act, as set out in the Certification of Representative being NLRB Case No. 25-RC-5955 duly certifying the Union in the bargaining unit set out above. The Union's Business Manager will be informed of all bargaining unit and temporary employees hired as described above. Any laid off employee will be recalled prior to hiring temporary employees.

SECTION 6. PUBLIC OBLIGATION (NO STRIKE-NO LOCKOUT)

1. It is expressly understood and agreed that the services to be performed by the employees pertain to and are essential to the operation of a public utility and the welfare of the public is dependent thereon

requiring continuous operation, and it is agreed, in recognition of such obligation of continuous service that, during the term of this Agreement, there shall be no collective cessation of work by members of the Union and neither the Union, nor its members, agents, representatives, or employees of the Company or any individual employees, shall incite, encourage, condone, support, or participate in any strike, slowdown, work stoppage, picketing, sympathy strike, refusal to cross a picket line, or other curtailment or interference interrupting the Company's production, deliveries, or operations, in any manner whatsoever during the life of this Agreement for any cause whatsoever, or take any action which results in the prohibited conduct, even in sympathy with disputes involving different groups of employees and this same labor organization, or other labor organizations, groups of employees, or individual employees. In the event of such strike, sympathy strike, slowdown, work stoppage, picketing, refusal to cross picket line, or other curtailment or interference with the Company's production, deliveries, or operations, or a threat thereof, the Union and its officers and agents will do everything within their power to immediately end or avoid the conduct prohibited in this Paragraph.

2. Further, in consideration of this Agreement, the Company shall not lock out its employees during the term of this Agreement.

SECTION 7. INTENT, PURPOSE AND SCOPE OF AGREEMENT

1. It is the intent and general purpose of this Agreement to promote the mutual interest of the Company and its employees. The Union recognizes that the Company is a public service corporation engaged in furnishing electricity and is subject to regulation by utility regulatory bodies, and is required to furnish adequate and continuous service. This Agreement is to provide for the operation of the Company's business under methods which will further, to the fullest extent possible, the safety of the employees, economy and efficiency of operation, elimination of waste, realization of maximum quantity and quality of output, cleanliness, and protection of property.

2. The parties hereto recognize that continuous service of the Company is of vital importance to its customers in the area served, and that any interruption of such service directly affects individuals in their everyday lives and disrupts the orderly conduct of the business in the area served and the parties will cooperate fully to avoid any interruption to such service.

3. Each employee covered by this Agreement shall be responsible, at all times, for having his correct address and personal phone number recorded with the Company. All notices shall be deemed to have been given in accordance with this Agreement if mailed to the last address given to the Company.

4. It is further understood and agreed that this Agreement together with any written appendancy supplements or letters of understanding hereto contains all understandings oral or written between the Company and the Union.

5. This Agreement cannot be modified or amended except in writing signed by the Company and the Union. No individual shall have any right to modify, amend or revoke this Agreement.

SECTION 8. MANAGEMENT RIGHTS

1. The management of the business of the Company and the direction of its employees are the exclusive responsibilities of Management, except as expressly modified by the terms of this Agreement. The sole and exclusive rights of Management which are not abridged by this Agreement, which include but are not limited to, its right to select and direct the working force; to determine, and from time to time to redetermine the number, location and types of its plants and operations and the methods, processes and materials to be employed; to hire, promote, discipline or discharge for cause; to establish, allocate, and change work schedules and assignments; to transfer employees from one job classification or location to another; or to relieve employees from duties because of lack of work or other legitimate reasons; the right to study or

introduce new or changed production methods, machinery, tools and equipment or facilities and to determine the quantity and quality of the materials and workmanship required; to establish, determine, maintain, and enforce standards of production; to determine and redetermine job content; to contract with others to make improvements, changes, or repairs to the plant, equipment, or machinery, subcontract work, whatever may be the effect upon employment; to expand, reduce, combine or cease any job, department, operation or service; to determine starting and quitting times and determine the number of hours and shifts to be worked; to alter, rearrange, or change, to extend, limit, or curtail its operations or any part thereof, or to shut down completely or any part thereof whatever may be the effect upon employment; to make such reasonable rules and regulations, not in conflict with this Agreement as it may from time to time deem best for the purpose of maintaining order, safety, and the effective operation of the business and after advance notice of such rules and regulations to require compliance therewith.

2. Management shall have all other rights and prerogatives including those exercised unilaterally in the past, subject only to express restrictions on such rights, as are provided in this Agreement.

SECTION 9. UNION REPRESENTATION

1. The Company recognizes the right of the Union to designate, from the seniority list, union representatives who will represent employees in the bargaining unit. The Union may designate the following representatives:

> Reid/ Station Two; Green; Coleman; and Wilson Plants: Maximum of five stewards and one chief steward at each of the respective plants.

The authority of these representatives shall be limited to handling Union business as may be necessary in the investigation and presentation of grievances and, if requested by an employee, be present at interviews that involve or may lead to discipline. The chief steward will also perform in the capacity of the safety representative. The chief steward will be relieved of his duties as operating conditions permit with no loss in pay to participate in the investigation of any accident which results in an injury or any near miss accident which could have resulted in an injury.

2. Union representatives shall be permitted to absent themselves from work with reasonable frequency and for reasonable lengths of time to transact official union business, without pay, provided such absences do not unreasonably interfere with production. Examples of such reasons for absences are as follows:

> Assisting Business Manager with Company related work.
>
> Attendance at Union related schools, seminars, and conventions.

Each employee shall submit his request to his supervisor for participation in such Union business as soon as he is aware of such event, but no later than two weeks prior to the requested absence. All requests for absences for Union business shall be in writing. All such requests not in compliance with the notice requirement will be given consideration at the Company's sole discretion.

3. In meetings with the Company, no employee shall be paid unless the meeting is initiated at the Company's request. Meetings called to discuss joint Company and Union issues such as contract interpretation, labor relations, Third Step Grievances and Retirement Committee Meetings will be considered as meetings for the mutual benefit of the parties and the employee is due pay only if he is scheduled to work the hours during which the meeting is held. In no event is the employee to be paid overtime for such meetings.

4. In meetings initiated by the Company such as safety meetings, First or Second Step Grievance

Meetings, disciplinary meetings, or other employer/employee relation meetings, the employee(s) will be paid the appropriate regular or overtime rate.

5. If an employee is subpoenaed by the Company for arbitration or other legal proceeding, the Company, at its discretion, will work with the employee to see that his presence in conjunction with his work schedule is not an undue burden on the employee. The employee subpoenaed on his off days, at the Company's discretion, will be given either compensatory time off (hour-for-hour) or be paid the appropriate rate. The subpoenaed employee will be reimbursed at the appropriate rate for necessary mileage traveled.

6. Any one employee of the Company within the scope of this Agreement who is elected to an office in the Union, or is appointed to an office in the Union requiring his absence from duty with the Company, may be granted a leave of absence for a period not to exceed three years and 30 calendar days, and shall continue to accumulate seniority with the Company throughout such leave of absence. An additional leave of absence will be granted thereafter for each succeeding term of elective or appointive office. During such period of leave of absence, such employee shall accrue no vacation or sick leave credit. During such leave of absence, the employee may participate in the Disability Insurance Plan, the Medical and Dental Insurance Plans, the Group Life Insurance Plan, the Savings Plan, and the Retirement Plan, as available to regular employees of the Company, except that the total premium costs shall be paid by the Union to the Company. Premium costs, to the extent they are based on hourly wage rate, are based upon the hourly wage rate for the most recent job classification the employee held at the time such leave of absence began. Any such employee shall, upon termination of such leave of absence and upon return to duty, be reinstated in his former position, including his seniority and rights, after a reasonable training period, provided he is physically able to perform the duties of the position. It is understood and agreed that in case of return of such an employee to duty with the Company, other employees will consent to such displacement or layoff as is necessary to make room for him. The Union agrees to indemnify and hold the Company harmless against any and all claims, demands, suits, or other courses of action or liability that may arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any of the provisions set out in this Paragraph.

SECTION 10. UNION MEMBERSHIP REQUIREMENT

1. All new employees covered under this Agreement joining the Company shall arrange with the Union for membership therein after the 30th day of employment as a condition of employment. Employees that are members of the Union shall maintain their membership.

2. Should a member become delinquent in the payment of his Union Dues, the employee is no longer a member in good standing and the employee will be a suspended member. The Union will serve on the employee a Final Payment Notice which will specify the deadline for payment of the dues.

3. Should the dues not be paid in accordance with the Notice, the Union will request that the employee be terminated.

4. The Company agrees to deduct, upon receipt of a signed VOLUNTARY DUES CHECK-OFF AUTHORIZATION FORM, Union Dues from the pay of each employee. The amount to be deducted will be the amount specified by the Union Bylaws and such amount (including increases and decreases) shall be certified to the Company by the Union.

5. Union Dues will be deducted from the employee's pay only after all other payroll deductions have been taken. If there is not sufficient pay available to deduct dues, the dues shall be deducted in a subsequent paycheck. Should an employee be on an extended leave which prevents sufficient dues from being collected through payroll deductions, it shall be the employee's responsibility to pay his uncollected Union Dues directly to the Union for the extended leave period.

6. Voluntary Dues Check-Off Authorization shall automatically be renewable on each anniversary

date of the existing collective bargaining agreement between the Company and the Union. Any member may revoke his Voluntary Dues Check-Off Authorization provided written notice is given to the Company and the Union. Such written notice shall only be accepted during the period of May 1 and May 20 of each calendar year and such request for revocation shall become effective the first pay period of June.

7. The Company shall forward the deducted Union Dues by check, accompanied by a report listing the employees alphabetically, to the Union no later than the last day of the calendar month following the month in which they are deducted, except for the following months of:

a) August, which is due by September 15,

b) November, which is due by December 15,

c) February, which is due by March 15, and

d) May, which is due by June 15.

8. An employee who does not authorize Union Dues deductions shall be responsible for payment of his Union Dues directly to the Union.

9. Authorized dues deductions are solely for Union Dues and shall not include new member "initiation fees" or "fines" levied by the Union against a member. It shall be the responsibility of the new or existing employee to contact the Union to determine and comply with such Union fees to maintain the employee in good standing with the Union. The dues deduction shall be terminated for any employee who terminates his employment or transfers out of the bargaining unit.

10. The Company assumes no responsibility of any kind in connection with dues deductions other than to remit to the Union the amount deducted by the Company. The Union agrees to indemnify and hold the Company harmless against any and all claims, demands, suits, or other courses of action or liability that may arise out of or by reason of action taken or not taken by the Company for the purposes of complying with any of the provisions set out in this Section.

SECTION 11. GRIEVANCE PROCEDURE

1. Any dispute which the Union or the employees in the bargaining unit may have regarding the Company's interpretation or application of the Agreement shall constitute a grievance and shall be processed in the following manner.

STEP ONE: Before submitting a written grievance, the employee shall first orally discuss the problem with his supervisor. In the event the grievance is not settled by his immediate supervisor, the employee shall reduce the grievance to writing, signed by the aggrieved employee and stating the provision(s) in this Agreement that the employee claims has been violated and, within seven days from the occurrence of the event giving rise to the grievance, submit it to his immediate supervisor. The employee may seek assistance in the preparation of his grievance from his steward on their own time, including their lunch and break time. The supervisor within seven days shall give his answer.

STEP TWO: If the grievance is not resolved in Step One, the chief steward within seven days may submit the grievance to the respective Manager or his designee, who shall answer the grievance in seven days.

STEP THREE: If the grievance is not resolved in Step Two, the chief steward, within seven days shall

submit the written grievance to a panel of Union and Company representatives for settlement. Union and Company representatives consisting of the Union's Business Manager, Chief Steward, the Company's Human Resources Representative, respective Plant Manager, and Vice President if necessary, will meet quarterly at the respective plant or another mutually agreeable location to discuss Third Step Grievances. If no settlement is agreed upon by the panel within 30 days of submission to Step Three, the grievance may be submitted to arbitration. An International Representative of the IBEW may be present at this step to assist the Union.

2. Any grievance upon which an answer is not made by the Company within the time limits prescribed, or any extension which may have been agreed to, may be referred to the next step in the grievance procedure, the time limit to run from the date when time for the answer expired. Any grievance not carried to the next step by the Union within the prescribed time limits, or such extension which may have been agreed to by the Company, shall be automatically settled upon the basis of the Company's last decision. The above time limits may be extended by mutual agreement between the parties.

3. A grievance involving discharge will commence at Step Three of the grievance procedure. A grievance from a discharged employee will be submitted to the Company Human Resources Department located at 201 Third Street, Henderson, Kentucky 42420.

4. All grievances must be presented in writing within seven days after the occurrence of the event giving rise to the grievance; otherwise, it shall not be entitled to consideration.

5. In computing any period of time in the Grievance and Arbitration Procedure, all Saturdays, Sundays and recognized holidays shall be excluded.

SECTION 12. ARBITRATION

1. The Union may request arbitration of a grievance unsettled at the last step of the grievance procedure and submit the grievance to a final and binding arbitration by serving a written demand for arbitration upon the Company within fifteen (15) days from the date of the last meeting in Step Three of the grievance procedure. If the parties are unable to select an arbitrator by mutual agreement, the Union shall initiate the Joint Request for Arbitration Panel form as required by the Federal Mediation and Conciliation Service.

2. The Federal Mediation and Conciliation Service will submit a list or lists of seven (7) arbitrators. The Union shall strike from the list one (1) name, the Company shall strike one (1) of the remaining six (6) names, the Union the fifth name, the Company the fourth name, and so on until the last remaining name shall be the Arbitrator.

3. The fee and expenses of the Arbitrator shall be borne by the party that is the loser in the arbitration award. In an event that the award declared by the Arbitrator is determined to be a split decision, the fees and expenses of the Arbitrator shall be shared equally by the Company and the Union. Each party shall assume any expenses in presenting its own case.

4. The Arbitrator shall have no power to add to, subtract from or modify any of the terms of this Agreement or any Agreement made supplementary hereto, nor to rule on any matter arbitrable under this Agreement except while this Agreement is in full force and effect between the parties.

5. Claims against the Company will not be accepted for consideration, which cover a period of more than thirty (30) days prior to the date the grievance was first filed in writing. In such cases, retroactive claims and awards therefore shall be limited to a period of thirty (30) days prior to the date the claim was first filed in writing.

6. No more than one (1) grievance may be submitted to or be under review by any one arbitrator at any time unless by prior mutual written agreement of the parties.

SECTION 13. PROBATIONARY EMPLOYEES

1. All employees, from their last date of hire, will be on probation for the first 180 calendar days of their regular full-time employment during which time they will be termed probationary employees.

2. When a non-bargaining unit employee transfers to a job within the bargaining unit he must, as a condition of continued employment, satisfactorily complete his full probationary period as defined within this Section. In addition he shall be entitled to the following:

a) To use his accumulated continuous Company seniority to satisfy the eligibility requirements for all benefit programs provided by this Agreement.

b) To use his accumulated continuous Company seniority for accrual of vacation and retirement benefits. Such an employee shall be assigned a new bargaining unit seniority date effective the first day of transfer to the bargaining unit and this date shall be the basis within the bargaining unit for job bidding, vacation preference, and layoff determination.

3. Probationary employees' service with the Company may be terminated at any time by the Company in its sole discretion, without recourse to a grievance and arbitration procedure.

4. Probationary employees are entitled to medical insurance, dental insurance, life insurance, workers' compensation and military duty leave on the first day of full-time employment as expressed under the specific provisions of this Agreement and the plan documents.

5. Probationary employees accrue vacation and sick days, but they are not entitled to such benefits until the probation period is successfully completed as set forth above, and entitlement to such benefits are further governed by the specific provisions of the Vacation and Sick Leave Pay sections of this Agreement.

6. Probationary employees become eligible for long term disability coverage when they satisfactorily complete the following:

a) Three consecutive months of regular full-time employment without a continuous absence as defined within this Section.

b) Must be at work on the final day of the three months eligibility period, or the coverage will not start until the employee returns to regular full-time work.

c) Three months of continuous disability resulting from a medically approved physical or mental condition.

Entitlement to long term disability coverage is further governed as expressed under the specific provisions of this Agreement and the plan document.

7. A probationary employee does not have job bid rights. However, he may submit a Request for Transfer. Probationary employees are not entitled to compensation for funeral leave, jury duty, educational benefits or holidays until the probationary period is successfully completed as set forth above. However, probationary employees will receive pay at the rate of time and one-half their regular straight-time rate for all hours worked on a day observed as a holiday by the terms of this Agreement. The overtime pay provisions that apply to a seniority employee shall also apply to a probationary employee.

8. Once an employee has successfully completed his full probation period as set forth above, he becomes a seniority employee.

SECTION 14. SENIORITY

1. Seniority is defined as an employee's length of continuous regular full-time service from his last date of hire, except that a new employee shall be on probation for the first 180 calendar days of his employment as set forth in the Probationary Employees section of this Agreement.

2. The term seniority as used in this Agreement will be construed to mean departmental seniority, Company seniority or bargaining unit seniority. The definition of each is as follows:

a) Departmental seniority shall be measured from the date an employee is assigned to a job classification within an established line of progression. An employee shall not have seniority in more than one department at any one time. In determining seniority the parties agree that seniority by department shall govern unless otherwise specifically expressed.

b) Company seniority is measured from the date an employee is last hired for a continuous regular full-time employment with the Company.

c) Bargaining unit seniority is measured in the same manner as Company seniority, except that employees who transfer from a non-bargaining unit position to a bargaining unit position after April 22, 1984, will not transfer their years of service earned as a Company non-bargaining unit employee.

3. When an employee is permanently transferred from one department to another, he shall retain his departmental seniority in his original department for a period of 120 calendar days after the effective date of transfer. Thereafter, he shall cease to hold seniority in his previous department. During the 120 day period he shall not have seniority status in the new department, and at the end of this period the 120 days shall be credited to him in his new department. An employee does not have bid rights during this 120 day period.

4. An employee's seniority shall terminate if:

a) The employee quits.

b) The employee is discharged.

c) The employee fails to return to work or to supply a satisfactory reason for not doing so within the time limits prescribed in the Layoff, Displacement, and Recall section, which shall result in termination of employment.

d) The employee is absent from work for three consecutive working days without notification to the Company. However, it is the employee's responsibility to notify the Company on each day of any absence, unless an absence in excess of one day is authorized by the Company.

e) The employee overstays a leave of absence or a vacation without authorization.

f) The employee gives a false reason for leave of absence or engages in other employment during such leave.

g) A settlement with the employee has been made for total disability.

h) The employee is retired.

i) An employee with less than five years of bargaining unit seniority is laid off for a continuous period of one year or an employee with five or more years of bargaining unit seniority is laid off for a continuous period of two years. Any employee with less than one year of bargaining unit seniority will be protected only by the actual amount of bargaining unit seniority accrued at the time of layoff. The employee's seniority shall continue to accrue during these layoff protection periods.

5. Employees who are transferred in or out of the bargaining unit shall accrue and maintain their seniority as of their original starting date. Any employee transferred back into the bargaining unit shall exercise his departmental seniority, but in no event will he bump back into a higher classification than he previously held. If an employee is transferred out of the bargaining unit for a period in excess of one year, he shall forfeit all previous departmental and bargaining unit seniority.

6. Seniority lists will be posted in January of each year and a copy will be forwarded to each chief steward and to the Union's Business Manager. Chief stewards may request an additional seniority list twice a year from the Human Resources Department.

SECTION 15. LAYOFF, DISPLACEMENT, AND RECALL

1. In the event it becomes necessary to decrease the number of employees in a classification within a department, such displacement and layoff shall be in accordance with the employee's departmental seniority. The least senior employee within the classification affected shall be displaced first. Any employee faced with displacement or layoff shall have the opportunity to select from the following options:

a) Exercise his departmental seniority to displace the least senior employee in the same classification or in the next lower classification in the same line of progression departmental wide, as outlined in Section 39.

b) Voluntarily remain in his current work facility and exercise his departmental seniority to displace the least senior employee in the next lower classification in the same line of progression, as outlined in Section 39.

c) If completely displaced out of his department, exercise his bargaining unit seniority to displace the least senior laborer in his current work facility. If he is unable to displace a laborer at his work facility, he shall select one of the following options:

1) Exercise his bargaining unit seniority to displace the least senior laborer in any of the other work facilities.

2) Request a "voluntary layoff" rather than bump to a laborer position at a different work facility. A "voluntary layoff" is a request and is only available if the Company is actually laying off an employee(s). The number of "voluntary layoffs" available is limited to the actual number of employees the Company intends to layoff.

2. The selection of the above options must be made in advance and shall be binding throughout the displacement or layoff period. Employees in the department(s) affected shall be given a 14 calendar day notice of the Company's plans to reduce the workforce. Such notice to the department(s) shall serve as the official notice to the classification(s) initially affected by the workforce reduction. The Company shall distribute at the time of the departmental notice a Workforce Reduction Option Form to each employee in the classification first impacted by the displacement or layoff. The form must be completed and returned to supervision no later than the end of the 10th calendar day of the 14 calendar day notice period. Upon receipt of the Workforce Reduction Option Form the Company may initiate the displacement or layoff process with the initial employee transfer or layoff not occurring until the completion of the 14 calendar day notice.

Employees affected by subsequent displacements or layoffs must be given a Workforce Reduction Option Form that must be completed and returned to supervision within 48 hours of receipt of the notice. Any employee who fails to return the option form on time shall be deemed covered by options b) and c) 1) in Paragraph 1 of this Section.

3. Any employee displaced as a result of the above workforce reduction may, in turn, exercise his departmental seniority to secure other positions within his line of progression and to exercise his bargaining unit seniority to secure a laborer position, in accordance with his options as selected before the workforce reduction.

4. At the time of workforce reduction, the displaced or laid off employee cannot bump upward to higher rated classifications.

5. An employee displaced to another work facility, or to other classifications within his line of progression, shall be given a period of 20 working days to train and demonstrate his ability to adequately perform the work required. This demonstration period may be extended an additional 20 working days if the Company feels the employee is showing progress. The employee and his chief steward will be given written notice of all extensions granted by the Company.

6. Any employee determined by the Company to be unable to adequately perform the work required at the completion of the demonstration period must exercise his departmental seniority in accordance with the options selected prior to the workforce reduction to displace the least senior employee in the next lower classification in the same line of progression. If this removes him from his department, he must exercise his bargaining unit seniority in accordance with the options selected prior to the workforce reduction to displace the least senior laborer. Any employee who moves to a lower classification as a result of his unsuccessful demonstration period will lose his recall rights to the higher classification, except at his original facility.

7. In the event a displacement or layoff becomes necessary, the Company will ensure the affected employee of the following "notice" and "recall" rights to the classification held prior to the workforce adjustment:

a) Give the employees affected and the Union a notice of any displacement or layoff as specified in Paragraph 2 of this Section.

b) Displaced or laid off employees have recall rights to the classification held prior to the workforce adjustment for the following time frames:

1) Employees who have completed their probation period but have less than one year of bargaining unit seniority shall have recall rights extended for a period of time equal to the employee's bargaining unit seniority.

2) Employees who have one or more years of bargaining unit seniority but less than five years shall have recall rights extended for a period of one year.

3) Employees who have five or more years of bargaining unit seniority shall have their recall rights extended for a period of two years.

8. In the event an employee is laid off, his group dental, medical, and personal life insurance coverage is paid to the end of the month of the layoff plus one more month. Thereafter, the employee may pay the full premium of such group insurance coverage commencing with the actual date of layoff, not to exceed the time frame set out in Paragraph 7.b) above.

9. Accrual of vacation and sick leave benefits shall cease effective with the date of layoff.

10. When there is a restoration of the workforce, the Company subscribes to the principle of "last out, first in." In any case, the Company will recall displaced and laid off employees by applying in inverse order the guidelines used to displace and layoff employees, and in accordance with the options the employee selected. Recalled employees shall be given a demonstration period, as set forth above. Should the employee be determined by the Company to be unable to adequately perform the work during the demonstration period, he shall exercise his departmental or bargaining unit seniority, as set forth in Paragraph 1 of this Section.

11. A displaced or laid off employee who elected to bump departmental wide [option a) in Paragraph 1 of this Section] must, without exception, return to any job within his line of progression departmental wide, up to and including the highest job he held on a permanent basis prior to the workforce reduction, and to any laborer classification at any work facility. Refusal will result in the employee being terminated.

12. A displaced or laid off employee who elected to remain at his work facility [option b) in Paragraph 1 of this Section] must, without exception, return to any job within his line of progression in his work facility, up to and including the highest job he held on a permanent basis prior to the workforce reduction, and to any laborer classification at any work facility. Refusal will result in the employee being terminated.

13. A job vacancy will not be posted until all former displaced and laid off seniority employees, who have a recall right to the vacant job, have either accepted or rejected a recall to fill the vacancy.

14. Employees recalled from layoff shall be given notice by registered or certified mail to the employee's last known address on file in the Human Resources Department. The laid off employee has three days after receiving notice of recall from the Company to notify the Company of his intention to return to work and five days to actually return. A copy of the notice will also be forwarded to the Union's Business Manager. Failure by an employee to return to work or to supply a satisfactory reason for not doing so within the time limits prescribed, shall result in termination of employment.

15. Each laid off employee shall keep the Human Resources Department advised of his correct mailing address and telephone number.

16. A displaced or laid off employee may submit Job Bids in response to posted job vacancies regardless of any previous loss of job bid rights. He may also submit Requests for Transfer under the provisions of Paragraphs 6 and 7 of the Job Bids and Requests for Transfer section of this Agreement. Any displaced or laid off employee, who has a successful Job Bid or Request for Transfer, waives all recall rights, as set forth in this Section. Any employee displaced under this Section or force transferred to another work facility under Section 18.2 will be eligible for plant to plant trades.

17. It shall be the responsibility of each laid off employee to keep in touch with the Company concerning his interest in specific posted job vacancies.

18. A laid off employee may choose to waive a return-to-work call for a temporary laborer position. If refused, no additional offers for such temporary work will be made during the duration of the layoff.

19. In the event it becomes necessary to decrease the number of employees in any of the journeyman departments, the displacement and layoff provisions listed in this Section shall apply except for the following:

a) The senior journeyman and journeyman classifications in such affected department shall be combined as one unit and the employee's departmental seniority shall be the determining factor for the order of displacement, layoff, or recall.

b) The "least senior" employee in the affected "combined unit" shall be displaced or laid off first.

SECTION 16. CONTRACTING OUT WORK

1. The Company agrees that it will not contract out any work if the effect of such contracted work will cause layoffs to any seniority employee.

SECTION 17. JOB BIDS AND REQUESTS FOR TRANSFER

1. If a vacancy occurs in a permanent position or if a new job is established or if the workforce is expanded in any of the established lines of progression, and the Company decides to fill such opening, the Company shall post the job vacancy for a period of seven calendar days. All Job Bids and Requests for Transfer for the posted vacancy must be submitted during the seven calendar day posting period. A detailed listing of the employee's previous education, training and experience must be listed on the Job Bid or Request for Transfer form.

2. Employees in STEP RATE PROGRESSION have bid rights upward, downward, and laterally to vacancies within their line of progression and bid rights to entry level vacancies in other lines of progression. They may also submit Requests for Transfer in accordance with Paragraphs 6 and 7 of this Section.

3. An employee on sick leave shall be eligible to bid on a job posting if he provides documented evidence that he will return to work within 10 calendar days from the expiration date of the job posting.

4. The Company will review the Job Bids in the following order:

   a) The employee submitting an upward Job Bid with the most departmental seniority in the established line of progression shall be the successful bidder if he has sufficient qualifications to perform the job.

   b) The employee submitting a lateral Job Bid with the most departmental seniority in the established line of progression shall be the successful bidder if he has sufficient qualifications to perform the job.

   c) The employee submitting a downward Job Bid with the most departmental seniority in the established line of progression shall be the successful bidder if he has sufficient qualifications to perform the job.

   d) The laborer or the bidder from another line of progression with the most bargaining unit seniority shall be the successful bidder if he has sufficient qualifications to perform the job.

5. The employee selected for the posted job shall be given a period of 20 working days to train and demonstrate his ability to adequately perform the work required, and the Company may assign the employee to all (or the Company may simulate) tasks performed by the higher classification. This demonstration period may be extended an additional 20 working days if the Company feels the employee is showing progress. The employee and his chief steward will be given written notice of all extensions granted by the Company. Should the employee be determined by the Company to be unsuitable during the demonstration period, he shall be returned to his former position without loss of departmental seniority. In turn, each employee who had filled an opening that resulted from the disqualified employee's Job Bid or Request for Transfer shall also be returned to his former position without loss of departmental seniority; even if the affected employee had completed his demonstration period. An employee may have only one successful bid in any one year.

6. In the event no one is selected from among the eligible bidders, the Company will review each Request for Transfer submitted as a result of the posted job vacancy before hiring from other sources. The Company will review those Requests for Transfer in the following order:

a) Those Requests for Transfer that involve promotion or lateral moves leading to promotion in another line of progression. Employees shall have a transfer right provided they have sufficient qualifications and the employee selected has not been the successful bidder to a job in the past year, or has not been granted a Request for Transfer to another department in the past five years. In the event there are multiple requests that meet at least the sufficient qualification requirement, the Company has the right to select the most qualified employee. If two or more of these qualified employees are equally qualified, then bargaining unit seniority shall prevail. The employee selected for the posted job shall be given a demonstration period, as set forth above. The employee who is allowed to transfer under the provisions of this Paragraph shall not be eligible for job bidding for one year from the date of transfer.

b) Last in the order of consideration, in the Company's sole discretion, will be all other Requests for Transfer, provided the employee has not been a successful bidder to a job in the past year, or has not been granted a Request for Transfer to another department in the past five years. The employee selected for the posted job shall be given a demonstration period, as set forth above. The employee who is allowed to transfer under the provisions of this Paragraph shall not be eligible for job bidding for one year from the date of transfer.

7. The Company may authorize a Request for Transfer from an employee who has a physical or medical condition that keeps him from continuing to perform his regular duties. Such requests will be closely scrutinized and will be acted upon based on the employee's prior work record, preservation of departmental skills and efficiency, merits, and circumstances of each individual case. In the event of multiple requests and all of the above factors are equal, bargaining unit seniority shall prevail. An employee who is granted such a request will go to the top step rate of the lower classification if the employee is moved downward in his line of progression. An employee who is allowed to move to another job classification in another line of progression shall enter at the first step rate unless, in the determination of the Company, the employee's previous experience and qualifications warrant a higher step rate. Requirements for such requests are:

a) They must be made in writing in response to a posted vacancy, accompanied by written documentation that verifies the extent of the condition. Such placement may or may not be in the employee's line of progression, or in the same Labor Grade; in any event, it will not be to a classification in a higher Labor Grade. In addition, such placement shall not be subject to the other job bid and requests for transfer provisions of this Section, provided the employee with the physical or medical condition has more bargaining unit seniority than the employee who would have otherwise received the job. The employee who is allowed a transfer under the provisions of this Paragraph shall not be eligible for job bidding for two years from the date of transfer.

b) This provision in no way obligates the Company to create a position to accommodate such requests.

8. An employee is not eligible for a plant to plant trade for at least one year after the date of a successful Job Bid or Request for Transfer. An employee is not eligible to submit a Job Bid or a Request for Transfer for one year from the date of a plant to plant trade.

9. Fuels Utility and Equipment Operator employees in the Fuels Department as of April 22, 1987 are "grandfathered" for bidding into either Fuels Equipment Operations or Fuels Equipment Maintenance. Such "grandfathered" employees are allowed one successful job bid into either of the two Fuels departments. After a successful bid, they are no longer considered to be "grandfathered" and any future Job Bids or Requests for Transfer shall be in accordance with the provisions as outlined in this Section, using their original Fuels departmental seniority.

SECTION 18. TEMPORARY AND PERMANENT TRANSFERS

1. The Company is a multi-facility company, and all employees covered by this Agreement can expect to be placed temporarily or transferred permanently for work at any of the Company's plant facilities. Any employee whose temporary work assignment at another facility exceeds 90 continuous working days shall, beginning on the 91st continuous working day, be compensated at a rate of time and one-half, except where double time is otherwise required. A temporary transfer to another facility shall be considered continuous unless separated by a period of 10 or more continuous working days at the employee's normal work facility. For the purposes of this Paragraph, the Reid/Station Two and Green Plants are considered the same facility.

2. Any transfer to another work facility determined by the Company to be on a permanent basis will be by departmental seniority and given in writing to the employee. The Company in this case shall first ask for volunteers in the classification and facility involved, starting with the most senior qualified employee, and will continue to ask until a volunteer is found. If no volunteer is found, the Company will transfer the least senior qualified employee, in the classification and facility involved, to the other work facility.

3. The Company may temporarily transfer employees from one job classification to another. Any employee whose temporary transfer to another classification exceeds 90 continuous working days shall, beginning on the 91st continuous working day, be compensated at the rate of time and one-quarter, except where time and one-half or double time is otherwise required. A temporary transfer from one job classification to another shall be considered continuous unless separated by a period of three or more continuous working days in the employee's normal work classification.

4. The Company will determine when an employee is far enough along in his training to qualify for work in a temporary upgrade position. When an employee is temporarily upgraded and performs the tasks normally assigned to the higher rated classification for two hours or more, he will receive the first step rate of pay for that classification for all hours worked in the higher rated classification that shift. When an Equipment Operator pilots the tugboat, he will receive upgrade pay for the greater of two hours or actual time worked operating the tugboat.

5. When an employee is temporarily transferred to a lower rated classification, he will receive his regular rate of pay during such transfer.

6. When it becomes necessary to permanently transfer employees to a lower rated classification (see the Layoff, Displacement, and Recall section of this Agreement), the employees with the least departmental seniority in the affected job classification shall be transferred. In the case of such a transfer from a higher rated classification to a lower rated classification, the employee will continue receiving the higher pay rate until the start of the pay period which begins on or after the 35th calendar day following the effective date of the transfer. After that, he shall be paid the top step rate of the lower classification. Any transfer determined by the Company to be on a permanent basis will be given in writing to the employee.

7. When an employee reports to his regular work facility, and is required to report to another work facility during the same shift, he will be paid mileage expense for travel from one facility to another provided he travels in his personal vehicle. If an employee is given notice of a temporary assignment to another work facility and it requires the employee to travel from his home to the temporary work facility at a distance greater than he normally travels to work, the employee shall be reimbursed the additional mileage expense incurred related to driving his personal vehicle. When carpooling in mileage reimbursement situations, only the driver is eligible for mileage reimbursement. Reimbursement will be at the existing mileage rate for each day of temporary assignment and will include road tolls.

8. There will be a maximum mileage reimbursement that is based upon the actual miles between each work facility. The maximum mileage submitted for reimbursement by any employee shall not exceed the following:

a) Coleman to Wilson ..... 55 miles one way

b) Coleman to Reid/Green/Station Two ..... .57 miles one way

c) Reid/Green/Station Two to Wilson. ....37 miles one way

9. Travel time, other than travel to and from work, shall be considered as time worked for the purpose of computing pay when such travel is performed in connection with assigned duties and at the direction of the appropriate Company official.

SECTION 19. HOURS, OVERTIME AND PREMIUM PAY

1. The standard workweek is a seven day period beginning at 12:01 a.m. on Sunday and ending at 11:59 p.m. the following Saturday. The work schedule showing the scheduled starting and quitting times and the scheduled days off shall be posted in each department by the end of the first shift Thursday.

2. Time and one-half will be paid for all hours worked by an employee on his first scheduled rest day (SDO-1), and double time will be paid for all hours worked by an employee on his second scheduled rest day (SDO-2). An employee's SDO-1 and SDO-2 cannot be changed after the end of the first shift Thursday.

3. Employees assigned to a non-rotating Monday through Friday or Tuesday through Saturday shift will observe Sunday as their SDO-2.

4. The normal workday for employees who work rotating shifts, that provide 24 hour around-the-clock coverage, shall be eight consecutive hours with no intermission for lunch. Rotating shift employees will be allowed to eat their lunch and take their breaks while on duty and as operating conditions permit. An employee temporarily assigned from a rotating shift to a non-rotating shift for less than seven calendar days will work an eight hour shift with lunch paid. Following the first seven calendar days of assignment on the non-rotating shift, the employee will be classified as a non-rotating employee as set forth in Paragraph 5 of this Section. If an employee is notified prior to the start of the temporary assignment that the assignment will be for more than seven calendar days, the employee may be assigned to an eight and one-half hour work shift with a one-half hour unpaid intermission for lunch commencing on the first day of the temporary assignment.

5. The normal workday for employees who work non-rotating shifts shall be eight and one-half consecutive hours with a one-half hour intermission for lunch. Employees working non-rotating shifts will be allowed to eat their lunch at approximately the midpoint of the shift. If an employee is required to work through his lunch period he will be paid and he will be given ample time to eat his lunch.

6. The Company will pay, in addition to the employee's base wage rate, a shift premium to employees on shifts that commence as follows:

First Shift	-	Between the hours 5:00 a.m. and 11:59 a.m.	- None
Second Shift	-	Between the hours 12:00 noon and 7:59 p.m.	- 41¢
Third Shift	-	Between the hours 8:00 p.m. and 4:59 a.m.	- 55¢

The appropriate shift premium will be paid at time and one-half for all overtime hours. Shift premium will not be paid for any hours not worked, nor will it be used for calculating any employee benefit.

7. Employees assigned to a rotating shift will be paid a rotating shift premium of $.40 an hour for all hours worked. This rotating shift premium will be paid at time and one-half for all overtime hours. It will not be used for calculating any employee benefit. Employees temporarily assigned to rotating shifts will not

receive this rotating shift premium unless and until the assignment exceeds 90 working days.

8. A premium of $.61 per hour will be paid for all hours worked on a Sunday by an employee for whom Sunday is one of his five straight-time scheduled workdays for that week. This Sunday premium will be paid at time and one-half for all overtime hours. It will not be used for calculating any employee benefit.

9. As a public service corporation, the Company must perform its obligations to its customers at all times and in recognition of these obligations the Company shall have the right to require an employee to work overtime. The Company will attempt to arrange such overtime to avoid undue hardship on any employee, and the Company at its discretion will rotate overtime as equitably as possible among the qualified employees in the plant, department, and shift involved.

10. The parties agree that the equitable rotation of overtime shall be on the basis of departmental seniority in classification. Distribution of overtime by seniority shall commence with the qualified most senior employee in each work facility, department, classification and shift involved. For employees working in the mechanical, instrumentation, and electrical departments, rotation will be by seniority. For employees working in all other departments, rotation by seniority will be every 28 calendar days. (Refer to Overtime Guidelines for specifics.)

11. The standard workday is a 24 hour period beginning at 12:01 a.m. and ending 24 hours later. Time and one-half will be paid for all time worked in excess of eight straight-time hours in any one standard workday and for all time worked in excess of 40 straight-time hours in any one standard workweek.

12. An employee shall be paid the appropriate overtime rate for all hours worked outside his scheduled work shift in the standard workday. This includes "hold-overs," "report-ins," and "call-ins" which are defined as follows:

a) "Hold-over" work shall be work which is a continuation of a scheduled work shift. For hold-over work to apply, an employee shall be notified prior to the end of his scheduled shift. An employee who is held over shall be paid only for the additional hours worked at the appropriate overtime rate.

b) "Report-in" means that a notice is given to an employee before his scheduled shift ends to return for work at some hour before his next scheduled shift begins. If an employee is given notice to report in and that notice is not canceled prior to the end of his shift, he will receive no less than two hour's pay at the appropriate overtime rate, even if the scheduled report-in is canceled after the end of the shift. It is not a report-in when the proper 16 hour notice is given.

c) "Call-in" is when an employee is called in for emergency work outside his scheduled working hours. Call-ins shall be paid as follows:

1) When an employee is called in for emergency work or is instructed to come in for emergency work and the hours worked are not continuous with other hours worked, he shall receive no less than four hours pay at the appropriate overtime rate. The employee must do any emergency work assigned to him by the Company in order to be entitled to the call-in pay. It is not a "call-in" when the proper 16 hour notice is given.

2) Anytime an employee is called to work from his home prior to the start of his shift and works into his shift, the employee shall receive a minimum of two hours pay at the appropriate overtime rate. If the employee is on the premises and is asked to work prior to the start of his shift, he shall be due a minimum of one hour's pay at the appropriate overtime rate.

13. "Scheduled" work is work for which 16 hours or more notice is given to the employee prior to the

start of his shift. "Unscheduled" work is work for which less than 16 hours notice is given to the employee prior to the start of his shift.

14. Prearranged schedule changes in the employee's posted work schedule will be work for which 16 hours or more notice has been given. If an employee is not given proper notice, he will receive time and one-half for the first eight hours worked on his new scheduled shift. All scheduled shifts shall be a minimum of four hours.

15. Changes in working hours whereby schedules are extended by the addition of overtime hours immediately preceding and/or immediately following an employee's scheduled shift will not be considered a schedule change within the meaning of Paragraph 14 of this Section.

16. In order to cancel scheduled overtime on an SDO-1, SDO-2, or a day observed as a holiday, eight hours notice must be given prior to the start of the employee's shift. If less than eight hours notice is given, the employee will be given the option to work or he will be paid at the appropriate overtime rate for one-half the overtime hours canceled, but in no event shall he receive less than four hours pay at the appropriate overtime rate if he is not given the option to work. If an employee works a partial shift and is not given the option to work the full scheduled shift, he shall be paid at the appropriate overtime rate for the hours actually worked and, in addition, one-half of all hours canceled, but in no event shall he receive less than a total of four hours pay at the appropriate overtime rate if he is not given the option to work.

17. In order to cancel scheduled overtime on a day other than an SDO-1, SDO-2, or a day observed as a holiday, eight hours notice must be given prior to the start of the employee's shift. If less than eight hours notice is given, the employee will be given the option to work or he will be paid at the appropriate overtime rate for one-half the overtime hours canceled if he is not given the option to work.

18. When an employee works 16 or more hours in any rolling 24 hour period, he shall be entitled to a 12 hour rest period, commencing immediately following the 16 hour period and lasting 12 consecutive hours thereafter. If a 12 hour rest period is not provided, the employee will receive either of the following:

a) Be paid at two times the straight-time rate of pay for all hours worked in the 12 hour rest period, or

b) Be given a rest period at no loss of pay for any hours scheduled in his 12 hour rest period. If the employee's 12 hour rest period ends and there is a portion of a scheduled shift remaining, the employee may be given the option to waive the remainder of the affected shift without pay and with no penalty under the Absenteeism Control Program.

19. An employee must work 16 hours in a 24 hour period in order to be entitled to a 12 hour rest period. Pay that is received by an employee for hours not worked, such as personal day, holiday or workers' compensation pay, or the minimum two hours pay due an employee in "report-in" situations, etc. does not count as time worked for the purpose of satisfying the 16 hour clause.

20. Premium pay shall not be paid for schedule changes that are a result of an employee being awarded a job bid or request for transfer.

21. Overtime and premium pay shall not be pyramided, compounded, or paid twice for the same hours worked. All hours for which an employee receives pay shall be considered as time worked for the computation of overtime pay.

22. If an employee is more than 30 minutes tardy, his supervisor may send him home for the balance of that workday, in that event he shall not receive any pay for that day.

SECTION 20. RESERVED

Reserved for future use.

SECTION 21. SUPERVISORS WORKING

1. It is understood and agreed that no supervisor or foreman will take the place of any employee and perform production work except in an emergency, or for the purpose of instruction and training, or to assure proper performance of work, to protect Company property, or to ensure safety of employees.

SECTION 22. LEAVE OF ABSENCE

1. By special written request from a seniority employee the Company in its sole discretion may grant a Personal Leave of Absence without pay for a maximum period of thirty (30) days. Credit for Company seniority and employee benefit accrual during the granted Personal Leave of Absence shall not exceed the thirty (30) day maximum.

2. An employee who is unable to work because of illness or injury may be granted a sick leave provided the employee furnishes the Company with a written statement from his physician verifying the sickness or injury. The employee may utilize his accumulated sick leave pay during the sick leave. The Company reserves the right to require a physical examination of the employee, at Company expense by a Company doctor, during any time of an authorized sick leave. If the employee is physically unable to return to his job classification or any other suitable job that he can be fitted by education, training or experience and in accordance with his departmental seniority, the employee will be determined to be eligible for long term disability. The qualifying period for long term disability is three months of continued disability resulting from a medically approved physical or mental condition. During absences covered by an authorized personal or work-related sick leave, credit toward seniority will continue as set forth in Paragraph 4.i) of Section 14. Credit toward other employee benefit accrual will continue for a period up to the employee's accumulated seniority not to exceed one year.

3. An employee who fails to return to work at the termination of his Personal Leave of Absence or sick leave will be treated as a voluntary quit.

4. Upon return to work, an employee shall be reemployed at his former job or at a job in line with his seniority, provided the employee can perform the job without training but receiving adequate instruction, and to a job which carried a rate of pay equal to or as near that of his former job as possible, provided there is such work available.

5. It is the Company's intent that the medical leave provisions shall be consistent with and in full compliance with the FMLA.

SECTION 23. SICK LEAVE PAY

1. Commencing with the date of employment, all employees on the active payroll shall accumulate sick leave pay at the rate of eight hours at regular (straight-time) rate for each calendar month of continued employment. Accumulated sick leave will be payable only when a seniority employee is absent from and unable to work his scheduled workdays due to non-occupational sickness or injury. In no event will sick leave be paid in excess of sick leave accrued at the time the absence occurs. During the probationary period an employee shall not be eligible for sick leave pay.

2. Although an employee may accrue an unlimited amount of sick leave, in the case of illness or

injury he will not be allowed to take more than 13 weeks sick leave in any one continuous period after which he will be eligible to apply for long term disability.

3. Personal illness shall mean an employee being unable to work due to a sickness, or accidental personal injury not arising from participation in outside gainful occupation or unlawful activities and shall specifically exclude injury arising out of or in the course of employment with the Company.

4. The Company reserves the right to have an employee examined by a doctor of its choice concerning the verification or continuation of the employee's illness, injury, or surgery. If an employee is instructed by Management that verification is needed, such verification will be at Company expense and the physician will be designated by the Company. An employee who fails to satisfactorily verify his reason for absence for the entire period or who refuses or fails to submit the verification as instructed, will not be paid and will be subject to discipline.

5. Accumulated sick leave will not be paid to employees leaving for any reason, the employ of the Company.

6. When an employee is unable to report for work due to a sickness or injury as defined above, he must report this fact to his immediate supervisor or other plant management personnel at the earliest possible time, but in no event later than one hour prior to the scheduled time to commence work, otherwise the employee will receive no sick leave allowance for the day.

7. The Company is aware that there are times when absences and extended leaves associated with personal or work-related sickness or injury are not known in advance. However, when such absences are known in advance, the employee should promptly notify the Company as to the time and date of a physician's appointment. For absences of a longer period of time, the employee should promptly notify the Company as to the beginning date and anticipated duration of the leave. The intent here is to keep the Company informed in advance so that supervision can plan and schedule work in the most efficient manner.

8. Employees receiving sick leave pay under the provisions of this Section shall receive holiday pay in lieu of sick leave pay in the event a holiday falls during such sick leave period. Holiday pay shall also be paid for a holiday that falls within the waiting period referred to in Paragraph 10 of this Section.

9. For absences of four or more consecutive workdays, a satisfactory medical doctor's certificate must be presented.

10. An employee who needs to be absent from work due to a non work-related illness or injury may use accumulated sick leave following an absence of three scheduled straight-time workdays, beginning with the fourth such day. The absence due to illness or injury, including the three day waiting period, must be continuous. A return to work not in excess of two workdays, or a paid holiday, shall not interrupt or cancel a waiting period or the beginning or continuation of sick leave pay. A paid holiday, however, will not count as part of the waiting period. An employee who becomes eligible to receive sick leave pay under this Paragraph may substitute vacation pay for any or all of the hours not paid during the waiting period, provided he requests such by the close of the normal business day that follows the day he first became eligible for the sick leave pay. An employee with an imminently life-threatening condition requiring a regimen of treatment such that he will routinely need time off less than four days will be subject to only one three day waiting period in a year for the purpose of receiving that treatment.

11. An employee who reports for work on a straight-time scheduled workday, but is forced by illness to leave work before working more than four hours, shall have that day counted as one day of the required waiting period. An employee who is forced by illness to leave work after working four or more hours, but less than eight, may, on the third day of the waiting period, be paid sick leave pay for the hours lost on the last day worked.

SERIOUS ILLNESS OF EMPLOYEE'S SPOUSE OR DEPENDENT CHILD

12. Accumulated sick leave may be utilized by employees when a spouse or dependent child is:

a) Seriously ill or injured,
b) In the hospital or having out-patient surgery or treatment,
c) Recovering at home from an illness, injury, or surgery.

13. In all absences associated with the spouse or dependent child, the employee must present a written medical doctor's certificate satisfactorily verifying the need for the employee's presence, the nature of the relative's illness, injury, or surgery and the starting and ending dates of the absence. An employee who fails to satisfactorily verify his reason for absence, or who refuses or fails to submit the verification as instructed, will not be paid and will be subject to discipline. There is no sick leave pay waiting period for an absence associated with the spouse or dependent child.

14. The maximum utilization of accumulated sick leave for incidents of serious illness, injury, or surgery to the employee's spouse or dependent child shall not exceed five days (40 straight-time hours) in any calendar year. In the event a serious illness, injury, or surgery to the employee's spouse or dependent child requires the employee to be absent from work for more than 15 scheduled straight-time workdays during a calendar year, the employee may utilize his accumulated sick leave to cover absences beginning with the 16th day. A doctor's statement is required which satisfactorily verifies the need for such long term absence.

15. Each seniority employee on the active payroll as of January 1 of each calendar year will receive a sick leave pay waiting period credit, during the month of January, equal to 24 hours of pay at his straight-time rate of pay in effect as of January 1. Upon completion of his probationary period, a probationary employee will receive a sick leave pay waiting period credit as follows:

Date Probationary Period Completed	Amount of Credit
Prior to May 1	Sixteen (16) hours
Prior to September 1	Eight (8) hours
September 1 or later	None

SECTION 24. WORKERS' COMPENSATION PAY

1. A regular full-time employee who is absent from work because of an industrial illness or injury shall have his lost wages reimbursed at a rate of 75%, commencing on the fourth consecutive full working day of the absence. Pay will be computed at the employee's base straight-time rate in effect at the onset of the illness or injury, on the basis of his forty (40) hour workweek, and exclusive of shift premium or any other premium pay.

2. The 75% reimbursement program remains effective for a maximum of thirteen (13) weeks, provided the employee remains on a verifiable work-related disability. Thereafter, the maximum reimbursement due an employee off on a verifiable extended work-related illness or injury shall be a maximum of 66 2/3% of the employee's base straight-time rate in effect at the onset of the illness or injury. The 66 2/3% maximum benefit is paid jointly under the terms and conditions of Workers' Compensation and the Long Term Disability Policy.

3. If an illness or injury occurs on the job, the Company must be notified immediately and the illness or injury must be verified by a medical doctor's certificate.

4. If an employee is absent for eight (8) or more consecutive working days for an industrial illness or injury, he shall be compensated as set forth above, for the first three (3) working days of the absence.

5. This benefit will continue as long as the employee remains disabled and eligible for Workers' Compensation from the insurance carrier. Thereafter, additional benefits are payable under the terms and conditions as set forth in the Long Term Disability Policy.

6. Successive disabilities separated by less than ten (10) consecutive working days of regular full-time work will be considered as the same disability, unless the subsequent disability is due to a different cause.

7. An employee shall not lose any straight-time pay for a partial day absence due to an industrial illness or injury.

8. An employee who fails to return to work at the termination of his Workers' Compensation leave will be treated as a voluntary quit.

9. The Company reserves the right to have an employee examined by a doctor of its choice concerning the verification or continuation of a work-related illness or injury.

SECTION 25. PERSONAL DAY PAY

1. Each seniority employee on the active payroll shall have two personal days each calendar year. The employee will be paid eight hours at his straight-time rate in effect on the date a personal day is taken.

2. The absence for a paid personal day shall be a non-chargeable occurrence under the Company's Absenteeism Control Program.

3. When an employee needs to take a personal day, he should report this fact to his immediate supervisor or other plant management personnel at the earliest possible time, but in no event later than one hour prior to the scheduled time to commence work, otherwise the employee will receive no pay for the day and the absence becomes a chargeable occurrence. On a first-come, first-serve basis, one employee per work group will be permitted to take a personal day. Additional requests will be considered and may be granted based on operational needs.

4. An unused personal day cannot be carried over to the next calendar year. For any personal day not taken by December 31, the employee shall receive eight hours pay at his straight-time rate in effect on that date. An employee can choose to take a cash-out of his personal day(s) before December 31.

5. Paid personal days may be taken up to and including December 31. However, a paid personal day cannot be taken on an SDO-1, SDO-2, or a holiday. (A personal day is not a holiday.) If an employee decides to take a personal day after November 15, he must schedule it in advance during the time period between November 1 and November 15. The cash-out received for an unused personal day does not count toward overtime.

6. A probationary employee is entitled to the paid personal days if he completes his probation period prior to December 30. If he completes his probation period on December 30, he is entitled to take or cash out one personal day. He is not entitled to a paid personal day if he completes his probation period on December 31.

SECTION 26. FUNERAL LEAVE

1. In the event of a death in the employee's immediate family, the employee will be granted four consecutive calendar days off without loss of pay from the straight-time workdays he would have worked, provided one of the days absent is the day of the funeral.

The immediate family is defined as:

a) spouse
b) parent or stepparent (funeral leave is available to the employee for one mother and one father during employment with the Company)
c) spouse's parent or stepparent (the limitation as set out for the employee's parent shall also apply)
d) employee's brother, sister, half-brother, or half-sister
e) employee's children or the children of the spouse, provided they are stepchildren who live or who have lived in the employee's home in a normal parent/child relationship

2. In case of a death of an employee's grandparent, grandchild, brother-in-law, sister-in-law, son-in-law or daughter-in-law, the employee will be granted three consecutive calendar days off without loss of pay from the straight-time workdays he would have worked, provided one of the days absent is the day of the funeral.

3. In case of a death of a stepchild not related to the employee's current spouse, the employee will be granted one day off without loss of pay from the straight-time workday he would have worked provided:

a) the day absent is the day of the funeral, and
b) the stepchild lives or has lived in the employee's home in a normal parent/child relationship.

4. It is an employee's option when he starts his funeral leave, provided one of the days is the day of the funeral, and provided he gives advance notice to supervision of his days of absence.

5. An employee will receive eight hours straight-time pay for each funeral leave day that is a scheduled straight-time workday. In addition, if he is scheduled to work on an SDO-1 or SDO-2, the employee will be allowed off for funeral leave, without pay.

6. The funeral leave benefit in all cases is contingent upon the honest reporting of the relative that has passed away and the employee's attendance at the funeral.

7. Only those step-relatives specifically identified above are covered by funeral leave.

SECTION 27. JURY DUTY

1. Employees serving on jury duty shall not lose straight-time pay (exclusive of shift premium) on that account.

2. An employee scheduled to work the day shift, who is required to report for jury duty before noon, shall, upon request and notification to his supervisor, be excused from reporting for work prior to reporting for jury duty, and shall not be required to return to work if he has less than half of his scheduled shift remaining when released from jury duty. An employee who has half or more of his scheduled shift remaining when released from jury duty shall contact his supervisor to determine if he is to return to work. Where practicable, and upon request to the employee's supervisor, an employee scheduled for shift work will be rescheduled to day work for the entire period he is scheduled for jury duty.

3. 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 the subpoena.

4. 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.

SECTION 28. HEALTH AND SAFETY

1. A physical examination is required before hiring and may be required during an employee's employment at the discretion of the Company.

2. The Company will provide maintenance of proper housekeeping, safety equipment, sanitary health and safety protection for all employees.

3. The Union and the employees agree to cooperate fully with the Company in order to promote safety in all work locations by the observance of all safety regulations and by performing their work in a safe and careful manner, at all times. Employees will promptly report unsafe conditions or defective equipment to their supervisor. There will be safety meetings and copies of the meeting minutes will be forwarded to the Union's Business Manager. The chief stewards will be the safety representatives. The chief steward and members of the safety committee will meet with their respective Plant Manager, or his designee, once a month for the discussion of safe work practices and conditions.

4. In case of a work-related injury, regardless of how small, the employee must notify his supervisor. In case of a work-related injury that results in lost time from work or requires medical treatment other than first aid, the employee must complete the Employer's First Report of Injury as required by OSHA. Copies of the Employer's First Report of Injury will be forwarded to the Union's Business Manager.

5. The Company shall distribute to all employees a Safety Manual for their guidance and instruction as to safe work practices. Every employee shall become familiar with the rules of the Safety Manual as they apply to his work activities. While the rules of the Safety Manual will cover as many working situations as possible, it should be understood that it is impossible for the manual to cover all situations. The Company will, when it is necessary, establish additional safety rules and regulations which will be distributed to all employees. The Company will forward to the Union's Business Manager advance notice of any new safety rules.

6. In conjunction with 49CFR (Code of Federal Regulations) 391.41 through 391.49, the Company will pay for all testing and licensing expenses associated with employees obtaining and retaining a DOT (Department of Transportation) Operators License.

7. The Company will reimburse each employee up to $90.00 for safety shoes once a calendar year. Receipt of purchase is required for reimbursement. Employees shall have the option to prospectively combine two calendar years for a single purchase. The employee shall declare his option when the receipt is submitted.

8. The Company will furnish the uniforms to be provided in the Company's clothing policy regarding exposure to energized circuits. The clothing furnished by the Company under this provision is required to be worn by the employee.

SECTION 29. EMERGENCY RESCUE TEAM

1. All Emergency Rescue Team (ERT) members shall meet and maintain the required physical standards set out in the Company's Emergency Rescue Team Policy. ERT members will be expected to respond to hazardous chemical spill and confined space emergencies where employees are in need of being rescued.

2. The ERT shall be staffed on a volunteer basis.

3. The Company shall provide training for rescue team members as stated below:

   a) Three days of initial training for employees joining the rescue team.

   b) Eight hours of training, which includes at least one training session or drill per quarter, for each ERT member.

   c) Any additional training required by ERT members to acquire or maintain skills sufficient to perform emergency rescues or training required to acquaint ERT members with new equipment will be conducted on an as needed basis, as determined by the corporate safety administrator.

4. Injuries that result from an ERT member's rescue efforts, while at work, are covered by Workers' Compensation.

5. All volunteers for the ERT will be accepted on the basis of bargaining unit seniority. However, employees who hold positions outside of the Company at the time they volunteer such as volunteer firemen, policemen, emergency medical technicians, etc. will be given priority selection. The selection process for this group will also be based on bargaining unit seniority.

6. Employees who volunteer for the ERT shall do so with the understanding that they must remain on the ERT for a minimum of one year. It is understood by the parties that an employee who has an unknown medical condition may volunteer and be accepted into the ERT. Upon discovery of a condition that disqualifies an employee from being an ERT member, the employee shall be allowed to exit the ERT without completing the one year minimum service requirement.

7. Employees interested in withdrawing from the rescue team may do so after the minimum one year of enrollment, provided 60 calendar days written notice is submitted to the Company.

8. ERT members shall be identified by either a special hard hat or insignia.

9. Employees selected for the ERT who have passed the physical examination required to be an ERT member shall earn additional vacation days, as set out below:

   a) One vacation day will be credited to the employee's vacation account following the successful completion of the initial three days of rescue training. Once credited, this vacation day will be immediately available for use. Thereafter,

   b) Beginning either June 30 or December 31, depending upon when the employee became an ERT member, one additional vacation day will be credited to the employee's vacation account following the completion of six * months of service.

   Example: An employee who completes the rescue training on December 1, 1998, will be credited with one vacation day. Following the completion of six months of service (June 30, 1999) as an ERT member, one additional vacation day will be credited to the employee's vacation account. This process of crediting an employee's vacation account

with one vacation day will continue each June 30, and each December 31, provided the employee remains an ERT member.

*The first time period for earning an additional vacation day typically will be longer than six months. However, the first vacation day earned by joining the ERT offsets this additional time.

c) Vacation days earned by being an ERT member will be credited to the employee's regular vacation account and may be used or paid to the employee upon termination, resignation, or retirement, according to the Vacations section of this Agreement, except that the vacation day credited under 9.a) above upon completion of the initial three days of training will be immediately available for use.

d) An ERT member will continue to earn service for the accrual of ERT vacation days while on sick/workers' compensation leave until the employee is placed on long term disability.

10. The Union or the Company may withdraw from this ERT Section in its entirety at the expiration of this Agreement.

SECTION 30. VACATIONS

1. All employees must be continuously employed on the active payroll as full-time employees, by January 1 of each current year, to receive any vacation pay. The vacation year shall be the calendar year.

2. The Company will grant paid vacations in accordance with the following schedule:

Length of Continuous Service As of January 1 of the vacation year	Hours Paid At Straight Time
a) Less than 12 months continuous service	8 hours per full month up to a maximum of 80 hours
b) More than one year but less than six years continuous service	80 hours
c) After six years continuous service	88 hours
d) After seven years continuous service	96 hours
e) After eight years continuous service	104 hours
f) After nine years continuous service	112 hours
g) After 10 years continuous service	120 hours

h) After 11 years continuous service	128 hours
i) After 12 years continuous service	136 hours
j) After 13 years continuous service	144 hours
k) After 14 years continuous service	152 hours
l) After 15 years continuous service	160 hours

3. "Continuous service" in this Section is defined as time actually spent performing productive work for the Company and does not include time away from work for any cause or reason whatever, except approved leaves of absence or vacations.

4. Employees eligible to receive vacation benefits under this Section, who resign, retire, terminate, or are laid off, shall receive pay in lieu of vacation benefits accumulated to the time of separation on the following basis:

a) They shall receive pay for one-twelfth (1/12) of the applicable vacation hours earned for each month worked during the current vacation accrual year. The vacation accrual year is the calendar year commencing with each January 1 and ending December 31. A month's work will be defined as any calendar month in which the employee works 120 hours.

b) In order to be entitled to any pay under this Paragraph, all persons who resign or retire must give proper notice by submitting a "resignation notice" to his supervisor at least two weeks (14 calendar days) prior to the desired date of termination or separation. Employees who fail to submit proper notice will forfeit all accrued vacation entitlement.

c) In the event of the employee's death, the benefits described in 4.a) above shall be paid to the employee's estate.

5. All discharged employees will receive pay for vacation accrued prior to the year of termination.

6. All vacation requests are to be turned in by February 1. The Company will post vacation schedules by March 1. All vacation requests turned in after February 1 will be on a first-come, first-serve basis. Vacations will be granted based on employees' bargaining unit seniority provided the Company maintains the proper balance of skills, experience and job knowledge.

7. An employee will ask his supervisor before his vacation commences about his work schedule (shift, starting and quitting times) for the first scheduled workday upon his return from vacation. If it is necessary to change an employee's work schedule while he is on vacation, the change will be made in accordance with the 16 hour notice provisions of the Hours, Overtime and Premium Pay section of this Agreement.

8. Subject to the approval of the employee's supervisor, employees will be permitted to trade vacation periods with other employees within their job classifications.

9. A maximum of 160 hours vacation credit may be carried from one calendar year to the next. Vacation credit is accrued in the calendar year prior to the calendar year in which it can be used. If an

employee foregoes his vacation at the request of the Company, the Company shall in lieu thereof pay the employee his vacation pay over and above his ordinary pay.

SECTION 31. HOLIDAYS

1. All active, full-time regular employees with seniority shall receive eight hours pay at their straight-time rate in effect on the day of the holiday.

2. An employee who works on a day observed as a holiday shall be compensated as follows:

   a) He shall be paid for all hours worked on the holiday at a rate of time and one-half his straight-time rate in effect on that day.

   b) He shall receive eight hours holiday pay at his straight-time rate in effect on that day.

3. When an employee works temporarily upgraded on a day observed as a holiday, he will receive holiday pay, as set out above, at the appropriate temporary upgrade rate.

4. If an employee is scheduled to work on a holiday and fails to work, he will not be paid for the holiday unless his absence is excused by the Company.

5. An employee that does not work the holiday shall receive holiday pay under the following conditions:

   a) He must work or receive pay for all the hours of his scheduled shift on the last workday preceding such holiday(s), and he must work or receive pay for all the hours of his first scheduled shift immediately following the holiday(s).

   b) If an employee is absent on one of the qualifying days for a reason that is non-payable under the provisions of this Agreement, such absence will not result in the loss of holiday pay if the reason is substantiated by the employee and accepted by the Company.

   c) No holiday pay is due an employee who is absent on both of the qualifying days for a non-payable reason, unless the holiday falls within the three day waiting period for paid sick leave eligibility as provided in Paragraph 10 of Section 23.

   d) If an employee is tardy and the Company does not invoke Paragraph 22 of Section 19, the employee shall receive holiday pay.

   e) Holiday pay is not paid an employee on disciplinary suspension on both of the qualifying days. The holiday(s) is counted as part of the suspension period.

   f) Holiday pay is not paid an employee who is on long term disability on both of the qualifying days.

   g). Holiday pay is not paid in lieu of workers' compensation pay, however holiday pay is paid in lieu of sick pay.

6. During this Agreement there shall be 10 paid holidays as follows:

New Year's Day	Veteran's Day
Good Friday	*Thanksgiving Day*
Memorial Day	Friday after Thanksgiving

Independence Day	Christmas Eve
Labor Day	Christmas Day

7. In the event a holiday occurs on any employee's scheduled day off, the preceding scheduled workday (if in the same pay period) will be observed as the holiday.

Example: A holiday that occurs on Saturday will be observed on the preceding Friday by employees that are scheduled to work Monday through Friday for that pay period.

8. In the event a holiday occurs on any employee's scheduled day off at the beginning of the pay period such that Paragraph 7 cannot be applied, the next scheduled workday will be observed as the holiday.

Example: A holiday that occurs on Sunday will be observed on Monday by employees that are scheduled to work Monday through Friday for that pay period.

SECTION 32. HEALTH AND WELFARE

1. The details covering such matters as eligibility, coverage continuation, benefits and covered services, deductibles, exclusions and limitations, coordination of benefits, termination of coverage, conversion privileges, and all other terms and provisions of the plans referred to in this Section shall be as specifically provided or set out in the plan documents.

MEDICAL INSURANCE – ACTIVE EMPLOYEES

2. Each employee is entitled to the group health coverage provided to, and on the same basis as, all other regular full-time employees of the Company. The Company retains the right in its sole discretion to modify the terms, conditions, and level of benefits under the group health coverage, after offering to meet and discuss such changes with the Union, so long as benefits for employees covered by this Agreement are the same as provided to other full-time employees of the Company.

3. The Company and the employees will co-share the cost of the medical premiums. The employee's contribution to the cost of coverage will depend on the coverage he has. The monthly employee contribution percentage will be 10 percent of the cost, but no more than the following:

Employee Only	$ 64.00
Employee and Spouse	123.00
Employee, Spouse, and Child(ren)	161.00
Employee and Child(ren)	113.00

The employee's contribution will be made through payroll deduction on a pre-tax basis.

4. If an active employee with dependent coverage dies, dependent medical coverage may continue up to the fifth anniversary of the employee's death. Coverage will be provided for the first 12 months, with the survivor paying the same monthly contribution as an active employee. Thereafter, coverage will be provided on an 80/20 co-shared basis, with the survivor paying 20 percent of the monthly premium.

MEDICAL INSURANCE – RETIREES

5. Group medical coverage is available for employees who retire on or after age 62 with 10 or more years of service. Coverage is also available for the retiree's spouse and, prior to the retiree and his spouse attaining age 65, his dependents. Prior to age 65, the coverage for a participant will be the active group medical coverage. At age 65, the coverage will be Medicare supplement coverage. To be eligible for the

Medicare supplement coverage, the participant must enroll in Medicare Part B. The cost to the retiree and/or his spouse and dependents is 100% of the applicable premium.

6. Upon retirement, the Company will establish a Retiree Medical Account to be used for the sole purpose of paying for the coverage provided under Paragraph 5 above. For an employee retiring prior to January 1, 2012, the initial amount in the Retiree Medical Account will equal $1,200 per year of service, to a maximum of $36,000. For employees retiring on or after January 1, 2012, the initial amount will equal $1,250 per year of service, to a maximum of $37,500. The account balance will be credited with interest based on the 10-year Treasury rate, subject to a four percent minimum and a seven percent maximum rate.

7. The retiree may elect to pay premiums from the Retiree Medical Account in full or in part until the account balance reaches zero. Thereafter, the retiree may continue coverage by paying 100% of the premium. If the retiree dies, his covered spouse will be eligible to continue coverage and entitled to use any balance in the Retiree Medical Account to pay premiums. If the retiree and his spouse die, any balance in the Retiree Medical Account will be paid to the first of the following then surviving: child(ren), parent(s); or to the estate.

MEDICAL INSURANCE – DISABLED EMPLOYEES

8. If an employee becomes disabled as a result of an injury or an illness while employed by the Company, group health coverage will be provided for him on the following basis:

a) Coverage will be provided for the first 12 months of disability, beginning with the first day of disability (the day following the last day worked), with the employee paying the same as an active employee.

b) After 12 months of disability, coverage will be provided on an 80/20 co-shared basis, with the employee paying 20 percent of the monthly premium.

9. The Company's active group health coverage will continue until the disabled employee becomes eligible for Medicare as a result of his disability, at which time the Company will provide Medicare supplement coverage. To be eligible for the Medicare supplement coverage provided by the Company, the disabled employee must enroll in Medicare Part B. The cost to the disabled employee for the supplemental coverage is 75 percent of the Medicare supplement premium rate.

10. The Company's applicable health coverage for the disabled individual will continue for the duration of the disability regardless of his employment status with the Company; provided that the health coverage will terminate when the individual (i) reaches age 65, (ii) recovers from the disability, (iii) accepts other employment, (iv) ceases to pay the required monthly premiums, or (v) can no longer provide proof of disability.

11. If an employee who becomes disabled has dependent coverage as of the first day of disability, the coverage may be continued on the same basis as set out in Paragraph 8 above. Dependent medical coverage may continue up to the fifth anniversary of the date the employee qualified for long term disability, or until the employee's earlier termination of employment.

OTHER INSURANCE

12. The Company shall provide employee life and AD&D insurance, with the amount of life insurance equal to two times the employee's annual base pay, and the amount of AD&D insurance equal to the life insurance amount. The Company shall also provide $10,000 of life insurance on the employee's spouse and each dependent child, and $100,000 of business travel accident coverage on each employee. The cost of the insurance shall be paid by the Company. Each employee is also entitled to the dental insurance provided to, and on the same basis as, all other regular full-time employees of the Company. The cost of dental insurance

on the employee is paid by the Company. Dependent dental coverage is optional, and the cost is co-shared by the Company and the employee on an 80/20 basis (80% Company, 20% employee).

13. For an employee who becomes disabled, the life, AD&D, and dental insurance provided for him and/or his dependents will or may continue for one full year, beginning with the first day of disability. Thereafter, AD&D and dependent life insurance will cease, and the employee's life insurance will continue only where approved (premium waived) by the carrier. Dental coverage may continue after one full year, up to the third anniversary of the date the employee qualified for long term disability, with the employee paying 100% of the cost.

LONG TERM DISABILITY

14. The Company will pay the cost of long term disability insurance that provides the same level of benefits in effect as of the commencement date of this Agreement, which is 66 2/3% of the employee's base pay rate, up to a maximum monthly benefit of $4,000.

15. An employee on long term disability must become eligible for Social Security disability benefits as of the second anniversary of the date he qualified for long term disability, or be in the process of appealing a Social Security benefit denial, if he is to continue receiving long term disability benefits on or after that date. If a decision on the appeal in process has not been rendered as of the two year expiration date, the long term disability benefit will decrease by the amount the employee would otherwise be entitled to receive from Social Security. If the employee later receives a favorable decision on the appeal, the long term disability benefit will continue as set out in the plan document. If the employee loses his appeal, his coverage will cease and if he is unable to return to work at that time, he shall be terminated.

SECTION 33. PENSION

1. The Bargaining Employees Retirement Savings Plan is a defined contribution pension plan consisting of two parts: a retirement section providing for unmatched non-elective employer contributions; and a thrift and 401(k) savings section providing for employee and matching employer contributions. The retirement section calls for employer contributions into a retirement or base contribution account, based on graduated percentages of base pay, depending on the employee's age.

Age	<33	33-36	37-40	41-44	45-48	49-52	53-56	57+
%	5	6	7	8	9	10	11	12

The thrift and 401(k) savings section allows employees to contribute or defer base pay on an after-tax basis (thrift savings), a pre-tax basis (401(k) savings), or both. The matching employer contribution is 60% of the first 6% of base pay contributed by the employee on a pre-tax basis.

2. Employees are eligible to participate in the Bargaining Employees Retirement Savings Plan, for purposes of receiving the employer base contributions and matching contributions, on the first day of the month coincident with or next following completion of a 12 consecutive month period during which the employee earns 1,000 hours of service. For purposes of making employee thrift and 401(k) savings contributions, employees are eligible as of the first of the month coincident with or next following completion of their first hour of service.

3. The details covering the provisions of the Bargaining Employees Retirement Savings Plan shall be as specifically provided in the plan documents, and are subject to IRS rules and regulations.

SECTION 34. BULLETIN BOARDS

1. The Company shall provide bulletin boards to be used for the posting of Union notices of elections, meetings, appointments, and Union recreational and social affairs. Prior to posting, all materials must be approved by the Human Resources Department or the chief stewards may have materials approved by the respective Plant Manager. There shall be no posting by employees of pamphlets, advertising or political materials, notices of any kind or literature upon Company property.

SECTION 35. PLANT VISITATION

1. An accredited Union representative may visit a plant at reasonable times during working hours. The representative will notify the Company prior to the visit and will secure permission from the respective Plant Manager prior to the visit, and such visits will not be permitted if they interfere with the operations of the plant. Such visits shall be limited to participation in the adjustment of a pending grievance as provided for in the grievance procedure under this Agreement, or to make a physical inspection of the plant operations necessary to process a pending grievance. Such visits will not be permitted if they are abused or if they interfere with production or with employees while at work.

SECTION 36. SEPARABILITY

1. If any provision of this Agreement is invalidated by legislation or by decision of a court of competent jurisdiction, such invalidation shall apply only to the provision or provisions expressly invalidated, and all remaining portions of this Agreement shall remain in full force and effect. The Company and the Union shall meet to renegotiate the invalidated provision or provisions.

SECTION 37. HOURLY WAGE RATES AND LABOR GRADE CLASSIFICATION ASSIGNMENTS

1. All basic hourly wage rates paid by the Company to bargaining unit employees in the respective labor grades are listed below.

First period from July 17, 2009 through September 14, 2009

Second period from September 15, 2009 through September 14, 2010

Third period from September 15, 2010 through September 14, 2011

Fourth period from September 15, 2011 through September 14, 2012

LABOR GRADE 1

	First Step	Second Step	Top Step
1st period	$27.25	$28.36	$29.42
2nd period	$28.12	$29.27	$30.36
3rd period	$29.02	$30.21	$31.33
4th period	$29.95	$31.18	$32.33

Classifications: Control Room Operator, Senior Mechanic, Senior Instrument Technician, Senior Electrician, Senior Machinist, Senior Equipment Mechanic, (Grandfathered) Lab Technician "A", Senior Equipment Operator

LABOR GRADE 2

	First Step	Second Step	Top Step
1st period	$23.31	$24.86	$26.75
2nd period	$24.06	$25.66	$27.61
3rd period	$24.83	$26.48	$28.49
4th period	$25.62	$27.33	$29.40

Classifications: Mechanic, Instrument Technician, Electrician, Machinist, Equipment Mechanic a)

LABOR GRADE 3

	First Step	Second Step	Top Step
1st period	$24.41	$25.17	$26.43
2nd period	$25.19	$25.98	$27.28
3rd period	$26.00	$26.81	$28.15
4th period	$26.83	$27.67	$29.05

Classifications: Lab Technician

LABOR GRADE 4

	First Step	Second Step	Top Step
1st period	$26.15		
2nd period	$26.99		
3rd period	$27.85		
4th period	$28.74		

Classifications: Scrubber Operator

LABOR GRADE 5

	First Step	Second Step	Top Step
1st period	$23.60	$24.41	$25.17
2nd period	$24.36	$25.19	$25.98
3rd period	$25.14	$26.00	$26.81
4th period	$25.94	$26.83	$27.67

Classifications: Auxiliary Operator (Operations), Auxiliary Operator (Scrubber), Solid Waste Operator (Scrubber)

LABOR GRADE 6

	First Step	Second Step	Top Step
1st period	$23.31	$24.10	$24.86
2nd period	$24.06	$24.87	$25.66
3rd period	$24.83	$25.67	$26.48
4th period	$25.62	$26.49	$27.33

Classifications: (Grandfathered Journeyman) – (Mechanic, Instrument Technician, Electrician, Machinist, Equipment Mechanic), Equipment Operator, Storekeeper

LABOR GRADE 7

	First Step	Second Step	Top Step
1st period	$20.78	$21.48	$22.15
2nd period	$21.44	$22.17	$22.86
3rd period	$22.13	$22.88	$23.59
4th period	$22.84	$23.61	$24.34

Classifications: Utility (Operations), Utility (Scrubber)

LABOR GRADE 8

	First Step	Second Step	Top Step
1st period	$20.49	$21.17	$21.85
2nd period	$21.15	$21.85	$22.55
3rd period	$21.83	$22.55	$23.27
4th period	$22.53	$23.27	$24.01

Classifications: Utility (all departments except Operations and Scrubber), Assistant Storekeeper

LABOR GRADE 9

	First Step	Second Step	Top Step
1st period	$19.17	$19.82	
2nd period	$19.78	$20.45	
3rd period	$20.41	$21.10	
4th period	$21.06	$21.78	

Classifications: (Grandfathered) Laborer

LABOR GRADE 10

	First Step	Second Step	Top Step
1st period	$17.92	$19.17	
2nd period	$18.49	$19.78	
3rd period	$19.08	$20.41	
4th period	$19.69	$21.06	

Classifications: Laborer b)

a) Employees who transfer or job bid into a journeyman position on or after April 23, 1987, shall be covered by this Labor Grade. Advancement to a Labor Grade 1 Senior Journeyman position shall occur only through the job bid and request for transfer provisions.

b) This Labor Grade applies to all new Laborers and those who request for transfer to the Laborer classification on or after April 23, 1984.

SECTION 38. STEP RATE PROGRESSION

1. All employees will progress to the next step rate on his classification anniversary date, until he reaches the top rate of his Labor Grade, provided he is qualified to do the job.

SECTION 39. ESTABLISHED LINES OF PROGRESSION

Employees will progress through the established lines of progression set out below:

Production, Scrubber and Solid Waste, Mechanical, Instrumentation, Electrical, Machine Shop, Fuels Equipment Operations, Fuels Equipment Maintenance, Lab and Warehousing Departments.

Production
1. Control Room Operator
2. Auxiliary Operator
3. Utility (Operations)

Scrubber and Solid Waste a)
1. Scrubber Operator
2. Auxiliary Operator (Scrubber)
   Solid Waste Operator
3. Utility (Scrubber)

Mechanical
1. Senior Mechanic
2. Mechanic
3. Utility (Mechanical)

Instrumentation
1. Senior Technician (Instrument)
2. Technician (Instrument)
3. Utility (Instrument)

Electrical
1. Senior Electrician
2. Electrician
3. Utility (Electrical)

Machine Shop
1. Senior Machinist
2. Machinist
3. Utility (Machinist)

Fuels Equipment Maintenance
1. Senior Equipment Mechanic
2. Equipment Mechanic
3. Utility (Equipment Maintenance)

Fuels Equipment Operations
1. Senior Equipment Operator
2. Equipment Operator
3. Utility (Equipment Operations)

Warehousing
1. Storekeeper
2. Assistant Storekeeper

Lab
1. (Grandfathered) Lab Technician "A"
   Lab Technician

Laborer b)
Laborer

a) The Scrubber Auxiliary and the Solid Waste Operator shall be treated as a combined classification for the purpose of layoff, displacement, and recall (Section 15) and permanent transfer (Section

18.2). The Scrubber Auxiliary or the Solid Waste Operator shall be offered the adjacent classification's unscheduled overtime, referred to in Section 19.10, before offering the unscheduled overtime to the Utility classification.

b) Laborers are not in an established line of progression.

The parties agree that the ratio of senior journeyman to journeyman may not be less than 1 to 1 for the first four positions in each journeyman department at each work facility and such ratio may not be less than 2 to 1 for all additional senior journeyman and journeyman positions in the department. Such ratios may be maintained by the Company provided that business conditions allow such a ratio to exist.

SECTION 40. IN WITNESS WHEREOF

1. IN WITNESS WHEREOF, this Agreement is executed the 18th day of May, 2009.

BIG RIVERS ELECTRIC CORPORATION
by

Mark A. Bailey
President & CEO

Vice President Administrative Services

LOCAL UNION 1701, INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS,
AFL-CIO
by

Gary D. Osborne
Gary D. Osborne
Business Manager & Financial Secretary

Tim West
Tim West, Chairman

Donna Haynes
Donna Haynes

Robert Melloy
Robert Melloy

Neal Benningfield
Neal Benningfield

RELATED

INFORMATION

SECTION

MECHANICAL, INSTRUMENTATION, AND ELECTRICAL OVERTIME GUIDELINES

Distribution of overtime shall be on the basis of departmental seniority and according to a set sequence, providing that all business considerations made on behalf of safety, qualifications, efficiency, economics, and orderly operations do not prevail.

1. By the end of the employee's first shift on Thursday of the previous workweek, overtime lists by seniority in department, classification, and shift involved will be posted at each facility.

2. When scheduled overtime is available, before the work schedule is posted at the end of the first shift on Thursday, it is Management's responsibility to identify the most senior employee on the overtime list and offer this employee the overtime opportunity on this work schedule. This sequence will continue down the overtime list until someone accepts the overtime opportunity. If no one accepts the overtime opportunity, the least senior employee will be required to work the overtime.

3. When scheduled overtime is available, after the work schedule was posted at the end of the first shift on Thursday, it is Management's responsibility to identify the least senior employee on the overtime list and offer that employee the overtime opportunity. The employee offered the overtime assignment will work the overtime unless he arranges for a substitute acceptable to the Company. It is the employee's responsibility to use the set overtime list to find the replacement.

4. When unscheduled overtime is available, it is Management's responsibility to offer the least senior employee the overtime assignment. The employee offered the overtime assignment will work the overtime unless he arranges for a substitute acceptable to the Company. It is the employee's responsibility to use the set overtime list to find the replacement.

5. Management holds no responsibility for the employee's improper use of the set overtime list as set out in Paragraphs 3 and 4 above.

OPERATIONS/SCRUBBER UNSCHEDULED OVERTIME GUIDELINES

Distribution of "unscheduled overtime" shall be on the basis of departmental seniority and according to a set sequence, providing that all business considerations made on behalf of safety, qualifications, efficiency, economics, and orderly operations do not prevail. (e.g. avoiding extra expense for SDO-1 and SDO-2 employees; employees already having worked or are scheduled to work three or more hours beyond their regular shift not being required to work additional overtime for that day and not normally being offered such overtime; etc.)

1. When overtime is available, Management will ensure the following sequence will be used, utilizing the appropriate lists as follows:

a) For Hold-Over and Report-In overtime, use the list for the shift where the overtime is being offered. The order of offering overtime by classifications is as follows:

1) The classification where the opening occurs.

2) Qualified employees in the next lower classification.

3) Qualified employees in the next higher classification.

b) For Call-In overtime, use the list for the shift following the shift where the vacancy first

occurred. The order of offering overtime by classifications is as follows:

1) The classification where the opening occurs.

2) Qualified employees in the next lower classification.

2. If the vacancy is not filled voluntarily using the steps above, the appropriate employee in the same classification where the vacancy causing overtime first occurred will be required to work the overtime.

REMEDY FOR VIOLATION OF OVERTIME GUIDELINES

The appropriate remedy for violation of the overtime guidelines shall be as follows:

1. When an unintentional violation occurs and is grieved after the overtime has been worked, the employee(s) who files a grievance and was eligible for the overtime shall be offered make-up overtime hours equal to the number of hours missed as a result of the violation, within 30 days of the violation. This make-up overtime shall not be on work that would be performed on an overtime basis, and the overtime rate shall not be less than the rate the employee would have received, had the violation not occurred.

2. When an intentional violation occurs or the Company is made aware of a violation prior to the start of the overtime assignment and does not assign the overtime to the appropriate employee(s), the employee(s) who files a grievance and was eligible for the overtime shall receive pay in an amount equal to the amount the employee would have received had the employee worked the overtime.

In any case above, the Company's liability will not exceed the hours paid to the employee(s) during the disputed overtime occurrence.

12-HOUR ROTATING WORK SCHEDULE AGREEMENT

The Company and the Union mutually agree that the provisions negotiated between the parties permit the rotating shift departments as of July 17, 2009, to continue to work 12-Hour Rotating Work Schedules. Contained herein are the mutually agreed to deviations from the collective bargaining agreement (the Agreement) between the parties for application to 12-Hour Rotating Work Schedules. The 12-Hour Rotating Work Schedule mutually approved by the Company and the Union shall be a part of this 12-Hour Rotating Work Schedule Agreement.

The 12-hour Rotating Work Schedule shall continue for the life of the Agreement or until either party gives 30 days written notice to the other that they want the 12-Hour Rotating Work Schedule to be discontinued.

The following summarizes the mutually agreed to deviations between the administration of work schedules permitted under the parties' collective bargaining agreement and the 12-Hour Rotating Work Schedules permitted by this 12-Hour Rotating Work Schedule Agreement:

SECTION 11. GRIEVANCE PROCEDURE

1. The seven days will become 14 days.

SECTION 19. HOURS, OVERTIME AND PREMIUM PAY

1. An employee working a 12-Hour Rotating Work Schedule shall be paid the appropriate overtime rate for all hours worked outside his scheduled work shift or in excess of 12 straight-time hours in a standard workday. He shall be paid the appropriate overtime rate for all hours worked over 40 straight-time hours in a standard workweek.

2. Time and one-half shall be paid for all hours worked by an employee working a 12-Hour Rotating Work Schedule on his first full Scheduled Day Off (SDO-1) and double-time for all hours worked on his last full Scheduled Day Off (SDO-2). Hours of scheduled work performed on Other Scheduled Days Off (OSDO) will be paid at time and one-half, provided the 12-Hour Rotating Work Schedule employee has satisfied the over 40 hours of straight-time worked requirement.

3. All hours for which an employee receives straight-time pay will be considered as time worked for the purpose of meeting the over 40 straight-time hours requirement.

4. The Rotating Shift premium shall be paid for all straight-time hours worked to employees working a 12-Hour Rotating Work Schedule. The Rotating Shift premium shall be paid at time and one-half for all overtime hours worked.

5. No other shift premium or Sunday premium will apply to employees working a 12-Hour Rotating Work Schedule, except as set out above.

6. The Company, where appropriate, will utilize off-duty employees by the current overtime guidelines to cover unscheduled overtime work circumstances prior to utilizing on-shift employees. Each week, employees may sign a daily, volunteer overtime signup list for the following workweek. Employees, beginning with those that signed the volunteer list, on their short time off will be utilized before employees on their long time off.

SECTION 23. SICK LEAVE PAY

1. A regular full-time employee working a 12-Hour Rotating Work Schedule will not be paid sick leave pay for non-occupational illnesses for the first two full consecutive working days of any one continuous absence.

2. An employee who reports for work on a straight-time scheduled workday but is forced by illness to leave work before working more than six hours shall have the day counted as one day of the required waiting period.

3. Sick leave pay shall not exceed 12 hours pay for a scheduled straight-time workday, nor be in excess of a scheduled workweek, to exclude any overtime work on an off day.

4. Sick leave pay will be paid at the employee's base straight-time rate.

SECTION 24. WORKERS' COMPENSATION PAY

1. Workers' compensation pay shall be paid at a rate of 75 percent of the employee's base straight-time pay rate in effect at the onset of the illness or injury.

2. Workers' compensation pay shall not exceed 12 hours pay per scheduled straight-time workday, nor be in excess of a scheduled workweek.

3. A regular full-time employee working a 12-Hour Rotating Work Schedule will not be paid workers' compensation pay for industrial illness or injury for the first two full consecutive working days of any one continuous absence.

4. If an employee working a 12-Hour Rotating Work Schedule is absent for five or more consecutive scheduled workdays, he shall be compensated at a rate of 75 percent of his base straight-time pay rate for the first two full working days of the continuous absence.

5. The Company may assign the 12-Hour Rotating Work Schedule employee, absent on an extended leave, to a 40 hour workweek for successive full payroll periods.

6. Successive disabilities, separated by less than six consecutive 12-Hour Rotating Work Schedule working days of regular full-time work, will be considered the same disability unless the subsequent disability is due to a different cause.

SECTION 25. PERSONAL DAY PAY

1. Each personal day will be paid at a rate of 12 hours at the employee's base straight-time pay rate.

2. The paid personal day cannot be taken on any SDO or a scheduled holiday.

SECTION 26. FUNERAL LEAVE

1. An employee will receive up to 12 hours pay, paid at his base straight-time pay rate, for each scheduled straight-time funeral leave day.

SECTION 27. JURY DUTY

1. An employee serving on jury duty will receive up to 12 hours pay, paid at his base straight-time pay rate, for scheduled straight-time workday absences.

SECTION 29. EMERGENCY RESCUE TEAM

1. A vacation day will be 12 hours.

SECTION 30. VACATION

1. An employee will receive up to 12 hours vacation pay, paid at his base straight-time rate, for each scheduled straight-time workday taken as vacation; including up to 12 hours vacation pay for the fourth scheduled straight-time workday in the scheduled 48 hour workweek.

SECTION 31. HOLIDAYS

1. An employee scheduled off on a shift observed as his holiday will receive eight hours holiday pay, paid at his base straight-time pay rate. Such employee shall have the option to use vacation pay for the balance of the hours of the scheduled holiday.

2. An employee who works on a shift observed as his holiday will receive pay at the rate of time and one-half for all hours worked on the holiday. In addition, the employee will receive eight hours holiday pay, paid at his base straight-time pay rate.

SECTION 33. PENSION

1. For the purpose of pension plan administration, contributions will be calculated for all hours paid in any two week pay period, regardless of the premium payment, not to exceed 80 hours in any two week pay period, for all regular full-time employees working a 12-Hour Rotating Work Schedule.

MEMORANDUM OF UNDERSTANDING

RE: AUTOMATIC STEP RATE PROGRESSION EMPLOYEES
(Mechanical, Electrical, Instrumentation, Fuels Equipment Maintenance, and Machinist)

In the event an employee covered under Section 38 of the 2007 WKE Labor Agreement between WKE and IBEW Local 1701 should ever be displaced to a utility or laborer position, upon recall to the journeyman line of progression, the employee shall be returned to his highest position previously held. Upon loss of recall rights, the employee shall have bid rights as all other step rate progression employees. After a successful bid to a journeyman classification, the employee will automatically progress on his classification anniversary date until he reaches the top step of Labor Grade 1.

LETTER OF INTENT

RE: Calculation of the 16 hours worked and 12 hour rest period set out in the labor agreement.

When calculating whether 16 hours has been worked in a 24 hour period or when applying the 12 hour rest period provision, the following rules apply:

a) In the event an employee works 16 hours in a 24 hour period, the 12 hour rest period hours shall not be included in a subsequent 16 hours worked calculation.

b) There is no pay due an employee who has been excused from and does not work the scheduled hours outside his 12 hour rest period. In respect to such non-premium hours, the employee may be excused from such hours of work without pay, provided Management approves the employee's request to go home and rest, rather than work. Or, if there is a concern by the Company because of the long hours worked for the safety of the employee and/or for his fellow workers, the Company may direct the employee to go home to rest, without pay, during the non-premium hours of the scheduled shift. If the employee is directed to go home, as set out herein, during scheduled overtime hours the appropriate contractual overtime cancellation notice must be applied.

c) Time taken for meals outside of the employee's scheduled shift is restricted to "ample time only." Time taken for such non-scheduled meal breaks is included in the 16 hours worked calculation. The parties agree that "ample time only" is the necessary time for an employee to eat, but at no time shall the meal break exceed 20 minutes.

See attached chart for examples of how to calculate the 16 hours worked and 12 hour rest period.

EXAMPLES OF 9/28/94 LETTER OF INTENT

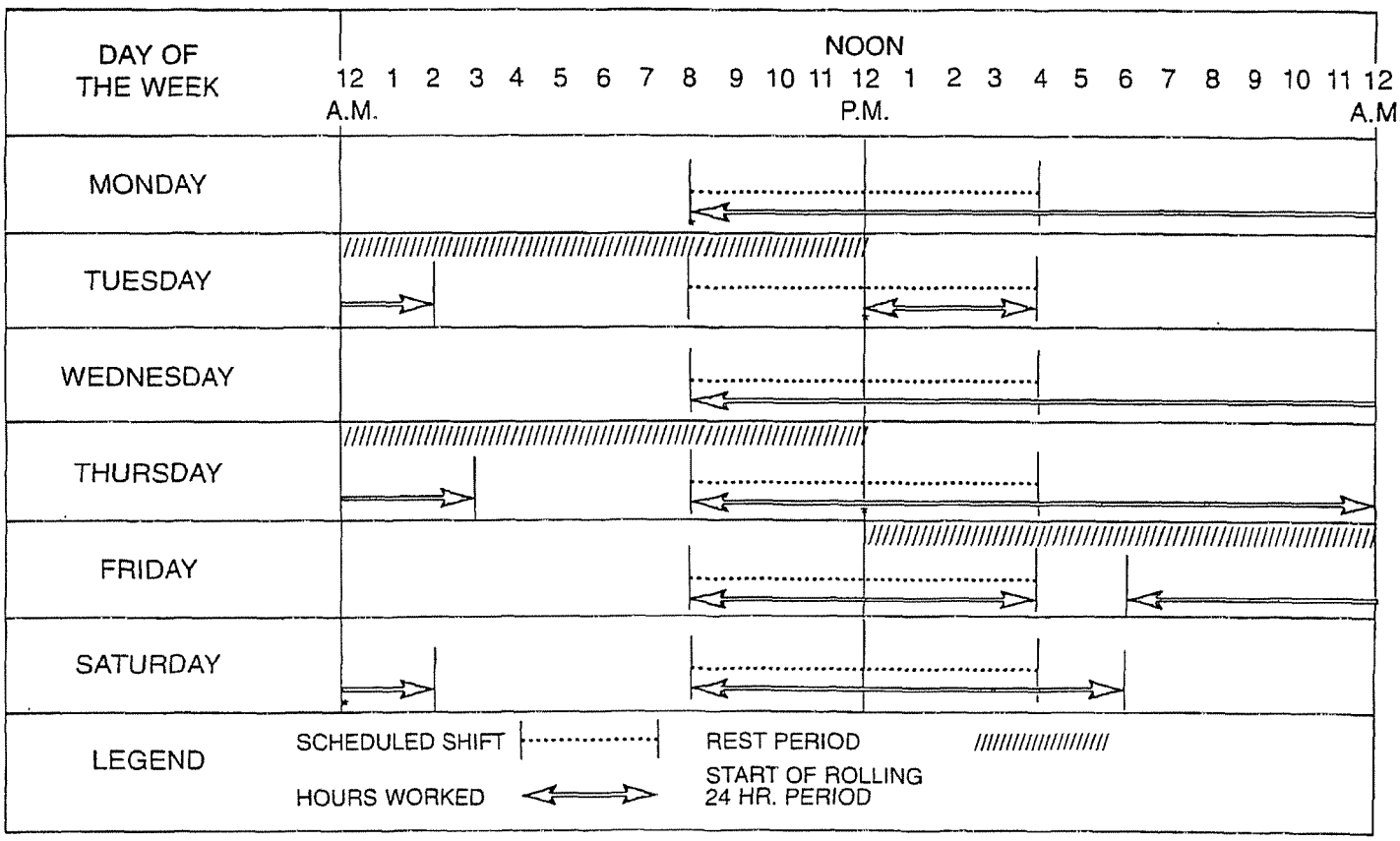


Chart A

John Doe's Weekly Schedule Posted Shift

Shift A Week Ending 7-15-93

Employee	Sun	Mon	Tues	Wed	Thur	Fri	Sat
Doe	SDO-2	8-4	8-4	8-4	8-4	8-4	8-4 SDO-1

John Doe actualy works the following time for week ending 7-15-93.

Sunday = SDO-2, Off

Monday = 8 am until 2 am - Tuesday - unscheduled hold over

Note: Due to the unscheduled hold over, the 12-hour rest period starts at 12 am Tuesday and lasts until 12 pm Tuesday.

uesday = Off work with straight time pay from 8 am - 12 pm; Works 12 pm - 4 pm

8 am - 12 pm/ in work 12 pm - 4 pm

Wednesday = 8 am until 3 am Thursday - unscheduled hold over

Thursday = 8 am until 12 am Friday - unscheduled hold over

Friday = 8 am until 4 pm - Called in 6 pm until 2 am Saturday

Saturday = 8 am until 6 pm

How should John be paid?

Mon	8 am until 4 pm 8 hrs straight time	4 pm until 12 am 8 hrs time and 1/2		
Tues	12 am until 2 am 2 hrs double time	8 am until 12 noon 4 hrs straight time	12 pm until 4 pm 4 hrs straight time	
Wed	8 am until 4 pm 8 hrs straight time	4 pm until 12 am 8 hrs time and 1/2		
Thur	12 am until 3 am 3 hrs double time	8 am until 12 noon 4 hrs double time	12 noon until 4 pm 4 hrs straight time	4 pm until 12 am 8 hrs time and 1/2
Fri	8 am until 12 noon 4 hrs straight time	12 noon until 4 pm 4 hrs double time	6 pm until 12 am 6 hrs double time	
Sat	12 am until 2 am 2 hrs time and 1/2	8 am until 6 pm 10 hrs time and 1/2		

	Hrs Per Day	Time	Time and 1/2	Double
Mon	16	8	8	
Tues	10	8		2
Wed	16	8	8	
Thur	19	4	8	7
Fri	14	4		10
Sat	12		12	

MEMORANDUM OF UNDERSTANDING

RE: Certain transition issues concerning WKE employees hired by Big Rivers when it resumes control of the power plant operations on the unwind closing date.

1. WKE employees hired by Big Rivers when it resumes control of the power plant operations shall receive credit for service with WKE and prior service with Big Rivers, for purposes of determining eligibility for enrollment or participation in any employee benefit plan or program to be made available to them, and entitlement to those benefits.

2. Entitlement to vacation, personal days, and floating holidays in 2009 post-close, for WKE employees hired by Big Rivers at close, will be that unused entitlement transferred from WKE to their credit at Big Rivers as of the closing date. Their accrual of vacation in 2009 for 2010, and their personal day and floating holiday entitlement in 2010, will be in accordance with the generation division labor agreement between Big Rivers and the Union. WKE employees' sick leave balances at close will also be transferred to their credit at Big Rivers. With regard to FMLA coverage, the WKE employees' entitlements will be the same as if employment by WKE and Big Rivers were continuous employment by a single employer.

3. Disciplinary records pertaining to employment at WKE, for those WKE employees hired by Big Rivers at close, will not be used in any disciplinary actions post-close, except that employees subject at close to any conditions as a result of a positive result under the drug and alcohol program will remain subject to those conditions.

4. WKE employees hired by Big Rivers at close will retain the departmental, company, and bargaining unit seniority they had at WKE as of the closing date.

Big Rivers' Labor Agreements with IBEW Local 1701 - October 15, 2008

AGREEMENT

BIG RIVERS

ELECTRIC CORPORATION

AND

INTERNATIONAL BROTHERHOOD

OF

ELECTRICAL WORKERS

LOCAL 1701

October 15, 2008

GARY OSBORNE
BUSINESS MANAGER

TOMMY HOWARD
CHAIRMAN

MIKE THOMAS
VICE CHAIRMAN

DANNY GISH
RECORDER

MARTY HITE
EXECUTIVE COMMITTEE

TOMMY HOWARD
CHIEF STEWARD

MARTY HITE
STEWARD

INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS
LOCAL 1701
2911 WEST PARRISH AVENUE
OWENSBORO, KY 42301
TELEPHONE: 270-684-3058

INDEX

RELATED INFORMATION SECTION

SECTION 1. AGREEMENT

1. This Agreement is entered into the 15th day of October, 2008, by and between the transmission division of BIG RIVERS ELECTRIC CORPORATION, located in Henderson, Kentucky, hereinafter referred to as the Company, and LOCAL UNION 1701 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO, hereinafter referred to as the Union, who hereby agree as follows:

SECTION 2. DURATION AND TERMINATION

1. This Agreement shall commence October 15, 2008, and shall continue in full force and effect until 11:59 p.m. October 14, 2012, when it shall terminate. If any party desires to renew this Agreement, they shall give the other party written notice to that effect not less than 60 days nor more than 90 days prior to October 14, 2012, except by written consent of the parties.

SECTION 3. AGREEMENT IN FULL

1. This Agreement expresses the entire agreement of the parties, and the Company and the Union, for the life of this Agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated to bargain collectively with respect to any subject matter referred to or covered in this Agreement, or with respect to any subject matter not specifically referred to or covered in this Agreement. Both parties agree to meet (upon request of either party) quarterly for clarification of Agreement language (not grievances), if necessary.

SECTION 4. NONDISCRIMINATION

1. Neither the Company nor the Union will discriminate against any employee because of race, color, sex, religion, age, national origin, handicap or veteran. Wherever the male gender pronoun is used, or wherever a job classification is described with a male term in this Agreement, it is understood it shall apply to either male or female.

SECTION 5. WITNESSETH RECOGNITION CLAUSE

1. The Company recognizes the Union as the exclusive representative for the purpose of collective bargaining with respect to wages, hours of employment and all other conditions of employment of all operation and maintenance employees of the Company employed throughout its transmission system in Kentucky, including utilities, storekeepers, assistant storekeepers, equipment mechanics, senior journeymen, journeymen, groundmen, right-of-way maintenance, and laborers; BUT EXCLUDING, all office clerical and building attendants, all temporary employees hired for up to but not more than 60 working days during the life of this Agreement for laborer duties only, all professional, administrative and management employees, guards and supervisors as defined in the Act, as set out in the Certification of Representative being NLRB Case No. 25-RC-5955 duly certifying the Union in the bargaining unit set out above. The Union's Business Manager will be informed of all bargaining unit and temporary employees hired as described above. Any laid off employee will be recalled prior to hiring temporary employees.

SECTION 6. PUBLIC OBLIGATION (NO STRIKE-NO LOCKOUT)

1. It is expressly understood and agreed that the services to be performed by the employees pertain to and are essential to the operation of a public utility and the welfare of the public is dependent thereon requiring continuous operation, and it is agreed, in recognition of such obligation of continuous service that,

during the term of this Agreement, there shall be no collective cessation of work by members of the Union and neither the Union, nor its members, agents, representatives, or employees of the Company or any individual employees, shall incite, encourage, condone, support, or participate in any strike, slowdown, work stoppage, picketing, sympathy strike, refusal to cross a picket line, or other curtailment or interference interrupting the Company's production, deliveries, or operations, in any manner whatsoever during the life of this Agreement for any cause whatsoever, or take any action which results in the prohibited conduct, even in sympathy with disputes involving different groups of employees and this same labor organization, or other labor organizations, groups of employees, or individual employees. In the event of such strike, sympathy strike, slowdown, work stoppage, picketing, refusal to cross picket line, or other curtailment or interference with the Company's production, deliveries, or operations, or a threat thereof, the Union and its officers and agents will do everything within their power to immediately end or avoid the conduct prohibited in this Paragraph.

2. Further, in consideration of this Agreement, the Company shall not lock out its employees during the term of this Agreement.

SECTION 7. INTENT, PURPOSE AND SCOPE OF AGREEMENT

1. It is the intent and general purpose of this Agreement to promote the mutual interest of the Company and its employees. The Union recognizes that the Company is a public service corporation engaged in furnishing electricity and is subject to regulation by utility regulatory bodies, and is required to furnish adequate and continuous service. This Agreement is to provide for the operation of the Company's business under methods which will further, to the fullest extent possible, the safety of the employees, economy and efficiency of operation, elimination of waste, realization of maximum quantity and quality of output, cleanliness, and protection of property.

2. The parties hereto recognize that continuous service of the Company is of vital importance to its customers in the area served, and that any interruption of such service directly affects individuals in their everyday lives and disrupts the orderly conduct of the business in the area served and the parties will cooperate fully to avoid any interruption to such service.

3. Each employee covered by this Agreement shall be responsible, at all times, for having his correct address and personal phone number recorded with the Company. All notices shall be deemed to have been given in accordance with this Agreement if mailed to the last address given to the Company.

4. It is further understood and agreed that this Agreement together with any written appendancy supplements or letters of understanding hereto contains all understandings oral or written between the Company and the Union.

5. This Agreement cannot be modified or amended except in writing signed by the Company and the Union. No individual shall have any right to modify, amend or revoke this Agreement.

SECTION 8. MANAGEMENT RIGHTS

1. The management of the business of the Company and the direction of its employees are the exclusive responsibilities of Management, except as expressly modified by the terms of this Agreement. The sole and exclusive rights of Management which are not abridged by this Agreement, which include but are not limited to, its right to select and direct the working force; to determine, and from time to time to redetermine the number, location and types of its facilities and operations and the methods, processes and materials to be employed; to hire, promote, discipline or discharge for cause; to establish, allocate, and change work schedules and assignments; to transfer employees from one job classification or location to another; or to relieve employees from duties because of lack of work or other legitimate reasons; the right to study or introduce new or changed production methods, machinery, tools and equipment or facilities and to determine

the quantity and quality of the materials and workmanship required; to establish, determine, maintain, and enforce standards of production; to determine and redetermine job content; to contract with others to make improvements, changes, or repairs to the plant, equipment, or machinery, subcontract work, whatever may be the effect upon employment; to expand, reduce, combine or cease any job, department, operation or service; to determine starting and quitting times and determine the number of hours and shifts to be worked; to alter, rearrange, or change, to extend, limit, or curtail its operations or any part thereof, or to shut down completely or any part thereof whatever may be the effect upon employment; to make such reasonable rules and regulations, not in conflict with this Agreement as it may from time to time deem best for the purpose of maintaining order, safety, and the effective operation of the business and after advance notice of such rules and regulations to require compliance therewith.

2. Management shall have all other rights and prerogatives including those exercised unilaterally in the past, subject only to express restrictions on such rights, as are provided in this Agreement.

SECTION 9. UNION REPRESENTATION

1. The Company recognizes the right of the Union to designate, from the seniority list, union representatives who will represent employees in the bargaining unit. The Union may designate one steward who will also serve as the chief steward. The Union may appoint one temporary steward to act in the absence of the chief steward. The authority of these representatives shall be limited to handling Union business as may be necessary in the investigation and presentation of grievances and, if requested by an employee, be present at interviews that involve or may lead to discipline. The chief steward will also perform in the capacity of the safety representative.

2. Union representatives shall be permitted to absent themselves from work with reasonable frequency and for reasonable lengths of time to transact official Union business, without pay, provided such absences do not unreasonably interfere with production. Examples of such reasons for absences are as follows:

Assisting Business Manager with Company related work.

Attendance at Union related schools, seminars, and conventions.

Each employee shall submit his request to his supervisor for participation in such Union business as soon as he is aware of such event, but no later than two weeks prior to the requested absence. All requests for absences for Union business shall be in writing. All such requests not in compliance with the notice requirement will be given consideration at the Company's sole discretion.

3. In meetings with the Company, no employee shall be paid unless the meeting is initiated at the Company's request. Meetings called to discuss joint Company and Union issues such as contract interpretation, labor relations, Third Step Grievances and Retirement Committee Meetings will be considered as meetings for the mutual benefit of the parties and the employee is due pay only if he is scheduled to work the hours during which the meeting is held. In no event is the employee to be paid overtime for such meetings.

4. In meetings initiated by the Company such as safety meetings, First or Second Step Grievance Meetings, disciplinary meetings, or other employer/employee relation meetings, the employee(s) will be paid the appropriate regular or overtime rate.

5. If an employee is subpoenaed by the Company for arbitration or other legal proceeding, the Company, at its discretion, will work with the employee to see that his presence in conjunction with his work schedule is not an undue burden on the employee. The employee subpoenaed on his off days, at the Company's discretion, will be given either compensatory time off (hour-for-hour) or be paid the appropriate

rate. The subpoenaed employee will be reimbursed at the appropriate rate for necessary mileage traveled.

6. Any one employee of the Company within the scope of this Agreement who is elected to an office in the Union, or is appointed to an office in the Union requiring his absence from duty with the Company, may be granted a leave of absence for a period not to exceed three years and 30 calendar days, and shall continue to accumulate seniority with the Company throughout such leave of absence. An additional leave of absence will be granted thereafter for each succeeding term of elective or appointive office. During such period of leave of absence, such employee shall accrue no vacation or sick leave credit. During such leave of absence, the employee may participate in the Disability Insurance Plan, the Medical and Dental Insurance Plans, the Group Life Insurance Plan, the Savings Plan, and the Retirement Plan, as available to regular employees of the Company, except that the total premium costs shall be paid by the Union to the Company. Premium costs, to the extent they are based on hourly wage rate, are based upon the hourly wage rate for the most recent job classification the employee held at the time such leave of absence began. Any such employee shall, upon termination of such leave of absence and upon return to duty, be reinstated in his former position, including his seniority and rights, after a reasonable training period, provided he is physically able to perform the duties of the position. It is understood and agreed that in case of return of such an employee to duty with the Company, other employees will consent to such displacement or layoff as is necessary to make room for him. The Union agrees to indemnify and hold the Company harmless against any and all claims, demands, suits, or other courses of action or liability that may arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any of the provisions set out in this Paragraph.

SECTION 10. UNION MEMBERSHIP REQUIREMENT

1. All new employees covered under this Agreement shall arrange with the Union for membership therein after the 30th day of employment as a condition of employment. Employees that are members of the Union shall maintain their membership.

2. Should a member become delinquent in the payment of his Union Dues, the employee is no longer a member in good standing and the employee will be a suspended member. The Union will serve on the employee a Final Payment Notice which will specify the deadline for payment of the dues.

3. Should the dues not be paid in accordance with the Notice, the Union will request that the employee be terminated.

4. The Company agrees to deduct, upon receipt of a signed VOLUNTARY DUES CHECK-OFF AUTHORIZATION FORM, Union Dues from the pay of each employee. The amount to be deducted will be the amount specified by the Union Bylaws and such amount (including increases and decreases) shall be certified to the Company by the Union.

5. Union Dues will be deducted from the employee's pay only after all other payroll deductions have been taken. If there is not sufficient pay available to deduct dues, the dues shall be deducted in a subsequent paycheck. Should an employee be on an extended leave which prevents sufficient dues from being collected through payroll deductions, it shall be the employee's responsibility to pay his uncollected Union Dues directly to the Union for the extended leave period.

6. Voluntary Dues Check-Off Authorization shall automatically be renewable on each anniversary date of the existing collective bargaining agreement between the Company and the Union. Any member may revoke his Voluntary Dues Check-Off Authorization provided written notice is given to the Company and the Union. Such written notice shall only be accepted during the period of May 1 and May 20 of each calendar year and such request for revocation shall become effective the first pay period of June.

7. The Company shall forward the deducted Union Dues by check, accompanied by a report listing the employees alphabetically, to the Union no later than the last day of the calendar month following the

month in which they are deducted, except for the following months of:

a) August, which is due by September 15,

b) November, which is due by December 15,

c) February, which is due by March 15, and

d) May, which is due by June 15.

8. An employee who does not authorize Union Dues deductions shall be responsible for payment of his Union Dues directly to the Union.

9. Authorized dues deductions are solely for Union Dues and shall not include new member "initiation fees" or "fines" levied by the Union against a member. It shall be the responsibility of the new or existing employee to contact the Union to determine and comply with such Union fees to maintain the employee in good standing with the Union. The dues deduction shall be terminated for any employee who terminates his employment or transfers out of the bargaining unit.

10. The Company assumes no responsibility of any kind in connection with dues deductions other than to remit to the Union the amount deducted by the Company. The Union agrees to indemnify and hold the Company harmless against any and all claims, demands, suits, or other courses of action or liability that may arise out of or by reason of action taken or not taken by the Company for the purposes of complying with any of the provisions set out in this Section.

SECTION 11. GRIEVANCE PROCEDURE

1. Any dispute which the Union or the employees in the bargaining unit may have regarding the Company's interpretation or application of the Agreement shall constitute a grievance and shall be processed in the following manner.

STEP ONE: Before submitting a written grievance, the employee shall first orally discuss the problem with his supervisor. In the event the grievance is not settled by his immediate supervisor, the employee shall reduce the grievance to writing, signed by the aggrieved employee and stating the provision(s) in this Agreement that the employee claims has been violated and, within seven days from the occurrence of the event giving rise to the grievance, submit it to his immediate supervisor. The employee may seek assistance in the preparation of his grievance from his steward on their own time, including their lunch and break time. The supervisor within seven days shall give his answer.

STEP TWO: If the grievance is not resolved in Step One, the chief steward within seven days may submit the grievance to the Manager of Transmission or his designee, who shall answer the grievance in seven days.

STEP THREE: If the grievance is not resolved in Step Two, the chief steward, within seven days shall submit the written grievance to a panel of Union and Company representatives for settlement. Union and Company representatives consisting of the Union's Business Manager, Chief Steward, the Company's Human Resources Representative, Manager of Transmission, and Vice President if necessary, will meet quarterly at ET&S or another mutually agreeable location to discuss Third Step Grievances. If no settlement is agreed upon by the panel within 30 days of submission to Step Three, the grievance may be submitted to arbitration. An International Representative of the

IBEW may be present at this step to assist the Union.

2. Any grievance upon which an answer is not made by the Company within the time limits prescribed, or any extension which may have been agreed to, may be referred to the next step in the grievance procedure, the time limit to run from the date when time for the answer expired. Any grievance not carried to the next step by the Union within the prescribed time limits, or such extension which may have been agreed to by the Company, shall be automatically settled upon the basis of the Company's last decision. The above time limits may be extended by mutual agreement between the parties.

3. A grievance involving discharge will commence at Step Three of the grievance procedure. A grievance from a discharged employee will be submitted to the Company Human Resources Department located at 201Third Street, Henderson, Kentucky 42420.

4. All grievances must be presented in writing within seven days after the occurrence of the event giving rise to the grievance; otherwise, it shall not be entitled to consideration.

5. In computing any period of time in the Grievance and Arbitration Procedure, all Saturdays, Sundays and recognized holidays shall be excluded.

SECTION 12. ARBITRATION

1. The Union may request arbitration of a grievance unsettled at the last step of the grievance procedure and submit the grievance to a final and binding arbitration by serving a written demand for arbitration upon the Company within 15 days from the date of the last meeting in Step Three of the grievance procedure. If the parties are unable to select an arbitrator by mutual agreement, the Union shall initiate the Joint Request for Arbitration Panel form as required by the Federal Mediation and Conciliation Service.

2. The Federal Mediation and Conciliation Service will submit a list or lists of seven arbitrators. The Union shall strike from the list one name, the Company shall strike one of the remaining six names, the Union the fifth name, the Company the fourth name, and so on until the last remaining name shall be the Arbitrator.

3. The fee and expenses of the Arbitrator shall be borne by the party that is the loser in the arbitration award. In an event that the award declared by the Arbitrator is determined to be a split decision, the fees and expenses of the Arbitrator shall be shared equally by the Company and the Union. Each party shall assume any expenses in presenting its own case.

4. The Arbitrator shall have no power to add to, subtract from or modify any of the terms of this Agreement or any Agreement made supplementary hereto, nor to rule on any matter arbitrable under this Agreement except while this Agreement is in full force and effect between the parties.

5. Claims against the Company will not be accepted for consideration which cover a period of more than 30 days prior to the date the grievance was first filed in writing. In such cases, retroactive claims and awards therefore shall be limited to a period of 30 days prior to the date the claim was first filed in writing.

6. No more than one grievance may be submitted to or be under review by any one arbitrator at any time unless by prior mutual written agreement of the parties.

SECTION 13. PROBATIONARY EMPLOYEES

1. All employees, from their last date of hire, will be on probation for the first 180 calendar days of their regular full-time employment during which time they will be termed probationary employees.

2. When a non-bargaining unit employee transfers to a job within the bargaining unit he must, as a condition of continued employment, satisfactorily complete his full probationary period as defined within this Section. In addition he shall be entitled to the following:

a) To use his accumulated continuous Company seniority to satisfy the eligibility requirements for all benefit programs provided by this Agreement.

b) To use his accumulated continuous Company seniority for accrual of vacation and retirement benefits. Such an employee shall be assigned a new bargaining unit seniority date effective the first day of transfer to the bargaining unit and this date shall be the basis within the bargaining unit for job bidding, vacation preference, and layoff determination.

3. Probationary employees' service with the Company may be terminated at any time by the Company in its sole discretion, without recourse to a grievance and arbitration procedure.

4. Probationary employees are entitled to medical insurance, dental insurance, life insurance, workers' compensation and military duty leave on the first day of full-time employment as expressed under the specific provisions of this Agreement and the plan documents.

5. Probationary employees accrue vacation and sick days, but they are not entitled to such benefits until the probation period is successfully completed as set forth above, and entitlement to such benefits are further governed by the specific provisions of the Vacation and Sick Leave Pay sections of this Agreement.

6. Probationary employees become eligible for long term disability coverage when they satisfactorily complete the following:

a) Three consecutive months of regular full-time employment without a continuous absence as defined within this Section.

b) Must be at work on the final day of the three months eligibility period, or the coverage will not start until the employee returns to regular full-time work.

c) Three months of continuous disability resulting from a medically approved physical or mental condition.

Entitlement to long term disability coverage is further governed as expressed under the specific provisions of this Agreement and the plan document.

7. A probationary employee does not have job bid rights. However, he may submit a Request for Transfer. Probationary employees are not entitled to compensation for funeral leave, jury duty, educational benefits or holidays until the probationary period is successfully completed as set forth above. However, probationary employees will receive pay at the rate of time and one-half their regular straight-time rate for all hours worked on a day observed as a holiday by the terms of this Agreement. The overtime pay provisions that apply to a seniority employee shall also apply to a probationary employee.

8. Once an employee has successfully completed his full probation period as set forth above, he becomes a seniority employee.

SECTION 14. SENIORITY

1. Seniority is defined as an employee's length of continuous regular full-time service from his last date of hire, except that a new employee shall be on probation for the first 180 calendar days of his employment as set forth in the Probationary Employees section of this Agreement.

2. The term seniority as used in this Agreement will be construed to mean departmental seniority, Company seniority or bargaining unit seniority. The definition of each is as follows:

a) Departmental seniority shall be measured from the date an employee is assigned to a job classification within an established line of progression. An employee shall not have seniority in more than one department at any one time. In determining seniority the parties agree that seniority by department shall govern unless otherwise specifically expressed.

b) Company seniority is measured from the date an employee is last hired for a continuous regular full-time employment with the Company.

c) Bargaining unit seniority is measured in the same manner as Company seniority, except that employees who transfer from a non-bargaining unit position to a bargaining unit position after April 22, 1984, will not transfer their years of service earned as a Company non-bargaining unit employee.

3. When an employee is permanently transferred from one department to another, he shall retain his departmental seniority in his original department for a period of 120 calendar days after the effective date of transfer. Thereafter, he shall cease to hold seniority in his previous department. During the 120 day period he shall not have seniority status in the new department, and at the end of this period the 120 days shall be credited to him in his new department. An employee does not have bid rights during this 120 day period.

4. An employee's seniority shall terminate if:

a) The employee quits.

b) The employee is discharged.

c) The employee fails to return to work or to supply a satisfactory reason for not doing so within the time limits prescribed in the Layoff, Displacement, and Recall section, which shall result in termination of employment.

d) The employee is absent from work for three consecutive working days without notification to the Company. However, it is the employee's responsibility to notify the Company on each day of any absence, unless an absence in excess of one day is authorized by the Company.

e) The employee overstays a leave of absence or a vacation without authorization.

f) The employee gives a false reason for leave of absence or engages in other employment during such leave.

g) A settlement with the employee has been made for total disability.

h) The employee is retired.

i) An employee with less than five years of bargaining unit seniority is laid off for a continuous period of one year or an employee with five or more years of bargaining unit seniority is laid off for a continuous period of two years. Any employee with less than one year of bargaining unit seniority will be protected only by the actual amount of bargaining unit seniority accrued at the time of layoff. The employee's seniority shall continue to accrue during these layoff protection periods.

5. Employees who are transferred in or out of the bargaining unit shall accrue and maintain their seniority as of their original starting date. Any employee transferred back into the bargaining unit shall

exercise his departmental seniority, but in no event will he bump back into a higher classification than he previously held. If an employee is transferred out of the bargaining unit for a period in excess of one year, he shall forfeit all previous departmental and bargaining unit seniority.

6. Seniority lists will be posted in January of each year and a copy will be forwarded to the chief steward and to the Union's Business Manager. The chief steward may request an additional seniority list twice a year from the Human Resources Department.

SECTION 15. LAYOFF, DISPLACEMENT, AND RECALL

1. In the event it becomes necessary to decrease the number of employees in a classification within a department, such displacement and layoff shall be in accordance with the employee's departmental seniority. The least senior employee within the classification affected shall be displaced first. Any employee faced with displacement or layoff shall have the opportunity to exercise his departmental seniority to displace the least senior employee in the same classification or in the next lower classification in the same line of progression, as outlined in Section 39. Any employee completely displaced out of his department shall have the opportunity to exercise his bargaining unit seniority to displace the least senior laborer in ET&S, or request a "voluntary layoff." If he is unable to displace a laborer, he shall be laid off.

2. The selection of the above options must be made in advance and shall be binding throughout the displacement or layoff period. Employees in the department(s) affected shall be given a 14 calendar day notice of the Company's plans to reduce the workforce. Such notice to the department(s) shall serve as the official notice to the classification(s) initially affected by the workforce reduction. The Company shall distribute at the time of the departmental notice a Workforce Reduction Option Form to each employee in the classification first impacted by the displacement or layoff. The form must be completed and returned to supervision no later than the end of the 10th calendar day of the 14 calendar day notice period. Upon receipt of the Workforce Reduction Option Form the Company may initiate the displacement or layoff process with the initial employee transfer or layoff not occurring until the completion of the 14 calendar day notice. Employees affected by subsequent displacements or layoffs must be given a Workforce Reduction Option Form that must be completed and returned to supervision within 48 hours of receipt of the notice. Any employee who fails to return the option form on time may only exercise his bargaining unit seniority to displace the least senior laborer, and if unable to displace a laborer, he shall be laid off.

3. Any employee displaced as a result of the above workforce reduction may, in turn, exercise his departmental seniority to secure other positions within his line of progression and to exercise his bargaining unit seniority to secure a laborer position, in accordance with his options as selected before the workforce reduction.

4. At the time of workforce reduction, the displaced or laid off employee cannot bump upward to higher rated classifications.

5. An employee displaced to other classifications within his line of progression shall be given a period of 10 working days to train and demonstrate his ability to adequately perform the work required. This demonstration period may be extended an additional 10 working days if the Company feels the employee is showing progress. The employee and the chief steward will be given written notice of all extensions granted by the Company.

6. Any employee determined by the Company to be unable to adequately perform the work required at the completion of the demonstration period must exercise his departmental seniority in accordance with the options selected prior to the workforce reduction to displace the least senior employee in the next lower classification in the same line of progression. If this removes him from his department, he may exercise his bargaining unit seniority in accordance with the options selected prior to the workforce reduction to displace the least senior laborer. Any employee who moves to a lower classification as a result of his unsuccessful

demonstration period will lose his recall rights to the higher classification, except in his original department.

7. In the event a displacement or layoff becomes necessary, the Company will ensure the affected employee of the following "notice" and "recall" rights to the classification held prior to the workforce adjustment:

a) Give the employees affected and the Union a notice of any displacement or layoff as specified in Paragraph 2 of this Section.

b) Displaced or laid off employees have recall rights to the classification held prior to the workforce adjustment for the following time frames:

1) Employees who have completed their probation period but have less than one year of bargaining unit seniority shall have recall rights extended for a period of time equal to the employee's bargaining unit seniority.

2) Employees who have one or more years of bargaining unit seniority but less than five years shall have recall rights extended for a period of one year.

3) Employees who have five or more years of bargaining unit seniority shall have their recall rights extended for a period of two years.

8. In the event an employee is laid off, his group dental, medical, and personal life insurance coverage is paid to the end of the month of the layoff plus one more month. Thereafter, the employee may pay the full premium of such group insurance coverage commencing with the actual date of layoff, not to exceed the time frame set out in Paragraph 7.b) above.

9. Accrual of vacation and sick leave benefits shall cease effective with the date of layoff.

10. When there is a restoration of the workforce, the Company subscribes to the principle of "last out, first in." In any case, the Company will recall displaced and laid off employees by applying in inverse order the guidelines used to displace and layoff employees, and in accordance with the options the employee selected. Recalled employees shall be given a demonstration period, as set forth above. Should the employee be determined by the Company to be unable to adequately perform the work during the demonstration period, he shall exercise his departmental or bargaining unit seniority, as set forth in Paragraph 1 of this Section.

11. A displaced or laid off employee who elected to exercise his departmental seniority within his line of progression must, without exception, return to any job within his line of progression, up to and including the highest job he held on a permanent basis prior to the workforce reduction, and to any laborer classification within ET&S. Refusal will result in the employee being terminated.

12. A job vacancy will not be posted until all former displaced and laid off seniority employees, who have a recall right to the vacant job, have either accepted or rejected a recall to fill the vacancy.

13. Employees recalled from layoff shall be given notice by registered or certified mail to the employee's last known address on file in the Human Resources Department. The laid off employee has three days after receiving notice of recall from the Company to notify the Company of his intention to return to work and five days to actually return. A copy of the notice will also be forwarded to the Union's Business Manager. Failure by an employee to return to work or to supply a satisfactory reason for not doing so within the time limits prescribed, shall result in termination of employment.

14. Each laid off employee shall keep the Human Resources Department advised of his correct mailing address and telephone number.

15. A displaced or laid off employee may submit Job Bids in response to posted job vacancies regardless of any previous loss of job bid rights. He may also submit Requests for Transfer under the provisions of Paragraphs 6 and 7 of the Job Bids and Requests for Transfer section of this Agreement. Any displaced or laid off employee who has a successful Job Bid or Request for Transfer, waives all recall rights, as set forth in this Section.

16. It shall be the responsibility of each laid off employee to keep in touch with the Company concerning his interest in specific posted job vacancies.

17. A laid off employee may choose to waive a return-to-work call for a temporary laborer position. If refused, no additional offers for such temporary work will be made during the duration of the layoff.

18. In the event it becomes necessary to decrease the number of employees in any of the five journeyman departments (equipment maintenance, substations, metering, lines, and communications), the displacement and layoff provisions listed in this Section shall apply except for the following:

a) The senior journeyman and journeyman classifications in such affected department shall be combined as one unit and the employee's departmental seniority shall be the determining factor for the order of displacement, layoff, or recall.

b) The "least senior" employee in the affected "combined unit" shall be displaced or laid off first.

SECTION 16. CONTRACTING OUT WORK

1. The Company agrees that it will not contract out any work if the effect of such contracted work will cause layoffs to any seniority employee.

SECTION 17. JOB BIDS AND REQUESTS FOR TRANSFER

1. If a vacancy occurs in a permanent position or if a new job is established or if the workforce is expanded in any of the established lines of progression, and the Company decides to fill such opening, the Company shall post a job vacancy for a period of seven calendar days. All Job Bids and Requests for Transfer must be submitted during the seven calendar day posting period. A detailed listing of the employee's previous education, training and experience must be listed on the Job Bid or Request for Transfer form.

2. Employees in STEP RATE PROGRESSION have bid rights upward to vacancies within their line of progression and a transfer right to vacancies in other lines of progression. They may also submit Requests for Transfer in accordance with Paragraphs 6 and 7 of this Section.

3. An employee on sick leave shall be eligible to bid on a job posting if he provides documented evidence that he will return to work within 10 calendar days from the expiration date of the job posting.

4. The Company will review the Job Bids in the following order:

a) The employee with the most departmental seniority in the established line of progression shall be the successful bidder if he has sufficient qualifications to perform the job.

b) The laborer with the most bargaining unit seniority shall be the successful bidder if he has sufficient qualifications to perform the job.

5. The employee selected for the posted job shall be given a period up to 20 working days to train and

demonstrate his ability to adequately perform the work required, and the Company may assign the employee to all (or the Company may simulate) tasks performed by the higher classification. This demonstration period may be extended an additional 20 working days if the Company feels the employee is showing progress. The employee and the chief steward will be given written notice of all extensions granted by the Company. Should the employee be determined by the Company to be unsuitable during the demonstration period, he shall be returned to his former position without loss of departmental seniority. An employee may have only one successful bid in any one year.

6. In the event no one is selected from among the eligible bidders, the Company will review each Request for Transfer submitted as a result of the posted job vacancy before hiring from other sources. The Company will review those Requests for Transfer in the following order:

a) Those Requests for Transfer that involve promotion or lateral moves leading to promotion in another line of progression. Employees shall have a transfer right provided they have sufficient qualifications and the employee selected has not been the successful bidder to a job in the past year, or has not been granted a Request for Transfer to another department in the past five years. In the event there are multiple requests that meet at least the sufficient qualification requirement, the Company has the right to select the most qualified employee. If two or more of these qualified employees are equally qualified, then bargaining unit seniority shall prevail. The employee selected for the posted job shall be given a demonstration period, as set forth above. The employee who is allowed to transfer under the provisions of this Paragraph shall not be eligible for job bidding for one year from the date of transfer.

b) Last in the order of consideration, in the Company's sole discretion, will be all other Requests for Transfer, provided the employee has not been a successful bidder to a job in the past year, or has not been granted a Request for Transfer to another department in the past five years. The employee selected for the posted job shall be given a demonstration period, as set forth above. The employee who is allowed to transfer under the provisions of this Paragraph shall not be eligible for job bidding for one year from the date of transfer.

7. The Company may authorize a Request for Transfer from an employee who has a physical or medical condition that keeps him from continuing to perform his regular duties. Such requests will be closely scrutinized and will be acted upon based on the employee's prior work record, preservation of departmental skills and efficiency, merits, and circumstances of each individual case. In the event of multiple requests and all of the above factors are equal, bargaining unit seniority shall prevail. An employee who is granted such a request will go to the top step rate of the lower classification if the employee is moved downward in his line of progression. An employee who is allowed to move to another job classification in another line of progression shall enter at the first step rate unless, in the determination of the Company, the employee's previous experience and qualifications warrant a higher step rate. Requirements for such requests are:

a) They must be made in writing in response to a posted vacancy, accompanied by written documentation that verifies the extent of the condition. Such placement may or may not be in the employee's line of progression, or in the same Labor Grade; in any event, it will not be to a classification in a higher Labor Grade. In addition, such placement shall not be subject to the other job bid and requests for transfer provisions of this Section, provided the employee with the physical or medical condition has more bargaining unit seniority than the employee who would have otherwise received the job. The employee who is allowed a transfer under the provisions of this Paragraph shall not be eligible for job bidding for two years from the date of transfer.

b) This provision in no way obligates the Company to create a position to accommodate such requests.

SECTION 18. TEMPORARY AND PERMANENT TRANSFERS

1. In order to fully utilize the Company's workforce during workload fluctuations between departments, the Company will make temporary transfers from one department to another as needed. The total duration of all such transfers in any one calendar year for any one employee shall not exceed six months.

2. The Company will determine when an employee is far enough along in his training to qualify for work in a temporary upgrade position. When an employee is temporarily upgraded and performs the tasks normally assigned to the higher rated classification for two hours or more, he will receive the first step rate of pay for that classification for all hours worked in the higher rated classification that day.

3. When an employee is temporarily transferred to a lower rated classification, he will receive his regular rate of pay during such transfer.

4. When it becomes necessary to permanently transfer employees to a lower rated classification (see the Layoff, Displacement, and Recall section of this Agreement), the employees with the least departmental seniority in the affected job classification shall be transferred. In the case of such a transfer from a higher rated classification to a lower rated classification, the employee will continue receiving the higher pay rate for 30 working days. After that, he shall be paid the top step rate of the lower classification. Any transfer determined by the Company to be on a permanent basis will be given in writing to the employee.

SECTION 19. HOURS, OVERTIME AND PREMIUM PAY

1. The standard workweek is a seven day period beginning at 12:01 a.m. on Sunday and ending at 11:59 p.m. the following Saturday. The work schedule showing the scheduled starting and quitting times and the scheduled days off shall be posted in each department by the end of the first shift Thursday.

2. Time and one-half will be paid for all hours worked by an employee on Saturday, and double time will be paid for all hours worked by an employee on Sunday. Time and one-half shall be paid for all hours worked when working for another utility other than the Company's member cooperatives, except when double time is otherwise required to be paid under this Agreement.

3. The normal workday for employees shall be eight and one-half consecutive hours with a one-half hour intermission for lunch. Employees will be allowed to eat their lunch at approximately the midpoint of the shift. If an employee is required to work through his lunch period he will be paid and he will be given 20 minutes to eat his lunch.

4. The Company will pay, in addition to the employee's base wage rate, a shift differential to employees on shifts that commence as follows:

First Shift	Between the hours 5:00 a.m. and 11:59 a.m. - None
Second Shift	Between the hours 12:00 noon and 7:59 p.m. - 25¢
Third Shift	Between the hours 8:00 p.m. and 4:59 a.m. - 40¢

The appropriate shift premium will be paid for all overtime hours; however, no shift premium will be paid for any vacation pay, sick leave pay, holiday pay, or for any hours not worked.

5. As a public service corporation, the Company must perform its obligations to its customers at all times and in recognition of these obligations the Company shall have the right to require an employee to work overtime. The Company will attempt to arrange such overtime to avoid undue hardship on any employee, and the Company at its discretion will rotate overtime as equitably as possible among the qualified employees in

the department involved.

6. The parties agree that the equitable rotation of overtime shall be on the basis of departmental seniority in classification. Rotation by seniority will be every 28 calendar days. (Refer to Employee Handbook for details of distribution of overtime.)

7. The standard workday is a 24 hour period beginning at 12:01 a.m. and ending 24 hours later. Time and one-half will be paid for all time worked in excess of eight straight-time hours in any one standard workday and for all time worked in excess of 40 straight-time hours in any one standard workweek.

8. The Company may assign all or part of the employees within a department to work a four 10-hour day schedule. If this schedule is used, employees in a department may be assigned to work either Monday through Thursday or Tuesday through Friday, but a department shall not have some employees assigned to work Monday through Thursday and other employees in the department assigned to a Tuesday through Friday workweek.

a) Overtime on the four 10-hour day schedule will be paid for all time worked in excess of 10 straight-time hours in any one day and for all time worked in excess of 40 straight-time hours in any one week. However, if an employee works on any of his three days off to perform non-emergency work, he shall be paid the appropriate overtime rate for such work, and he shall receive time and one-half for the 9th and 10th hours worked on each of the scheduled four 10-hour days he worked; provided that if the employee volunteers to perform non-emergency work on any of his three days off, he shall not receive time and one-half for the 9th and 10th hours in his four 10-hour day schedule. If an employee is required to work on any of his three days off in an "emergency," he shall receive appropriate overtime pay for the hours worked in those three days, but he will not receive overtime for the 9th and 10th hours worked in any of his scheduled four 10-hour days. An "emergency" is an unexpected interruption of the Company's lines or substation equipment.

b) Employees assigned to work a four 10-hour day workweek shall receive: 10 hours holiday pay for any holiday that occurs in that workweek; 10 hours personal day pay for any paid personal day taken; 10 hours sick leave pay for any day of accrued sick leave taken; and 10 hours funeral leave pay for any day of funeral leave taken. Employees taking a vacation day in that workweek shall have the option to receive up to 10 hours of vacation pay.

9. An employee shall be paid the appropriate overtime rate for all hours worked outside his scheduled work shift in the standard workday. This includes "hold-overs," "report-ins," and "call-ins" which are defined as follows:

a) "Hold-over" work shall be work which is a continuation of a scheduled work shift. For hold-over work to apply, an employee shall be notified prior to the end of his scheduled shift. An employee who is held over shall be paid only for the additional hours worked at the appropriate overtime rate.

b) "Report-in" means that a notice is given to an employee before his scheduled shift ends to return for work at some hour before his next scheduled shift begins. If an employee is given notice to report in and that notice is not cancelled prior to the end of his shift, he will receive no less than one hour's pay at the appropriate overtime rate, even if the scheduled report-in is cancelled after the end of the shift. It is not a report-in when the proper 12 hour notice is given.

c) "Call-in" is when an employee is called in for emergency work outside his scheduled working hours. Call-ins shall be paid as follows:

1) When an employee is called in for emergency work or is instructed to come in for

emergency work and the hours worked are not continuous with other hours worked, he shall receive no less than four hours pay at the appropriate overtime rate. The employee must do any emergency work assigned to him by the Company in order to be entitled to the call-in pay. It is not a call-in when the proper 12 hour notice is given.

2) Anytime an employee is called to work from his home prior to the start of his shift and works into his shift, the employee shall receive a minimum of one hour's pay at the appropriate overtime rate. If the employee is on the premises and is asked to work prior to the start of his shift, he shall be due pay at the appropriate overtime rate.

10. "Scheduled" work is work for which 12 hours or more notice is given to the employee prior to the start of his shift. "Unscheduled" work is work for which less than 12 hours notice is given to the employee prior to the start of his shift.

11. Prearranged schedule changes in the employee's posted work schedule will be work for which 12 hours or more notice has been given. If an employee is not given proper notice, he will receive time and one-half for the first eight hours worked on his new scheduled shift. All scheduled shifts shall be a minimum of four hours.

12. Changes in working hours whereby schedules are extended by the addition of overtime hours immediately preceding or immediately following an employee's scheduled shift will not be considered a schedule change within the meaning of Paragraph 11 of this Section.

13. In order to cancel any scheduled overtime, eight hours notice must be given prior to the start of the employee's shift. If less than eight hours notice is given, the employee will be given the option to work or he will be paid at the appropriate overtime rate for one-half the overtime hours cancelled.

14. When an employee works 16 or more hours in any rolling 24 hour period, he shall be entitled to a 12 hour rest period, commencing immediately following the 16 hour period and lasting 12 consecutive hours thereafter. If a 12 hour rest period is not provided, the employee will receive either of the following:

a) Be paid at two times the straight-time rate of pay for all hours worked in the 12 hour rest period, or

b) Be given a rest period at no loss of pay for any hours scheduled in his 12 hour rest period.

15. An employee must work 16 hours in a 24 hour period in order to be entitled to a 12 hour rest period. Pay that is received by an employee for hours not worked, such as personal day, holiday or workers' compensation pay, or the minimum one hour's pay due an employee in "report-in" situations, etc. does not count as time worked for the purpose of satisfying the 16 hour clause.

16. Overtime and premium pay shall not be pyramided, compounded, or paid twice for the same hours worked. All hours for which an employee receives pay shall be considered as time worked for the computation of overtime pay.

17. If an employee is more than 30 minutes tardy, his supervisor may send him home for the balance of that workday, in that event he shall not receive any pay for that day.

SECTION 20. MEALS

1. If an employee is required to work past his scheduled quitting time two or more hours, the employee will be furnished a meal at Company expense and an additional meal at Company expense each four hours thereafter, or six dollars in lieu thereof, as long as he continues to work.

Example: An employee whose schedule is 7:00 a.m. to 3:30 p.m. is required to work until 5:30 p.m. The employee is due a meal. If this employee continues to work until 9:30 p.m., another meal is due.

2. If an employee is called in for unscheduled work two to four hours before his scheduled starting time, the employee will be furnished a meal ("breakfast") at his scheduled starting time at Company expense or six dollars in lieu thereof. Since the intent here is for the employee not to take the time to eat or prepare any meal prior to coming in to work, the Company will furnish the mid-shift ("lunch") meal or six dollars in lieu thereof. If the employee ceases work at his scheduled quitting time, no additional meals will be paid.

Example: a) An employee whose schedule is 7:00 a.m. to 3:30 p.m. is called in for unscheduled work at 4:00 a.m. and works until his scheduled quitting time. The employee is due "breakfast" and "lunch."

Example: b) An employee whose schedule is 7:00 a.m. to 3:30 p.m. is called in for unscheduled work at 5:00 a.m. and continues to work through his schedule until 6:30 p.m. The employee is due three meals "breakfast", "lunch" and "supper".

3. If an employee is called in for unscheduled work more than four hours before his scheduled starting time and works into his scheduled shift, he will be furnished a meal or six dollars in lieu thereof for each full four hour period worked prior to the scheduled starting time of the shift. The employee will also be furnished the mid-shift ("lunch") meal or six dollars in lieu thereof. If the employee ceases work at his scheduled quitting time, no additional meals will be paid.

Example: An employee whose schedule is 7:00 a.m. to 3:30 p.m. is called in for unscheduled work at 1:00 a.m. and continues to work through his scheduled shift. The employee is due a meal at 5:00 a.m. He is also due the mid-shift ("lunch") meal.

4. If an employee is called in for unscheduled work and works over four hours, and the unscheduled work ends prior to the employee's scheduled shift, he shall be furnished a meal or six dollars in lieu thereof for each continuous four hour period worked.

Example: An employee is called in for unscheduled work at 2:00 a.m. and works until 2:00 p.m. He is due a meal at 6:00 a.m., 10:00 a.m., and 2:00 p.m.

5. If an employee is given eight hours or more notice to report to work or if the employee is notified prior to leaving his duty station that he will be held over on his next scheduled shift, he will not be due meals. An employee given sufficient notice of the starting time for hours to be worked, but not given a designated quitting time, will receive meals as set forth in this Section as if no notice was given.

6. In addition to the provisions above, the following shall also apply for meals while the employee is on unscheduled overtime.

a) An employee whose unscheduled work has continued and he will not arrive at the ET&S office within three hours of his scheduled quitting time shall be entitled to: receive payment in lieu of a meal as set out above; or stop on the way back to the ET&S office and eat a meal at the rate not to exceed 10 dollars and paid time to eat his meal not to exceed 30 minutes.

b) Time taken to eat (paid and unpaid) will not be used in the calculation toward the next meal due the employee. Time taken to eat beyond 30 minutes will be unpaid. The meal stop shall be used as reimbursement of one meal ticket.

c) An employee who chooses to stop and eat shall notify the management of the ET&S Department. If the ET&S management cannot be reached, then the employee shall notify the

Energy Control system supervisor of the stop.

d) If an employee is called in for unscheduled overtime and works six hours or more, and if the unscheduled overtime work ends prior to the employee's scheduled shift, he will be permitted to stop on his way back to the ET&S office to eat a meal, as set out above in Paragraph 6.a).

7. Reimbursement for food purchase receipts or redemption of meal tickets will be monthly and may be paid in cash or by check.

8. The provisions in this Section are in no way intended to provide meals or meal money during "scheduled overtime." The intent of these Paragraphs is to provide the employee with the normal and regular meals that may be missed due to unscheduled work, not to provide additional meals.

SECTION 21. SUPERVISORS WORKING

1. It is understood and agreed that no supervisor or foreman will take the place of any employee and perform production work except in an emergency, or for the purpose of instruction and training, or to assure proper performance of work, to protect Company property, or to ensure safety of employees.

SECTION 22. LEAVE OF ABSENCE

1. By special written request from a seniority employee the Company in its sole discretion may grant a Personal Leave of Absence without pay for a maximum period of 30 days. Credit for Company seniority and employee benefit accrual during the granted Personal Leave of Absence shall not exceed the 30 day maximum.

2. An employee who is unable to work because of illness or injury may be granted a sick leave provided the employee furnishes the Company with a written statement from his physician verifying the sickness or injury. The employee may utilize his accumulated sick leave pay during the sick leave. The Company reserves the right to require a physical examination of the employee, at Company expense by a Company doctor, during any time of an authorized sick leave. If the employee is physically unable to return to his job classification or any other suitable job that he can be fitted by education, training or experience and in accordance with his departmental seniority, the employee will be determined to be eligible for long term disability. The qualifying period for long term disability is three months of continued disability resulting from a medically approved physical or mental condition. During absences covered by an authorized personal or work-related sick leave, credit toward seniority will continue as set forth in Paragraph 4.i) of Section 14. Credit toward other employee benefit accrual will continue for a period up to the employee's accumulated seniority not to exceed one year.

3. An employee who fails to return to work at the termination of his Personal Leave of Absence or sick leave will be treated as a voluntary quit.

4. Upon return to work, an employee shall be reemployed at his former job or at a job in line with his seniority, provided the employee can perform the job without training but receiving adequate instruction, and to a job which carried a rate of pay equal to or as near that of his former job as possible, provided there is such work available.

5. It is the Company's intent that the medical leave provisions shall be consistent with and in full compliance with the FMLA.

SECTION 23. SICK LEAVE PAY

1. Commencing with the date of employment, all employees on the active payroll shall accumulate sick leave pay at the rate of eight hours at regular (straight-time) rate for each calendar month of continued employment. Accumulated sick leave will be payable only when a seniority employee is absent from and unable to work his scheduled workdays due to non-occupational sickness or injury. In no event will sick leave be paid in excess of sick leave accrued at the time the absence occurs. During the probationary period an employee shall not be eligible for sick leave pay.

2. Although an employee may accrue an unlimited amount of sick leave, in the case of illness or injury he will not be allowed to take more than 13 weeks sick leave in any one continuous period after which he will be eligible to apply for long term disability.

3. Personal illness shall mean an employee being unable to work due to a sickness, or accidental personal injury not arising from participation in outside gainful occupation or unlawful activities and shall specifically exclude injury arising out of or in the course of employment with the Company.

4. The Company reserves the right to have an employee examined by a doctor of its choice concerning the verification or continuation of the employee's illness, injury, or surgery. If an employee is instructed by Management that verification is needed, such verification will be at Company expense and the physician will be designated by the Company. An employee who fails to satisfactorily verify his reason for absence for the entire period or who refuses or fails to submit the verification as instructed, will not be paid and will be subject to discipline.

5. Accumulated sick leave will not be paid to employees leaving for any reason, the employ of the Company.

6. When an employee is unable to report for work due to a sickness or injury as defined above, he must report this fact to his immediate supervisor or other management personnel at the earliest possible time, but in no event later than 15 minutes prior to the scheduled time to commence work, otherwise the employee will receive no sick leave allowance for the day.

7. The Company is aware that there are times when absences and extended leaves associated with personal or work-related sickness or injury are not known in advance. However, when such absences are known in advance, the employee should promptly notify the Company as to the time and date of a physician's appointment. For absences of a longer period of time, the employee should promptly notify the Company as to the beginning date and anticipated duration of the leave. The intent here is to keep the Company informed in advance so that supervision can plan and schedule work in the most efficient manner.

8. Employees receiving sick leave pay under the provisions of this Section shall receive holiday pay in lieu of sick leave pay in the event a holiday falls during such sick leave period.

9. For absences of three or more consecutive workdays, a satisfactory medical doctor's certificate must be presented.

SICK LEAVE PAY OPTIONS

10. An employee who needs to be absent from work due to a non work-related illness or injury may, at his option, use accumulated sick leave as set out below:

a) He may receive full sick leave pay at his base wage rate in effect on the day of absence, provided he furnishes the Company with a medical doctor's certificate satisfactorily verifying the need for the absence.

b) He may receive sick leave pay at 80 percent of his base wage rate in effect on the day of absence without submitting a medical doctor's certificate. This option may be used a maximum of two days per calendar year and for a period not to exceed two consecutive workdays.

c) In lieu of receiving pay as set forth in a) or b) above, an employee may be absent for up to two consecutive days and elect to receive no pay.

SERIOUS ILLNESS OF EMPLOYEE'S SPOUSE OR DEPENDENT CHILD

11. Accumulated sick leave may be utilized by employees when a spouse or dependent child is:

a) Seriously ill or injured,
b) In the hospital or having out-patient surgery or treatment,
c) Recovering at home from an illness, injury, or surgery.

12. In all absences associated with the spouse or dependent child, the employee must present a written medical doctor's certificate satisfactorily verifying the need for the employee's presence, the nature of the relative's illness, injury, or surgery and the starting and ending dates of the absence. An employee who fails to satisfactorily verify his reason for absence, or who refuses or fails to submit the verification as instructed, will not be paid and will be subject to discipline.

13. The maximum utilization of accumulated sick leave for incidents of serious illness, injury, or surgery to the employee's spouse or dependent child shall not exceed five days [40 straight-time hours] in any calendar year. In the event a serious illness, injury, or surgery to the employee's spouse or dependent child requires the employee to be absent from work for more than 15 scheduled straight-time workdays during a calendar year, the employee may utilize his accumulated sick leave to cover absences beginning with the 16th day. A doctor's statement is required which satisfactorily verifies the need for such long term absence.

PARTIAL SICK DAY ABSENCES

14. Employees may use accumulated sick leave for partial sick day absences for legitimate medical reasons, provided that all provisions set out below are met:

a) Accumulated sick leave may be used in increments, subject to the employee's discretion, of up to four full straight-time hours (five full straight-time hours if on a four 10-hour day schedule). Partial sick day absence may be used for personal illness or off-the-job injury, or for medical and dental appointments of the employee and eligible dependents.

b) To receive pay for a partial sick day absence, an employee must give at least 16 hours notice of the absence prior to the starting time of his scheduled straight-time shift, and present upon return to work a medical doctor's certificate verifying the illness or injury.

c) If an employee becomes sick while at work and must leave work the notice requirement will be waived, and the employee will be compensated for the full period of sick day absence. The medical doctor's certificate verifying the reason for absence is also waived unless the employee is instructed before leaving work that verification of his partial day absence is needed.

d) Each partial sick day absence will be charged one-half of an occurrence under the Company's Absenteeism and Tardiness Control Policy.

SECTION 24. WORKERS' COMPENSATION PAY

1. A regular full-time employee who is absent from work because of an industrial illness or injury

shall have his lost wages reimbursed at a rate of 75%, commencing on the fourth consecutive full working day of the absence. Pay will be computed at the employee's base straight-time rate in effect at the onset of the illness or injury, on the basis of his 40 hour workweek, and exclusive of shift premium or any other premium pay.

2. The 75% reimbursement program remains effective for a maximum of 13 weeks, provided the employee remains on a verifiable work-related disability. Thereafter, the maximum reimbursement due an employee off on a verifiable extended work-related illness or injury shall be a maximum of 66 2/3% of the employee's base straight-time rate in effect at the onset of the illness or injury. The 66 2/3% maximum benefit is paid jointly under the terms and conditions of Workers' Compensation and the Long Term Disability Policy.

3. If an illness or injury occurs on the job, the Company must be notified immediately and the illness or injury must be verified by a medical doctor's certificate.

4. If an employee is absent for eight or more consecutive working days for an industrial illness or injury, he shall be compensated as set forth above, for the first three working days of the absence.

5. This benefit will continue as long as the employee remains disabled and eligible for Workers' Compensation from the insurance carrier. Thereafter, additional benefits are payable under the terms and conditions as set forth in the Long Term Disability Policy.

6. Successive disabilities separated by less than 10 consecutive working days of regular full-time work will be considered as the same disability, unless the subsequent disability is due to a different cause.

7. An employee shall not lose any straight-time pay for a partial day absence due to an industrial illness or injury.

8. An employee who fails to return to work at the termination of his Workers' Compensation leave will be treated as a voluntary quit.

9. The Company reserves the right to have an employee examined by a doctor of its choice concerning the verification or continuation of a work-related illness or injury.

SECTION 25. PERSONAL DAY PAY

1. Each seniority employee on the active payroll shall have two personal days each calendar year. The employee will be paid eight hours (10 hours if on a four 10-hour day schedule) at his straight-time rate in effect on the date a personal day is taken.

2. The absence for a paid personal day shall be a non-chargeable occurrence under the Company's Absenteeism and Tardiness Control Policy.

3. When an employee needs to take a personal day, he should report this fact to his immediate supervisor or other management personnel at the earliest possible time, but in no event later than 15 minutes prior to the scheduled time to commence work, otherwise the employee will receive no pay for the day and the absence becomes a chargeable occurrence.

4. An unused personal day cannot be carried over to the next calendar year. For any personal day not taken by December 31, the employee shall receive eight hours pay (10 hours if on a four 10-hour day schedule) at his straight-time rate in effect on that date. An employee can choose to take a cash-out of his personal day(s) before December 31.

5. Paid personal days may be taken up to and including December 31. However, a paid personal day

cannot be taken on a Saturday, Sunday, or a holiday. (A personal day is not a holiday.) If an employee decides to take a personal day after November 30, he must schedule it in advance during the time period between November 1 and November 15. The cash-out received for an unused personal day does not count toward overtime.

6. A probationary employee is entitled to the paid personal days if he completes his probation period prior to December 30. If he completes his probation period on December 30, he is entitled to take or cash-out one personal day. He is not entitled to a paid personal day if he completes his probation period on December 31.

SECTION 26. FUNERAL LEAVE

1. In the event of a death in the employee's immediate family, the employee will be granted four consecutive calendar days off without loss of pay from the straight-time workdays he would have worked, provided one of the days absent is the day of the funeral.

The immediate family is defined as:

a) spouse
b) parent or stepparent (funeral leave is available to the employee for one mother and one father during employment with the Company)
c) spouse's parent or stepparent (the limitation as set out for the employee's parent shall also apply)
d) employee's brother, sister, half-brother, or half-sister
e) employee's children or the children of the spouse, provided they are stepchildren who live or who have lived in the employee's home in a normal parent/child relationship

2. In case of a death of an employee's grandparent, grandchild, brother-in-law, sister-in-law, son-in-law or daughter-in-law, the employee will be granted three consecutive calendar days off without loss of pay from the straight-time workdays he would have worked, provided one of the days absent is the day of the funeral.

3. In case of a death of a stepchild not related to the employee's current spouse, the employee will be granted one day off without loss of pay from the straight-time workday he would have worked provided:

a) the day absent is the day of the funeral, and
b) the stepchild lives or has lived in the employee's home in a normal parent/child relationship.

4. It is an employee's option when he starts his funeral leave, provided one of the days is the day of the funeral, and provided he gives advance notice to supervision of his days of absence.

5. An employee will receive eight hours straight-time pay (10 hours if on a four 10-hour day schedule) for each funeral leave day that is a scheduled straight-time workday. In addition, if he is scheduled to work on a Saturday or Sunday, the employee will be allowed off for funeral leave, without pay.

6. The funeral leave benefit in all cases is contingent upon the honest reporting of the relative that has passed away and the employee's attendance at the funeral.

7. Only those step-relatives specifically identified above are covered by funeral leave.

SECTION 27. JURY DUTY

1. Employees serving on jury duty shall not lose straight-time pay (exclusive of shift premium) on that account.

2. An employee who is required to report for jury duty before noon shall, upon request and notification to his supervisor, 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 hours from his scheduled starting time (five hours from his starting time if on a four 10-hour day schedule).

3. 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 the subpoena.

4. 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.

SECTION 28. HEALTH AND SAFETY

1. A physical examination is required before hiring and may be required during an employee's employment at the discretion of the Company.

2. The Company will continue its present practice in regard to maintenance of proper housekeeping, safety equipment, sanitary health and safety protection for all employees.

3. The Union and the employees agree to cooperate fully with the Company in order to promote safety in all work locations by the observance of all safety regulations and by performing their work in a safe and careful manner, at all times. Employees will promptly report unsafe conditions or defective equipment to their supervisor. There will be safety meetings and copies of the meeting minutes will be forwarded to the Union's Business Manager. The chief steward will be the safety representative and will meet with the Manager of Transmission, or his designee, once a month for the discussion of safe work practices and conditions.

4. In case of a work-related injury, regardless of how small, the employee must notify his supervisor. In case of a work-related injury that results in lost time from work or requires medical treatment other than first aid, the employee must complete the Employer's First Report of Injury as required by OSHA. Copies of the Employer's First Report of Injury will be forwarded to the Union's Business Manager.

5. The Company shall distribute to all employees a Safety Manual for their guidance and instruction as to safe work practices. Every employee shall become familiar with the rules of the Safety Manual as they apply to his work activities. While the rules of the Safety Manual will cover as many working situations as possible, it should be understood that it is impossible for the manual to cover all situations. The Company will, when it is necessary, establish additional safety rules and regulations which will be distributed to all employees. The Company will forward to the Union's Business Manager advance notice of any new safety rules.

6. In conjunction with 49CFR (Code of Federal Regulations) 391.41 through 391.49, the Company will pay for all testing and licensing expenses associated with employees obtaining and retaining a DOT (Department of Transportation) Operators License.

7. The Company will reimburse each employee $75.00 for safety shoes once a calendar year. Steel toed caps for shoes will not be acceptable. The Company will also reimburse $75.00, once a calendar year, towards the purchase of lineman's climbing boots for any employee whose work for the Company necessitates the purchase of such boots. Receipt of purchase is required for any reimbursement under this Paragraph. Employees shall have the option to combine two calendar years for a single purchase (four years if for lineman's boots). The employee shall declare his option when the receipt is submitted.

8. The Company will furnish the uniforms to be provided in the Company's clothing policy regarding exposure to energized circuits. The Company will also furnish T-shirts bearing the Company logo that comply with the policy. The T-shirts are to be laundered by the employee. The clothing furnished by the Company under this provision is required to be worn by the employee, except he can choose to wear the T-shirt without the uniform shirt when and where allowed in the clothing policy.

SECTION 29. EMERGENCY RESCUE TEAM

1. All Emergency Rescue Team (ERT) members shall meet and maintain the required physical standards set out in the Company's Emergency Rescue Team Policy. ERT members will be expected to respond to hazardous chemical spill and confined space emergencies where employees are in need of being rescued.

2. The ERT shall be staffed on a volunteer basis.

3. The Company shall provide training for rescue team members as stated below:

   a) Three days of initial training for employees joining the rescue team.

   b) Eight hours of training which includes at least one drill per year for each ERT member.

   c) Any additional training required by ERT members to acquire or maintain skills sufficient to perform emergency rescues or training required to acquaint ERT members with new equipment will be conducted on an as needed basis, as determined by the corporate safety administrator.

4. Injuries that result from an ERT member's rescue efforts, while at work, are covered by Workers' Compensation.

5. All volunteers for the ERT will be accepted on the basis of bargaining unit seniority. However, employees who hold positions outside of the Company at the time they volunteer such as volunteer firemen, policemen, emergency medical technicians, etc. will be given priority selection. The selection process for this group will also be based on bargaining unit seniority.

6. Employees who volunteer for the ERT shall do so with the understanding that they must remain on the ERT for a minimum of one year. It is understood by the parties that an employee who has an unknown medical condition may volunteer and be accepted into the ERT. Upon discovery of a condition that disqualifies an employee from being an ERT member, the employee shall be allowed to exit the ERT without completing the one year minimum service requirement.

7. Employees interested in withdrawing from the rescue team may do so after the minimum one year of enrollment, provided 60 calendar days written notice is submitted to the Company.

8. ERT members shall be identified by either a special hard hat or insignia.

9. Employees selected for the ERT who have passed the physical examination required to be an ERT member shall earn additional vacation days, as set out below:

a) One vacation day will be credited to the employee's vacation account following the successful completion of the initial three days of rescue training. Once credited, this vacation day will be immediately available for use. Thereafter,

b) Beginning either June 30 or December 31, depending upon when the employee became an ERT member, one additional vacation day will be credited to the employee's vacation account following the completion of six * months of service.

Example: An employee who completes the rescue training on December 1, 1998, will be credited with one vacation day. Following the completion of six months of service (June 30, 1999) as an ERT member, one additional vacation day will be credited to the employee's vacation account. This process of crediting an employee's vacation account with one vacation day will continue each June 30, and each December 31, provided the employee remains an ERT member.

*The first time period for earning an additional vacation day typically will be longer than six months. However, the first vacation day earned by joining the ERT offsets this additional time.

c) Vacation days earned by being an ERT member will be credited to the employee's regular vacation account and may be used or paid to the employee upon termination, resignation, or retirement, according to the Vacations section of this Agreement, except that the vacation day credited under 9.a) above upon completion of the initial three days of training will be immediately available for use.

d) An ERT member will continue to earn service for the accrual of ERT vacation days while on sick/workers' compensation leave until the employee is placed on long term disability.

10. The Union or the Company may withdraw from this ERT Section in its entirety at the expiration of this Agreement.

SECTION 30. VACATIONS

1. All employees must be continuously employed on the active payroll as full-time employees, by January 1 of each current year, to receive any vacation pay. The vacation year shall be the calendar year.

2. The Company will grant paid vacations in accordance with the following schedule:

Length of Continuous Service As of January 1 of the vacation year	Hours Paid At Straight-Time
a) Less than 12 months continuous service	8 hours per full month up to a maximum of 80 hours
b) More than one year but less than six years continuous service	80 hours
c) After six years continuous service	88 hours

d) After seven years continuous service	96 hours
e) After eight years continuous service	104 hours
f) After nine years continuous service	112 hours
g) After 10 years continuous service	120 hours
h) After 11 years continuous service	128 hours
i) After 12 years continuous service	136 hours
j) After 13 years continuous service	144 hours
k) After 14 years continuous service	152 hours
l) After 15 years continuous service	160 hours

3. "Continuous service" in this Section is defined as time actually spent performing productive work for the Company and does not include time away from work for any cause or reason whatever, except approved leaves of absence or vacations.

4. Employees eligible to receive vacation benefits under this Section, who resign, retire, terminate, or are laid off, shall receive pay in lieu of vacation benefits accumulated to the time of separation on the following basis:

a) They shall receive pay for one-twelfth (1/12) of the applicable vacation hours earned for each month worked during the current vacation accrual year. The vacation accrual year is the calendar year commencing with each January 1 and ending December 31. A month's work will be defined as any calendar month in which the employee works 120 hours.

b) In order to be entitled to any pay under this Paragraph, all persons who resign or retire must give proper notice by submitting a "resignation notice" to his supervisor at least two weeks (14 calendar days) prior to the desired date of termination or separation. Employees who fail to submit proper notice will forfeit all accrued vacation entitlement.

5. All discharged employees will receive pay for vacation accrued prior to the year of termination.

6. All vacation requests are to be turned in by February 1. The Company will post vacation schedules by March 1. All vacation requests turned in after February 1 will be on a first-come, first-serve basis. Vacations will be granted based on employees' bargaining unit seniority provided the Company maintains the proper balance of skills, experience and job knowledge.

7. An employee will ask his supervisor before his vacation commences about his work schedule (shift, starting and quitting times) for the first scheduled workday upon his return from vacation. If it is

necessary to change an employee's work schedule while he is on vacation, the change will be made in accordance with the 12 hour notice provisions of the Hours, Overtime and Premium Pay section of this Agreement.

8. Subject to the approval of the employee's supervisor, employees will be permitted to trade vacation periods with other employees within their job classifications.

9. A maximum of 160 hours vacation credit may be carried from one calendar year to the next. Vacation credit is accrued in the calendar year prior to the calendar year in which it can be used. If an employee foregoes his vacation at the request of the Company, the Company shall in lieu thereof pay the employee his vacation pay over and above his ordinary pay.

Example: An employee with five years of continuous service has 160 hours vacation credit accumulated on December 31. On the following January 1 this employee has a total of 240 hours of vacation credit available for use in the new calendar year. (160 hours "carryover" plus 80 hours accrued during previous year equals 240 hours available in the new calendar year.) This employee can use all 240 hours during this new calendar year if it is mutually agreeable with his immediate supervisor. If this employee fails to use 80 hours vacation time during this new calendar year, he will lose all hours above 160 on December 31 since this is the maximum allowable for carryover into the next calendar year.

SECTION 31. HOLIDAYS

1. All active, full-time regular employees with seniority shall receive eight hours pay at their straight-time rate in effect on the day of the holiday.

2. An employee who works on a day observed as a holiday shall be compensated as follows:

a) He shall be paid for all hours worked on the holiday at a rate of time and one-half his straight-time rate in effect on that day.

b) He shall receive eight hours holiday pay at his straight-time rate in effect on that day.

3. When an employee works temporarily upgraded on a day observed as a holiday, he will receive holiday pay, as set out above, at the appropriate temporary upgrade rate.

4. If an employee is scheduled to work on a holiday and fails to work, he will not be paid for the holiday unless his absence is excused by the Company.

5. An employee that does not work the holiday shall receive holiday pay under the following conditions:

a) He must work or receive pay for all the hours of his scheduled shift on the last workday preceding such holiday(s), and he must work or receive pay for all the hours of his first scheduled shift immediately following the holiday(s).

b) If an employee is absent on one of the qualifying days for a reason that is non-payable under the provisions of this Agreement, such absence will not result in the loss of holiday pay if the reason is substantiated by the employee and accepted by the Company.

c) No holiday pay is due an employee who is absent on both of the qualifying days for a non-payable reason.

d) If an employee is tardy and the Company does not invoke Paragraph 17 of Section 19, the employee shall receive holiday pay.

e) Holiday pay is not paid an employee on disciplinary suspension on both of the qualifying days. The holiday(s) is counted as part of the suspension period.

f) Holiday pay is not paid an employee who is on long term disability on both of the qualifying days.

g) Holiday pay is not paid in lieu of workers' compensation pay, however holiday pay is paid in lieu of sick pay.

6. During this Agreement there shall be 10 paid holidays as follows:

New Year's Day	Veteran's Day
Good Friday	Thanksgiving Day
Memorial Day	Friday after Thanksgiving
Independence Day	Christmas Eve
Labor Day	Christmas Day

7. In the event a holiday occurs on any employee's scheduled day off, the preceding scheduled workday (if in the same pay period) will be observed as the holiday.

8. In the event a holiday occurs on any employee's scheduled day off at the beginning of the pay period such that Paragraph 7 cannot be applied, the next scheduled workday will be observed as the holiday.

9. Employees assigned to work a four 10-hour day workweek shall receive 10 hours holiday pay for any holiday that occurs in that workweek; and in that case, all provisions of this Section that refer to eight hours holiday pay shall apply to 10 hours holiday pay.

SECTION 32. HEALTH AND WELFARE

1. The details covering such matters as eligibility, coverage continuation, benefits and covered services, deductibles, exclusions and limitations, coordination of benefits, termination of coverage, conversion privileges, and all other terms and provisions of the plans referred to in this Section shall be as specifically provided or set out in the plan documents.

MEDICAL INSURANCE – ACTIVE EMPLOYEES

2. Each employee is entitled to the group health coverage provided to, and on the same basis as, all other regular full-time employees of the Company.

3. The Company and the employees will co-share the cost of the medical premiums. The employee's contribution to the cost of coverage will depend on the coverage he has. The monthly employee contribution percentage and fixed amounts in effect on October 14, 2008, will remain in effect until January 1, 2009. The monthly employee contribution effective January 1, 2009, will be eight percent of the cost, but no more than the following:

Employee Only	$ 54.00
Employee and Spouse	104.00
Employee, Spouse, and Child(ren)	136.00
Employee and Child(ren)	96.00

The employee's contribution will be made through payroll deduction on a pre-tax basis.

MEDICAL INSURANCE – RETIREES

4. Group medical coverage is available for employees who retire between the ages of 62 and 65. The Company and retiree will co-share the cost of the medical premiums on an *85/15 basis (85% Company, 15%* retiree). Coverage is also available for the retiree's spouse during the period of time that the retiree is between the ages of 62 and 65. The cost to the retiree and/or spouse for the spouse's coverage is 15% if the spouse is between the ages of 62 and 65, and 75% if the spouse is less than 62. Eligibility for coverage ceases at age 65 for employees retiring prior to January 1, 2009. The Company will provide Medicare supplement coverage at age 65 for employees retiring on or after January 1, 2009. To be eligible for the Medicare supplement coverage, the participant must enroll in Medicare Part B. The cost to the participant is 75 percent of the Medicare supplement premium rate. Coverage may also be continued for the retiree's spouse, with the coverage and cost dependent on the spouse's age, as indicated in this Paragraph.

MEDICAL INSURANCE – DISABLED EMPLOYEES

5. If an employee becomes disabled as a result of an injury or an illness while employed by the Company, group health coverage will be provided for him on the following basis:

a) Coverage will be provided for the first 12 months of disability, beginning with the first day of disability (the day following the last day worked), with the employee paying the same as an active employee.

b) After 12 months of disability, coverage will be provided on an 85/15 co-shared basis, with the employee paying 15 percent of the monthly premium.

6. The Company's active group health coverage will continue until the disabled employee becomes eligible for Medicare as a result of his disability, at which time the Company will provide Medicare supplement coverage. To be eligible for the Medicare supplement coverage provided by the Company, the disabled employee must enroll in Medicare Part B. The cost to the disabled employee for the supplemental coverage is 75 percent of the Medicare supplement premium rate (less $25.00 for employees on long term disability as of October 14, 2008).

7. The Company's applicable health coverage for the disabled individual will continue for the duration of the disability regardless of his employment status with the Company; provided that the health coverage will terminate when the individual (i) reaches age 65, (ii) recovers from the disability, (iii) accepts other employment, (iv) ceases to pay the required monthly premiums, or (v) can no longer provide proof of disability.

8. If an employee who becomes disabled has dependent coverage as of the first day of disability, the coverage may be continued on the same basis as set out in Paragraph 5 above. Dependent medical coverage may continue up to the fifth anniversary of the date the employee qualified for long term disability, or until the employee's earlier termination of employment. Any continuation of coverage thereafter will be that available under COBRA, except that the amount to be paid for spousal coverage shall be that called for under Paragraph 4 above if the employee is between the ages of 62 and 65 on the date that dependent coverage would terminate but for COBRA.

OTHER INSURANCE

9. The Company shall provide employee life and AD&D insurance, with the amount of life insurance equal to two times the employee's annual base pay, and the amount of AD&D insurance equal to the life insurance amount. The Company shall also provide $10,000 of life insurance on the employee's spouse and each dependent child, and $100,000 of business travel accident coverage on each employee. The cost of the insurance shall be paid by the Company. Each employee is also entitled to the dental insurance in effect for him and his dependents as of the commencement date of this Agreement. The cost of dental insurance on the employee is paid by the Company. Dependent dental coverage is optional, and the cost is co-shared by the Company and the employee on an 80/20 basis (80% Company, 20% employee).

10. For an employee who becomes disabled, the life, AD&D, and dental insurance provided for him and/or his dependents will or may continue for one full year, beginning with the first day of disability. Thereafter, AD&D and dependent life insurance will cease, and the employee's life insurance will continue only where approved (premium waived) by the carrier. Dental coverage may continue after one full year, up to the third anniversary of the date the employee qualified for long term disability, with the employee paying 100% of the cost.

LONG TERM DISABILITY

11. The Company will pay the cost of long term disability insurance that provides the same level of benefits in effect as of the commencement date of this Agreement, which is 66 2/3% of the employee's base pay rate, up to a maximum monthly benefit of $4,000 ($2,500 for a disabled employee whose last day worked prior to disability was before May 1, 2008).

12. An employee on long term disability must become eligible for Social Security disability benefits as of the second anniversary of the date he qualified for long term disability, or be in the process of appealing a Social Security benefit denial, if he is to continue receiving long term disability benefits on or after that date. If a decision on the appeal in process has not been rendered as of the two year expiration date, the long term disability benefit will decrease by the amount the employee would otherwise be entitled to receive from Social Security. If the employee later receives a favorable decision on the appeal, the long term disability benefit will continue as set out in the plan document. If the employee loses his appeal, his coverage will cease and if he is unable to return to work at that time, he shall be terminated. The long term disability provisions set out in this Paragraph shall not apply to any employee on long term disability as of October 15, 1998, who has not already become eligible for Social Security disability benefits.

SECTION 33. PENSION

1. All bargaining unit employees actively employed by the Company as of October 31, 2008, may remain, or upon meeting the eligibility requirements set out in the plan, may become, members of the Bargaining Employees Retirement Plan. The Company currently pays the entire cost of the plan. Any other person who is not an active member of the plan on October 31, 2008, which includes retired, disabled, and terminated members, as well as any persons hired after that date, shall not become an active member on or after November 1, 2008, unless he was an active member of the Salaried Employees Retirement Plan prior to January 1, 2008, and immediately prior to becoming a bargaining unit employee on or after November 1, 2008.

2. Credited service for purposes of calculating benefits under the Bargaining Employees Retirement Plan, for employees who become and remain totally and permanently disabled, shall include the period from the date the employee became eligible for long term disability benefits to the fifth anniversary of that date; provided that this provision shall not provide credited service in excess of the credited service to which he is entitled upon normal retirement or earlier termination of employment.

3. For bargaining unit employees hired on or after November 1, 2008, the pension plan is the Bargaining Employees Retirement Savings Plan, consisting of two parts: a retirement section providing for unmatched non-elective employer contributions; and a thrift and 401(k) savings section providing for employee and matching employer contributions. The retirement section calls for employer contributions into a retirement or base contribution account, based on graduated percentages of base pay, depending on the employee's age.

Age	<33	33-36	37-40	41-44	45-48	49-52	53-56	57+
%	5	6	7	8	9	10	11	12

The thrift and 401(k) savings section allows employees to contribute or defer base pay on an after-tax basis (thrift savings), a pre-tax basis (401(k) savings), or both. The matching employer contribution is 60% of the

first 6% of base pay contributed by the employee on a pre-tax basis.

4. Employees are eligible to participate in the Bargaining Employees Retirement Savings Plan, for purposes of receiving the employer base contributions and/or matching contributions, on the first day of the month coincident with or next following completion of a 12 consecutive month period during which the employee earns 1,000 hours of service. For purposes of making employee thrift and 401(k) savings contributions, employees are eligible as of the first of the month coincident with or next following completion of their first hour of service.

5. Employees who are active members of the Bargaining Employees Retirement Plan shall be eligible to participate in the Bargaining Employees Retirement Savings Plan, and prior to November 1, 2008, remain eligible to participate in the predecessor savings plan, the Bargaining Employees Savings Plan, for purposes of making employee thrift and 401(k) savings contributions and receiving employer matching contributions. They shall not be eligible for purposes of receiving the employer base contributions.

6. The details covering the provisions of the Retirement Plan and the Retirement Savings Plan shall be as specifically provided in the plan documents, and are subject to IRS rules and regulations. Effective January 1, 2009, loans from thrift and 401(k) savings shall be limited to no more than two outstanding at any time, excluding loans made prior to January 1, 2009.

7. Subject to the respective plan provisions, employees otherwise eligible may waive future accrual of benefits in the Bargaining Employees Retirement Plan and choose instead to receive the employer base contributions under the Bargaining Employees Retirement Savings Plan. This option expires on December 31, 2009.

SECTION 34. BULLETIN BOARDS

1. The Company shall provide bulletin boards to be used for the posting of Union notices of elections, meetings, appointments, and Union recreational and social affairs. Prior to posting, all materials must be approved by the Human Resources Department or the chief steward may have materials approved by the Manager of Transmission. There shall be no posting by employees of pamphlets, advertising or political materials, notices of any kind or literature upon Company property.

SECTION 35. ET&S VISITATION

1. An accredited Union representative may visit ET&S at reasonable times during working hours. The representative will notify the Company prior to the visit and will secure permission from the Human Resources Department prior to the visit, and such visits will not be permitted if they interfere with the operations of ET&S. Such visits shall be limited to participation in the adjustment of a pending grievance as provided for in the grievance procedure under this Agreement, or to make a physical inspection of ET&S operations necessary to process a pending grievance. Such visits will not be permitted if they are abused or if they interfere with production or with employees while at work.

SECTION 36. SEPARABILITY

1. If any provision of this Agreement is invalidated by legislation or by decision of a court of competent jurisdiction, such invalidation shall apply only to the provision or provisions expressly invalidated, and all remaining portions of this Agreement shall remain in full force and effect. The Company and the Union shall meet to renegotiate the invalidated provision or provisions.

SECTION 37. HOURLY WAGE RATES AND LABOR GRADE CLASSIFICATION ASSIGNMENTS

1. All basic hourly wage rates paid by the Company to bargaining unit employees in the respective labor grades are listed below.

First year hourly wage rates from October 15, 2008 through October 14, 2009

Second year hourly wage rates from October 15, 2009 through October 14, 2010

Third year hourly wage rates from October 15, 2010 through October 14, 2011

Fourth year hourly wage rates from October 15, 2011 through October 14, 2012

LABOR GRADE 1

	First Step	Second Step	Top Step
1st year	$26.97	$28.08	$29.15
2nd year	$27.91	$29.06	$30.17
3rd year	$28.89	$30.08	$31.23
4th year	$29.81	$31.04	$32.23

Classifications: Senior Technician, Senior Lineman, Senior Equipment Mechanic, (Grandfathered) Right-of-Way Maintenance "A"

Advancement to a Labor Grade 1 Senior Journeyman position shall occur only through the job bid and request for transfer provisions.

LABOR GRADE 2

	First Step	Second Step	Top Step
1st year	$22.96	$24.53	$26.46
2nd year	$23.76	$25.39	$27.39
3rd year	$24.59	$26.28	$28.35
4th year	$25.38	$27.12	$29.26

Classifications: Technician, Equipment Mechanic, Lineman, Right-of-Way Maintenance "A" a)

a) Labor Grade 2 applies to all employees who enter the Right-of-Way Maintenance "A" classification on or after October 15, 2008.

LABOR GRADE 3

	First Step	Second Step	Top Step
1st year	$22.96	$23.75	$24.53
2nd year	$23.76	$24.58	$25.39
3rd year	$24.59	$25.44	$26.28
4th year	$25.38	$26.25	$27.12

Classifications: Storekeeper, Right-of-Way Maintenance "B"

LABOR GRADE 4

	First Step	Second Step	Top Step
1st year	$20.09	$20.78	$21.45
2nd year	$20.79	$21.51	$22.20
3rd year	$21.52	$22.26	$22.98
4th year	$22.21	$22.97	$23.72

Classifications: Assistant Storekeeper, Groundman, Utility

LABOR GRADE 5

	First Step	Second Step
1st year	$17.47	$18.74
2nd year	$18.08	$19.40
3rd year	$18.71	$20.08
4th year	$19.31	$20.72

Classification: Laborer

APPRENTICE LINEMAN - EIGHT PERIODS

Period	% of Top Step Lineman Rate	Minimum Cumulative Hours
1st Period	55%	0-1000
2nd Period	60%	1000-2000
3rd Period	65%	2000-3000
4th Period	70%	3000-4000
5th Period	75%	4000-5000
6th Period	80%	5000-6000
7th Period	85%	6000-7000
8th Period	90%	7000-8000

In addition to the minimum cumulative hours, advancement to the next consecutive period within the apprenticeship program requires satisfactory progress/performance on the job, and satisfactory completion of related classroom training.

1. The Company, at its discretion, may designate one or more bargaining unit employees as crew leader(s). Crew leaders shall be selected from employees at the top step in Labor Grade 1, and shall receive pay at a rate equal to 104% of that top step. In addition to the tasks performed as employees in their senior journeyman classifications, crew leaders, in cooperation with their immediate supervisor and the Manager of Transmission, shall be responsible for the safe and efficient management of their crews. Crew leaders shall have no authority to discipline employees. When a crew leader is absent from work, the Company may temporarily upgrade another Labor Grade 1 top step employee to serve as crew leader. The decision to fill a crew leader position, the employee selected from those at the top step in Labor Grade 1, and the decision to remove an employee from a crew leader position, will be at the Company's discretion. An employee offered the position of crew leader may refuse to accept. An employee designated as crew leader may choose to resign the position.

SECTION 38. STEP RATE PROGRESSION

1. All employees will progress to the next step rate on his classification anniversary date, until he reaches the top rate of his Labor Grade, provided he is qualified to do the job.

SECTION 39. ESTABLISHED LINES OF PROGRESSION

1. Employees will progress through the established lines of progression set out below within the following departments: right-of-way maintenance, equipment maintenance, substations, lines, metering, warehousing, and communications.

Right-of-Way Maintenance

1. Maintenance "A" (R/W)
2. Maintenance "B" (R/W)
3. Utility (R/W)

Equipment Maintenance

1. Senior Mechanic (Equipment)
2. Mechanic (Equipment)
3. Utility (Equipment)

Substations

1. Senior Technician (Substation)
2. Technician (Substation)
3. Utility (Substation)

Lines

1. Senior Lineman
2. Lineman
3. Groundman

Metering

1. Senior Technician (Metering)
2. Technician (Metering)
3. Utility (Metering)

Warehousing

1. Storekeeper
2. Assistant Storekeeper

Communications

1. Senior Technician (Communications)
2. Technician (Communications)
3. Utility (Communications)

Laborers

1. Laborer [a)]

[a)] Laborers are not in an established line of progression.

SECTION 40. APPRENTICESHIP AND TRAINING

1. The Company and the Union agree to the establishment of the classification of apprentice lineman. The Company's standards of apprenticeship (Apprenticeship Standards) shall be registered with the Bureau of Apprenticeship and Training, and each apprentice lineman (hereinafter "apprentice") shall be registered with the Kentucky Department of Labor.

2. The Company shall be responsible for the training of apprentices.

3. The first person assigned to a job site requiring the skills of a journeyman lineman (lineman or senior lineman) shall be a journeyman lineman (hereinafter "journeyman").

4. The Company's line supervisor is the person designated in the Apprenticeship Standards to supervise the apprentice (the "immediate supervisor") and be responsible for his training and safety. An apprentice is to be under the supervision of the immediate supervisor or a journeyman at all times. This does

not imply that the apprentice must always be in sight of the immediate supervisor or journeyman, or that they are required to constantly watch the apprentice. Supervision will not be of a nature that prevents the development of responsibility and initiative. Work may be laid out by the immediate supervisor or journeyman based on their evaluation of the apprentice's skills and ability to perform the job tasks. Apprentices shall be permitted to perform job tasks in order to develop job skills and trade competencies. The immediate supervisor and journeyman are permitted to leave the immediate work area without being accompanied by the apprentice.

5. Apprentices shall not supervise the work of others.

6. To help ensure diversity of training, apprentices shall be transferred on an equitable basis from one journeyman to another for job training.

7. Nothing in this Section or in the Apprenticeship Standards shall preempt in any way the provisions of this Agreement set out in Section 21.

8. Applicants for an apprentice position will not be solicited through job bids or transfers, but the Company, when preparing to fill the position, shall provide current bargaining unit employees the opportunity to apply prior to public advertising. To apply, the current employee must meet the qualifications provided in the Apprenticeship Standards. Prior to placement in the apprenticeship program, the current employee shall be given the opportunity to complete climbing school prior to the Company posting his previous job. Upon completion of the climbing school, the employee may choose to enroll in the apprenticeship program (by signing the apprenticeship agreement with the Company) or return to his previous job. If the employee chooses to enroll in the program, he shall be subject to its provisions. He shall not have seniority status as an apprentice and shall cease to hold his previous departmental seniority. Although training to become journeyman linemen, apprentices are not in an established line of progression and do not have job bid or transfer rights.

9. Any bargaining unit employee employed in a classification other than apprentice, who enrolls in the apprenticeship program, shall retain his hourly rate of pay if it is more than the rate to which his credit for previous experience or training entitles him under the program. The employee in such case would retain his current pay rate until his progression in the apprenticeship program advances him to a higher rate.

10. The apprenticeship program may be deregistered upon the voluntary action of the Company by the Company's written request for cancellation to the registration agency (Bureau of Apprenticeship and Training). Upon deregistration of the program by the Company, or by the registration agency, the Union may voluntarily choose to rescind its agreement to the establishment of the apprentice lineman classification.

SECTION 41. RESIDENCY REQUIREMENT

1. All employees who become transmission division employees after October 22, 1991, shall have a place of residence within a 35 mile radius of the ET&S office on Airline Road, Henderson, Kentucky, within 12 months after becoming such an employee. If the employee does not comply with this residency requirement within 12 months, he shall be terminated. If the employee complies with the residency requirement, and later changes his residence so that he no longer complies, his employment with the Company shall be terminated. The Company's new-hire residency requirement shall be as it sees fit, but shall not have a residency requirement more liberal than that set out above.

SECTION 42. STANDBY PROVISION

1. Employees assigned to be on standby for the purpose of receiving after-hours notification of system emergencies shall be paid one hour's straight-time pay at the top step hourly rate of Labor Grade 1 for the term of this Agreement, for each 24 hour period that the employee is on standby.

2. The departmental seniority overtime rotation list for the ET&S departments that utilize the standby provision shall be rotated every seven calendar days. The assignment of overtime and standby work shall be made from the senior journeyman overtime rotation list. The employee required to be on standby shall be the bottom senior journeyman on the overtime rotation list and such assignment shall begin at the start of the first shift on Monday and shall continue to the start of first shift the following Monday.

3. Employees assigned to be on standby shall be available for "beeper" or telephone contact at all times during the assignment and shall be able to promptly report to the ET&S office within a time frame not to exceed their normal commuting time. A standby assignment shall not be considered as an overtime assignment or commitment, for such assignment is to assure that someone can be contacted in the event no qualified employee can be contacted for the emergency work from the department's overtime lists.

4. Employees required to be on standby may trade out their assignment with another qualified senior journeyman. If a qualified employee trade-out cannot be arranged, the employee assigned the standby must be available for emergency calls as set out above.

SECTION 43. OUT-OF-TOWN WORK

1. Employees required to work out-of-town shall receive a payment equal to 1.75 times the top hourly rate of Labor Grade 1 for the term of this Agreement, for each night that they are required to spend in lodging away from their home. Such payment will be made to cover all of the expenses incurred by the employee except for lodging, which will be paid by the Company. When returning to the ET&S office from out-of-town work, if the employee is not at ET&S within three hours following the end of the scheduled work shift, the contractual meal money provision shall be in effect. It is understood that "out-of-town" work shall be defined as any time an employee's work assignment requires him to spend the night at a place of lodging away from his own home; but it does not include travel away from home to attend conferences, seminars, or training sessions.

2. When an employee is scheduled to work out-of-town he will be allowed a 30 minute lunch break without pay, unless a longer period is approved by supervision. Any additional time approved by supervision shall also be without pay. If the lunch break is extended beyond 30 minutes, the work day will be extended an equal amount of time.

3. When an employee is scheduled to work out-of-town, he shall be permitted to take his personal vehicle, provided he is not needed to drive a company vehicle to the out-of-town location. Mileage reimbursement will be at the Company's approved rate for no more than one round trip from the ET&S office to the lodging site per week.

4. The Company will provide or reimburse the expense of transportation for the evening meal to employees who are required to work out-of-town, not to exceed 15 miles from their overnight lodging (30 miles when in Brandenburg, Kentucky area). Transportation will not be provided for entertainment, social, or recreational purposes.

5. An employee shall not take his personal day while working out-of-town except in case of personal or family emergency.

6. When an employee is required to work out-of-town, his work shall commence upon leaving his place of lodging for the job site, and shall end upon return to his place of lodging, or to the ET&S office on the last day of out-of-town work.

7. In addition to the daily per diem for out-of-town work, employees will be paid six dollars in lieu of a meal for unscheduled overtime starting with the seventh hour past the employee's scheduled quitting time and including the 11th hour, but not to exceed two per day.

SECTION 44. IN WITNESS WHEREOF

1. IN WITNESS WHEREOF, this Agreement is entered into the 15th day of October, 2008.

BIG RIVERS ELECTRIC CORPORATION
by

_____
President & CEO

_____
Vice President System Operations

_____
Vice President Administrative Services

LOCAL UNION 1701, INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS,
AFL-CIO
by

_____
Business Manager and Financial Secretary

_____
Chairman and Chief Steward

_____
Recorder

RELATED

INFORMATION

SECTION

MEMORANDUM OF UNDERSTANDING
October 20, 1988

RE: Request For Waiver of Overtime

When offering scheduled or unscheduled overtime work, the Request For Waiver shall be in effect until the "offer process" has been exhausted. At such time, Management reserves the right to offer and assign such waivered employees the overtime work.

When scheduled overtime work is being assigned, the Request For Waiver will not be in effect. When Request For Waiver employees are assigned overtime work, such assignments will be in reverse seniority order.

I. REQUEST FOR WAIVER

I hereby request to waive my rights to overtime work, scheduled or unscheduled, starting with my next scheduled workweek which begins on (date) _____.

This authorization shall remain in effect until I submit a written revocation.

Employee _____ Date _____

Approved by _____ Date _____

Management reserves the right to require such employees to work, by reverse seniority, if a qualified employee who has not waived his overtime rights cannot be contacted.

II. CANCELLATION OF WAIVER

I hereby request to have my name reinstated to the rotating overtime list starting with my next scheduled workweek, which begins on (date) _____.

Employee _____ Date _____

Approved by _____ Date _____

LETTER OF INTENT

RE: Calculation of the 16 hours worked and 12 hour rest period set out in the labor agreement.

When calculating whether 16 hours has been worked in a 24 hour period or when applying the 12 hour rest period provision, the following rules apply:

a) In the event an employee works 16 hours in a 24 hour period, the 12 hour rest period hours shall not be included in a subsequent 16 hours worked calculation.

b) There is no pay due an employee who has been excused from and does not work the scheduled hours outside his 12 hour rest period. In respect to such non-premium hours, the employee may be excused from such hours of work without pay, provided Management approves the employee's request to go home and rest, rather than work. Or, if there is a concern by the Company because of the long hours worked for the safety of the employee and/or for his fellow workers, the Company may direct the employee to go home to rest, without pay, during the non-premium hours of the scheduled shift. If the employee is directed to go home, as set out herein, during scheduled overtime hours the appropriate contractual overtime cancellation notice must be applied.

c) Time taken for meals outside of the employee's scheduled shift is restricted to "ample time only." Time taken for such non-scheduled meal breaks is included in the 16 hours worked calculation. The parties agree that "ample time only" is the necessary time for an employee to eat, but at no time shall the meal break exceed 20 minutes.

See attached chart for examples of how to calculate the 16 hours worked and 12 hour rest period.

EXAMPLES OF 9/28/94 LETTER OF INTENT

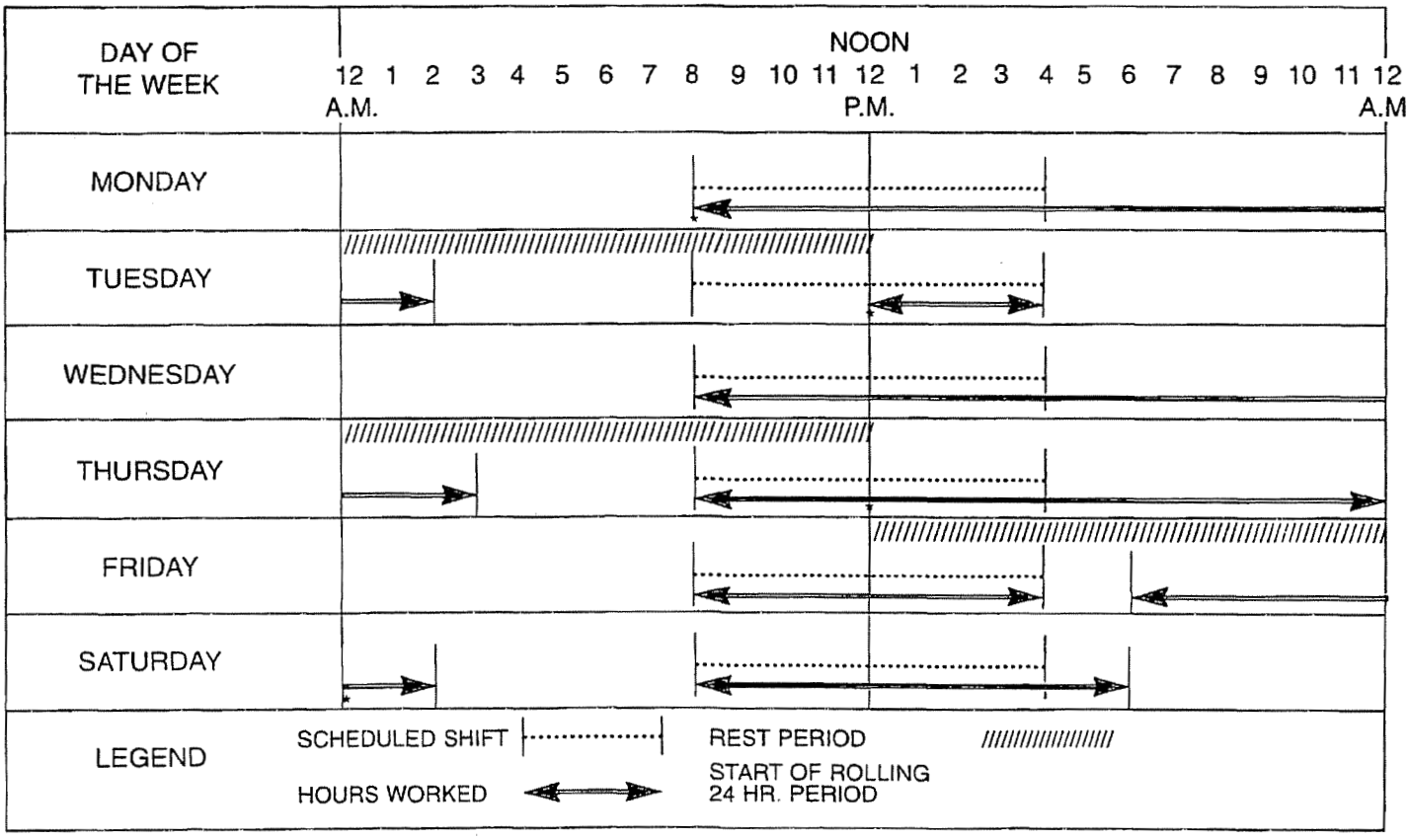


Chart A

John Doe's Weekly Schedule Posted Shift

Shift A Week Ending 7-15-93

Employee	Sun	Mon	Tues	Wed	Thur	Fri	Sat
Doe	SDO-2	8-4	8-4	8-4	8-4	8-4	8-4 SDO-1

John Doe actualy works the following time for week ending 7-15-93.

Sunday = SDO-2, Off

Monday = 8 am until 2 am - Tuesday - unscheduled hold over

Note: Due to the unscheduled hold over, the 12-hour rest period starts at 12 am Tuesday and lasts until 12 pm Tuesday.

Tuesday = Off work with straight time pay from 8 am - 12 pm; Works 12 pm - 4 pm

8 am - 12 pm/ in work 12 pm - 4 pm

Wednesday = 8 am until 3 am Thursday - unscheduled hold over

Thursday = 8 am until 12 am Friday - unscheduled hold over

Friday = 8 am until 4 pm - Called in 6 pm until 2 am Saturday

Saturday = 8 am until 6 pm

How should John be paid?

Mon	8 am until 4 pm 8 hrs straight time	4 pm until 12 am 8 hrs time and 1/2		
Tues	12 am until 2 am 2 hrs double time	8 am until 12 noon 4 hrs straight time	12 pm until 4 pm 4 hrs straight time	
Wed	8 am until 4 pm 8 hrs straight time	4 pm until 12 am 8 hrs time and 1/2		
Thur	12 am until 3 am 3 hrs double time	8 am until 12 noon 4 hrs double time	12 noon until 4 pm 4 hrs straight time	4 pm until 12 am 8 hrs time and 1/2
Fri	8 am until 12 noon 4 hrs straight time	12 noon until 4 pm 4 hrs double time	6 pm until 12 am 6 hrs double time	
Sat	12 am until 2 am 2 hrs time and 1/2	8 am until 5 pm 10 hrs time and 1/2		

	Hrs Per Day	Time	Time and 1/2	Double
Mon	16	8	8	
Tues	10	8		2
Wed	16	8	8	
Thur	19	4	8	7
Fri	14	4		10
Sat	12		12	

MEMORANDUM OF UNDERSTANDING
between
BIG RIVERS ELECTRIC CORPORATION AND IBEW LOCAL UNION 1701

September 30, 1998

Big Rivers Electric Corporation (Big Rivers) and IBEW Local Union 1701 (Union) have had a successful relationship since the Union was certified as the exclusive bargaining representative in NLRB Case No. 25-RC-5955. The parties have been successful in negotiating several collective bargaining agreements covering production and transmission employees since the certification was issued.

On July 17, 1998, Big Rivers entered into an agreement with Louisville Gas & Electric (LG&E) whereby the Big Rivers generating stations were leased to Western Kentucky Energy (WKE), a subsidiary of LG&E, for twenty-five (25) years. Some of the Big Rivers employees who operated and maintained these generating stations were employed by WKE, and WKE and the Union have entered into a collective bargaining agreement covering those employees. The collective bargaining agreement between WKE and the Union does not affect the collective bargaining agreement covering Big Rivers transmission division employees. However, the agreement between Big Rivers and the Union contains language and provisions that apply only to the employees who operated and maintained the generating stations (the production division). Big Rivers wants to delete such language and provisions from its agreement with the Union. The Union is agreeable to this provided Big Rivers agrees to recognize the Union as the representative of the production division employees when Big Rivers' agreement with WKE terminates.

In order to accomplish the interests of both parties, Big Rivers and the Union hereby agree that Local Union 1701 of the International Brotherhood of Electrical Workers will be recognized as the representative of the production division employees employed by WKE at the expiration and/or termination of Big Rivers' agreement with WKE, provided those employees are represented by the IBEW at the time Big Rivers' agreement with WKE terminates; and provided further that nothing in this Memorandum of Understanding shall require either Big Rivers or the Union to undertake any action which is illegal or contrary to law. In exchange for this understanding with Big Rivers, the Union agrees to delete the language and provisions in its collective bargaining agreement with Big Rivers that apply only to production division employees.

For the Union

Harold Baggett
Business Manager
IBEW Local 1701

For the Company

Mike Core
President/CEO
Big Rivers Electric Corporation

MEMORANDUM OF UNDERSTANDING
October 15, 2002

RE: Document Changes

It is understood and agreed by the Company and the Union that documents other than this Agreement shall be revised and updated to reflect the latest agreements reached in collective bargaining, including all documents related to benefits and all relevant policy.

For the Union

Harold Baggett
Business Manager
IBEW Local 1701

For the Company

Mike Core
President & CEO
Big Rivers Electric Corporation

MEMORANDUM OF UNDERSTANDING
October 15, 2002

RE: Holiday Week Work Schedule

It is the intent of the Company to work the four 10-hour day schedule year-round. It is understood and agreed by the Company and the Union that the Company will not assign employees on a four 10-hour day schedule to work a five 8-hour day schedule during a week containing a paid holiday when observance of the holiday is the only reason for such a change in the work schedule. The Company and the Union recognize that this memorandum of understanding does not modify or abridge the Company's right to make changes in work schedules as it deems best for the purpose of maintaining effective operation of the business.

For the Union

Harold Baggett
Business Manager
IBEW Local 1701

For the Company

Mike Core
President & CEO
Big Rivers Electric Corporation

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2012-00535

Response to the Commission Staff's Initial Request for Information dated December 21, 2012

January 29, 2013

Item 39) ***Provide each group medical insurance policy that Big Rivers currently maintains.***

Response) Attached hereto are the descriptions of the Health Resources, Inc., (HRI) Dental Coverage Plan and Anthem Health Plans of Kentucky, Inc., Vision Coverage Plan. The description of the Anthem Health Plans of Kentucky, Inc., Medical Coverage Plan is provided on the CD accompanying these responses.

Witness) James V. Haner

Health Resources, Inc. (HRI)
Dental Coverage Plan

dental health OPTIONS®
by Health Resources, Inc.

PLANBOOK

for

Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy® Cooperative

How to reach us

www.HRI-DHO.com (use the QR code below for Quick Response)
Visit Us Online 24 hours a day/7 days a week at your convenience.
Establish a login and password to review YOUR personalized information such as:
Eligibility, Claims history, Covered dependents, Plan year, Annual plan maximum available/used to date and more!

Write to us or call customer service (7:30-4:30 CST)
800.727.1444 press 9 P.O. Box 659, Evansville, IN 47704-0659

TABLE OF CONTENTS

Welcome!

Thank you for enrolling in Dental Health Options (DHO) by Health Resources Inc. (HRI)! Oral health is a vital part of overall health and it is our pleasure to be included in your wellness culture. HRI collaborates with the dental profession to design dental plans that promote oral health care along the most cost-effective path. As any dental care professional will attest, the key to avoiding costly dental problems is prevention.

You have a wide choice of network dentists, general and specialists, in developed network areas. Network dentists submit claim forms for you and payments are paid directly to them. Network dentists also sign contracts with HRI to accept certain agreed upon fees, therefore, you and your employer may realize significant savings.

HRI is also committed to providing the highest quality customer service to all enrollees. Our dedicated customer service representatives are available toll-free, M-F. You may also access information through our website. It is your responsibility to be informed about your benefits and any associated limitations and restrictions, so please read and save this booklet for reference.

Our mission statement is, "To offer dental plans that help improve the dental health of the public." For over twenty-five years that is exactly what we have delivered to our enrollees. We look forward to continuing that promise to our customers. I hope that you feel as excited as I do about Dental Health Options by Health Resources Inc.

Sincerely,
Allan L. Reid, DMD, MBA
President/Chief Executive Officer

dental health OPTIONS by Health Resources, Inc.

CERTIFICATE OF COVERAGE

This Certificate of Coverage (Certificate) is part of the Policy (Master Group Contract or Administrative Services Only Agreement) that is a legal document between Health Resources Inc. and your Employer Group to provide benefits to covered persons and is subject to the terms, conditions, exclusions and limitations of the Policy. Reasonable effort has been made for this Certificate to represent the intent of the Master Group Contract or Administrative Services Only Agreement language between us and your employer.

HRI issues the Policy based on your Employer Group's application and payment of the required Policy Charges. In addition to this Certificate, the Policy includes:

- The Group Policy
- The Schedule of Benefits
- The Enrolling Group's application
- Riders
- Amendments

Specific selection of the policy is stated on your membership enrollment card and details of the coverage benefits may be found in the HRI planbook assigned to your group. If there is a conflict in the terms and conditions of the Certificate of Coverage and the Master Group Contract or Administrative Services Only Agreement, the terms of the Master Group Contract or Administrative Services Only Agreement shall control the relationship of the parties. You may obtain a copy of the Master Group Contract or Administrative Services Only Agreement from your employer by sending your employer a written request.

Member Eligibility

Dental Health Options are available through employers for their employees. Your employer selected the Option and the level of coverage available for you and your dependents. Your option is listed on your member card.

Health Resources Inc. will acknowledge each individual employer's definition for "dependent(s)" as long as the definition is compliant with the guidelines set forth by the U.S. Department of Health & Human Services, State and other Federal regulatory entities associated with health care regulations and oversight. If you have dependent(s) with a permanent physical disability or mental disability to the extent they cannot support themselves, they may qualify for coverage beyond the applicable age limit for dependent(s). Coverage for your newborn child (ren) is effective from the moment of birth and extends automatically for 31 days. HRI must receive payment within thirty-one (31) days after adoption or the date of birth of your newborn(s) in order to have the coverage continue beyond the thirty-one (31) day period. Coverage for adopted children is effective upon the earlier of the date of placement or the date of entry of an order granting custody.

It is your responsibility to notify HRI when your dependent reaches your employer group's applicable age limit for dependent coverage.

Under certain circumstances, you might be required to enroll your children even if you do not have custody, or the children are not your dependents. Those circumstances must be established through a Qualified Medical Child Support Order

(QMSCO). If your spouse also has dental insurance, he/she may enroll under your plan but special rules apply (see Coordination of Benefits).

Initial Enrollment and Open Enrollment
At the time you enroll, you are given a coverage effective date. Employees may NOT add, drop or change coverage for themselves and their dependents during the plan year unless a qualifying event under HIPAA Special Enrollment or COBRA or termination of employment occurs. You must notify your employer if you have a change of marital status or other qualifying event relating to you or your dependents within 30 days from the time the change occurs. Otherwise, changes may be made only at open enrollment or plan renewal.
Open enrollment is usually the period preceding the renewal date of your employer's contract with HRI. During this period, you may drop your coverage or change dependent coverage. Any changes will be effective on the renewal date of your Dental Health Option. Your dental plan remains in force for whatever plan year your employer has established with HRI, unless ended sooner due to premium/fee non-payment by your employer, your maximum annual benefit has been received by the member, or as otherwise set forth in the Master Group Contract or Administrative Services Agreement.

All new subscribers are given membership cards which identify you by name, member number, covered enrollees, group, group number, plan year, dental health option number/type, coverage effective date and the employer add date.
If you are no longer employed, your Benefit Administrator must notify us of your termination date and the loss of coverage effective date. Continued coverage may be possible if your group is eligible for COBRA. (See Continuation Coverage Section).

Receiving Dental Care – Selection of your Network (Participating) Dentist
Dentistry is a highly personal service. Your dental plan offers a large network of dentists/providers in the states of Indiana and Kentucky to accommodate you and your family.

Within these two states, payments for covered services will be made primarily only to dentists (including specialists) who have joined the network and have agreed to accept certain allowable fees. These dentists have also agreed to not charge amounts to you over and above these allowable fees. This is referred to as "no balance billing", so you benefit from our negotiated discounts. Provider/network dentists are independent contractors and are not HRI employees. Please review a current list of provider network dentists at www.HRI-DHO.com. Find a Dentist link. If you change dentists at any time, review a current list again as we're expanding the network every day.

If you live or work in a county where there are no provider/network dentists (mainly locations outside Indiana and Kentucky), HRI will allow coverage for services from a non-network dentist that practices near your home or place of work. Only certain amounts will be paid to these non-network dentists and amounts charged over and above HRI's reimbursement levels may be balance billed to you. Therefore, procedures may not be covered at the percentages indicated by your Plan and your co-insurance may be a greater percentage of the dentist's fees if the charged fees exceed the allowable amount. We recommend you contact your Benefits Administrator or HRI prior to visiting any non-network dentist to assure you have covered benefits through a dentist not participating in our network.

You may have any dental treatment performed as decided by you and your dentist. HRI does not dictate what treatment you receive. Only you and your dentist can determine that. However, your Dental Health Option only offers coverage for those procedures under your Dental Health Option plan listed in this booklet within the limitations and restrictions presented. You must personally pay the fees for any service which is not covered or for any service that is covered that is subject to limitations and restrictions. HRI will process your claim for your records only after completion of the dental procedure. If you are not sure whether a particular dental treatment is covered or how much you will be required to pay, you should contact your dentist for a pre-treatment estimate, which is a free service provided by HRI to you and your dentist.

Some procedures are limited by the age of the patient, by how often the procedure may be performed, or by specific teeth. All time intervals (frequency limitations) required by coverage are independent of calendar year or plan year. Frequency limitations regarding how often procedures may be performed are continuous (See Limitations Section). A change of dental plan coverage, termination and reinstatement of coverage (even with a different employer group) does not eliminate the frequency limitations.

If you have traveled more than 50 miles from the nearest office of a participating provider network dentist, you may receive emergency care from any licensed dentist. HRI will pay only up to $100 for emergency treatment providing a claim is submitted. The services performed by the dentist must be covered under your Dental Health Option. Co-insurance percentages and restriction provisions also apply.

Maximum Annual Benefits/Plan Year
Each plan year a covered member can receive benefits up to a maximum amount. Payments by HRI for ALL covered procedures apply to the maximum annual benefit. Your membership ID card identifies your yearly maximum benefit and

plan year that has been selected by your employer. A member is required to pay for their own dental services after receiving benefits equal to the annual maximum policy limit.

General Exclusions

All DHOs are issued subject to the following general exclusions.

1. HRI will not pay for dental procedures that are not listed in the exhibits.
2. HRI will not pay claims for dental services rendered before the effective date of coverage or after coverage is terminated.
3. HRI will not pay claims for dental services covered under non-dental insurance.
4. HRI will not pay claims for charges made by hospitals.
5. HRI will not pay claims for services performed primarily to rebuild occlusion or for full mouth reconstruction.
6. HRI will not pay claims for enrollees until HRI receives the appropriate contracted payment(s) for premiums, administrative service fees and/or escrow.
7. HRI will not pay claims for services which are not completed.
8. HRI will not pay for duplicates, lost, or stolen prosthesis or appliances.
9. To be considered for payment, a claim must be submitted within one year from the date of service.

We may amend coverage, limitations to the covered procedures, general exclusions, annual maximum benefit payments or any other terms of this Certificate of Coverage or in the Master Group Contract or Administrative Services Agreement upon 30 days written notice to you and your employer. We will pay for any covered services rendered prior to the effective date of the change. If there are any discrepancies as to coverage, limitations to covered procedures, general exclusions, annual maximum or other provisions stated herein and as stated in the Master Group Contract or Administrative Services Agreement, the provisions of the Master Group Contract or Administrative Services Only Agreement will supersede those set forth herein.

Arranging For Payment

At the end of your dental appointment, your participating network provider completes a claim form for you and submits it to HRI for payment. Claim forms identify the fee the dentist charges for each procedure performed on the date of service. Maintain a copy for future reference. Your dentist can probably tell you how much of the charges are covered by your plan and how much you personally must pay.

If you qualify for dental care from a non-participating dentist, you may personally be responsible for submitting claims directly to HRI.

A dentist must submit a Form W-9 to HRI before we can process your claim. Once HRI processes your dental claim, you will receive a report (Explanation of Benefits) explaining payment amounts. It is possible that your dentist's charges for one or more of the procedures may be higher than a maximum allowed under your Dental Health Option. If so, a contracted network dentist must reduce the charged amounts. A non-network dentist will charge you for the difference since they are not contractually liable to accept certain fees.

Web Services – www.HRI-DHO.com

HRI offers information and various services on its web site. Currently, subscribers may verify plan design, renewal dates, dependent coverage, claim status, update personal address information, download plan brochures and certificates of coverage (planbooks), and contact us. The web site is being revised continually. Make sure you visit it occasionally to see all of the services we offer.

Coordination of Benefits

Coordination of benefits occurs when both you and your spouse, or both parents of children, have dental plans each with coverage on each other or dependents. Under this circumstance, claims should be first sent to the primary company. Once processed, the claim payment report or its denial should then be forwarded to the secondary company. Your dentist should assist you.

When HRI is primary, claims will be paid as if there is no secondary plan coverage. Situations when HRI is primary:

- You, the employee, are the patient.
- Your child is the patient; you are not separated or divorced from the child's other parent, and your birthday occurs earlier in the year than your spouse's birthday.
- Your child is the patient, you are not separated or divorced from the child's other parent, you and the other parent's birthdays are the same, and you have had coverage under HRI's plans for a longer time than your spouse has had dental coverage.
- Your child is the patient, you are separated or divorced from the child's other parent, and a court decree states that you are responsible for the health care expense of the child.

- Your child is the patient, you are separated or divorced from the child's other parent, and you have custody of the child.
- Your current spouse's child is the patient, your spouse is divorced from the child's other parent, and your spouse has custody of the child.
- Your child is the patient, you are divorced from the child's other parent, a court decree states that the parents will share joint custody without a decree assigning health care expenses, and your birthday occurs earlier in the year than your ex-spouse's.
- You or a dependent are covered under Medicaid.

When HRI is secondary, HRI may reduce its benefits so that the total benefits paid by all plans during a claim determination period are not more than total allowable expenses. The amount by which the secondary plan's benefits have been reduced shall be used by the secondary plan to pay allowable expenses, not otherwise paid, which were incurred during the claim determination period by the person for whom the claim is made.

Evaluating Your Benefits/Complaints

Your Dental Health Option provides you outstanding value. Your plan has been carefully designed to provide you with maximum benefits for your level of coverage. However, HRI is constantly looking for ways to make our plans even better. Your suggestions are encouraged.

Occasionally, you may have a complaint. Complaints may involve dentists, dental care, agents who sold and service your Dental Health Option, or policies of HRI. Any enrollee may file a grievance verbally or in writing to the corporate address listed on the back. HRI will provide you with oral or written acknowledgment of your complaint within 3 business days after the complaint if received. An HRI representative will first attempt to settle complaints through informal discussions, and notification to you of resolution is within 20 business days of the receipt of the complaint. If the complaint cannot be resolved within the 20 day time period due to circumstances beyond HRI's control, HRI will notify you in writing of the reason for the delay not more than 19 business days after the complaint is filed. You will receive written notification of the resolution of the grievance not more than 10 business days after the notification to you of the delay. If necessary, the complaint may be referred to the Dental Review Board for its investigation, review, and findings. If a hearing is necessary, it is held within 45 business days following the date of referral of the complaint to the Dental Review Board. Although no formal rules of procedure shall apply, testimony may be received from interested parties. Notification of findings from the hearing shall be in writing within 5 business days of the date of the hearing.

If you reside in Indiana, you may also write the Consumer Services Division, Indiana Department of Insurance, 311 W. Washington St., Ste 300, Indianapolis, IN 46204, to register a complaint. If you reside in Kentucky, you may write the Division of Consumer Protection and Education, Kentucky Department of Insurance, PO Box 517, Frankfort, KY 40602-0517, to register a complaint.

If you have additional questions, you may contact your plan administrator, your employer's benefit advisor or HRI. Original documents, as well as HRI's most recent financial statements, are available at the NAIC website.

You may ask for a review of any claim which has been denied. Before requesting a claim review, examine your claim form. Check that the ADA procedure code numbers listed on your claim form are covered. Finally, check with your dentist to be certain the limitations on payments for procedures have not been violated. Inquiries are considered by a Dental Review Board, who may need to perform an examination. After its review, the Board notifies you of its findings.

Notice of Privacy Practices

In compliance with certain applicable laws, the Gramm-Leach-Bliley Act (GLBA) and the Health Insurance Portability and Accountability Act of 1996 (HIPAA), HRI has adopted these policies. HRI acknowledges participants' privacy rights as specified in these laws, and has adopted policies and procedures to ensure your privacy rights are protected.

This notice describes how nonpublic personal financial information (NPFI) and protected health information (PHI) about you may be used and disclosed and how you can access this information. In this notice, we explain how we protect the privacy of your PHI and NPFI, and how we will allow it to be used and given out ("disclosed"). We are required to provide you with a copy of this notice of privacy practices upon request. We must follow the privacy practices described in this notice while it is in effect.

Our Commitment Regarding Your Confidential Information:

We understand the importance of your Nonpublic Personal Financial Information (NPFI) and Protected Health Information (PHI), hereafter known as "confidential information", and follow strict policies (in accordance with state and federal privacy laws) to keep your information private.

Our Privacy Principles:

- We do not sell customer confidential information.
- We do not provide customer confidential information to persons or organizations outside HRI and our Business Associates for marketing purposes.
- We contractually require any person or organization providing products or services on our behalf to protect the confidentiality of information we obtain from you.
- We afford prospective and former customers the same protections as existing customers with the respect to the use of confidential information.

Your privacy is a high priority for us and it is treated with the highest degree of respect. We collect and use confidential information we believe is necessary to administer our business and to provide you with customer service. We use confidential information to underwrite your policies, process your claims, ensure proper billing, and service your accounts. We share confidential information as necessary to handle your claims and to protect you against fraud and unauthorized transactions. However, we want to emphasize that we are committed to maintaining the privacy of this information in accordance with law. All individuals with access to confidential information about our customers are required to follow this policy.

Confidential Information Collected:

- Confidential information includes demographic data that can reasonably be used to identify you and that relates to your past, present or future physical or mental health, the provision of health care to you, or the payment for that care.
- Confidential information includes your name, address, date of birth, marital status, sex, social security number, dental information, and enrollee information, including information about your transactions with us, such as claim history and premium payments.

Information Disclosed:

- We may provide confidential information to you in order to supply you with information about your plan benefits, or if you request to inspect your confidential information.
- We may provide your confidential information to health care providers and to our business associates who request confidential information for payment-related activities and for health care operations.
- We may provide your confidential information to someone who has the legal right to act on your behalf.
- We may provide confidential information to the extent necessary to comply with laws related to workers' compensation or similar programs.
- We may provide confidential information without your written permission for matters in the public interest such as public health and safety activities or averting a serious threat to the health or safety of others.
- We may provide confidential information that we collect to third-parties involved in the underwriting, processing, servicing and marketing of your HRI insurance products. We will not provide this information to any other third party for purposes other than set forth above unless we have a written agreement that requires such third party to protect the confidentiality of this information or your written authorization.
- The law or the courts may require us to provide confidential information to persons or agencies involved in regulatory, enforcement, or civil or criminal judicial activities.
- When we provide your confidential information to any third party, we will provide only a limited data set, or if needed, the minimal amount of information that we deem is necessary.
- We do not disclose any confidential information about our customers to anyone except as permitted or required by law.
- We must obtain your written authorization for any disclosures of your confidential information for purposes other than those listed above, including disclosures of psychotherapy notes or for marketing purposes.

Security of Your Confidential Information:

- Access of your confidential information is available from us only to persons involved in underwriting, processing information, marketing company products, or providing dental care for your benefit. Access must be granted to those entities to enable them to provide the excellent service you have come to expect from HRI.
- We maintain physical, electronic, and procedural safeguards that comply with state and federal standards to guard your confidential information.
- If we become aware that an item of confidential information may be materially inaccurate, we will make a reasonable effort to reverify its accuracy and correct any error as appropriate.

Individual Rights:

- You have a right to learn about the nature and substance of any confidential information HRI has in its files about you. We reserve the right to charge a reasonable cost-based fee for copying and postage.

- You have the right to an accounting of certain disclosures of your confidential information.
- You have the right to request we place restrictions on the way we use and disclose your confidential information. We shall inform you within 30 days of our decision to honor your request. We shall agree to any request to restrict the disclosure of your confidential information if the disclosure is for carrying out payment or health care operations and you have paid the provider in full out of your pocket.
- You have a right to inspect your confidential information and request that we amend it in your files.
- You have a right to obtain a copy of your confidential information that we use or maintain in an electronic health record. We reserve the right to charge a reasonable cost-based fee to provide such information to you or your specific designee.
- We communicate decisions related to payment and benefits, which may contain confidential information, to the subscriber. Individual members who believe that this practice may endanger them may request that we communicate with them using a reasonable alternative means or location.

Duties:

- HRI is required to abide by the terms of this Notice, and reserves the right to change the terms of this notice at any time, provided that applicable law permits such changes. These revised practices will apply to your confidential information regardless of when it was created or received. Before we make a material change to our privacy practices, we will provide you with a revised Notice of Privacy Practices.
- Where multiple state or federal laws protect the privacy of your confidential information, we will follow the requirements that provide the greatest privacy protection.

Further information:
If you need more information about our privacy policy, or are concerned that we may have violated your privacy rights, please contact HRI's Privacy Officer at the corporate address listed on the back of this booklet.

You may also submit a written complaint to:
Region V, Office of Civil Rights-U.S. Dept of Health and Human Services, 233 N. Michigan Ave, Ste 240, Chicago, IL 60601,
Voice mail: 312.866.2359, Fax: 313.866.1807
We support your right to protect the privacy of your confidential information. We will not take action against you if you file a complaint with us or with the U.S. Department of Health and Human Services.

Termination of Coverage
Your dental coverage may be automatically terminated upon:

- The time when your employer advises HRI to terminate your coverage.
- Your employer's failure to pay timely premium payments or fees to HRI.
- For any other reason stated in the Plan.

A person whose eligibility is terminated may not continue coverage under their Employer's contract, except as required by the continuation coverage provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA) or comparable, non-preempted state law.

Continuation Coverage Rights Under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)
Introduction
The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you when you would otherwise lose your group dental coverage. It can also become available to other members of your family who are covered under the Plan when they would otherwise lose their group dental coverage. For additional information about your rights and obligations under the Plan and under federal law, you should contact your Plan Administrator to inform you of your COBRA administrator.

What is COBRA Continuation Coverage?
COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed later in this section. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation must pay for COBRA continuation coverage.

If you are an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because either one of the following qualifying events happens:

- Your hours of employment are reduced, or
- Your employment ends for any reason other than your gross misconduct.

If you are a spouse of an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because any of the following qualifying events happens:

- Your spouse dies;
- Your spouse's hours of employment are reduced;
- Your spouse's employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes entitled to Medicare benefits under (Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they lose coverage under the Plan because any of the following qualifying events happens:

- The parent-employee dies;
- The parent-employee's hours of employment are reduced;
- The parent-employee's employment ends for any reason other than his or her gross misconduct;
- The parent-employee becomes entitled to Medicare benefits (Part A, Part B or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the plan as a "dependent child."

When is COBRA Coverage Available?
The plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred.

You must notify your Plan Administrator within 60 days after the qualifying event occurs.
How is COBRA Coverage Provided?
Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce, or legal separation, or a dependent child's losing eligibility as a dependent child, COBRA continuation coverage lasts up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months. There are two ways in which this 18-month period of COBRA continuation coverage can be extended.

Disability extension of 18-month period of continuation coverage
If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months.

Second qualifying event extension of 18-month period of continuation coverage
If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the Plan Administrator.

Questions concerning your Plan or your COBRA continuation coverage rights should be addressed to your Plan Administrator or contacts identified below. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa. EBSA Regional Office for southern Indiana is: Cincinnati Regional Office, 1885 Dixie Highway, Ste 210, Ft. Wright, KY 41011-2664, Tel 859.578.4680/Fax 859.578.4688

Keep Your Plan Informed of Address Change
In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members.

ERISA
As a participant in a Dental Health Option plan, you may be entitled to certain rights and protections under ERISA. You should check with your employer to determine whether ERISA applies in your situation.

If you are covered by ERISA, then you may:

- Obtain the plan administrator's name, address, and telephone number from your employer.
- Examine (without charge) at the plan administrator's office and at certain other locations, all plan documents, including the group insurance contracts, and copies of all documents filed by the plan administrator with the Internal Revenue Service such as annual reports and plan descriptions.
- Obtain copies of all plan documents and other plan information upon written request to the plan administrator. The administrator may make a reasonable charge for the copies.
- Receive a Summary Annual Report (SAR), Summary Plan Description (SPD) and a Summary of Material Modifications (SMM).
- Receive a written explanation if your claim for benefits has been denied. You have the right to request a review of any such denial. If your claim is still denied, you may sue for your benefits.
- File suit in Federal court if materials you requested aren't received within 30 days (unless the materials weren't sent because of matters beyond the administrator's control), or if you feel benefits have been improperly denied, or if you have been discriminated against exercising your rights under ERISA. If you're successful, the court may require the administrator to provide the materials you requested and pay up to $100 a day until you receive them. The court will decide who should pay the 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 frivolous.

First consult HRI or your employer to be certain you thoroughly understand the dental benefits coverage and claims procedures. If, after following all procedures, satisfactory resolution has not been reached, you may wish to contact the Indiana Department of Insurance or the United States Department of Labor for assistance. Your exercise of any rights under ERISA will not adversely affect your employment status or plan benefits.

TERMS used in this Booklet

Abutment:	A tooth, a root, or an implant used for the retention of a fixed or removable prosthesis. Also known as a retainer.
Amalgam:	A common material used in fillings to repair cavities in teeth; also known as "silver fillings." Dental amalgam is a mixture of silver, mercury and other materials.
Annual Maximum:	The total dollar amount that a plan will pay for dental care incurred by an individual enrollee or family (under a family plan) in a specified benefit period, typically a calendar year.
Anterior Teeth:	The teeth toward the front, which include the incisors and cuspids.
Balance Billing:	Dentist fees that the enrollee is billed for amounts above the enrollee's portion of the coinsurance. HRI network dentists agree to accept HRI's contracted fees and not to bill above that amount. Non-contracted dentists are under no obligation to limit the amount of their fees.
Benefit Waiting Period:	Waiting periods are designated by an employer group. If an employer group establishes a plan waiting period, it is the period of time an Enrollee must complete before certain dental procedures become covered benefits.
Benefits:	The amounts that HRI pays for dental services covered under an enrollee's contract.
Bridges:	Non-removable artificial teeth attached to adjoining natural teeth when one or a few teeth are missing.
Caries/Cavity:	Tooth decay, also known as a cavity.
Claim/Claim Form:	Standard statement of dental services performed that is submitted by an enrollee or a dentist to request payment from HRI. HRI network dentists always file claim forms on behalf of enrollees and accept payment directly from HRI. Claim forms are also used to request a pre-treatment estimate.
Coinsurance:	The enrollee's share, expressed as a fixed percentage, of the covered dental service.
Network Dentist:	A dentist who has a contract with HRI to participate in a HRI network. The dentist agrees to accept HRI's determination of fees as payment for services rendered to an enrollee. (Also may be referred to as participating provider dentist.)
Coordination of Benefits (COB):	A process that carriers use to determine the order of payment and amount each carrier will pay when a person receives dental services that are covered by more than one benefit plan. COB ensures that no more than 100 percent of the charges for services are paid when an enrollee has coverage under two or more benefits plans (dual coverage) — for example, a child who is covered by both parents' plans.
Covered Services:	Dental services that are paid for by an enrollee's dental plan.
Crown/Jacket/ Cap:	The artificial covering of a tooth with metal, porcelain or porcelain fused to metal. Crowns cover teeth weakened by decay or severely damaged or chipped.
Dual Choice:	A program that allows enrollees to select one of two or more dental plans. (Also referred to as "dual option.")
Effective Date:	The date a dental benefits contract begins. Effective date may also be used to describe the date that benefits begin for a plan enrollee.
Eligibility:	The circumstances or conditions determined by your Employer that define who and when a person may qualify to enroll in a plan and/or a specific category of covered services. These circumstances or conditions may include length of employment, job status, length of time an enrollee has been covered under the plan, dependency, child and student age limits.
Eligible Enrollee:	An enrollee who has met the eligibility requirements set forth by Employer.
Endodontics:	Dental services that involve treatment of diseases or injuries that affect the root tip or nerve of the tooth.
Enrollee:	A person covered under the Employer Group Dental Health Option Plan. There are two subsets of Enrollees: the Primary Enrollee/Subscriber who is the Employer Group member under whom the family is enrolled, and the enrolled family members including spouse, domestic partner and eligible children.

Exclusions:	Services that are not covered under the Employer Group Dental Insurance Plan.
Explanation of Benefits (EOB):	The statement you receive after a claim is processed, detailing how your claim payment was calculated including the procedures and fees submitted and the amount for which you are responsible.
Fee Allowed:	The dollar amount that the attending dentist has agreed to accept as payment in full from HRI and the patient. This amount is shown on the notice that accompanies payment of a claim.
Fee Charged:	The amount that the dentist bills and is entered on a claim as the charge for a specific procedure.
Impacted Tooth:	A tooth partially or fully beneath the gum tissue that is under bone or soft tissue and is unlikely to erupt (grow out) on its own.
Implant:	A support for a bridge or denture that has been surgically placed into the bone.
Inlay:	A solid laboratory-processed filling cast to fit the missing portion of the tooth and cemented into place. This type of restoration does not involve the high points (cusps) of the tooth.
In-Network/ Out-of-Network:	Services provided in a plan either by a contracted/network dentist or non-contracted dentist. Network dentists have agreed to participate in a plan and to provide treatment according to certain administrative guidelines and to accept their contracted fee as payment in full.
Laminate Veneer:	A thin plastic or porcelain shell applied to the front of a tooth to restore, strengthen or improve its appearance.
Lifetime Maximum:	The cumulative dollar amount that a plan will pay for dental care incurred by an individual enrollee or family (under a family plan) for the life of the enrollee or the plan. Lifetime maximums usually apply to specific services such as orthodontic treatment.
Limitations and Exclusions:	A list of conditions or circumstances that limit or exclude services from coverage. Limitations may be related to time or frequency (the number of procedures permitted during a stated period) — for example, no more than two cleanings in twelve months or one cleaning every six months. Exclusions are those dental services not covered by the plan.
Master Group Contract:	The written agreement between HRI and an Employer Group.
Maximum Benefit:	The total maximum dollar amount the Employer Group Dental Health Option Plan will pay toward the cost of dental care incurred by an individual Enrollee in a Plan Year.
Member:	A person enrolled as a member of Employer Group and assigned an Employer Group membership number.
Molars:	Teeth with broad chewing surface for grinding food, located in the back of the mouth.
Network Provider Dentist:	A dentist who contracts with HRI and agrees to accept certain fees and abide by certain administrative guidelines.
Network:	A panel of dentists that contractually agree to provide treatment according to administrative guidelines, including limits to the fees they will accept as payment in full.
Non-Network Dentist:	A dentist who does not contract with HRI to participate in the network.
Occlusal:	Pertaining to the biting surfaces of the premolar and molar teeth or contacting surfaces of opposing teeth.
Open Enrollment:	A period (usually a two-week or one-month period during the year) when qualified individuals (eligible employees) can enroll in or change their choice of coverage in group benefits plans.
Out-of-Pocket Costs:	The portion of dental fees that you pay. Out-of-pocket costs include your co-insurance percentage and any amount exceeding the calendar year Maximum Benefit amount and services not covered by the Employer Group Dental Plan.
Patient Responsibility:	The portion of a dentist's fee that an enrollee must pay for dental services, including coinsurance, any amount over plan maximums and/or any services the plan does not cover.
Pedodontist/ Pediatric Dentist:	A dental specialist who treats children from birth through adolescence.

Periodontics:	Services that involve treatment of diseases of the gums, tissue and bone that supports the teeth.
Permanent Teeth:	Adult Teeth.
Plaque:	A bacteria-containing substance that collects on the surface of teeth. Plaque can cause decay and gum irritation when it is not removed by daily brushing and flossing.
Plan Administrator	The Employer/Sponsor of the Plan or such third party hired by the Employer/Sponsor who performs certain activities for the Plan.
Posterior Teeth:	The teeth toward the back of the mouth.
Pre-authorization:	A requirement that recommended treatment must first be approved by the plan before the treatment is rendered in order for the plan to pay benefits for those services.
Premiums:	The money billed and paid to HRI for each month of dental coverage for the Primary Enrollee and the Primary Enrollee's enrolled family members. Payment must be made by an Employer group in order for claims to be paid.
Pre-Treatment Estimate:	A pre-treatment estimate gives a non-binding estimate of how much of a proposed treatment plan will be covered under an Enrollee's dental program and what the Enrollee's out-of-pocket cost will be.
Prophylaxis:	A professional cleaning to remove plaque, calculus (mineralized plaque) and stains to help prevent dental disease.
Prosthodontics:	Services involving replacement of missing teeth with artificial materials, such as a bridge or denture.
Resin/ Composite:	Tooth-colored filling material. Although cosmetically superior, it is less durable than other materials.
Restorations:	Procedures involving the replacement of missing or damaged tooth structure with artificial materials.
Root Canal Treatment:	The removal of the pulp tissue of a tooth due to decay, infection (abscess) or injury.
Root Planing:	A treatment of periodontal disease that involves scraping the roots of a tooth and gums to remove bacteria and mineralized plaque (tartar) from the root surfaces and tooth pocket.
Sealant:	A thin plastic material used to cover the biting surface of a child's tooth to prevent tooth decay.
Subscriber:	An individual (commonly, an employee or member of an association) who meets the eligibility requirements for enrollment in a dental plan. Family members of a primary enrollee are called dependents.
Waiting period:	A stated period of time that a person must be enrolled in a plan before being eligible for benefits or for a specific category of benefits.

ADA CODE	Big Rivers Custom Plan Maximum Annual Benefit - $2,000 Service Description	PLAN PAYS
	DIAGNOSTIC	
	EVALUATIONS	
D0120	Periodic oral evaluation – established patient	100%
D0140	Limited oral evaluation – problem focused	100%
D0145	Oral evaluation, patient under 3 yrs. old	100%
D0150	Comprehensive oral evaluation – new or established patient	100%
D0180	Comprehensive periodontal evaluation – new or established patient	100%
	RADIOGRAPHIC IMAGES	
D0210	Complete series	100%
D0220	Intraoral-periapical first	100%
D0230	Intraoral-periapical each additional	100%
D0240	Intraoral-occlusal (*arch*)	100%
D0270	Bitewing-single	100%
D0272	Bitewings-two	100%
D0273	Bitewings-three	100%
D0274	Bitewings-four	100%
D0277	Vertical bitewings-7 to 8	100%
D0330	Panoramic	100%
D0340	Cephalometric	100%
	OTHER PROCEDURES	
D0460	Pulp vitality tests (*per visit*)	100%
D0470	Diagnostic casts	100%
	PREVENTIVE	
D1110	Prophylaxis-adult	100%
D1120	Prophylaxis-child (*under age 14*)	100%
D1206	Topical application of fluoride varnish (*under age 14*)	100%
D1208	Topical application of fluoride (*under age 14*)	100%
D1351	Sealant- per tooth (*permanent molar teeth)*	100%
	SPACE MAINTAINERS	
D1510	Fixed-unilateral (*quad*)	80%
D1515	Fixed-bilateral (*arch*)	80%
D1525	Removable-bilateral (*arch*)	80%
D1550	Re-cementation (*quad/arch*)	80%
	RESTORATIVE	
	AMALGAM RESTORATIONS	
D2140	One surface, primary or permanent	80%
D2150	Two surfaces, primary or permanent	80%
D2160	Three surfaces, primary or permanent	80%
D2161	Four or more surfaces, primary or permanent	80%
	RESIN-BASED COMPOSITE RESTORATIONS-DIRECT	
D2330	One surface, anterior	80%
D2331	Two surfaces, anterior	80%
D2332	Three surfaces, anterior	80%
D2335	Four or more surfaces or involving incisal angle (anterior)	80%
D2390	Crown, anterior (*primary only)*	80%
D2391	One surface, posterior	80%
D2392	Two surfaces, posterior	80%
D2393	Three surfaces, posterior	80%
D2394	Four or more surfaces, posterior	80%
	INLAY/ONLAY RESTORATIONS	
D2520	Inlay-metallic-two surfaces	50%
D2530	Inlay-metallic-three or more surfaces	50%
D2542	Onlay-metallic-two surfaces	50%
D2543	Onlay-metallic-three surfaces	50%
D2544	Onlay-metallic-four or more surfaces	50%
D2610	Inlay-porcelain/ceramic-one surface	50%
D2620	Inlay-porcelain/ceramic-two surfaces	50%

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D2630	Inlay-porcelain/ceramic-three or more surfaces	50%
D2642	Onlay-porcelain/ceramic-two surfaces	50%
D2643	Onlay-porcelain/ceramic-three surfaces	50%
D2644	Onlay-porcelain/ceramic-four or more surfaces (*Resin-based composite inlay/onlays must utilize indirect technique*)	50%
D2651	Inlay-resin-based composite-two surfaces	50%
D2652	Inlay-resin-based composite-three or more surfaces	50%
D2663	Onlay-resin-based composite-three surfaces	50%
D2664	Onlay-resin-based composite-four or more surfaces	50%
	CROWNS	
D2710	Crown-resin-based composite (indirect)	50%
D2740	Porcelain/ceramic substrate	50%
D2750	Porcelain fused to high noble metal	50%
D2751	Porcelain fused to predominantly base metal	50%
D2752	Porcelain fused to noble metal	50%
D2780	¾ cast high noble metal	50%
D2781	¾ cast predominantly base metal	50%
D2782	¾ cast noble metal	50%
D2783	¾ porcelain/ceramic	50%
D2790	Full cast high noble metal	50%
D2791	Full cast predominantly base metal	50%
D2792	Full cast noble metal	50%
D2794	Titanium	50%
	OTHER RESTORATIVE SERVICES	
D2910	Recement inlay, onlay or partial coverage restoration	80%
D2915	Recement cast or prefabricated post and core	80%
D2920	Recement crown	80%
D2930	Prefabricated stainless steel crown-primary tooth	50%
D2931	Prefabricated stainless steel crown-permanent tooth	50%
D2933	Prefabricated stainless steel crown with resin window (*primary tooth*)	50%
D2934	Prefabricated esthetic coated stainless steel crown-primary tooth	50%
D2940	Protective restoration	80%
D2950	Core buildup, including pins	50%
D2951	Pin retention, per tooth	80%
D2952	Post and core in addition to crown, indirectly fabricated	50%
D2954	Pre-Fabricated post and core in addition to crowns	50%
	ENDODONTICS	
D3220	Therapeutic pulpotomy (*primary only*)	80%
D3230	Pulpal therapy-anterior, primary tooth	80%
D3240	Pulpal therapy-posterior, primary tooth	80%
	ENDODONTIC THERAPY	
D3310	Anterior tooth	80%
D3320	Bicuspid tooth	80%
D3330	Molar	80%
	APEXIFICATION PROCEDURES	
D3351	Apexification/recalcification/pupal regeneration-initial visit	80%
D3352	Apexification/recalcification/pupal regeneration- interim medication replacement	80%
D3353	Apexification/recalcification-final visit	80%
	APICOECTOMY/PERIRADICULAR SURGERY/SERVICES	
D3410	Anterior	80%
D3421	Bicuspid (first root)	80%
D3425	Molar (first root)	80%
D3426	Each additional root	80%
D3430	Retrograde filling-per root	80%
D3450	Root amputation-per root	80%
	PERIODONTICS	
D4210	Gingivectomy, 4 or more contiguous teeth or tooth bounded spaces per quadrant	80%
D4260	Osseous surgery, 4 or more teeth, per quadrant	80%

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D4261	Osseous surgery 1 to 3 teeth, per quadrant	80%
D4273	Subepithelial connective tissue graft, per tooth	80%
D4275	Soft tissue allograft, *(per tooth)*	80%
D4341	Scaling and root planing-4 or more teeth per quadrant *(4 teeth with 4+mm pockets)*	80%
D4355	Full mouth debridement	80%
D4910	Periodontal maintenance	80%
	REMOVABLE PROSTHODONTICS	
	COMPLETE DENTURES	
D5110	Complete denture-maxillary	50%
D5120	Complete denture- mandibular	50%
D5130	Immediate denture-maxillary	50%
D5140	Immediate denture-mandibular	50%
	PARTIAL DENTURES	
D5211	Maxillary partial denture-resin base	50%
D5212	Mandibular partial denture-resin base	50%
D5213	Maxillary partial denture-cast metal framework with resin denture bases	50%
D5214	Mandibular partial denture-cast metal framework with resin denture bases	50%
D5225	Maxillary partial denture-flexible base	50%
D5226	Mandibular partial denture-flexible base	50%
	REPAIRS TO COMPLETE DENTURES	
D5510	Repair broken complete denture base	80%
D5520	Replace missing or broken tooth-complete denture	80%
	REPAIRS TO PARTIAL DENTURES	
D5610	Repair resin denture base	80%
D5620	Repair cast framework	80%
D5630	Repair or replace broken clasp	80%
D5640	Repair or replace broken tooth-per tooth	80%
D5650	Add tooth to existing partial denture	80%
D5660	Add clasp to existing partial denture	80%
D5670	Replace all teeth and acrylic on cast metal framework (maxillary)	80%
D5671	Replace all teeth and acrylic on cast metal framework (mandibular)	80%
	OTHER PROCEDURES	
D5710	Rebase complete maxillary denture	50%
D5711	Rebase complete mandibular denture	50%
D5720	Rebase maxillary partial denture	50%
D5721	Rebase mandibular partial denture	50%
D5730	Reline complete maxillary denture, chairside	50%
D5731	Reline complete mandibular denture, chairside	50%
D5740	Reline maxillary partial denture, chairside	50%
D5741	Reline mandibular partial denture, chairside	50%
D5750	Reline complete maxillary denture, laboratory	50%
D5751	Reline complete mandibular denture, laboratory	50%
D5760	Reline maxillary partial denture, laboratory	50%
D5761	Reline mandibular partial denture, laboratory	50%
D5820	Interim partial denture (maxillary)	50%
D5821	Interim partial denture (mandibular)	50%
D5850	Tissue conditioning, maxillary	50%
D5851	Tissue conditioning, mandibular	50%
D5860	Overdenture, complete	50%
D5861	Overdenture, partial	50%
	IMPLANT SUPPORTED PROSTHETICS	
D6053	Implant/abutment, supported removable denture for completely edentulous arch	50%
D6054	Implant/abutment, supported removable denture for partially edentulous arch	50%
D6058	Abutment supported porcelain/ceramic crown	50%
D6059	Abutment supported porcelain fused to metal crown (high noble metal)	50%
D6060	Abutment supported porcelain fused to metal crown (predominantly base metal)	50%
D6061	Abutment supported porcelain fused to metal crown (noble metal)	50%

ADA CODE	Big Rivers Custom Plan Maximum Annual Benefit - $2,000 Service Description	PLAN PAYS
D6062	Abutment supported cast metal crown (high noble metal)	50%
D6063	Abutment supported cast metal crown (predominantly base metal)	50%
D6064	Abutment supported cast metal crown (noble metal)	50%
D6068	Abutment supported retainer for porcelain/ceramic FPD	50%
D6069	Abutment supported retainer for porcelain fused to metal FPD (high noble metal)	50%
D6070	Abutment supported retainer for porcelain fused to metal FPD (predominantly base metal)	50%
D6071	Abutment supported retainer for porcelain fused to metal FPD (noble metal)	50%
D6072	Abutment supported retainer for cast metal FPD (high noble metal)	50%
D6073	Abutment supported retainer for cast metal FPD (predominantly base metal)	50%
D6074	Abutment supported retainer for cast metal FPD (noble metal)	50%
D6094	Abutment supported crown – titanium	50%
D6194	Abutment supported retainer crown for FPD - titanium	50%
	FIXED PROSTHODONTICS	
	FIXED PARTIAL DENTURE PONTICS	
D6210	Cast high noble metal	50%
D6211	Cast predominantly base metal	50%
D6212	Cast noble metal	50%
D6214	Titanium	50%
D6240	Porcelain fused to high noble metal	50%
D6241	Porcelain fused to predominantly base metal	50%
D6242	Porcelain fused to noble metal	50%
D6245	Porcelain/ceramic	50%
	FIXED PARTIAL DENTURE RETAINERS-INLAYS/ONLAYS	
D6545	Retainer-cast metal for resin bonded fixed prosthesis	50%
D6548	Retainer-porcelain/ceramic for resin bonded fixed prosthesis	50%
	FIXED PARTIAL DENTURE RETAINERS-CROWNS	
D6740	Porcelain/ceramic	50%
D6750	Porcelain fused to high noble metal	50%
D6751	Porcelain fused to predominantly base metal	50%
D6752	Porcelain fused to noble metal	50%
D6780	¾ cast high noble metal	50%
D6781	¾ cast predominantly base metal	50%
D6782	¾ cast noble metal	50%
D6783	¾ porcelain/ceramic	50%
D6790	Full cast high noble metal	50%
D6791	Full cast predominantly base metal	50%
D6792	Full cast noble metal	50%
D6794	Titanium	50%
	OTHER SERVICES	
D6930	Recement fixed partial denture	80%
	ORAL SURGERY	
	EXTRACTIONS	
D7111	Coronal remnants-deciduous tooth	80%
D7140	Erupted tooth or exposed root	80%
D7210	Surgical removal of erupted tooth	80%
D7220	Removal of impacted tooth-soft tissue	80%
D7230	Removal of impacted tooth-partially bony	80%
D7240	Removal of impacted tooth-completely bony	80%
D7250	Surgical removal of residual tooth roots	80%
	OTHER PROCEDURES	
D7270	Tooth reimplantation (*natural tooth*)	80%
D7280	Surgical access of an unerupted tooth	80%
D7283	Placement of devise to facilitate eruption of impacted tooth	80%
D7286	Biopsy of oral tissue-soft	100%
D7291	Transseptal fiberotomy (*in conjunction with HRI orthodontic benefit rider*)	50%
	RIDGE ENHANCEMENT	

ADA CODE	Big Rivers Custom Plan Maximum Annual Benefit - $2,000 Service Description	PLAN PAYS
D7310	Alveoloplasty, with extractions, four or more teeth or tooth spaces, per quadrant	80%
D7311	Alveoloplasty, with extractions, one to three teeth or tooth spaces, per quadrant	80%
D7320	Alveoloplasty, not with extractions, four or more teeth or tooth spaces, per quadrant	80%
D7321	Alveoloplasty, not with extractions, one to three teeth or tooth spaces, per quadrant	80%
D7340	Vestibuloplasty-ridge extension (secondary epithelialization)	80%
D7350	Vestibuloplasty-ridge extension (including soft tissue grafts, muscle reattachment, revision of soft tissue attachment and management of hypertrophied and hyperplastic tissue)	80%
	REMOVAL OF TUMORS AND CYSTS	
D7410	Excise benign lesion up to 1.25 cm	80%
D7411	Excise benign lesion greater than 1.25 cm	80%
D7450	Remove cyst, 1.25 cm	80%
D7451	Remove cyst, 1.25+ cm	80%
	ADDITIONAL PROCEDURES	
D7471	Removal of lateral exostosis (maxilla or mandible)	80%
D7472	Removal of torus palatinus	80%
D7473	Removal of torus mandibularis	80%
D7510	I. and D. abscess (intraoral)	80%
D7511	I. and D. abscess (intraoral-complicated)	80%
D7960	Frenulectomy (tooth/site)	80%
D7970	Excise hyperplastic tissue-per arch	80%
D7971	Excise pericoronal gingiva	80%
D7980	Sialolithotomy	80%
	ADJUNCTIVE SERVICES	
D9110	Palliative emergency treatment	100%
	ANESTHESIA	
D9220	General anesthesia -- first 30 minutes	80%
D9221	General anesthesia – each additional 15 minutes	80%
D9230	Administration of nitrous oxide (*per visit*)	50%
D9241	Intravenous sedation/analgesia first 30 minutes	80%
D9242	Intravenous sedation/analgesia – each additional 15 minutes	80%

LIMITATIONS BY ADA CODE, INCLUDING SUPPORTING DOCUMENTATION REQUIREMENTS

	DIAGNOSTIC SERVICES
	EVALUATIONS Charging for more than two evaluations, of any procedure code combination, are not payable within any consecutive 12 month period. The twelve month period is not based on a calendar year or a plan year.
D0140	A limited oral evaluation for a specific oral health problem is performed following referral. The use of this procedure code is also appropriate in dental emergency conditions such as trauma, acute infection, etc.
D0150/ D0180	Charges for a comprehensive periodontal evaluation or a comprehensive oral evaluation are payable only once every 4 years. D0180 applies to age 14 and above.
	RADIOGRAPHS The maximum amount considered for radiographic images taken on one day will be equivalent to an allowance of a D0210 or a D0330 plus a D0274.
D0210	A complete series includes bitewings. Charges are payable only once per enrollee per 4 years. This charge is not payable if performed within 4 years of D0330. If D0210 is performed within 12 months of D0272, D0273, D0274, or D0277 the payable amount for D0210 will be reduced by the charges for D0272, D0273, D0274, or D0277.
D0220/ D0230	The maximum charge per visit for multiple periapical radiographs is limited to the charge for a complete series (D0210). The maximum number of periapical radiographs is limited to 6 during a 12 month period.
D0240 thru D0270 thru D0274	An occlusal radiographic image charge is payable only once per arch per enrollee per 12 months. A maximum of four (4) "bitewing" radiographic images is payable in a twelve (12) month period. Charges for "bitewings" are not payable if performed within 12 months of D0210 or D0277.
D0277	Charges for Vertical bitewings are not payable if performed within 12 months of D0210 or D0274.
D0330	A panoramic radiographic image charge is payable only once per enrollee per 4 years. This charge is not payable if it is performed within 4 years of D0210.
	OTHER PROCEDURES
D0350	A diagnostic photograph charge is payable only once per enrollee per 5 years.
D0460	Only one charge per visit is payable.
D0470	A diagnostic casts charge is payable only once per 5 years. It is included in the charges for complete or partial dentures.
	PREVENTIVE SERVICES
D1110/ D1120	Allowable only once per enrollee per 6 months. A charge for codes D1110 & D1120 is not payable if performed within 6 months of D4910. Code D1120 is to be used for children under 14 years of age.
D1206	Office procedure payable only for children under 14 years of age and only once per enrollee per 6 months.
D1208	Office procedure payable only once per enrollee per 6 months. (age 14 and over are not covered under DHO Plan 7).
D1351	A sealant charge is payable for permanent molar teeth (per tooth) only. A charge for replacement is not payable for 5 years. A sealant charge is payable only for children under 15 years of age. A charge for a restoration on the occlusal, facial, or lingual surface following the placement of a sealant on that surface will not be payable for 3 years.
	SPACE MAINTAINERS (PASSIVE ONLY)
D1510	A fixed, unilateral appliance charge is payable only for children under 13 years of age. No replacement is payable for 3 years. The appliance must be passive only and not used to actively move teeth. The charge is not payable if D1510 is performed within 3 years of D1515 or D1525.
D1515	A fixed, bilateral appliance charge has the same restrictions as D1510. This charge is not payable if D1515 is performed within 3 years of D1510 or D1525.
D1525	A removable, bilateral appliance has the same restrictions as D1510. This charge is not payable if D1525 is performed within 3 years of D1510 or D1515.
D1550	A charge for recementation of a space maintainer is payable after 12 months from the initial placement of the space maintainer. A charge for recementation is payable once per 12 months.
	RESTORATIVE SERVICES
	Charges for all restorative services include the use of local anesthetic (D9215), bonding agents, bases, pulp capping (D3110), D3120), and etchants as needed.
	AMALGAM RESTORATIONS
D2140 thru D2161	A charge for the replacement of or an additional restoration, including crowns, on the same surface is not payable for a period of 3 years (a courtesy adjustment may be applied). A charge for an amalgam restoration is not payable if performed within 3 years of placing a crown on the same tooth or a sealant on the same surface within 3 years.
	COMPOSITE RESINS
D2330 thru D2394	A charge for the replacement of, or an additional restoration, including crowns, on the same surface is not payable for a period of 3 years (a courtesy adjustment may be applied). A charge for a composite resin restoration is not payable if performed within 3 years of placing a crown on the same tooth or a sealant on the same surface within 3 years.
	INLAYS, ONLAYS, AND CROWNS
D2520 thru D2794	These codes are for individual units only and are not to be used for units serving as retainers for fixed prosthodontics. A charge for a replacement by any type of inlay, onlay, crown, pontic or retainer for a fixed prosthesis is not payable for 7 years. Composite/resin inlays must be laboratory processed.
D2710	A charge is payable for anterior teeth only.

LIMITATIONS BY ADA CODE, INCLUDING SUPPORTING DOCUMENTATION REQUIREMENTS	
D2740	This code is to be used for porcelain or ceramic substrate materials.
D2750 thru D2794	High noble crowns contain at least 60% gold or at least 40% gold with palladium, and/or platinum. Base metal crowns contain less than 25% gold, palladium, and/or platinum. Noble crowns contain at least 25% gold, palladium, and/or platinum. Crowns, other than prefabricated steel crowns, are not payable for primary teeth.
D2910 thru D2920	A charge for the recementation of an inlay, onlay, or crown is payable after 12 months from the original cementation. A charge for recementation is payable once per 12 months.
D2930 thru D2934	Replacement by a crown of any type is not payable for 5 years for primary teeth and 7 years for permanent teeth.
	OTHER RESTORATIVE SERVICES
D2940	A charge for replacement by another protective restoration is not payable for 12 months. A charge for D2940 is not payable if this procedure is performed in conjunction with endodontics, or an amalgam, composite, inlay, onlay, crown, or fixed prosthesis retainer prepared or cemented at the same appointment.
D2950	Coverage for core build ups requires the submission of a radiographic image that substantiates one of the following three criteria: 1) more than 50% of the tooth crown is missing; 2) less than 3 mm of sound tooth structure remaining around the gum line; 3) previous root canal filling completed. A charge for core buildup is payable once per 7 years per tooth. Requires submission of a duplicate, diagnostically acceptable, pre-operative radiograph or intraoral photo.
D2951	This code does not include pins made from amalgam or composite resin. Charge is per tooth.
D2952	A charge for a cast post and core is not payable if performed within 7 years of D2954 and/or D2950. A charge for a cast post and core is payable once per 7 years per tooth.
D2954	A charge for a prefabricated post and core buildup is not payable if performed within 7 years of D2952 or D2950. A charge for a prefabricated post is payable once per 7 years per tooth.
D2960	All labial veneer charges for replacement are not payable for 3 years. The placement of labial veneers is restricted to anterior permanent teeth only. Charges for veneered crowns replacing labial veneers less than 3 years old will be reduced by the fee charged for labial veneers.
D2962	All labial veneer charges for replacement are not payable for 7 years. The placement of labial veneers is restricted to anterior permanent teeth only. Charges for veneered crowns replacing labial veneers are not payable for 7 years.
	ENDODONTIC SERVICES
D3220	Vital pulpotomy charges are payable for primary teeth only, and only once per enrollee per tooth. Charges are exclusive of the final restoration charge.
D3230 thru D3353	Root canal therapy procedures are coded by the tooth receiving treatment, not the number of canals per tooth. Charges are payable only after the procedure has been completed. Charges for retreatment within 4 years of the date of the original treatment are not payable. Charges must include all radiographs. Charges are exclusive of the final restoration charge.
D3351 thru D3353	Limited to children < 16 years of age. Charges are payable once per lifetime.
D3410 thru D3920	Charges are payable once per lifetime.
	PERIODONTIC SERVICES
D4210 thru D4278	Charges are payable only following completion of covered procedures, and must include all post-operative care. Charges for treatment are payable only once per area treated per enrollee for a 5 year period.
D4210	Charges for single-tooth gingivectomy are not payable.
D4249	Clinical crown lengthening requires the reflection of a flap and the removal of alveolar bone. Charges are payable only once, on a per tooth basis.
D4266/ D4267	Charges for guided tissue regeneration include the charge for the barrier, and its removal, if necessary.
D4270/ D4273/ D4275/ D4277/ D4278	Two soft tissue grafts of any type are payable per quadrant every 5 years. One graft is payable per three contiguous teeth/site. Teeth #24-25 are considered one site.
D4274	Charges are payable only when this procedure is performed in an edentulous area adjacent to a periodontally involved tooth. The tooth and proximal area must be identified. Charges for this procedure are payable only if no additional surgery is performed in the immediate area, payable every 5 years.
D4341	Scaling and root planing charges include the use of local anesthetic. Charges are payable per quadrant (4 or more teeth). The enrollee must exhibit pocket depths of at least 4 mm around at least 4 teeth in each quadrant to qualify for coverage for this procedure. Otherwise refer to D1110 and D4355. Charges are not payable for deciduous teeth. Charges for retreatment of any quadrant are not payable for 3 years. Documentation in the form of a periodontal case type diagnosis and a full mouth probe chart with six points per tooth probings must be included with the claim. An additional explanation is required with a claim if two or more quadrants are

LIMITATIONS BY ADA CODE, INCLUDING SUPPORTING DOCUMENTATION REQUIREMENTS	
	treated during the same visit.
D4355	Charge payable only for enrollees over 15 years of age. To be payable, procedure must be performed before D1110, D4341, or D4910, or more than 3 years has lapsed since D1110, D4341, D4355, or D4910 was performed.
D4910	A charge for D4910 is not payable if performed within 6 months of D1110, or D1120. Procedure is payable once per 6 months. Charges are payable only for enrollees over 15 years of age.
	REMOVABLE PROSTHODONTIC SERVICES
	COMPLETE DENTURES
D5110/ D5120	Complete denture services include all post-delivery care, including reline and repairs for 6 months. Charges for the replacement of a denture, including an immediate denture, within 7 years are not payable. Charges include diagnostic models, D0470. Charges for a complete denture are not payable if replacing a partial denture in the same arch within 5 years.
	IMMEDIATE DENTURES
D5130/ D5140	An immediate denture cannot be used to replace a complete denture. Other restrictions for immediate dentures are the same as for complete dentures D5110 & D5120.
	PARTIAL DENTURES
D5211 thru D5226	Charges for conventional partial dentures are payable every 7 years and are subject to the same conditions and restrictions listed for D5110 & D5120. Separate charges for diagnostic casts, D0470, or diagnostic photographs, D0471, are not payable. The teeth replaced b the appliance must be identified on the claim form.
D5820/ D5821	Charges for a conventional, removable partial dentures or a complete denture (D5110, D5120, D5130, D5140, D5211, D5212, D5213, D5214, D5225, D5226) are subject to an adjustment if performed within 5 years of an interim partial denture (D5820 & D5821) in the same arch.
	REPAIRS
D5510 thru D5660	Charges for repairs are allowed once per procedure code per 6 months.
D5670/ D5671	Charges for either procedure are payable only once per 4 years per prosthesis. Charges for D5670 and D5671 are not payable if performed within 4 years of D5213 or D5214. Charges for rebase, reline or repairs are not payable for 6 months following D5670 and D5671.
	OTHER PROCEDURES
D5710 thru D5861	Rebasing, relining, or tissue conditioning charges are not payable if the procedure is performed within 6 months of the date of delivery the appliance, except when an immediate denture is performed. Charges for any of these procedures are payable only once per 4 years per prosthesis.
D5850/ D5851	Two tissue conditioning charges are payable within 6 months of delivery of immediate dentures only.
D5860/ D5861	Charges for overdentures are subject to the conditions listed for D5110/D5120 and D5213/D5214.
	IMPLANT SUPPORTED PROSTHETICS
D6053/ D6054	All abutment supported removable dentures are subject to the same definitions and restrictions listed for conventional removable prosthodontics, D5110 thru D5861.
D6010/ D6056/ D6057	Charges are payable once per 7 years per tooth site and paid at 50% up to the annual maximum benefit. Allowance includes the treatment plan, local anesthetic and post-surgical care. Coverage is limited to enrollees over age 15. Pre-existing conditions do not apply.
D6058 thru D6194	All abutment supported single crowns and abutment supported fixed partial denture (fixed partial denture) retainers are subject to the same definitions and restrictions listed for individual unit crowns, D2710 thru D2794 and fixed prosthetics, D6210 thru D6975.
	FIXED PROSTHODONTIC SERVICES
D6210 thru D6794	All fixed prosthodontic services are subject to the same definitions and restrictions listed for individual unit crowns, D2710 thru D2794. Crowns serving as retainers for a fixed prosthesis shall be identified as such by a code from the D6000 section. Each unit of a fixed partial denture must be identified on the claim. Charges for pontics to replace third molars are not payable. Replacement of a fixed partial denture by a removable partial denture is not payable within 7 years of the original placement.
	FIXED PARTIAL DENTURE RETAINERS
D6545/ D6548	Retainers must be identified by tooth on the claim. Charges for the replacement of a resin-bonded fixed partial denture by another fixed partial denture or a removable prosthesis will be reduced by the fee charged for the resin-bonded fixed partial denture if the replacement is constructed within 7 years of the original placement.
	OTHER FIXED PARTIAL DENTURE SERVICES
D6930	A charge for recementation is payable after 12 months from the original cementation. Charges to recement of a fixed partial denture are payable only once per 12 months per fixed partial denture.
	ORAL SURGERY
D7111 thru	All oral surgery procedure charges must include the use of local anesthetic. Orthognathic surgery charges are not payable. Charges for services covered under other non-dental insurance plans are not payable. Hospital related charges are not payable. All procedures

LIMITATIONS BY ADA CODE, INCLUDING SUPPORTING DOCUMENTATION REQUIREMENTS	
D7980	include suturing where appropriate, and all post-operative care.
D7210	Surgical extractions: use when either (1) removal of bone and/or (2) sectioning of tooth and including elevation of mucoperiosteal flap if indicated, is necessary. Surgical extraction charges include alveoloectomy. Requires submission of a duplicate, diagnostically acceptable, pre-operative radiograph for extraction of any or all of the following tooth #'s 7, 8, 9, 10, 23, 24, 25, 26 and all primary teeth.
D7220	Soft tissue impaction: incision required to remove soft tissue overlying the crown of an impacted tooth, or diagnostically, only soft tissue covers the crown.
D7230	Partly bony impaction: incision and some bone removal to permit removal of impacted tooth with an elevator, or diagnostically, bone partly covers the crown.
D7240	Complete bony impaction: incision, flap, bone removal, and dento-dissection are necessary for removal of the impacted tooth.
D7291	Charges for transseptal fiberotomy are payable only if the procedure is performed in conjunction with orthodontics.
D7310/ D7311	Charges for alveoloplasty, with extractions, are not payable if the procedure is performed in conjunction with D7210 thru D7250.
D7510/ D7511	These procedure codes are applicable for intraoral incision through mucosa.
ADJUNCTIVE SERVICES	
	Infection control/sterilization is not considered a separate billable dental procedure or service and cannot be billed to a member or to HRI.
D9110	Charges for more than two palliative (emergency) treatments are not payable per 12 month period. The twelve month period is not based on a calendar year or a plan year. If used with definitive treatment, only the definitive treatment is payable.
D9221	Limited to one per anesthetic.
D9242	Limited to one per anesthetic.
D9940	Occlusal guards are removable dental appliances designed to minimize the effects of bruxism and other occlusal factors. Charges are allowed once every 5 years per enrollee. Charges to modify the appliance or for occlusal adjustment are not payable.
D9941	Charges for an athletic mouthguard are payable once per 12 months.
D9973/ D9974	Charges for bleaching teeth must include the entire series of bleaching treatments and are payable only following the completion of the final treatment. Charges are payable for anterior teeth only. Charges for retreatment within 3 years of the date of the previous treatment series are not payable. Charges for home bleaching trays and procedures are not payable.
ORTHODONTIC SERVICES	
D8010 thru D8220	Orthodontic services are not covered unless added to the Master Group Contract by an orthodontic rider. If orthodontic charges are covered, they must include all services performed in the course of diagnosis or treatment. Such charges must include all appliances, adjustments, and retention.

ADDITIONAL PLAN REQUIREMENTS - DATE OF SERVICE
The preparation date for fixed prosthodontic treatment (bridges and single crowns) will be recognized as the date of service/payment. The date of the final impression will be recognized as the date of service/payment for removable prosthodontic treatment and implant supported prosthetics. The completion date for endodontic treatment will be recognized as the date of service/payment.

ORTHODONTIC BENEFIT RIDER

Your member ID card indicates whether your plan includes orthodontic coverage and the lifetime maximum benefit level.

Type
A – Ortho Adult & Dependent
B – Ortho Dependent

All procedures listed herein are payable at 50% by Health Resources, Inc. (HRI) up to the lifetime maximum benefit. Benefits are paid on a payment cycle as determined by your Employer's Master Group Contract or Administrative Services Agreement.

Limited Orthodontic Treatment
- D8010 Primary Dentition
- D8020 Transitional Dentition
- D8030 Adolescent Dentition
- D8040 Adult Dentition

Interceptive OrthodonticTreatment
- D8050 Primary Dentition
- D8060 Transitional Dentition

Comprehensive Orthodontic Treatment
- D8070 Transitional Dentition
- D8080 Adolescent Dentition
- D8090 Adult Dentition

Treatment to Control Harmful Habits
- D8210 Removable Appliance Therapy
- D8220 Fixed Appliance Therapy

1. Claims for orthodontic procedures are payable only until the covered dependent reaches the employer group's maximum dependent age & whether or not treatment has been completed or lifetime maximum orthodontics benefits have been paid.
2. Initial orthodontic claims must be submitted by the dentist. Quarterly updates must then be verified by the dentist after treatment is initiated; payments at a rate of 50% of covered charges billed.
3. Benefit payments for orthodontic services are IN ADDITION to the maximum annual benefit payments for non-orthodontic services.
4. Benefit payments stop when plan coverage ends, even if total payments have not reached the lifetime maximum & whether or not treatment has been completed.
5. To receive maximum benefit, patient must be in active orthodontic treatment a minimum of two years while covered by an HRI plan.
6. A lifetime maximum benefit is the maximum amount HRI will pay in orthodontic benefits to a covered person during that individual's lifetime. Once an individual has exhausted his/her lifetime maximum benefit under any HRI plan, additional charges will be excluded.
7. The dentist providing orthodontic services must identify to HRI when orthodontic services began, the estimated total time for treatment, and the total cost for treatment.
8. Benefits may be paid even if orthodontic services began before dental coverage. The total cost for treatment will be divided between two periods:
   a. Period #1: the date treatment started to the date dental coverage began (this cost will NOT be covered);
   b. Period #2: the date dental coverage began to the date when treatment should be completed (this cost will be covered for the time REMAINING in the treatment program)

Anthem Health Plans of Kentucky, Inc.
Vision Coverage Plan

Anthem
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Underwritten by Anthem Health Plans of Kentucky, Inc.

Your Vision Certificate

Vision Certificate of Coverage

(herein called the "Certificate")

Blue View Vision

Anthem Health Plans of Kentucky, Inc
9901 Linn Station Road
Louisville, Kentucky 40223

ANTHBVV-01r 2/2011

CERTIFICATE

Welcome to Anthem Blue Cross and Blue Shield! This Certificate has been prepared by Us to help explain your vision care benefits. Please refer to this Certificate whenever you require vision services. It describes how to access vision care, what vision services are covered by Us, and what portion of the vision care costs you will be required to pay.

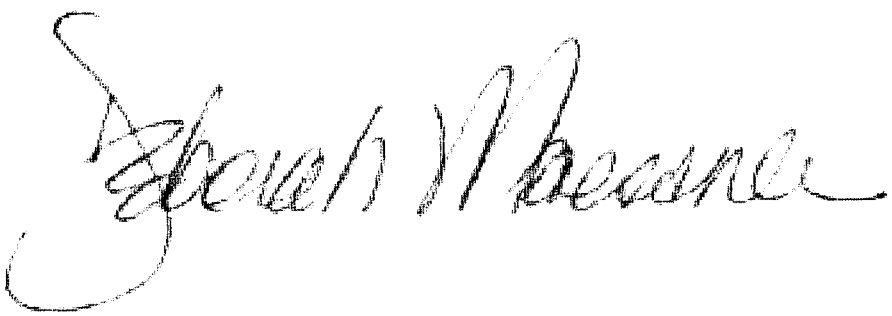
The coverage described in this Certificate is subject in every respect to the provisions of the Group Contract issued to the Group. The Group Contract and this Certificate and any amendments or riders attached to the same, shall constitute the Group Contract under which Covered Services and supplies are provided by Us.

This Certificate should be read in its entirety. Since many of the provisions of this Certificate are interrelated, you should read the entire Certificate to get a full understanding of your coverage.

Many words used in the Certificate 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. The Certificate also contains exclusions.

This Vision Certificate supersedes and replaces any Vision Certificate previously issued to you under the provisions of the Group Contract.

Read your Certificate Carefully. The Certificate sets forth many of the rights and obligations between you and the Plan. Payment of benefits is subject to the provisions, limitations and exclusions of your Certificate. It is therefore important that you read your Certificate.



President

Contents

1 SCHEDULE OF BENEFITS

The Schedule of Benefits is a summary of the amount of benefits available when you receive Covered Services from a Provider. Please refer to the **Covered Services** section for a more complete explanation of the specific vision services covered by the Plan. All Covered Services are subject to the conditions, exclusions, limitations, terms and provisions of the Certificate including any attachments or riders.

CHOICE OF VISION CARE PROVIDER: Nothing contained in this Certificate restricts or interferes with your right to select the Vision Care Provider of your choice, but your benefits are reduced when you use a Non-Network Provider.

DEPENDENT AGE LIMIT	To the birthdate the child attains age 26	
COVERED SERVICES	**COPAYMENT/MAXIMUMS**	
	Network	**Non-Network**
Exam Limited to one exam per Member every 12 months.*	$10 Copayment	Reimbursed up to $42
Prescription Lenses (including factory scratch coating polycarbonate lenses for children under 19 years old and Photochromic lenses for children under 19 years old.)	$10 Copayment	
Basic Lenses (Pair)		
• Single Vision Lenses		Reimbursed up to $40
• Bifocal Lenses		Reimbursed up to $60
• Trifocal Lenses		Reimbursed up to $80
Limited to one set of lenses per Member every 12 months*		
Frames (Limited to one set of frames per Member every 24 months *)	$0 Copayment Any frame up to $130 retail	Reimbursed up to $45
Prescription Contact Lenses		

(traditional or disposable)		
• **Non-Elective Contact Lenses** (Availability once every 12 months *)	$0 Copayment	Non-Elective Contact Lenses are Reimbursed up to $210
• **Elective Contact Lenses** (Availability once every 12 months*)	$0 Copayment Elective contact lenses are reimbursed up to $130	Elective Contact Lenses are Reimbursed up to $105

Note: If you chose covered Non-Elective Contact Lenses or Elective Contact Lenses, no benefits will be available for covered eyeglass lenses and frames in that period.

* from the Last Date of Service.

Laser Vision Correction Services

Participating Lasik/photorefractive keratectomy PRK surgical centers offer a discounted rate for Members enrolled under this plan. You are responsible for any remaining charges.

2 DEFINITIONS

This section defines terms that 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.

Actively at Work - Present and capable of carrying out the normal assigned job duties of the Group. Subscribers who are absent from work due to a health related disability, maternity leave or regularly scheduled vacation will be considered Actively At Work.

Additional Savings Program – A discount program included in the vision benefit program. It can be used with certain non-covered services and plan overages. The discount plan is subject to change at any time.

Certificate - This summary of the terms of your benefits. It is attached to and is a part of the Group Contract and is subject to the terms of the Group Contract.

Coinsurance - A percentage of the Maximum Allowable Amount for which you are responsible to pay. Your Coinsurance will not be reduced by refunds, rebates, or any other form of negotiated post-payment adjustments.

Copayment - A specific dollar amount indicated in the Schedule of Benefits for which you are responsible.

Covered Services - Services and supplies or treatment as described in the Certificate which are performed, prescribed, directed or authorized by a Provider. To be a Covered Service, the services, supply or treatment must be:

- Within the scope of the license of the Provider performing the service;

- Rendered while coverage under this Certificate is in force;
- Within the Maximum Allowable Amount;
- Not specifically excluded or limited by the Certificate;
- Specifically included as a benefit within the Certificate.

A Covered Service is incurred on the date the service, supply or treatment was provided to you.

Dependent - A Subscriber's spouse and dependent children who have met Our eligibility requirements and have not reached the age limit shown in the Schedule of Benefits.

Effective Date - The date when your coverage begins under this Certificate. A Dependent's coverage begins on the Effective Date of the sponsoring Subscriber.

Elective Contact Lenses - All prescription contact Lenses that are cosmetic in nature or Non-Elective Contact Lenses.

Eligible Person - A person who satisfies the Group's eligibility requirements and is entitled to apply to be a Subscriber.

Enrollment Date - The first day of coverage or, if there is a waiting period, the first day of the waiting period (typically the date employment begins).

Family Coverage - Coverage for the Subscriber and eligible Dependents.

Group - The employer or other entity or trust that has entered into a Group Contract with the Plan.

Group Contract (or Contract) - The contract between the Plan and the Group. It includes this Certificate, your application, any supplemental application or change form, your Identification Card, and any endorsements or riders.

Identification Card - A card issued by the Plan that bears the Member's name, identifies the membership by number, and may contain information about your coverage. It is important to carry this card with you.

Last Date of Service – The period of time in which benefits are tracked. The Member must wait until the specific interval from the last date of service to receive Covered Services as listed in the Schedule of Benefits.

Late Enrollee – An Eligible Person whose enrollment did not occur on the earliest date that coverage can become effective under this Certificate, and who did not qualify for Special Enrollment.

Lenses - Materials prescribed for the visual welfare of the patient. Materials would include single vision, bifocal, trifocal or other more complex lenses.

Maximum Allowable Amount - The maximum amount allowed for Covered Services you receive based on the fee schedule. The Maximum Allowable Amount is subject to any Copayments, Coinsurance, limitations or Exclusions listed in this Certificate.

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 Us 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 this Product.

The Maximum Allowable Amount is reduced by any penalties for which a Provider is responsible as a result of its agreement with Us.

Member - A Subscriber or Dependent who has satisfied the eligibility conditions; applied for coverage; been approved by the Plan; and for whom Premium payment has been made. Members are sometimes called "you" and "your."

Network Provider - A Provider who has entered into a contractual agreement or is otherwise engaged by Us to provide Covered Services and certain administration functions for the Network associated with this Certificate.

Non-Elective Contact Lenses - Contact

Lenses which are provided for reasons that are not cosmetic in nature. Non-Elective Contact Lenses are Covered Services when the following conditions have been identified or diagnosed:

- Extreme visual acuity or other functional problems that cannot be corrected by spectacle Lenses; or
- Keratoconus-unusual cone-shaped thinning of the cornea of the eye which usually occurs before the age of 20 years; or
- High Ametropia-unusually high levels of near sightedness, far sightedness, or astigmatism are identified; or
- Anisometropia-when one eye requires a much different prescription than the other eye.

Non-Network Provider - A Provider who has not entered into a contractual agreement with Us for the Network associated with this Certificate.

Open Enrollment – A period of enrollment designated by the Plan in which Eligible Persons or their Dependents can enroll without penalty after the initial enrollment; see the Eligibility and Enrollment section for more information.

Plan (or We, Us, Our) – Anthem Health Plans of Kentucky, Inc., dba Anthem Blue Cross and Blue Shield which provides benefits to Members for the Covered Services that are described in this Certificate.

Premium - The periodic charges that the Member or the Group must pay the Plan to maintain coverage.

Provider - A duly licensed person or facility that provides services within the scope of an applicable license and is a person or facility that We approve. This includes any Provider rendering services that are required by applicable state law to be covered when rendered by such Provider.

Subscriber - An eligible employee or Member of the Group who is eligible to receive benefits under the Group Contract.

3 ELIGIBILITY AND ENROLLMENT

You have coverage provided under this Certificate because of your employment with/membership with/ retirement from the Group. You must satisfy certain requirements to participate in the Group's benefit plan. These requirements may include probationary or waiting periods and Actively At Work standards as determined by the Group or state and/or federal law and approved by Us.

Your Eligibility requirements are described in general terms below. For more specific eligibility information, see your Human Resources or Benefits Department.

Eligibility

The following eligibility rules apply unless you are notified by Us and the Group.

Subscriber

To be eligible to enroll as a Subscriber, an individual must:

- Be either: An employee, Member, or retiree of the Group, and:
- Be entitled to participate in the benefit plan arranged by the Group;
- Have satisfied any probationary or waiting period established by the Group and be Actively At Work;
- Meet the eligibility criteria stated in the Group Contract.

Dependents

To be eligible to enroll as a Dependent, you must be listed on the enrollment form completed by

the Subscriber, meet all Dependent eligibility criteria established by the Group and be:

- The Subscriber's spouse as recognized under the laws of the state where the Subscriber lives.
- The Subscriber's or the Subscriber's spouse's children, including natural children, stepchildren, newborn and legally adopted children and children who the Group has determined are covered under a "Qualified Medical Child Support Order" as defined by ERISA or any applicable state law).
- Children for whom the Subscriber or the Subscriber's spouse is a legal guardian or as otherwise required by law.

All enrolled eligible, children will continue to be covered until the age limit listed in the Schedule of Benefits.

Eligibility will be continued past the age limit only for those already enrolled Dependents who cannot work to support themselves due to mental retardation or physical or mental handicap. These Dependents must be allowed as a federal tax exemption by the Subscriber or Subscriber's spouse. The Dependent's disability must start before the end of the period they would become ineligible for coverage. The Plan must certify the Dependent's eligibility. The Plan must be informed of the Dependent's eligibility for continuation of coverage within 31 days after the Dependent would normally become ineligible. You must notify Us if the Dependent's marital or tax exemption status changes and they are no longer eligible for continued coverage.

The Plan 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 coverage.

To obtain coverage for children, We may require that the Subscriber complete a "Dependency Affidavit" and provide Us with a copy of any legal documents awarding guardianship of such child(ren) to the Subscriber. Temporary custody is not sufficient to establish eligibility under this Certificate.

Any foster child who is eligible for benefits provided by any governmental program or law will not be eligible for coverage under the Plan unless required by the laws of this state.

Coverage Effective Dates and enrollment requirements are described in the Group Contract.

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.

Enrollment

Initial Enrollment

An Eligible Person can enroll for Single or Family Coverage by submitting an application to the Plan. The application must be received by the date stated on the Group Contract or the Plan's underwriting rules for initial application for enrollment. If We do not receive the initial application by this date, the Eligible Person can only enroll for coverage during the Open Enrollment period or during a Special Enrollment period, which ever is applicable.

If a person qualifies as a Dependent but does not enroll when the Eligible Person first applies for enrollment, the Dependent can only enroll for

coverage during the Open Enrollment period or during a Special Enrollment period, which ever 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.

Newborn and Adopted Child Coverage

Newborn children of the Subscriber or the Subscriber's spouse will be covered for an initial period of 31 days from the date of birth. Coverage for newborns will continue beyond the 31 days only if the Subscriber submits through the Group, or the Plan, a request to add the child under the Subscriber's Certificate. The request must be submitted within 31 days after the birth of the child. Failure to notify the Plan during this 31 day period will result in no coverage for the newborn beyond the first 31 days, except as permitted for a Late Enrollee.

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.

To continue coverage beyond the first 31 day period after the child's birth or adoption you must notify Us by submitting a Change of Status Form to add the child under the Subscriber's Certificate. The Change of Status Form must be submitted along with the additional Premium, if applicable, within 31 days after the birth or placement of the child. Failure to notify the Plan and pay any applicable Premium during this 31 day period will result in no coverage for the newborn or adopted child beyond the first 31 days, except as permitted for a Late Enrollee.

Adding a Child due to Award of Legal Custody or Guardianship

If a Subscriber or the Subscriber's spouse is awarded legal custody or guardianship for a child, an application must be submitted within 31 days of the date legal custody or guardianship is awarded by the court. Coverage would start on the date the court granted legal custody or guardianship. If We do not receive an application within the 31-day period, the child will be treated as a Late Enrollee.

Qualified Medical Child Support Order

If you are required by a qualified medical child support order or court order, as defined by ERISA and/or applicable state or federal law, to enroll your child under this Certificate, We will permit your child to enroll at any time without regard to any Open Enrollment limits and shall provide the benefits of this Certificate in accordance with the applicable requirements of such order. A child's coverage under this provision will not extend beyond any Dependent Age Limit listed in the Schedule of Benefits. Any claims payable under this Certificate will be paid, at Our discretion, to the child or the child's custodial parent or legal guardian, for any expenses paid by the child, custodial parent, or legal guardian. We will make information available to the child, custodial parent, or legal guardian on how to obtain benefits and submit claims to Us directly.

Special Enrollment/Special Enrollees

If you are declining enrollment for yourself or your Dependents (including your spouse) because of other vision insurance coverage, you may in the future be able to enroll yourself or your Dependents in this Plan, provided that you request enrollment within 31 days after your 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 in the Plan, provided that you request enrollment within 31 days after the marriage, birth, adoption, or placement for adoption.

If We receive an application to add your Dependent or an Eligible Person and Dependent more than 31 days after the qualifying event, that person is only eligible for coverage as a Late

Enrollee. Application forms are available from the Plan.

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) under Medicaid or CHIP.

The Employee or Dependent must request Special Enrollment within 60 days of the loss of Medicaid/CHIP or of the eligibility determination. If We receive an application to add your Dependent or an Eligible Person and Dependent more than 60 days after the loss of Medicaid/CHIP or of the eligibility determination, that person is only eligible for coverage as a Late Enrollee.

Application forms are available from the Plan.

Late Enrollees

You are considered a Late Enrollee if you are an Eligible Person or Dependent who did not request enrollment for coverage:

- During the initial enrollment period; or
- During a Special Enrollment period; or
- As a newly eligible Dependent who failed to qualify during the Special Enrollment period and did not enroll within 31 days of the date you were first entitled to enroll.

You may apply for coverage at any time during the year as a Late Enrollee. However, you will not be enrolled for coverage with the Plan until the next Open Enrollment Period.

Open Enrollment Period

An Eligible Person or Dependent who did not request enrollment for coverage during the initial enrollment period, or during a Special Enrollment period, may apply for coverage at any time, however, will not be enrolled until the Group's next annual enrollment.

Open Enrollment means a period of time (at least 31 days prior the Group's renewal date and 31 days following) which is held no less frequently than once in any 12 consecutive months.

Notice of Changes

The Subscriber is responsible to notify the Group of any changes that will affect his or her eligibility or that of Dependents for services or benefits under this Certificate. The Plan must be notified of any changes as soon as possible but no later than within 31 days of the event. This includes changes in address, marriage, divorce, death, change of Dependent disability or dependency status, enrollment or disenrollment in another dental plan. Failure to notify Us of persons no longer eligible for services will not obligate Us to pay for such services. Acceptance of payments from the Group for persons no longer eligible for services will not obligate Us to pay for such services.

Family Coverage should be changed to Single Coverage when only the Subscriber is eligible. When notice is provided within 31 days of the event, the Effective Date of coverage is the event date causing the change to Single Coverage. The Plan must be notified when a Member becomes eligible for Medicare.

All notifications by the Group must be in writing and on approved forms. Such notifications must include all information reasonably required to effect the necessary changes.

A Member's coverage terminates on the date such Member ceases to be in a class of Members eligible for coverage. The Plan has the right to bill the Subscriber for the cost of any services provided to such person during the period such person was not eligible under the Subscriber's coverage.

Effective Date of Coverage

For information on your specific Effective Date of Coverage under this Certificate, please see your human resources or benefits department. You can also contact Us by calling the number located on the back of your Identification (ID) Card or by visiting www.anthem.com.

Statements and Forms

Subscribers or applicants for membership shall complete and submit applications, questionnaires or other forms or statements the Plan may reasonably request.

Applicants for membership understand that all rights to benefits under this Certificate are subject to the condition that all such information is true, correct and complete. Any material misrepresentation by a Member may result in termination of coverage as provided in the "Changes in Coverage: Termination, Continuation & Conversion" section.

Delivery of Documents

We will provide an Identification Card for each Member and a Certificate for each Subscriber.

4 TERMINATION, CONTINUATION AND CONVERSION

Termination

This Certificate of coverage is issued under a Group Contract which is guaranteed renewable at the option of the Group Contract holder. Termination of the Group Contract automatically terminates all your coverage as of the date of termination. It is the responsibility of the Group to notify you of the termination of the coverage. However, the coverage will be terminated, regardless of whether the notice is given.

Except as otherwise provided, your coverage will terminate in the following situations:

- If the Subscriber terminates coverage, termination will be effective on the last day of the Group's billing period in which We received the Subscriber's notice of termination.
- Subject to any applicable continuation or conversion requirements, if you cease to meet eligibility requirements as outlined in this Certificate, your coverage will terminate on the last day of the Group's billing period. The Group and/or you must notify Us within the time period specified in the **Notice of Changes** provision in this Certificate if you cease to meet eligibility requirements. The Group and/or you shall be responsible for payment for any services incurred by you after you cease to meet eligibility requirements.
- A Dependent's coverage will terminate at the end of the Group's billing period in which notice was received by Us that the person no longer meets the definition of Dependent. The Group and/or you must notify Us within the time period specified in the **Notice of Changes** provision in this Certificate if you cease to meet eligibility requirements.
- If you fail to pay or fail to make satisfactory arrangements to pay any premium or contribution amounts due to Us, We may terminate your coverage and may also terminate the coverage of all your Dependents, effective 31 days after Our written notice to the Group.
- If you have performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the coverage under this Certificate your coverage will terminate effective 31 days after Our written notice to the Group.
- If you have engaged in intentional and abusive noncompliance with material

provisions of this Certificate your coverage will terminate effective 31 days after Our written notice to the Group.

- If We end coverage under this Certificate due to Our discontinuance of this vision benefit product, your coverage will terminate effective 90 days after Our written notice to you. In the event of termination under this provision, We will offer you the option to purchase any other similar vision benefit product We still offer if available.
- If you no longer reside, live, or work in Our Service Area or in an area in which We are authorized to do business your coverage will terminate effective 31 days after Our written notice to the Group. Coverage will be terminated under this provision without regard to your health status.
- If your coverage under this Certificate is made available through an association and your membership or the Group's membership in an association ceases, your coverage will terminate effective 31 days after Our written notice to the Group. Coverage will be terminated under this provision without regard to your health status.
- In the event the Group no longer meets Our participation requirements or contribution requirements, your coverage will terminate effective 31 days after Our written notice to the Group.

Removal of Members

Upon written request through the Group, a Subscriber may cancel the enrollment of any Member from the Plan. If this happens, no benefits will be provided for Covered Services provided after the Member's termination date.

Reinstatement

You will not be reinstated automatically if coverage is terminated. Re-application is necessary, unless termination resulted from inadvertent clerical error. No additions or terminations of membership will be processed during the time your or the Group's request for reinstatement is being considered by Us. Your coverage shall not be adversely affected due to the Group's clerical error. However, the Group is liable to Us if We incur financial loss as a result of the Group's clerical error.

Continuation

Federal Continuation of Coverage (COBRA)

The following applies if you are covered under a Group which is subject to the requirements of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, as amended.

COBRA continuation coverage can become available to you when you would otherwise lose coverage under your Group's vision plan. It can also become available to other Members of your family, who are covered under the Group's vision plan, when they would otherwise lose their vision coverage. For additional information about your rights and obligations under federal law under the coverage provided by the Group's vision plan, you should contact the Group.

COBRA Continuation Coverage

COBRA continuation coverage is a continuation of vision coverage under the Group's vision plan when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed below. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your Dependent children could become qualified beneficiaries if coverage under the Group's vision plan is lost because of the qualifying event. Under the Group's vision plan, qualified beneficiaries who elect COBRA continuation coverage may or may not be required to pay for COBRA continuation coverage. Contact the Group for Premium payment requirements.

If you are a Subscriber, you will become a qualified beneficiary if you lose your coverage under the Group's vision plan because either one of the following qualifying events happens:

- Your hours of employment are reduced, or
- Your employment ends for any reason other than your gross misconduct.

If you are the spouse of a Subscriber, you will become a qualified beneficiary if you lose your coverage under the Group's vision plan because any of the following qualifying events happens:

- Your spouse dies;
- Your spouse's hours of employment are reduced;
- Your spouse's employment ends for any reason other than his or her gross misconduct; or
- You become divorced or legally separated from your spouse.

Your Dependent children will become qualified beneficiaries if they lose coverage under the Group's vision plan because any of the following qualifying events happens:

- The parent-Subscriber dies;
- The parent-Subscriber's hours of employment are reduced;
- The parent-Subscriber's employment ends for any reason other than his or her gross misconduct;
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the Group's vision plan as a "Dependent child."

If Your Group Offers Retirement Coverage

Sometimes, filing a proceeding in bankruptcy under title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to the Group, and that bankruptcy results in the loss of coverage of any retired Subscriber covered under the Group's vision plan, the retired Subscriber will become a qualified beneficiary with respect to the bankruptcy. The retired Subscriber's spouse, surviving spouse, and Dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage under Group's vision plan.

When is COBRA Coverage Available

COBRA continuation coverage will be offered to qualified beneficiaries only after the Group has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the Subscriber, commencement of a proceeding in bankruptcy with respect to the employer, or the Subscriber's becoming entitled to Medicare benefits (under Part A, Part B, or both), then you must notify the Group of the qualifying event.

You Must Give Notice of Some Qualifying Events

For the other qualifying events (divorce or legal separation of the Subscriber and spouse or a Dependent child's losing eligibility for coverage as a Dependent child), you must notify the Group within 60 days after the qualifying event occurs.

How is COBRA Coverage Provided

Once the Group receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered Subscribers may elect COBRA continuation coverage on behalf of

their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage.

When the qualifying event is the death of the Subscriber, the Subscriber's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a Dependent child's losing eligibility as a Dependent child, COBRA continuation coverage lasts for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the Subscriber's hours of employment, and the Subscriber became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the Subscriber lasts until 36 months after the date of Medicare entitlement. For example, if a covered Subscriber becomes entitled to Medicare 8 months before the date on which his employment terminates, COBRA continuation coverage for his spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months). Otherwise, when the qualifying event is the end of employment or reduction of the Subscriber's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months. There are two ways in which this 18-month period of COBRA continuation coverage can be extended.

Disability extension of 18-month period of continuation coverage

If you or anyone in your family covered under the Group's vision plan is determined by the Social Security Administration to be disabled and you notify the Group in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage.

Second qualifying event extension of 18-month period of continuation coverage

If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and Dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the Group. This extension may be available to the spouse and any Dependent children receiving continuation coverage if the Subscriber or former Subscriber dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated, or if the Dependent child stops being eligible under the Plan as a Dependent child, but only if the event would have caused the spouse or Dependent child to lose coverage under the Group's vision plan had the first qualifying event not occurred.

If You Have Questions

Questions concerning your Group's vision plan and your COBRA continuation coverage rights should be addressed to the Group. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

Continuation of Coverage Due To Military Service

In the event you are no longer Actively 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 this Certificate in accordance with the

Uniformed Services Employment and Reemployment Rights Act of 1994, 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 this Certificate by notifying your employer in advance and payment of any required 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 contribution, if any, for continuation of health coverage.

If continuation is elected under this provision, the maximum period of health coverage under this Certificate shall be the lesser of:

1. The 18-month period (24 months if continuation is elected on or after 12/10/2004) beginning on the first date of your absence from work; or
2. 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 this Certificate. 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.

Family and Medical Leave Act of 1993

A Subscriber who is taking a period of leave under the Family and Medical Leave Act of 1993 (the Act) will retain eligibility for coverage during this period. The Subscriber and his or her Dependents shall not be considered ineligible due to the Subscriber not being Actively At Work.

If the Subscriber does not retain coverage during the leave period, the Subscriber and any eligible Dependents who were covered immediately prior to the leave may be reinstated upon return to work without underwriting and without imposition of an additional waiting period. To obtain coverage for a Subscriber upon return from leave under the Act, the Group must provide the Plan with evidence satisfactory to Us of the applicability of the Act to the Subscriber, including a copy of the health care Provider statement allowed by the Act.

Group Responsible for Notification of Group Cancellation

Upon receipt of notice of cancellation of the coverage under this Certificate, the Group is required by law to promptly forward a copy of the notice to you. We will also provide you with notice in 15 business days outlining your COBRA rights.

5 HOW TO OBTAIN COVERED SERVICES

Network Services and Benefits

If a Network Provider renders your care, benefits will be provided at the Network level. Refer to the Schedule of Benefits. No benefits will be provided for care that is not a Covered Service even if performed by a Network Provider.

We may inform you that a service you received is not a Covered Service under the Certificate. You may appeal this decision. See the Member Grievances section of this Certificate.

Network Providers are professional Providers and other facility Providers who

contract with Us to perform services for you. You will not be required to file any claims for services you obtain directly from Network Providers.

Non-Network Services and Benefits

Services that are not obtained from a Network Provider will be considered a Non-Network Service. In addition, certain services may not be covered unless obtained from a Network Provider, and/or may result in higher cost-share amounts. See your Schedule of Benefits. You will be required to file claims for services that you obtain directly from a Non-Network Provider.

Relationship of Parties (Plan - Network Providers)

The relationship between the Plan and Network Providers is an independent contractor relationship. Network Providers are not agents or employees of the Plan, nor is the Plan, or any employee of the Plan, an employee or agent of Network Providers.

The Plan shall not be responsible for any claim or demand on account 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 and Non-Network Providers. If you have questions regarding such incentives or risk sharing relationships, please contact your Provider or Us.

Not Liable for Provider Acts or Omissions

The Plan is not responsible for the actual care you receive from any person. This Certificate does not give anyone any claim, right, or cause of action against the Plan based on what a Provider of vision care, services or supplies, does or does not do.

6 COVERED SERVICES

This section describes the Covered Services available under your vision care benefits when provided and billed by eligible Providers. All Covered Services are subject to the exclusions listed in the Exclusions section and all other conditions and limitations of the Certificate. The amount payable for Covered Services varies depending on whether you receive your care from a Network Provider or a Non-Network Provider and whether or not you choose optional services and/or custom materials rather than standard services and supplies. Payment amounts are specified in the Schedule of Benefits.

The following are Covered Services:

- Routine Vision examinations
- Standard Eyeglass Lenses
- Frames
- Contact Lenses in lieu of Eyeglass Lenses

Services and materials obtained through a Non-Network Provider are subject to the same Exclusions and limitations as services through a Network Provider.

If you choose a set of frames that are valued at more than the Maximum Allowable Amount, you are responsible for the difference in cost.

If a Member elects either covered Non-Elective or Elective Contact Lenses within one 12-month period, no benefits will be paid for covered Lenses and frames until the next 12-month period.

Vision Eye Examination

The Plan covers up to a comprehensive eye examination including dilation as needed minus any applicable Copayment. The eye examination may include the following:

- Case history
- Recording corrected and uncorrected visual acuity
- Internal exam
- External exam
- Pupillary reflexes
- Binocular vision
- Objective refraction
- Subjective refraction
- Glaucoma test
- Slit lamp exam (Biomicroscopy)
- Dilation
- Color vision
- Depth perception
- Diagnosis and treatment plan.

Eyeglass Lenses

Eyeglass Lenses are available in standard or basic plastic (CR39) Lenses including single vision, bifocal, and trifocal with factory coating with polycarbonate lenses for children under 19 and photochromic lenses for children under 19. If you choose progressive Lenses that are no line bifocals, there will be an additional cost. All eyeglass Lenses are subject to the applicable Copayment listed in the Schedule of Benefits. There may also be an additional cost for any add-ons to the Lenses such as anti-reflective coating or ultra-violet coating. These and any other lens add-ons may be discounted according to Our Additional Savings Program.

Frames

The frame allowance is based upon the retail cost. The Member may apply the plan allowance toward the Network Provider's selection of frames. The Schedule of Benefits lists the frames allowance available under your plan. If you choose a set of frames that are valued at more than the Maximum Allowable Amount, you are responsible for the balance based upon the Additional Savings Program.

Elective Contact Lenses

The contact lens allowance must be completely used at the time of initial service. No amount of the allowance may be carried forward to use during another service date. The Schedule of Benefits lists the contact lens allowance available under this Certificate.

Non-Elective Contact Lenses

This benefit is available for a limited number of diagnoses and is in lieu of the standard contact lens or Lenses and frames benefit.

Eligibility

Conditions that provide eligibility for consideration of this Non-Elective Contact Lens benefit include:

- Keratoconus where the patient is not correctable to 20/40 in either or both eyes using standard spectacle Lenses.
- High Ametropia exceeding –12 D or +9 D in spherical equivalent.
- Anisometropia of 3 D or more.
- Patients whose vision can be corrected three lines of improvement on the visual acuity chart when compared to best corrected standard spectacle Lenses.

Fitting Fees

The Member is responsible for 100% of the fitting fee at the time of service. However, Our Maximum Allowable Amount reimbursement paid to the prescribing Provider for Non-Elective Contact Lenses may include a portion, or all, of the fitting fee. Any remaining amount will be applied to the Provider's fitting fee.

SPECIAL NOTE: We will not reimburse for Non-Elective Contact Lenses for any Member who has undergone prior elective corneal surgery, such as radial keratotomy (RK), photorefractive keratectomy (PRK), or LASIK.

Cosmetic Options

Benefits are available for the services below in accordance with the Additional Savings Program. The Member will be responsible for the following items at a discounted rate when provided by a Network Provider.

- Blended Lenses
- Contact Lenses (except as noted herein)
- Oversize Lenses
- Progressive multifocal Lenses
- Photochromatic Lenses, or tinted Lenses
- Coated Lenses
- Frames that exceed the Maximum Allowable Amount
- Cosmetic Spectacle Lenses
- Ultra-violet coating
- Scratch resistant coating
- Polycarbonate Lenses
- Anti-reflective coating
- Optional cosmetic items

7 EXCLUSIONS

The following section indicates items that are excluded from benefit consideration, and are not considered Covered Services. This information is provided as an aid to identify certain common items that may be misconstrued as Covered Services, but is in no way a limitation upon, or a complete listing of, such items considered not to be Covered Services. We are the final authority for determining if services or supplies are Covered Services.

We do not provide vision benefits for services, supplies or charges:

1. Received from an individual or entity that is not a Provider, as defined in this Certificate.
2. For any condition, disease, defect, aliment, 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.
3. To the extent that they are provided as benefits by any governmental unit, unless otherwise required by law or regulation.
4. For illness or injury that occurs as a result of any act of war, declared or undeclared.
5. For a condition resulting from direct participation in a riot, civil disobedience, nuclear explosion, or nuclear accident.
6. For which you have no legal obligation to pay in the absence of this or like coverage.
7. Received from an optical or medical department maintained by or on behalf of an employer, mutual benefit association, labor union, trust or similar person or group.

8. Prescribed, ordered, referred by, or received from a member of your immediate family, including your spouse, child, brother, sister, parent, in-law, or self.
9. For completion of claim forms or charges for medical records or reports unless otherwise required by law.
10. For missed or canceled appointments.
11. In excess of Maximum Allowable Amount.
12. Incurred prior to your Effective Date.
13. Incurred after the termination date of this coverage except as specified elsewhere in this Certificate.
14. For services or supplies primarily for educational, vocational, or training purposes, except as otherwise specified herein.
15. For sunglasses and accompanying frames.
16. For safety glasses and accompanying frames.
17. For inpatient or outpatient hospital vision care.
18. For Orthoptics or vision training and any associated supplemental testing.
19. For non-prescription lenses.
20. For two pairs of glasses in lieu of bifocals.
21. For Plano lenses (lenses that have no refractive power).
22. For medical or surgical treatment of the eyes.
23. For lost or broken Lenses or frames, unless the Member has reached his or her normal interval for service when seeking replacements.
24. For services or supplies not specifically listed in the Certificate.
25. Certain brands on which the manufacturer imposes a no discount policy.
26. For services or supplies combined with any other offer, coupon or in-store advertisement.

8 CLAIMS PAYMENT

Obtaining Services/Claim Payment

For services received from a Non-Network Provider, you are responsible for making sure a claim is filed in order to receive benefits. If you elect to obtain services from a Non-Network Provider, you must pay the entire bill at the time the services are rendered. To request reimbursement for Covered Services We will need the following information:

- The name, address and phone number of the Non-Network Provider along with an itemized statement of charges
- The covered Member's name and address, group number, Social Security number or Member identification number
- The patient's name, birthdate and relationship to the Member

The Member should keep a copy of the information and send the originals to the following address:

BlueView Vision Claims Administration
PO Box 8504
Mason, OH 45040-7111

Assignment

This Certificate is not assignable by the Group without the written consent of the Plan. The coverage and any benefits under this Certificate are not assignable by any Member without the

written consent of the Plan, except as described in this Certificate.

Notice of Claim

We are not liable under the Certificate, unless We receive 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 Us within 90 days of receiving the Covered Services, and must have the data We need to determine benefits. Failure to give Us 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 usual 90 day filing period ends. If the notice submitted does not include sufficient data We need to process the claim, then the necessary data must be submitted to Us within the time frames specified in this provision or no benefits will be payable except as otherwise required by law.

Claim Forms

Many Providers will file for you. If the forms are not available, either send a written request for claim forms to Us 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 Us 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 Physician's signature

Proof of Claim

Written proof of claim satisfactory to Us must be submitted to Us 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 do 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 Us no later than one year following the 90 day period specified, unless you were legally incapacitated.

Payment of Benefits

Claims will be paid within thirty (30) calendar days from the date that the claim is received by Us. You authorize Us to make payments directly to Providers for Covered Services. Payments may also be made to, and notice regarding the receipt and/or adjudication of claims sent to, an Alternate Recipient (any child of a Subscriber who is recognized, under a Qualified Medical Child Support Order (QMSCO), as having a right to enrollment under the Group's Contract), or that person's custodial parent or designated representative. Any payments made by Us will discharge Our 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, We will not honor a request for Us to withhold payment of the claims submitted.

Member's Cooperation

Each Member shall complete and submit to the Plan such authorizations, consents, releases, assignments and other documents as may be requested by the Plan in order to obtain or assure reimbursement under Medicare, Worker's Compensation or any other governmental program. Any Member who fails to cooperate will be responsible for any charge for services.

Explanation of Benefits

After you receive vision care, you will often receive an Explanation of Benefits (EOB). The EOB is a summary of the coverage you received. The EOB is not a bill, but a statement from Us 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);
- general information about your Appeals rights and for ERISA plans, information regarding the right to bring an action after the Appeals process.

9 GENERAL PROVISIONS

Entire Contract

Note: The laws of the state in which the Group Contract was issued will apply unless otherwise stated herein.

This Certificate, the Group Contract, the Group application, any Riders, Endorsements or Attachments, and the individual applications of the Subscriber and Dependents, if any, constitute the entire Contract between the Plan and the Group and as of the Effective Date, supersede all other agreements between the parties. Any and all statements made to the Plan by the Group and any and all statements made to the Group by the Plan are representations and not warranties, and no such statement, unless it is contained in a written application for coverage under this Certificate, shall be used in defense to a claim under this Certificate.

Form or Content of Certificate

No agent or employee of the Plan is authorized to change the form or content of this Certificate. Such changes can be made only through an endorsement authorized and signed by an officer of the Plan.

Circumstances Beyond the Control of the Plan

In the event of circumstances not within the control of the Plan, 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 Plan, disability of a significant part of a Network Provider's personnel or similar causes, or the rendering of vision care services provided under this Certificate is delayed or rendered impractical, the Plan shall make a good-faith effort to arrange for an alternative method of providing coverage. In such event, the Plan and Network Providers shall render services provided under this Certificate insofar as practical, and according to their best judgment; but the Plan and Network Providers shall incur no liability or obligation for delay, or failure to provide or arrange for services if such failure or delay is caused by such an event.

Cessation of Operations

In the event that the Plan ceases operations (cessation of operations) or is dissolved, this Certificate may be terminated immediately by Us. The Plan will be obligated to continue servicing any period of time already paid for through Premiums or as otherwise prescribed by law.

Coordination of Benefits

We consider this Plan primary in all circumstances.

Other Government Programs

Except insofar as applicable law would require the Plan to be the primary payor, the benefits under this Certificate 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.

Right of Recovery

Whenever payment has been made in error, We will have the right to recover such payment from you or, if applicable, the Provider. In the event We recover a payment made in error from the Provider, except in cases of fraud, We will only recover such payment from the Provider during the 12 months after the date We made the payment on a claim submitted by the Provider. We reserve the right to deduct or offset any amounts paid in error from any pending or future claim.

We have oversight responsibility for compliance with Provider and vendor contracts. We may enter into a settlement or compromise regarding enforcement of these contracts and may retain any recoveries made from a Provider, or Vendor resulting from these audits if the return of the overpayment is not feasible. We have established recovery policies to determine which recoveries are to be pursued, when to incur costs and expenses and settle or compromise recovery amounts. We will not pursue recoveries for overpayments if the cost of collection exceeds the overpayment amount. We may not provide you with notice of overpayments made by Us or you if the recovery method makes providing such notice administratively burdensome.

Relationship of Parties (Group-Member-Plan)

Neither the Group nor any Member is the agent or representative of the Plan.

The Group is fiduciary agent of the Member. The Plan's notice to the Group will constitute effective notice to the Member. It is the Group's duty to notify the Plan of eligibility data in a timely manner. The Plan is not responsible for payment of Covered Services of Members if the Group fails to provide the Plan with timely notification of Member enrollments or termination's.

Conformity with Law

Any provision of this Plan that is in conflict with the laws of the state in which the Group Contract is issued, or with federal law, is hereby automatically amended to conform with the minimum requirements of such laws.

Modifications

This Certificate allows the Group to make the Plan coverage available to eligible Members. However, this Certificate shall be subject to amendment, modification, and termination in accordance with any of its provisions, the Group Contract, or by mutual agreement between the Plan and the Group without the permission or involvement of any Member. Changes will not be effective until 30 days after We provide written notice to the Group about the change. By electing medical and Hospital coverage under the Plan or accepting the Plan benefits, all Members who are legally capable of entering into a contract, and the legal representatives of all Members that are incapable of entering into a contract, agree to all terms, conditions, and provisions in this Certificate.

Clerical Error

Clerical error, whether of the Group or the Plan, in keeping any record pertaining to this coverage

will not invalidate coverage otherwise validly in force or continue coverage otherwise validly terminated.

Legal Action

You may not take legal action against Us to receive benefits:

- Earlier than 60 days after We receive the claim; or
- Later than three years after the date the claim is required to be furnished to Us.

You must exhaust the Plan's Complaint and Appeals Procedures before filing a lawsuit or other legal action of any kind against Us.

Policies and Procedures

The Plan may adopt reasonable policies, procedures, rules and interpretations to promote the orderly and efficient administration of this Certificate with which a Member shall comply.

Waiver

No agent or other person, except an authorized officer of the Plan, is able to disregard any conditions or restrictions contained in this Certificate, 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.

Plan's Sole Discretion

The Plan has the authority to cover services and supplies not specifically covered by the Certificate. This applies if the Plan 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 following provision only applies where the interpretation of this Certificate is governed by the Employee Retirement Income Security Act (ERISA), 29 U.S.C. 1001 et seq.

The Plan, or anyone acting on Our 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, We, or anyone acting on Our behalf, has complete discretion to determine the administration of your benefits. Our determination shall be final and conclusive and may include, without limitation, determination of whether the services, care, treatment, or supplies are covered. However, a Member may utilize all applicable complaint and appeals procedures. This reservation of discretionary authority shall not be used in such a manner as to deny coverage clearly set forth in the Certificate or to arbitrarily construe or abuse the provision of benefits under the Certificate.

The Plan, or anyone acting on Our 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 Certificate. This includes, without limitation, the power to construe the Group Contract, to determine all questions arising under the Certificate, to resolve Member Grievances 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 Certificate. However, these powers shall be exercised in such a manner that has reasonable relationship to the provisions of the Group Contract the Certificate, Provider agreements, and applicable state or federal laws. A specific limitation or exclusion will override more general benefit language.

Anthem Blue Cross and Blue Shield Note

The Group, on behalf of itself and its participants, hereby expressly acknowledges its understanding

that this Certificate constitutes a contract solely between the Group and Anthem Health Plans of Kentucky, Inc. dba Anthem Blue Cross and Blue Shield (Anthem), and that Anthem is an independent corporation licensed to use the Blue Cross and Blue Shield names and marks in the Commonwealth of Kentucky. The Blue Cross and Blue Shield marks are registered by the Blue Cross and Blue Shield Association with the U.S. Patent and Trademark Office in Washington, D.C. and in other countries. Further, Anthem is not contracting as the agent of the Blue Cross and Blue Shield Association or any other Blue Cross and/or Blue Shield plan or licensee. This paragraph shall not create any additional obligations whatsoever on the part of Anthem other than those obligations created under other provisions of this agreement.

10 COMPLAINT AND APPEALS

Our customer service representatives are specially trained to answer your questions about Our vision benefit plans. Please call during business hours, Monday through Friday, with questions regarding:

- Your coverage and benefit levels, including Copayment amounts;
- Specific claims or services you have received;
- Providers in the Network; and/or
- Provider directories.

You will be notified, in writing, if a claim or other request for benefits is denied in whole or in part. If such a request is denied, the notice of denial will explain why benefits were denied and describe your rights under the Appeals Procedure. A Complaint Procedure also exists to help you understand the Plan's determinations.

The Complaint Procedure

A Complaint Procedure is available to provide reasonable, informative responses to complaints that you may have concerning the Plan. A complaint is an expression of dissatisfaction that can often be resolved by an explanation from the Plan of its procedures and contracts. The Plan invites you to share any concerns that you may have over benefit determinations, coverage cancellations, or the quality of care rendered by Vision Providers in the Plan's Networks.

If you have a complaint or problem concerning benefits or services, please contact Us. Please refer to your Identification Card for Our address and telephone number. 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.

Members are encouraged to file complaints within 60 days of an initial, adverse action, but must file within six months after receipt of notice of the initial, adverse action. The time required to review complaints does not extend the time in which appeals must be filed.

The Appeals Procedure

An appeal is a formal request from you for the Plan to change a previous determination. If you are notified in writing of a Coverage Denial or any other adverse decision by Us, you will be advised of your right to an internal appeal.

A Coverage Denial means Our determination that a service, treatment, drug or device is specifically limited or excluded under this Certificate.

The internal appeals process may be initiated by the Member, the Member's authorized representative, or a Provider acting on behalf of the Member within 60 days of receipt of Our written notice of a Coverage Denial, or any other adverse decision made by Us, but must be filed within six months of your receipt of the initial decision. The request should include any medical information pertinent to the appeal. All portions of the medical records that are relevant to the appeal and any other comments, documents,

records or other information submitted by the Member relating to the issue being appealed, regardless of whether such information was considered in making the initial decision, will be considered in the review of the appeal. Any new medical information pertinent to the appeal will also be considered. 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 appeal.

If a representative is seeking an appeal on behalf of a Member, We must obtain a signed Designation of Representation (DOR) form from the Member. The appeal process will not begin until Anthem has received the properly completed DOR. We will forward a Designation of Representation form to the Member for completion.

The individuals responsible for reviewing your request for an internal appeal will not be the same individuals who made the initial denial or determination. They will not be the subordinates of the initial decision-maker either and no deference will be given to the initial decision.

Within a reasonable period of time but no later than 30 days after receiving a written or an oral request for an appeal, We will send a written decision to the Member or their authorized representative.

Contact Person For Appeals

The request for an internal appeal must be submitted to the following address or telephone number or to the appeal address or telephone number provided on your written notice of an adverse decision:

Blue View Vision
ATTN: Appeals
555 Middle Creek Parkway
Colorado Springs, CO 80921

Telephone Number: 866-723-0515

The person holding the position named above will be responsible for processing your request.

The Plan encourages its Members to submit requests for appeal in writing. The request for appeal should describe the problem in detail. Attach copies of bills, medical records, or other appropriate documentation to support the appeal that may be in your possession.

You must file appeals on a timely basis. As state above, you are encouraged to file internal appeals within 60 days of your receipt of the Plan's initial decision. Internal appeals must be filed, however, within six months of your receipt of the initial decision.

Vision Services

We are not liable for the furnishing of Covered Services, but merely for the payment of them. You shall have no claim against Us for acts or omissions of any Provider from whom you receive Covered Services. We have no responsibility for a Provider's failure or refusal to give Covered Services to you.

Limitation of Actions

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 no earlier than 60 days after We receive the claim or other request for benefits and 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 before filing a lawsuit or other legal action of any kind against the Plan. If your vision 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.

Anthem.
BlueCross BlueShield

You've made a good decision in choosing Blue Access℠

Big Rivers Electric Corporation

For more information, visit our web site at anthem.com
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Administered by Anthem Health Plans of Kentucky, Inc.

Your Health Benefit Booklet

Health Benefit Booklet

Blue Access

Administered by
Anthem Health Plans of Kentucky, Inc.

Important: This is not an insured benefit plan. The benefits described in this Benefit Booklet or any rider or amendments hereto are funded by the Employer who is responsible for their payment. Anthem Health Plans of Kentucky, Inc. dba Anthem Blue Cross and Blue Shield provides administrative claims payment services only and does not assume any financial risk or obligation with respect to claims.

ANTHBN-PPO05r-4/12 ASO

1 INTRODUCTION

This Benefit Booklet has been prepared by the Administrator, on behalf of the Employer, to help explain your health benefits. This document replaces and supersedes any Benefit Booklet or summary that you have received previously. Please read this Benefit Booklet carefully, and refer to it whenever you require medical services.

This Benefit Booklet describes how to get medical care, what health services are covered and not covered, and what portion of the health care costs you will be required to pay. Many of the provisions in this Benefit Booklet are interrelated; therefore, reading just one or two sections may not give you an accurate impression of your coverage. You are responsible for knowing the terms of this Benefit Booklet.

This Health Benefit Booklet overrides and replaces any Health Benefit Booklet previously issued to you. The coverage described in this Benefit Booklet is based upon the conditions of the Administrative Services Agreement issued to your Employer, and is based upon the benefit plan that your Employer chose for you. The Administrative Services Agreement, this Benefit Booklet and any endorsements, amendments or riders attached, form the Administrative Services Agreement under which Covered Services are available under your health care benefits.

Many words used in this Benefit Booklet have special meanings. These words are capitalized. If the word or phrase was not explained in the text where it appears, it may be defined in the "Definitions" section. Refer to these definitions for the best understanding of what is being stated.

If you have any questions about this Benefit Booklet, please call the member service number located on the back of your Identification (ID) Card or visit www.anthem.com.

How to Obtain Language Assistance

The Administrator is committed to communicating with Members about their health plan, regardless of their language. The Administrator employs a language line interpretation service for use by all of its Customer Service call centers. Simply call the Customer Service phone number on the back of your ID card and a representative will be able to assist you. Translation of written materials about your benefits can also be requested by contacting Customer Service.

2 FEDERAL PATIENT PROTECTION AND AFFORDABLE CARE ACT NOTICES

Choice of Primary Care Physician

The Plan generally allows the designation of a Primary Care Physician (PCP). You have the right to designate any PCP who participates in the Administrator's Network and who is available to accept you or your family members. For information on how to select a PCP, and for a list of PCPs, contact the telephone number on the back of your Identification card or refer to the Administrator's website, www.anthem.com. For children, you may designate a pediatrician as the PCP.

Access to Obstetrical and Gynecological (ObGyn) Care

You do not need prior authorization from the Plan or from any other person (including a PCP) in order to obtain access to obstetrical or gynecological care from a health care professional in the Administrator's 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 or following a pre-approved treatment plan. For a list of participating health care professionals who specialize in obstetrics or gynecology, contact the telephone number on the back of your Identification Card or refer to the Administrator's website, www.anthem.com.

3 Your Rights and Responsibilities as an Anthem Blue Cross and Blue Shield Member

As an Anthem Blue Cross and Blue Shield (Anthem) Member you have certain rights and responsibilities to help make sure that you get the most from your plan and access to the best care possible. That includes certain things about your care, how your personal information is shared and how you work with Us and your doctors. It's kind of like a "Bill of Rights" and helps you know what you can expect from your overall health care experience and become a smarter health care consumer.

You have the right to:

- Speak freely and privately with your doctors and other health professionals about all health care options and treatment needed for your condition, no matter what the cost or whether it's covered under your plan.
- Work with your doctors in making choices about your health care.
- Be treated with respect, dignity, and the right to privacy.
- Privacy, when it comes to your personal health information, as long as it follows state and federal laws, and privacy rules.
- Get information about Anthem's services, and Anthem's network of doctors and other health care Providers.
- Get more information about your rights and responsibilities and give Us your thoughts and ideas about them.
- Give us your thoughts and ideas about any of the rules of your health care plan and in the way your plan works.
- Make a complaint or file an appeal about:
    - Your health care plan
    - Any care you get
    - Any Covered Service or benefit ruling that your health care plan makes.
- Say no to any care, for any condition, sickness or disease, without it affecting any care you may get in the future; and the right to have your doctor tell you how that may affect your health now and in the future.
- Participate in matters that deal with Anthem's policies and operations.
- Get all of the most up-to-date information about the cause of your illness, your treatment and what may result from that illness or treatment from a doctor or other health care professional. When it seems that you will not be able to understand certain information that information will be given to someone else that you choose.
- Get help at any time, by contacting your local insurance department.

You have the right to:

- Choose any Primary Care Physician (doctor), also called a PCP, who is in Anthem's network if your health care plan says that you have to have a PCP.
- Treat all doctors, health care professionals and staff with courtesy and respect.
- Keep all scheduled appointments with your health care Providers and call their office if you have a delay or need to cancel.
- Read and understand, to the best of your ability, all information about your health benefits or ask for help if you need it.
- To the extent possible, understand your health problems and work with your doctors or other health care professionals to make a treatment plan that you all agree on.
- Follow the care plan that you have agreed on with your doctors or health care professionals.
- Tell your doctors or other health care professionals if you don't understand any care you're getting or what they want you to do as part of your care plan.
- Follow all health care plan rules and policies.
- Let Anthem's customer service department know if you have any changes to your name, address or family members covered under your plan.
- Give Us, your doctors and other health care professionals the information needed to help you get the best possible care and all the benefits you are entitled to. This may include information about other health care plans and insurance benefits you have in addition to your coverage with Us.

For details about your coverage and benefits, please read the rest of this Benefit Booklet.

We are committed to providing quality benefits and customer service to our Members. Benefits and coverage for services provided under the benefit program are governed by the Benefit Booklet and not by this Member Rights and Responsibilities statement.

Contents

4 SCHEDULE OF BENEFITS

The Schedule of Benefits is a summary of the Deductibles, Coinsurance, Copayments, maximums and other limits that apply when you receive Covered Services from a Provider. Please refer to the "Covered Services" section of this Benefit Booklet 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 endorsements, amendments, or riders.

This Schedule of Benefits lists the Member's responsibility for Covered Services.

To receive maximum benefits at the lowest Out-Of-Pocket expense, Covered Services must be provided by a Network Provider. Benefits for Covered Services are based on the Maximum Allowable Amount, which is the maximum amount the Plan will pay for a given service. When you use a Non-Network Provider you are responsible for any balance due between the Non-Network Provider's charge and the Maximum Allowable Amount in addition to any Coinsurance, Copayments, Deductibles, and non-covered charges.

Copayments/Coinsurance/Maximums are calculated based upon the Maximum Allowable Amount, not the Provider's charge.

Under certain circumstances, if the Plan pays the Provider amounts that are your responsibility, such as Deductibles, Copayments or Coinsurance, the Plan may collect such amounts directly from you. You agree that the Plan has the right to collect such amounts from you.

Essential Health Benefits provided under this Plan are not subject to lifetime or annual dollar maximums. Certain non-essential health benefits, however, are subject to either a lifetime and/or annual dollar maximum.

Essential Health Benefits are defined by federal law and refer to benefits in at least the following categories:

- **Ambulatory patient services,**
- **Emergency services,**
- **Hospitalization,**
- **Maternity and newborn care,**
- **Mental health and substance use disorder services, including behavioral health treatment,**
- **Prescription drugs,**
- **Rehabilitative and habilitative services and devices,**
- **Laboratory services,**
- **Preventive and wellness services, and**
- **Chronic disease management and pediatric services, including oral and vision care.**

Such benefits shall be consistent with those set forth under the Patient Protection and Affordable Care Act of 2010 and any regulations issued pursuant thereto.

BENEFIT PERIOD	Calendar Year
DEPENDENT AGE LIMIT	To the date the child attains age 26

PRE-EXISTING PERIOD	For any Pre-Existing Conditions in existence 6 months prior to your Enrollment Date, the services, supplies or other care related to the Pre-Existing Condition(s) are not covered for 12 months after your enrollment. Pre-Existing exclusions or limitations do not apply to Member's under the age of 19.

DEDUCTIBLE

	Network	Non-Network
Per Member	$400	$800
Per Family	$800	$1,600

NOTE: The Deductible applies to all Covered Services with a Coinsurance amount you incur in a Benefit Period, except for the following:

- Emergency Room services when subject to a Copayment plus Coinsurance

Copayments are not subject to and do not apply to the Deductible.

OUT-OF-POCKET LIMIT

	Network	Non-Network
Per Member	$1,500	$3,000
Per Family	$3,000	$6,000

NOTE: The Out-of-Pocket Limit includes all Deductibles and Coinsurance amounts you incur in a Benefit Period, except for the following services:

- Prescription Drug benefits
- Non-Network Human Organ and Tissue Transplant services

Copayments do not apply to the Out-of-Pocket Limit.

Once the Member and/or family Out-of-Pocket Limit is satisfied, no additional Coinsurance will be required for the Member and/or family for the remainder of the Benefit Period, except for the services listed above.

Network and Non-Network Deductibles, Copayments, Coinsurance, and Out-of-Pocket Limits are separate and do not accumulate toward each other.

COVERED SERVICES	COPAYMENTS/COINSURANCE/MAXIMUMS	
	Network	**Non-Network**
Acupuncture Services (Covers all Acupuncture with a 30 visit limit)	Copayments/Coinsurance based on setting where Covered Services are received	Copayments/Coinsurance based on setting where Covered Services are received
Ambulance Services	10% Coinsurance	10% Coinsurance

Autism Spectrum Disorders for Members ages one (1) through twenty-one (21)	Benefits applicable to service provided
Maximum per Benefit Period, per Member ages one (1) through their (7th) seventh birthday	$50,000 Network and Non-Network Combined
Maximum per month, per Member ages seven (7) through twenty-one (21)	$1,000 Network and Non-Network Combined

These limits shall not apply to other health conditions of the individual and services for the individual not related to the treatment of an autism spectrum disorder.

Behavioral Health & Substance Abuse Services		
• **Inpatient Facility Services**	10% Coinsurance	30% Coinsurance
• **Inpatient Professional Services**	10% Coinsurance	30% Coinsurance
• **Outpatient Facility Services (Includes Outpatient Hospital / Alternative Care Facility)**	10% Coinsurance	30% Coinsurance
• **Outpatient Professional Services**	10% Coinsurance	30% Coinsurance
• **Office Visits**	$25 Copayment per visit	30% Coinsurance
• **Other Outpatient Services**	10% Coinsurance	30% Coinsurance

Note: Coverage for the treatment of Behavioral Health and Substance Abuse conditions is provided in compliance with federal law.

Dental Services (only when related to accidental injury or for certain Members requiring general anesthesia)	Copayments / Coinsurance based on setting where Covered Services are received	Copayments / Coinsurance based on setting where Covered Services are received
Benefit Period Maximum for Surgical Treatment and anesthesia for Accidental Dental Services	Covered Services are Unlimited per Member per Benefit Period (Network and Non-Network combined).	

Diabetic Equipment, Education, and Supplies	Copayments / Coinsurance based on setting where Covered Services are received For information on equipment and supplies, please refer to the "Medical Supplies, Durable Medical Equipment, and Appliances" provision in this Schedule.

	For information on Prescription Drug coverage, please refer to the "Prescription Drugs" provision in this Schedule. Screenings for gestational diabetes are covered under "Preventive Care."	
Diagnostic Services	When rendered as Physician Home Visits and Office Services or Outpatient Services the Copayment/Coinsurance is based on the setting where Covered Services are received except as listed below. Other Diagnostic Services and or tests, including services received at an independent Network lab, may not require a Copayment/Coinsurance. Laboratory services provided by a facility participating in the Administrator's Laboratory Network (as shown in the Provider directory) may not require a Coinsurance/Copayment. If laboratory services are provided by an Outpatient Hospital laboratory which is not part of the Administrator's Laboratory Network, even if it is a Network Provider for other services, they will be covered as an Outpatient Services benefit.	

Note: MRA, MRI, PET scan, CAT scan, nuclear cardiology imaging studies, and non-maternity related ultrasound services are subject to the Other Outpatient Services Copayment/Coinsurance regardless of setting where Covered Services are received.

Emergency Room Services Copayment / Coinsurance is waived if you are admitted	10% Coinsurance	Covered Services are always paid at the Network level. However, Non-Network Providers may also bill you for any charges that exceed the Maximum Allowable Amount.
Home Care Services	10% Coinsurance	30% Coinsurance
Maximum Visits per Benefit Period	100 visits, Network and Non-Network combined	

NOTE: Maximum does not include Home Infusion Therapy or Private Duty Nursing rendered in the home.

Private Duty Nursing Maximum per Member per Benefit Period	$10,000, combined Network and Non-Network	
Lifetime Maximum	Unlimited	
Hospice Services	The Plan's payment will be no less than Medicare for this benefit.	The Plan's payment will be no less than Medicare for this benefit.
Inpatient and Outpatient Professional Services	10% Coinsurance	30% Coinsurance
Inpatient Facility Services	10% Coinsurance	30% Coinsurance
Maximum days per Benefit Period for Physical Medicine and Rehabilitation (includes Day Rehabilitation Therapy services on an Outpatient basis)	Unlimited	
Maximum days per Benefit Period for Skilled Nursing Facility	90 days, combined Network and Non-Network	
Mammograms (Outpatient)		
• **Diagnostic mammograms**	No Copayment / Coinsurance up to the Maximum Allowable Amount	30% Coinsurance
• **Routine mammograms**	Please see the "Preventive Care Services" provision in this Schedule.	
Maternity Services	Copayments / Coinsurance based on setting where Covered Services are received	Copayments / Coinsurance based on setting where Covered Services are received
Medical Supplies, Durable Medical Equipment and Appliances (Includes certain diabetic and asthmatic supplies when obtained from a Non-Network Pharmacy.)	10% Coinsurance	30% Coinsurance
Hearing Aids and Related Services	One hearing aid per hearing impaired ear every thirty-six (36) months	

NOTE: If durable medical equipment or appliances are obtained through your Primary Care Physician or another Network Physician's office, Urgent Care Center Services, Outpatient Services, Home Care Services the Copayment/Coinsurance listed above will apply in addition to the Copayment/Coinsurance in the setting where Covered Services are received.

Outpatient Services		
Outpatient Surgery Hospital/Alternative Care Facility	10% Coinsurance	30% Coinsurance
Other Outpatient Services	10% Coinsurance	30% Coinsurance

Note: Physical Medicine Therapy through Day Rehabilitation Programs is subject to the Other Outpatient Services Copayment/Coinsurance regardless of setting where Covered Services are received.

Physician Home Visits and Office Services		
Primary Care Physician (PCP)	$25 Copayment per visit	30% Coinsurance
Specialty Care Physician (SCP)	$25 Copayment per visit	30% Coinsurance
Online Visits	$25 Copayment per visit	30% Coinsurance
Allergy Injections	10% Coinsurance	30% Coinsurance

NOTES: Allergy testing, MRA, MRI, PET scan, CAT scan, nuclear cardiology imaging studies, non-maternity related ultrasound services, pharmaceutical injections and drugs (except immunizations covered under "Preventive Care Services" in the Benefit Booklet) received in a Physician's office are subject to the Other Outpatient Services Copayment / Coinsurance.

The allergy injection Copayment/Coinsurance will be applied when the injection(s) is billed by itself. The office visit Copayment/Coinsurance will apply if an office visit is billed with an allergy injection.

Preventive Care Services	No Copayment / Coinsurance up to the Maximum Allowable Amount	30% Coinsurance, not subject to the Deductible
Surgical Services	Copayments / Coinsurance based on setting where Covered Services are received	Copayments / Coinsurance based on setting where Covered Services are received

Temporomandibular or Craniomandibular Joint Disorder and Craniomandibular Jaw Disorder	Copayments / Coinsurance based on setting where Covered Services are received	Copayments / Coinsurance based on setting where Covered Services are received

Therapy Services	Copayments / Coinsurance based on setting where Covered Services are received	Copayments / Coinsurance based on setting where Covered Services are received

NOTE: If different types of Therapy Services are performed during one Physician Home Visit, Office Service, or Outpatient Service, then each different type of Therapy Service performed will be considered a separate Therapy Visit. Each Therapy Visit will count against the applicable Maximum Visits listed below. For example, if both a Physical Therapy Service and a Manipulation Therapy Service are performed during one Physician Home Visit, Office Service, or Outpatient Service, they will count as both one Physical Therapy Visit and one Manipulation Therapy Visit.

You will not have to pay a Copayment or Coinsurance for Covered Services, rendered for each date of service, from an Occupational Therapist or Physical Therapist that is greater than the Copayment or Coinsurance you would pay for Covered Services from a Primary Care Physician.

Maximum Visits per Benefit Period for:

Physical Therapy	30 visits when rendered as Physician Home Visits and Office Services or Outpatient Services, combined Network and Non-Network. When rendered in the home, Home Care Services limits apply.
Occupational Therapy	30 visits when rendered as Physician Home Visits and Office Services or Outpatient Services, combined Network and Non-Network. When rendered in the home, Home Care Services limits apply.
Speech Therapy	Unlimited visits when rendered as Physician Home Visits and Office Services or Outpatient Services, combined Network and Non-Network. When rendered in the home, Home Care Services limits apply.
Manipulation Therapy	30 visits combined Network & Non-Network

Cardiac Rehabilitation	Unlimited visits when rendered as Physician Home Visits and Office Services or Outpatient Services, combined Network and Non-Network When rendered in the home, Home Care Services limits apply.	
Pulmonary Rehabilitation	Unlimited visits when rendered as Physician Home Visits and Office Services or Outpatient Services, combined Network and Non-Network. When rendered in the home, Home Care Services limits apply. When rendered as part of physical therapy, the Physical Therapy limit will apply instead of the limit listed here.	
Massage Therapy (when performed by a Physical therapist or Chiropractor)	30 visits combined Network & Non-Network	
Urgent Care Center Services	$25 Copayment per visit	30% Coinsurance
Allergy injections	10% Coinsurance	30% Coinsurance

NOTES: Allergy testing, MRA, MRI, PET scan, CAT scan, nuclear cardiology imaging studies, non-maternity related ultrasound services, pharmaceutical injections and drugs received in an Urgent Care Center are subject to the Other Outpatient Services Copayment / Coinsurance.

The allergy injection Copayment / Coinsurance will be applied when the injection(s) is billed by itself. The Urgent Care Center visit Copayment / Coinsurance will apply if an Urgent Care Center visit is billed with an allergy injection.

Human Organ and Tissue Transplant (Bone Marrow/Stem Cell) Services

The human organ and tissue transplant (bone marrow/stem cell) services benefits or requirements described below do not apply to the following:

- **Cornea and kidney transplants; and**
- **Any Covered Services, related to a Covered Transplant Procedure, received prior to or after the Transplant Benefit Period. Please note that the initial evaluation and any necessary additional testing to determine your eligibility as a candidate for transplant by your Provider and the harvest and storage of bone marrow/stem cells is included in the Covered Transplant Procedure benefit regardless of the date of service.**

The above services are covered as Inpatient Services, Outpatient Services or Physician Home Visits and Office Services depending on where the service is performed, subject to applicable Member cost shares.

Transplant Benefit Period	**Network Transplant Provider** Starts one day prior to a Covered Transplant Procedure and continues for the applicable case rate/global time period (The number of days will vary depending on the type of transplant received and the Network Transplant Provider agreement. Contact the Transplant Case Manager for specific Network Transplant Provider information) for services received at or coordinated by a Network Transplant Provider Facility.	**Non-Network Transplant Provider** Starts one day prior to a Covered Transplant Procedure and continues to the date of discharge.
Deductible	**Network Transplant Provider** Not Applicable	**Non-Network Transplant Provider** Applicable. During the Transplant Benefit Period, Covered Transplant Procedure charges that count toward the Deductible will NOT apply to your Out-of-Pocket Limit.

Covered Transplant Procedure during the Transplant Benefit Period	Network Transplant Provider	Non-Network Transplant Provider
	During the Transplant Benefit Period, No Copayment / Coinsurance up to the Maximum Allowable Amount Prior to and after the Transplant Benefit Period, Covered Services will be paid as Inpatient Services, Outpatient Services or Physician Home Visits and Office Services depending where the service is performed.	During the Transplant Benefit Period, You will pay 50% of the Maximum Allowable Amount. During the Transplant Benefit Period, Covered Transplant Procedure charges at a Non-Network Transplant Provider Facility will NOT apply to your Out-of-Pocket Limit. If the Provider is also a Network Provider for the Plan (for services other than Transplant Services and Procedures), then you will **not** be responsible for Covered Services which exceed the Plan's Maximum Allowable Amount. If the Provider is a Non-Network Provider for the Plan, you **will** be responsible for Covered Services which exceed the Plan's Maximum Allowable Amount. Prior to and after the Transplant Benefit Period, Covered Services will be paid as Inpatient Services, Outpatient Services or Physician Home Visits and Office Services depending where the service is performed.

Covered Transplant Procedure during the Transplant Benefit Period	Network Transplant Provider Professional and Ancillary (non-Hospital) Providers	Non-Network Transplant Provider Professional and Ancillary (non-Hospital) Providers
	No Copayment / Coinsurance up to the Maximum Allowable Amount	You are responsible for 50% of Maximum Allowable Amount. These charges will NOT apply to your Out-of-Pocket Limit.
Transportation and Lodging	Covered, as approved by the Plan, up to a $10,000 benefit limit	Not Covered for Transplants received at a Non-Network Transplant Provider Facility
Unrelated donor searches for bone marrow/stem cell transplants for a Covered Transplant Procedure	Covered, as approved by the Plan, up to a $30,000 benefit limit	Covered, as approved by the Plan, up to a $30,000 benefit limit. You will be responsible for 50% of search charges. These charges will NOT apply to your Out-of-Pocket Limit.
Live Donor Health Services Donor benefits are limited to benefits not available to the donor from any other source.	Medically Necessary charges for the procurement of an organ from a live donor are covered up to the Maximum Allowable Amount, including complications from the donor procedure for up to six weeks from the date of procurement.	You will pay 50% of the Maximum Allowable Amount for Medically Necessary live organ doner expenses. These charges will NOT apply to your Out-of-Pocket Limit. Covered expenses include complications from the donor procedure for up to six weeks from the date of procurement.

Prescription Drugs

Days Supply: Days Supply may be less than the amount shown due to Prior Authorization, Quantity Limits, and/or age limits and Utilization Guidelines.

Retail Pharmacy (Network and Non-Network)	30
Mail Service	90
Retail Specialty Pharmacy (Network & Non-Network) and Specialty Mail Service	30* See additional information in Specialty Network Retail / Specialty Mail Service section below.

Network Retail Pharmacy Prescription Drug Copayment/Coinsurance:

Tier 1 Prescription Drugs	$10 Copayment per Prescription Order
Tier 2 Prescription Drugs	$20 Copayment per Prescription Order
Tier 3 Prescription Drugs	$25 Copayment per Prescription Order

The PBM's Mail Service Program Prescription Drug Copayment/Coinsurance:

Tier 1 Prescription Drugs	$10 Copayment per Prescription Order
Tier 2 Prescription Drugs	$30 Copayment per Prescription Order
Tier 3 Prescription Drugs	$40 Copayment per Prescription Order

Specialty Network Retail, Including Specialty Mail Service Program, Prescription Drug Copayment / Coinsurance:

*Note: Certain Specialty Drugs in Tiers 1–3 (including but not limited to oral HIV drugs and immunosuppressant drugs) may be dispensed in up to a 90-day supply, subject to the Mail Service Copayments listed above. When a 30-day supply is obtained, the Copayments listed below will apply.

Tier 1 Specialty Prescription Drugs	$10 Copayment per Prescription Order
Tier 2 Specialty Prescription Drugs	$20 Copayment per Prescription Order
Tier 3 Specialty Prescription Drugs	$25 Copayment per Prescription Order

Non-Network Retail Pharmacy and Non-Network Specialty Pharmacy Prescription Drug Copayment:	50% Coinsurance (minimum $25) per Prescription Order

Note: Prescription Drugs will always be dispensed as ordered by your Physician. You may request, or your Physician may order, the Tier 2 or Tier 3 Drug. However, if a Tier 1 Drug is available, you will be responsible for the difference in the cost between the Tier 1 and Tier 2 or Tier 3 Drug, in addition to your Tier 1 Copayment. If a Tier 1 Drug is not available, or if your Physician writes "Dispense as Written" or "Do not Substitute" on your Prescription, you will only be required to pay the applicable Tier 2 or Tier 3 Copayment. You will not be charged the difference in cost between the Tier 1 and Tier 2 or Tier 3 Prescription Drug. By law, Generic and Brand Name Drugs must meet the same standards for safety, strength, and effectiveness. Using generics generally saves money, yet provides the same quality. The Plan reserves the right, in its sole discretion, to remove certain higher cost Generic Drugs from this policy.

Note: No Copayment/Coinsurance applies to certain diabetic and asthmatic supplies, up to the Maximum Allowable Amount when obtained from a Network Pharmacy. These supplies are covered as medical supplies, durable medical equipment, and appliances if obtained from a Non-Network Pharmacy. Diabetic test strips are covered subject to applicable Prescription Drug Copayment/Coinsurance.

5 COVERED SERVICES

This section describes the Covered Services available under your health care benefits when provided and billed by Providers. **For most services, care must be received from a Primary Care Physician**

(PCP), Specialty Care Physician (SCP) or another Network Provider to be a Covered Service, except for Emergency Care and Urgent Care. Services which are not received from a PCP, SCP or another Network Provider or approved as an Authorized Service will be considered a Non-Network service, except as specified above. The amount payable for Covered Services varies depending on whether you receive your care from a PCP, SCP or another Network Provider or a Non-Network Provider, except for Emergency Care and Urgent Care.

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 Coinsurance, Copayment or Deductible. The Plan 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 or a Covered Service and **does not** guarantee payment. To receive maximum benefits for Covered Services, you must follow the terms of the Plan, including receipt of care from a PCP, SCP or another Network Provider, and obtain any required Prior Authorization or Precertification. Contact your Network Provider to be sure that Prior Authorization/Precertification has been obtained. The Administrator bases its' decisions about Prior Authorization, Precertification, Medical Necessity, Experimental/Investigative services and new technology on the Administrator's clinical coverage guidelines and medical policy. The 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.

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. The Plan's payment for Covered Services will be limited by any applicable Coinsurance, Copayment, Deductible, or Benefit Period Limit/Maximum in this Benefit Booklet.**

Ambulance Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Ambulance Services are transportation by a vehicle (including ground, water, fixed wing and rotary wing air transportation) designed, equipped and used only to transport the sick and injured and staffed by Emergency Medical Technicians (EMT), paramedics, or other certified medical professionals:

- From your home, scene of accident or medical Emergency to a Hospital;
- Between Hospitals;
- Between a Hospital and Skilled Nursing Facility; or
- From a Hospital or Skilled Nursing Facility to your home.

Treatment of a sickness or injury by medical professionals from an Ambulance Service when you are not transported will be covered if Medically Necessary.

Other vehicles which do not meet this definition, including but not limited to ambulettes, are not Covered Services.

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; or
- When a Member is required by the Plan to move from a Non-Network Provider to a Network Provider.

Ambulance trips must be made to the closest local facility that can give Covered Services appropriate for your condition. If none of these facilities are in your local area, you are covered for trips to the closest facility outside your local area. Ambulance usage is not covered when another type of transportation can be used without endangering the Member's health. Any ambulance usage for the convenience of the Member, family or Physician is not a Covered Service.

Non Covered Services for Ambulance include but are not limited to, trips to:

- a Physician's office or clinic;
- a morgue or funeral home.

Autism Spectrum Disorders

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

The diagnosis and treatment of Autism Spectrum Disorders for Members ages one (1) through twenty-one (21) is covered. Autism Spectrum Disorders means a physical, mental, or cognitive illness or disorder which includes any of the pervasive developmental disorders as defined by the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders ("DSM") published by the American Psychiatric Association, including Autistic Disorder, Asperger's Disorder, and Pervasive Developmental Disorder Not Otherwise Specified.

Treatment for autism spectrum disorders includes the following care for an individual diagnosed with any of the autism spectrum disorders:

- Medical care - services provided by a licensed physician, an advanced registered nurse practitioner, or other licensed health care provider;
- Habilitative or rehabilitative care - professional counseling and guidance services, therapy, and treatment programs, including applied behavior analysis, that are necessary to develop, maintain, and restore, to the maximum extent practicable, the functioning of an individual;
- Pharmacy care, if covered by the Plan - Medically Necessary medications prescribed by a licensed physician or other health-care practitioner with prescribing authority, if covered by the plan, and any medically necessary health-related services to determine the need or effectiveness of the medications;
- Psychiatric care - direct or consultative services provided by a psychiatrist licensed in the state in which the psychiatrist practices;
- Psychological care - direct or consultative services provided by an individual licensed by the Kentucky Board of Examiners of Psychology or by the appropriate licensing agency in the state in which the individual practices;

- Therapeutic care - services provided by licensed speech therapists, occupational therapists, or physical therapists; and
- Applied behavior analysis prescribed or ordered by a licensed health or allied health professional. Applied behavior analysis means the design, implementation, and evaluation of environmental modifications, using behavioral stimuli and consequences, to produce socially significant improvement in human behavior, including the use of direct observation, measurement, and functional analysis of the relationship between environment and behavior

No reimbursement is required under this section for services, supplies, or equipment:

- For which the Member has no legal obligation to pay in the absence of this or like coverage;
- Provided to the Member by a publicly funded program;
- Performed by a relative of a Member for which, in the absence of any health benefits coverage, no charge would be made; and
- For services provided by persons who are not licensed as required by law.

Behavioral Health Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance/Copayment information. Coverage for Inpatient Services, Outpatient Services, and Physician Home Visits & Office Services for the treatment of Behavioral Health conditions is provided in compliance with federal law.

Behavioral Health Services coverage also includes Residential Treatment services. Residential Treatment means individualized and intensive treatment in a residential setting, including observation and assessment by a psychiatrist weekly or more frequently, an individualized program of rehabilitation, therapy, education, and recreational or social activities.

Congenital Defects and Birth Abnormalities

Covered Services include coverage for necessary care and treatment of medically diagnosed congenital defects and birth abnormalities.

Dental Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Related to Accidental Injury

Outpatient Services, Physician Home Visits and Office Services, Emergency Care 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 which are required as a result of an accident and are not excessive in scope, duration, or intensity to provide safe, adequate, and appropriate treatment without

adversely affecting the patient's condition. Injury as a result of chewing or biting is not considered an accidental injury. "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.

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.

Other Dental Services

Benefits are provided for anesthesia and Hospital or facility charges for services performed in a Hospital and Ambulatory Surgical Facility. These services must be in connection with dental procedures for Dependents below the age of nine years, Members with serious mental or physical conditions, and Members with significant behavioral problems. Also, the admitting Physician or dentist must certify that, because of the patient's age, condition or problem, hospitalization or general anesthesia is required in order to safely and effectively perform the procedures. Benefits are not provided for routine dental care.

If the above paragraph does not apply to a Member, the only other dental expenses that are Covered Services are facility charges for Outpatient services for the removal of teeth or for other dental processes. 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.

Diabetic Equipment, Education and Supplies

See the Schedule of Benefits for any applicable Deductible, Coinsurance, and Benefit Limitation information.

Diabetes Self Management Training 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 certified, registered, or licensed Health Care Professional with expertise in diabetes, as deemed necessary by a health care Provider.

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.

Covered Services also include all Physician prescribed Medically Necessary equipment, supplies, and all medications necessary for the treatment of insulin-dependent diabetes, insulin-using diabetes, gestational diabetes, and noninsulin-using diabetes if prescribed by a health care provider legally authorized to prescribe the items. See "Medical Supplies, Durable Medical Equipment, and Appliances" "Preventive Care Services", "Physician Home Visits and Office Services", and "Prescription Drug Benefits". Screenings for gestational diabetes are covered under "Preventive Care."

Diagnostic Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Diagnostic services are tests or procedures generally performed when you have specific symptoms, to detect or monitor your condition. Coverage for Diagnostic Services, including when provided as part of Physician Home Visits and Office Services, Inpatient Services, Outpatient Services, Home Care Services, and Hospice Services includes but is not limited to:

- X-ray and other radiology services, including mammograms for any person diagnosed with breast disease.
- Magnetic Resonance Angiography (MRA).
- Magnetic Resonance Imaging (MRI).
- CAT scans.
- Laboratory and pathology services.
- Cardiographic, encephalographic, and radioisotope tests.
- Nuclear cardiology imaging studies.
- Ultrasound services.
- Allergy tests.
- Electrocardiograms (EKG).
- Electromyograms (EMG) except that surface EMG's are not Covered Services.
- Echocardiograms.
- Bone density studies.
- Positron emission tomography (PET scanning).
- Diagnostic Tests as an evaluation to determine the need for a Covered Transplant Procedure.
- Echographies.
- Doppler studies.

- Brainstem evoked potentials (BAER).
- Somatosensory evoked potentials (SSEP).
- Visual evoked potentials (VEP).
- Nerve conduction studies.
- Muscle testing.
- Electrocorticograms.

Central supply (IV tubing) or pharmacy (dye) necessary to perform tests are covered as part of the test, whether performed in a Hospital or Physician's office.

For Diagnostic services other than those approved to be received in a Physician's office, you may be required to use the Administrator's independent laboratory Network Provider called the Reference Laboratory Network (RLN).

When Diagnostic radiology is performed in a Network Physician's Office, no Copayment is required. Any Coinsurance from a Network or a Non-Network Physician will still apply.

Emergency Care and Urgent Care Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Emergency Care (including Emergency Room Services)

If you are experiencing an Emergency, call 9-1-1 or go to the nearest Hospital. Services which the 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 as a Network service, however the Member may be responsible for the difference between the Non-Network Provider's charge and the Maximum Allowable Amount, in addition to any applicable Coinsurance, Copayment or Deductible.

The Maximum Allowed Amount for Emergency Care from a Non-Network Provider will be the greatest of the following:

- The amount negotiated with Network Providers for the Emergency service furnished;
- The amount for the Emergency Service calculated using the same method the Administrator generally uses to determine payments for Non-Network services but substituting the Network cost-sharing provisions for the Non-Network cost-sharing provisions; or
- The amount that would be paid under Medicare for the Emergency Service.

In addition, if you contact your Physician and are referred to a Hospital emergency room, benefits will be provided at the level for Emergency Care. Hospitals are open to treat an Emergency 24 hours a day, 7 days a week. **Follow-up care is not considered Emergency Care.**

Benefits are provided for treatment of Emergency medical conditions and Emergency screening and Stabilization services without Prior Authorization for conditions that reasonably appear to a prudent layperson to constitute an Emergency medical condition based upon the patient's presenting symptoms

and conditions. Benefits for Emergency Care include facility costs, Physician services, and supplies and Prescription Drugs.

Whenever you are admitted as an Inpatient directly from a Hospital emergency room, the Emergency Room Services Copayment/Coinsurance for that Emergency Room visit will be waived. For Inpatient admissions following Emergency Care, Precertification is not required. However, you must notify the Administrator, on behalf of the Employer, or verify that your Physician has notified the Administrator of your admission within 24 hours or as soon as possible within a reasonable period of time. When the Administrator is contacted, you will be notified whether the Inpatient setting is appropriate, and if appropriate, the number of days considered Medically Necessary. By calling the Administrator, you may avoid financial responsibility for any Inpatient care that is determined to be not Medically Necessary under your Plan. If your Provider does not have a contract with the Administrator or is a BlueCard Provider, you will be financially responsible for any care the Administrator, on behalf of the Employer, determines is not Medically Necessary.

Care and treatment provided once you are Stabilized is no longer considered Emergency Care. Continuation of care from a Non-Network Provider beyond that needed to evaluate or Stabilize your condition in an Emergency will be covered as a Non-Network service unless the Administrator authorizes the continuation of care and it is Medically Necessary.

Urgent Care Center Services

Often an urgent rather than an Emergency medical problem exists. All Covered Services obtained at Urgent Care Centers are subject to the Urgent Care Copayment/Coinsurance. Urgent Care services can be obtained from a Network or Non-Network Provider. However, you must obtain Urgent Care services from a Network Provider to receive maximum benefits. Urgent Care Services received from a Non-Network Provider will be covered as a Non-Network service and you will be responsible for the difference between the Non-Network Provider's charge and the Maximum Allowable Amount, in addition to any applicable Coinsurance, Copayment or Deductible. 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 Services.

See your Schedule of Benefits for benefit limitations.

Endometriosis and Endometritis

Covered Services include coverage for diagnosis and treatment of endometriosis and endometritis.

Home Care Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Covered Services are those performed by a Home Health Care Agency or other Provider in your residence. Home Health Care includes professional, technical, health aide services, supplies, and medical equipment. The Member must be confined to the home for medical reasons, and be physically unable to obtain needed medical services on an Outpatient basis. Covered Services include but are not limited to:

- Intermittent Skilled Nursing Services (by an R.N. or L.P.N.).
- Medical/Social Services.
- Diagnostic Services.
- Nutritional Guidance.
- Home Health Aide Services. The Member must be receiving skilled nursing or therapy. Services must be furnished by appropriately trained personnel employed by the Home Health Care Provider. Other organizations may provide services only when approved by the Administrator, and their duties must be assigned and supervised by a professional nurse on the staff of the Home Health Care Provider.
- Therapy Services (except for Manipulation Therapy which will not be covered when rendered in the home). Home Care Visit limits specified in the Schedule of Benefits for Home Care Services apply when Therapy Services are rendered in the home.
- Medical/Surgical Supplies.
- Durable Medical Equipment.
- Prescription Drugs (only if provided and billed by a Home Health Care Agency).
- Private Duty Nursing.

Non Covered Services include but are not limited to:

- Food, housing, homemaker services and home delivered meals.
- Home or Outpatient hemodialysis services (these are covered under Therapy Services).
- Physician charges.
- Helpful environmental materials (hand rails, ramps, telephones, air conditioners, and similar services, appliances and devices.)
- Services provided by registered nurses and other health workers who are not acting as employees or under approved arrangements with a contracting Home Health Care Provider.
- Services provided by a member of the patient's immediate family.
- Services provided by volunteer ambulance associations for which patient is not obligated to pay, visiting teachers, vocational guidance and other counselors, and services related to outside, occupational and social activities.

Home infusion therapy will be paid only if you obtain prior approval from the Administrator's Home Infusion Therapy Administrator (if applicable). 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

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Hospice care may be provided in the home or at a Hospice facility where medical, social and psychological services are given to help treat patients with a terminal illness. Hospice Services include 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 confirmed by the attending Physician. Covered Services will continue if the Member lives longer than six months.

When approved by your Physician, Covered Services include the following:

- Skilled Nursing Services (by an R.N. or L.P.N.).
- Diagnostic Services.
- Physical, speech and inhalation therapies if part of a treatment plan.
- Medical supplies, equipment and appliances (benefits will not be covered for equipment when the Member is in a Facility that should provide such equipment).
- Counseling services.
- Inpatient confinement at a Hospice.
- Prescription Drugs given by the Hospice.
- Home health aide.

Non Covered Services include but are not limited to:

- Services provided by volunteers.
- Housekeeping services.

Inherited Metabolic Diseases

Covered Services include coverage for necessary care and treatment of medically diagnosed inherited metabolic (metabolism related) diseases.

Inpatient Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Inpatient Services include:

- Charges from a Hospital, Skilled Nursing Facility (SNF) or other Provider for room, board and general nursing services.
- Ancillary (related) services.
- 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 use a private room for isolation and no isolation facilities are available.
- A room in a special care unit approved by the Administrator, on behalf of the Employer. The unit must have facilities, equipment and supportive services for intensive care of critically ill patients.

Ancillary (Related) 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.
- 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; consultations requested by the patient; routine radiological or cardiographic consultations; telephone consultations; EKG transmittal via phone 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.

Copayment Waiver

When a Member is transferred from one Hospital or other facility to another Hospital or other facility on the same day, any Copayment per admission in the Schedule of Benefits is waived for the second admission.

Maternity Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Maternity services include Inpatient Services, Outpatient Services and Physician Home Visits and Office Services. These services are used for normal or complicated pregnancy, miscarriage, therapeutic abortion (abortion recommended by a Provider), and ordinary routine nursery care for a healthy newborn. Abortion means the ending of a pregnancy before the birth of the infant. Miscarriage is a spontaneous abortion (occurs naturally and suddenly). A therapeutic abortion is one performed to save the life or health of the mother, or as a result of incest or rape.

If the Member is pregnant on her Effective Date and is in the first trimester of the pregnancy, she must change to a Network Provider to have Covered Services paid at the Network level. If the Member is pregnant on her Effective Date, benefits for obstetrical care will be paid at the Network level if the Member is in her second or third trimester of pregnancy (13 weeks or later) as of the Effective Date. Covered Services will include the obstetrical care provided by that Provider through the end of the pregnancy and the immediate post-partum period. The Member must complete a Continuation of Care Request Form and submit to the Administrator.

NOTE: If a newborn child is required to stay as an Inpatient past the mother's discharge date, the services for the newborn child will then be considered a separate admission from the Maternity and an ordinary routine nursery admission, and will be subject to a separate Inpatient Coinsurance/Copayment.

Coverage for the Inpatient postpartum stay for you and your newborn child in a Hospital will be, at a minimum, 48 hours for a vaginal delivery and 96 hours for a cesarean section. Coverage will 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 Prenatal Care.

Coverage for a length of stay shorter than the minimum period mentioned above may be permitted if your attending Physician determines further Inpatient postpartum care is not necessary for you or your newborn child, provided the following are met and the mother concurs:

- 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.

- **Covered Services include at-home post delivery care visits** at your residence by a Physician or Nurse performed no later than 72 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.

At your discretion, this visit may occur at the Physician's office.

Medical Supplies, Durable Medical Equipment, and Appliances

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

The supplies, equipment and appliances described below are Covered Services under this benefit. If the supplies, equipment and appliances include comfort, luxury, or convenience items or features which exceed what is Medically Necessary in your situation or needed to treat your condition, reimbursement will be based on the Maximum Allowable Amount for a standard item that is a Covered Service, serves the same purpose, and is Medically Necessary. Any expense that exceeds the Maximum Allowable Amount for the standard item which is a Covered Service is your responsibility. For example, the reimbursement for a motorized wheelchair will be limited to the reimbursement for a standard wheelchair, when a standard wheelchair adequately accommodates your condition.

Repair, adjustment and replacement of purchased equipment, supplies or appliances as set forth below may be covered, as approved by the Administrator, on behalf of the Employer. The repair, adjustment or replacement of the purchased equipment, supply or appliance is covered if:

- The equipment, supply or appliance is a Covered Service;
- The continued use of the item is Medically Necessary;
- There is reasonable justification for the repair, adjustment, or replacement (warranty expiration is not reasonable justification).
- In addition, replacement of purchased equipment, supplies or appliance may be covered if:

  1. The equipment, supply or appliance is worn out or no longer functions.
  2. Repair is not possible or would equal or exceed the cost of replacement. An assessment by a rehabilitation equipment specialist or vendor should be done to estimate the cost of repair.
  3. Individual's needs have changed and the current equipment is no longer usable due to weight gain, rapid growth, or deterioration of function, etc.
  4. The equipment, supply or appliance is damaged and cannot be repaired.

Benefits for repairs and replacement do not include the following:

- Repair and replacement due to misuse, malicious breakage or gross neglect.
- Replacement of lost or stolen items.

The Administrator may establish reasonable quantity limits for certain supplies, equipment or appliance described below.

Covered Services may include, but are not limited to:

- **Medical and surgical supplies** – Certain supplies and equipment for the management of disease that the Administrator approves are covered under the Prescription Drug benefit, if any. These supplies are considered as a medical supply benefit if the Member does not have Anthem's Prescription Drug benefit or if the supplies, equipment or appliances are not received from the PBM's Mail Service or from a Network Pharmacy. Syringes, needles, oxygen, surgical dressings, splints and other similar items which serve only a medical purpose. Covered Services also include Prescription Drugs and biologicals that cannot be self administered and are provided in a Physician's office, including but not limited to, Depo-Provera and Remicade. Covered Services do

8. Augmentive communication devices are covered when the Administrator approves based on the Member's condition.

Non-covered items may include but are not limited to:

1. Air conditioners
2. Ice bags/coldpack pump
3. Raised toilet seats
4. Rental of equipment if the Member is in a Facility that is expected to provide such equipment
5. Translift chairs
6. Treadmill exerciser
7. Tub chair used in shower.

If you have any questions regarding whether a specific durable medical equipment is covered, call the customer service number on the back of your Identification Card.

- **Prosthetics** – Artificial substitutes for body parts and tissues and materials inserted into tissue for functional or therapeutic purposes. Covered Services include purchase, fitting, needed adjustment, repairs, and replacements of prosthetic devices and supplies that:

  1. Replace all or part of a missing body part and its adjoining tissues; or
  2. Replace all or part of the function of a permanently useless or malfunctioning body part.

  Prosthetic devices should be purchased not rented, and must be Medically Necessary. Applicable taxes, shipping and handling are also covered.

  Covered Services may include, but are not limited to:

  1. Aids and supports for defective parts of the body including but not limited to internal heart valves, mitral valve, internal pacemaker, pacemaker power sources, synthetic or homograft vascular replacements, fracture fixation devices internal to the body surface, replacements for injured or diseased bone and joint substances, mandibular reconstruction appliances, bone screws, plates, and vitallium heads for joint reconstruction.
  2. Left Ventricular Artificial Devices (LVAD) (only when used as a bridge to a heart transplant).
  3. Breast prostheses whether internal or external, following a mastectomy, and four surgical bras per Benefit Period, as required by the Women's Health and Cancer Rights Act.
  4. Replacements for all or part of absent parts of the body or extremities, such as artificial limbs, artificial eyes, etc.
  5. Intraocular lens implantation for the treatment of cataract or aphakia. Contact lenses or glasses are often prescribed following lens implantation and are Covered Services. (If cataract extraction is performed, intraocular lenses are usually inserted during the same operative session). Eyeglasses (for example bifocals) including frames or contact lenses are covered when they replace the function of the human lens for conditions caused by cataract surgery or injury; the first pair of contact lenses or eyeglasses are covered. The donor lens inserted at the time of surgery are not considered contact lenses, and are not considered the first lens following surgery. If the injury is to one eye or if cataracts are removed from only one eye and the Member selects eyeglasses and frames, then reimbursement for both lenses and frames will be covered.

6. Cochlear implant.
7. Colostomy and other ostomy (surgical construction of an artificial opening) supplies directly related to ostomy care.
8. Restoration prosthesis (composite facial prosthesis)
9. Wigs (the first one following cancer treatment, not to exceed one per Benefit Period).
10. Hearing Aids - Any device or instrument that can be worn repeatedly provided the device is provided to a Member no more than one time per hearing impaired ear every thirty-six months.

Non-covered Prosthetic appliances include but are not limited to:

1. Dentures, replacing teeth or structures directly supporting teeth.
2. Dental appliances.
3. Such non-rigid appliances as elastic stockings, garter belts, arch supports and corsets.
4. Artificial heart implants.
5. Wigs (except as described above following cancer treatment).
6. Penile prosthesis in men suffering impotency resulting from disease or injury

If you have any questions regarding whether a specific prosthetic is covered, call the customer service number on the back of your Identification Card.

- **Orthotic devices** – Covered Services are the initial purchase, fitting, and repair of a custom made rigid or semi-rigid supportive device used to support, align, prevent, or correct deformities or to improve the function of movable parts of the body, or which limits or stops motion of a weak or diseased body part. The cost of casting, molding, fittings, and adjustments are included. Applicable tax, shipping, postage and handling charges are also covered. The casting is covered when an orthotic appliance is billed with it, but not if billed separately.

  Covered orthotic devices may include, but are not limited to, the following:

  1. Cervical collars.
  2. Ankle foot orthosis.
  3. Corsets (back and special surgical).
  4. Splints (extremity).
  5. Trusses and supports.
  6. Slings.
  7. Wristlets.
  8. Built-up shoe.
  9. Custom made shoe inserts.

  Orthotic appliances may be replaced once per year per Member when Medically Necessary in the Member's situation. However, additional replacements will be allowed for Members under age 18 due to rapid growth, or for any Member when an appliance is damaged and cannot be repaired.

  Non-Covered Services include but are not limited to:

  1. Orthopedic shoes (except therapeutic shoes for diabetics).

not include items usually stocked in the home for general use like Band-Aids, thermometers, and petroleum jelly.

Covered Services may include, but are not limited to:

1. Allergy serum extracts
2. Chem strips, Glucometer, Lancets
3. Clinitest
4. Needles/syringes
5. Ostomy bags and supplies except charges such as those made by a Pharmacy for purposes of a fitting are not Covered Services
6. Contraceptive devices including diaphragms, intra uterine devices (IUDs), and implants.

Non Covered Services include but are not limited to:

1. Adhesive tape, band aids, cotton tipped applicators
2. Arch supports
3. Doughnut cushions
4. Hot packs, ice bags
5. medijectors

If you have any questions regarding whether a specific medical or surgical supply is covered call the customer service number on the back of your Identification Card.

- **Durable medical equipment** - The rental (or, at the Plan's option, the purchase) of durable medical equipment prescribed by a Physician or other Provider. Durable medical equipment is equipment which can withstand repeated use; i.e., could normally be rented, and used by successive patients; is primarily and customarily used to serve a medical purpose; is not useful to a person in the absence of illness or injury; and is appropriate for use in a patient's home. Examples include but are not limited to wheelchairs, crutches, hospital beds, and oxygen equipment. Rental costs must not be more than the purchase price. The Plan will not pay for rental for a longer period of time than it would cost to purchase equipment. The cost for delivering and installing the equipment are Covered Services. Payment for related supplies is a Covered Service only when the equipment is a rental, and medically fitting supplies are included in the rental; or the equipment is owned by the Member; medically fitting supplies may be paid separately. Equipment should be purchased when it costs more to rent it than to buy it. Repair of medical equipment is covered.

  Covered Services may include, but are not limited to:

  1. Hemodialysis equipment
  2. Crutches and replacement of pads and tips
  3. Pressure machines
  4. Infusion pump for IV fluids and medicine
  5. Glucometer
  6. Tracheotomy tube
  7. Cardiac, neonatal and sleep apnea monitors

2. Foot support devices, such as arch supports and corrective shoes, unless they are an integral part of a leg brace.
3. Standard elastic stockings, garter belts, and other supplies not specially made and fitted (except as specified under Medical Supplies).
4. Garter belts or similar devices.

If you have any questions regarding whether a specific orthotic is covered, call the customer service number on the back of your Identification Card.

Outpatient Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Outpatient Services include both facility, ancillary, facility use, and professional charges when given as an Outpatient at a Hospital, Alternative Care Facility, Retail Health Clinic, or other Provider as determined by the Plan. These facilities may include a non-Hospital site providing Diagnostic and therapy services, surgery, or rehabilitation, or other Provider facility as determined by the Administrator, on behalf of the Employer. Professional charges only include services billed by a Physician or other professional.

When Diagnostic Services or Other Therapy Services (chemotherapy, radiation, dialysis, inhalation, or cardiac rehabilitation) is the only Outpatient Services charge, no Copayment is required if received as part of an Outpatient surgery. Any Coinsurance will still apply to these services.

For Emergency Accident or Medical Care refer to the **Emergency Care and Urgent Care** section.

Physician Home Visits and Office Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Covered Services include care provided by a Physician in their office or your home. Refer to the sections titled "Preventive Care", "Maternity Care", and "Home Care Services" for services covered by the Plan. For Emergency Care refer to the "Emergency Care and Urgent Care" section.

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 allergy testing, injections and serum. When allergy serum is the only charge from a Physician's office, no Copayment is required. Coinsurance is not waived.

Home Visits for medical care and consultations to examine, diagnose, and treat an illness or injury performed in your home.

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 Therapy Services when given in the office of a Physician or other professional Provider.

Online visits. When available in your area, your coverage will include online visit services. Covered Services include a medical consultation using the internet via a webcam, chat or voice. See

Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment and benefit limitation information. Non Covered Services include communications used for:

- Reporting normal lab or other test results
- Office appointment requests
- Billing, insurance coverage or payment questions
- Requests for referrals to doctors outside the online care panel
- Benefit precertification
- Physician to Physician consultation

Preventive Care Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, or Copayments.

Preventive Care services include, Outpatient services and Office Services. Screenings and other services are covered as Preventive Care for adults and children with no current symptoms or prior history of a medical condition associated with that screening or service.

Members who have current symptoms or have been diagnosed with a medical condition are not considered to require Preventive Care for that condition but instead benefits will be considered under the Diagnostic Services benefit.

Preventive Care Services in this section shall meet requirements as determined by federal law. Many preventive care services are covered by this Plan with no Deductible, Copayments or Coinsurance from the Member when provided by a Network Provider. That means the Plan pays 100% of the Maximum Allowed Amount. These services fall under four broad categories as shown below:

1. Services with an "A" or "B" rating from the United States Preventive Services Task Force.

   Examples of these services are screenings for:

   a. Breast cancer;
   b. Cervical cancer;
   c. Colorectal cancer;
   d. High Blood Pressure;
   e. Type 2 Diabetes Mellitus;
   f. Cholesterol;
   g. Child and Adult Obesity.

2. Immunizations for children, adolescents, and adults recommended by the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention;
3. Preventive care and screenings for infants, children and adolescents as provided for in the comprehensive guidelines supported by the Health Resources and Services Administration; and
4. Additional preventive care and screening for women provided for in the guidelines supported by the Health Resources and Services Administration.

You may call Customer Service using the number on your ID card for additional information about these services. or view the federal government's web sites, http://www.healthcare.gov/center/regulations/prevention.html; or http://www.ahrq.gov/clinic/uspstfix.htm; http://www.cdc.gov/vaccines/recs/acip/.

Covered Services also include the following services required by state and federal law:

- Routine bone density testing for women.
- Routine screening mammograms including coverage for low-dose mammography screening.
- Pelvic examinations
- Routine hearing screenings
- Routine vision screenings, including the services listed in the Vision Services section
- Routine colorectal cancer examination and related laboratory tests.

Surgical Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Coverage for Surgical Services when provided as part of Physician Home Visits and Office Services, Inpatient Services, or Outpatient Services includes but is not limited to:

- Performance of generally accepted operative and other invasive procedures;
- The correction of fractures and dislocations;
- Anesthesia;
- Usual and related pre-operative and post-operative care;
- Cochlear implants;
- Other procedures as approved by the Administrator, on behalf of the Employer.

The surgical fee includes normal post-operative care. The Plan may combine the reimbursement when more than one surgery is performed during the same operative session. Contact the Administrator, on behalf of the Employer for more information.

- Covered Surgical Services include, but are not limited to:
- Operative and cutting procedures;
- Endoscopic examinations, such as arthroscopy, bronchoscopy, colonoscopy, laparoscopy;
- Other invasive procedures such as angiogram, arteriogram, amniocentesis, tap or puncture of brain or spine.

Reconstructive Services

Certain reconstructive services required to correct a deformity caused by disease, trauma, congenital anomalies, or previous therapeutic process are covered. Reconstructive services required due to prior therapeutic process are payable only if the original procedure would have been a Covered Service under this Plan. Covered Services are limited to the following:

- Necessary care and treatment of medically diagnosed congenital defects and birth abnormalities of a newborn child.
- Breast reconstruction resulting from a mastectomy. See "Mastectomy Notice" below for further coverage details.
- Hemangiomas, and port wine stains of the head and neck areas for children ages 18 years of age or younger;
- Limb deformities such as club hand, club foot, syndactyly (webbed digits), polydactyly (supernumerary digits), macrodactylia;
- Otoplasty when performed to improve hearing by directing sound in the ear canal, when ear or ears are absent or deformed from trauma, surgery, disease, or congenital defect;
- Tongue release for diagnosis of tongue-tied;
- Congenital disorders that cause skull deformity such as Crouzon's disease;
- Cleft lip;
- Cleft palate.

Mastectomy Notice

A Member who is receiving benefits for a covered mastectomy or for follow-up care in connection with a covered mastectomy, on or after the date the Women's Health & Cancer Rights Act became effective for this Plan, and who elects breast reconstruction, will also receive coverage for:

- reconstruction of the breast on which the mastectomy has been performed;
- surgery and reconstruction of the other breast to produce a symmetrical appearance; and
- prostheses and treatment of physical complications of all stages of mastectomy, including lymphedemas.

  This coverage will be provided in consultation with the patient and the patient's attending Physician and will be subject to the same annual Deductible, Coinsurance, Copayment provisions otherwise applicable under the Plan.

Sterilization

Sterilization is a Covered Service. Sterilizations for women will be covered under the "Preventive Care" benefit. Please see that section for further details.

Telehealth Consultation Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Covered Services include a medical or health consultation, for purposes of patient diagnosis or treatment, that requires the use of advanced telecommunications technology, including, but not limited to:

- Compressed digital interactive video, audio, or data transmission;
- Clinical data transmission via computer imaging for teleradiology or telepathology; and
- Other technology that facilitates access to other covered health care services or medical specialty expertise.

Temporomandibular or Craniomandibular Joint Disorder and Craniomandibular Jaw Disorder

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Benefits are provided for Medically Necessary temporomandibular (joint connecting the lower jaw to the temporal bone at the side of the head) and craniomandibular (head and neck muscle) joint disorders.

Therapy Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

When Therapy Services are given as part of Physician Home Visits and Office Services, Inpatient Services, Outpatient Services, or Home Care Services, coverage for these Therapy 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 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. Non Covered Services include but are not limited to: maintenance therapy to delay or minimize muscular deterioration in patients suffering from a chronic disease or illness; repetitive exercise to improve movement, maintain strength and increase endurance (including assistance with walking for weak or unstable patients); range of motion and passive exercises that are not related to restoration of a specific loss of function, but are for maintaining a range of motion in paralyzed extremities; general exercise programs; diathermy, ultrasound and heat treatments for pulmonary conditions; diapulse; work hardening.

- **Speech therapy** for the correction of a speech impairment.
- **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). Non Covered Services include but are not limited to: supplies (looms, ceramic tiles, leather, utensils); therapy to improve or restore functions that could be expected to improve as the patient resumes normal activities again; general exercises to promote overall fitness and flexibility; therapy to improve motivation; suction therapy for newborns (feeding machines); soft tissue mobilization (visceral manipulation or visceral soft tissue manipulation), augmented soft tissue mobilization, myofascial; adaptions to the home such as rampways, door widening, automobile adaptors, kitchen adaptation and other types of similar equipment.
- **Manipulation Therapy** includes Osteopathic/Chiropractic Manipulation Therapy used for treating problems associated with bones, joints and the back. The two therapies are similar, but chiropractic therapy focuses on the joints of the spine and the nervous system, while osteopathic therapy includes equal emphasis on the joints and surrounding muscles, tendons and ligaments. Manipulations 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 Manipulation Therapy services as specified in the Schedule of Benefits. Manipulation Therapy services rendered in the home as part of Home Care Services are not covered.

Other Therapy Services

- **Cardiac rehabilitation** to restore an individual's functional status after a cardiac event. It is a program of medical evaluation, education, supervised exercise training, and psychosocial support. Home programs, on-going conditioning and maintenance are not covered.
- **Chemotherapy** for the treatment of a disease by chemical or biological antineoplastic agents, including the cost of such 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. Includes treatment (teletherapy, brachytherapy and intraoperative radiation, photon or high energy particle sources); materials and supplies used in therapy; treatment planning.
- **Inhalation therapy** for the treatment of a condition by the administration of medicines, water vapors, gases, or anesthetics by inhalation. Covered Services include but are not limited to, introduction of dry or moist gases into the lungs; nonpressurized inhalation treatment; intermittent positive pressure breathing treatment, air or oxygen, with or without nebulized medication; continuous positive airway pressure ventilation (CPAP); continuous negative pressure ventilation (CNP); chest percussion; therapeutic use of medical gases or drugs in the form of aerosols, and equipment such as resuscitators, oxygen tents, and incentive spirometers; broncho-pulmonary drainage and breathing exercises.
- **Pulmonary rehabilitation** to restore an individual's functional status after an illness or injury. Covered Services include but are not limited to Outpatient short-term respiratory services for

conditions which are expected to show significant improvement through short-term therapy. Also covered is inhalation therapy administered in Physician's office including but are not limited to breathing exercise, exercise not elsewhere classified, and other counseling. Pulmonary rehabilitation in the acute Inpatient rehabilitation setting is not a Covered Service.

Physical Medicine and Rehabilitation Services

A structured therapeutic program of an intensity that requires a multidisciplinary coordinated team approach to upgrade the patients 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 Inpatient 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.

Non-Covered Services for physical medicine and rehabilitation include, but are not limited to:

- admission to a Hospital mainly for physical therapy;
- long term rehabilitation in an Inpatient setting.

Day Rehabilitation Program services provided through a Day Hospital for physical medicine and rehabilitation are Covered Services. A Day Rehabilitation Program is for those patients who do not require Inpatient care but still require a rehabilitation therapy program four to eight hours a day, 2 or more days a week at a Day Hospital. Day rehabilitation program services may consist of Physical Therapy, Occupational Therapy, Speech Therapy, nursing services, and neuro psychological services. A minimum of two Therapy Services must be provided for this program to be a Covered Service.

Vision Services

Benefits are available for medical and surgical treatment of injuries and/or diseases affecting the eye. Benefits are not available for glasses and contact lenses except as described in the "Prosthetics" benefit.

Additional Covered Services include:

- Determination of refraction,
- Routine Ophthalmological examination including refraction for new and established patients, and
- A visual functional screening for visual acuity.

No additional ophthalmological services are covered, except as described above.

Human Organ and Tissue Transplant (Bone Marrow/Stem Cell) Services

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

The human organ and tissue transplant (bone marrow/stem cell) services benefits or requirements described below do not apply to the following:

- **Cornea and kidney transplants; and**
- **Any Covered Services, related to a Covered Transplant Procedure, received prior to or after the Transplant Benefit Period. Please note that the initial evaluation and any necessary additional testing to determine your eligibility as a candidate for transplant by your Provider and the harvest and storage of bone marrow / stem cells is included in the Covered Transplant Procedure benefit regardless of the date of service.**

The above services are covered as Inpatient Services, Outpatient Services or Physician Home Visits and Office Services depending where the service is performed subject to Member cost shares.

Covered Transplant Procedure

Any Medically Necessary human organ and stem cell / bone marrow transplants and transfusions as determined by the Administrator including necessary acquisition procedures, harvest and storage, and including Medically Necessary preparatory myeloablative therapy.

Covered Transplant Procedures include treatment of breast cancer by high-dose chemotherapy with autologous bone marrow transplantation or stem cell transplantation.

Transplant Benefit Period

Starts one day prior to a Covered Transplant Procedure and continues for the applicable case rate / global time period. The number of days will vary depending on the type of transplant received and the Network Transplant Provider agreement. Contact the Case Manager for specific Network Transplant Provider information for services received at or coordinated by a Network Transplant Provider Facility or starts one day prior to a Covered Transplant Procedure and continues to the date of discharge at a Non-Network Transplant Provider Facility.

Prior Approval and Precertification

In order to maximize your benefits, the Administrator strongly encourages you to call its transplant department to discuss benefit coverage when it is determined a transplant may be needed. You must do this before you have an evaluation and/or work-up for a transplant. The Administrator will assist you in maximizing your benefits by providing coverage information, including details regarding what is covered and whether any clinical coverage guidelines, medical policies, Network Transplant Provider requirements, or exclusions are applicable. Contact the Customer Service telephone number on the back of your Identification Card **and ask for the transplant coordinator**. Even if the Administrator issues a prior approval for the Covered Transplant Procedure, you or your Provider must call the

Administrator's Transplant Department for precertification prior to the transplant whether this is performed in an Inpatient or Outpatient setting.

Please note that there are instances where your Provider requests approval for HLA testing, donor searches and/or a harvest and storage of stem cells prior to the final determination as to what transplant procedure will be requested. Under these circumstances, the HLA testing and donor search charges are covered as routine diagnostic testing. The harvest and storage request will be reviewed for Medical Necessity and may be approved. However, such an approval for HLA testing, donor search and/or a harvest and storage is NOT an approval for the subsequent requested transplant. A separate Medical Necessity determination will be made for the transplant procedure.

Transportation and Lodging

The Plan will provide assistance with reasonable and necessary travel expenses as determined by the Administrator, on behalf of the Employer when you obtain prior approval and are required to travel more than 50 miles from your residence to reach the facility where your Covered Transplant Procedure will be performed. The Plan's assistance with travel expenses includes transportation to and from the 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 Administrator when claims are filed. Contact the Administrator at the Customer Service number listed on your Identification Card for detailed information.

For lodging and ground transportation benefits, the Plan will provide a maximum benefit up to the current limits set forth in the Internal Revenue Code.

Non-Covered Services for transportation and lodging include the following:

- Child care,
- Mileage within the medical transplant facility city,
- Rental cars, buses, taxis, or shuttle service, except as specifically approved by Administrator,
- Frequent Flyer miles,
- Coupons, Vouchers, or Travel tickets,
- Prepayments or deposits,
- Services for a condition that is not directly related, or a direct result, of the transplant,
- Telephone calls,
- Laundry,
- Postage,
- Entertainment,
- Interim visits to a medical care facility while waiting for the actual transplant procedure,
- Travel expenses for donor companion/caregiver,
- Return visits for the donor for a treatment of a condition found during the evaluation.

Certain Human Organ and Tissue Transplant Services may be limited. See the Schedule of Benefits.

Prescription Drug Benefits

See the Schedule of Benefits for any applicable Deductible, Coinsurance, Copayment, and Benefit Limitation information.

Pharmacy Benefits Manager

The pharmacy benefits available to you under the Plan are managed by the Administrator's Pharmacy Benefits Manager (PBM). The PBM is a pharmacy benefits management company with which the Administrator contracts to manage your pharmacy benefits. The PBM has a nationwide network of retail pharmacies, a Mail Service pharmacy, a Specialty pharmacy, and provides clinical management services.

The management and other services the PBM provides include, among others, making recommendations to, and updating, the covered Prescription Drug list also known as a Formulary and managing a network of retail pharmacies, operating a Mail Service pharmacy, and a Specialty Drug Pharmacy Network. The PBM, in consultation with the Administrator, also provides services to promote and enforce the appropriate use of pharmacy benefits, such as review for possible excessive use; recognized and recommended dosage regimens; Drug interactions or Drug/pregnancy concerns.

You may also request a copy of the covered Prescription Drug list by calling the Customer Service telephone number on the back of your Identification Card. The covered Prescription Drug list is subject to periodic review and amendment. Inclusion of a Drug or related item on the covered Prescription Drug list is not a guarantee of coverage.

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 PBM and/or the Plan can determine Medical Necessity. The Plan may, in its sole discretion, establish quantity and/or age limits for specific Prescription Drugs which the PBM will administer. Covered Services will be limited based on Medical Necessity, quantity and/or age limits established by the Plan, or utilization guidelines.

Prior Authorization may be required for certain Prescription Drugs (or the prescribed quantity of a particular Drug). Prior Authorization helps promote appropriate utilization 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 requirement through the pharmacy's computer system. The PBM uses pre-approved criteria, developed by the Administrator's Pharmacy and Therapeutics Committee which is reviewed and adopted by the Administrator. The Administrator or the PBM may contact your Provider if additional information is required to determine whether Prior Authorization should be granted. The Administrator communicates the results of the decision to both you and your Provider.

If Prior Authorization is denied, you have the right to appeal through the appeals process outlined in the Your Right To Appeal section of this Benefit Booklet.

For a list of the current Drugs requiring Prior Authorization, please contact the Customer Service telephone number on the back of your ID card. The covered Prescription Drug list is subject to periodic review and amendment. Inclusion of a Drug or related item on the covered Prescription Drug list is not a guarantee of coverage under your Plan. Refer to the Prescription Drug benefit sections in this Benefit Booklet for information on coverage, limitations and exclusions. Your Provider or Network Pharmacist may check with the Administrator to verify covered Prescription Drugs, any quantity and/or age limits, or applicable Brand or Generic Drugs recognized under the Plan.

Therapeutic Substitution of Drugs is a program approved by the Administrator and managed by the PBM. This is a voluntary program designed to inform Members and Physicians about possible alternatives to certain prescribed Drugs. The Administrator, or the PBM, may contact you and your

prescribing Physician to make you aware of 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 questions or issues involving therapeutic Drug substitutes, call the Customer Service telephone number on the back of your ID card. The therapeutic Drug substitutes list is subject to periodic review and amendment.

Step Therapy

Step therapy protocol means that a Member may need to use one type of medication before another. The PBM monitors some Prescription Drugs to control utilization, to ensure that appropriate prescribing guidelines are followed, and to help Members access high quality yet cost effective Prescription Drugs. If a Physician decides that the monitored medication is needed the Prior Authorization process is applied.

Specialty Pharmacy Network

The PBM's Specialty Pharmacy Network is available to members who use Specialty Drugs.

"Specialty Drugs" are Prescription Legend Drugs which:

- Are only approved to treat limited patient populations, indications or conditions; or
- Are normally injected, infused or require close monitoring by a physician or clinically trained individual; or
- Have limited availability, special dispensing and delivery requirements, and/or require additional patient support – any or all of which make the Drug difficult to obtain through traditional pharmacies.

Network Specialty Pharmacies may fill both retail and mail service Specialty Drug Prescription Orders, subject to a 30 day supply for Retail and Mail Service, and subject to the applicable Coinsurance or Copayment shown in the Schedule of Benefits.

Network Specialty Pharmacies have dedicated patient care coordinators to help you manage your condition and offer toll-free twenty-four hour access to nurses and registered Pharmacists to answer questions regarding your medications.

You may obtain a list of the Network Specialty Pharmacies, and covered Specialty Drugs, by calling the Customer Service telephone number on the back of your ID card, or review the lists on the Administrator's website at www.anthem.com.

Covered Prescription Drug Benefits

- Prescription Legend Drugs.
- Specialty Drugs.
- Injectable insulin and syringes used for administration of insulin.
- Oral contraceptive Drugs, injectable contraceptive drugs and patches are covered when obtained through an eligible Pharmacy. Certain contraceptives are covered under the "Preventive Care" benefit. Please see that section for further details.

- Certain supplies and equipment obtained by Mail Service or from a Network Pharmacy (such as those for diabetes and asthma) are covered without any Copayment/Coinsurance. Contact the Administrator to determine approved covered supplies. If certain supplies, equipment or appliances are not obtained by Mail Service or from a Network Pharmacy then they are covered as Medical Supplies, Equipment and Appliances instead of under Prescription Drug benefits.
- Injectables.
- Covered Prescription Drugs include therapeutic food, formulas, supplements, and low-protein modified food products for the treatment of inborn errors of metabolism or genetic conditions if the therapeutic food, formulas, supplements, and low-protein modified food products are obtained for the therapeutic treatment of inborn errors of metabolism or genetic conditions under the direction of a Physician.
- Drugs to eliminate or reduce dependency on, or addiction to tobacco and tobacco products, including over the counter drugs.
- Certain drugs for the treatment of morbid obesity.
- Drugs for treatment of sexual or erectile dysfunctions or inadequacies, subject to any quantity and day limits established by the Plan.
- Treatment of Onchomycosis (toenail fungus), covers Prescriptions and over the counter drugs.
- Additional Drugs to be covered includes: Aspirin, all oral forms (over the counter), Folic acid, Over the counter vitamins and prescription vitamins and oral flouride treatments.

Non Covered Prescription Drug Benefits (please also see the Exclusions section of this Benefit Booklet for other non Covered Services)

- Prescription Drugs dispensed by any Mail Service program other than the PBM's Mail Service, unless prohibited by law.
- Drugs, devices and products, or Prescription Legend Drugs with over the counter equivalents and any Drugs, devices or products that are therapeutically comparable to an over the counter Drug, device, or product.
- Off label use, except as otherwise prohibited by law or as approved by the Administrator or or the PBM.
- Drugs in quantities exceeding the quantity prescribed, or for any refill dispensed later than one year after the date of the original Prescription Order.
- Drugs not approved by the FDA.
- 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. This does not apply to Drugs used in conjunction with a Diagnostic Service, with Chemotherapy performed in the office or Drugs eligible for coverage under the Medical Supplies benefit; they are Covered Services.

- Any Drug which is primarily for weight loss, except certain drugs for the treatment of morbid obesity may be Covered Services based on Medical Necessity.
- Drugs not requiring a prescription by federal law (including Drugs requiring a prescription by state law, but not by federal law), except for injectable insulin.
- Drugs in quantities which exceed the limits established by the Plan, or which exceed any age limits established by the Plan.
- Fertility Drugs.
- Oral immunizations and biologicals, although they are federal legend Drugs, are payable as medical supplies based on where the service is performed or the item is obtained. If such items are over the counter Drugs, devices or products, they are not Covered Services.
- Drugs in quantities which exceed the limits established by the Plan.
- Human Growth Hormone for children born small for gestational age. It is only a Covered Service in other situations when allowed by the Plan through Prior Authorization.
- Compound Drugs unless there is at least one ingredient that requires a prescription.
- Certain Prescription Legend Drugs are not Covered Services when any version or strength becomes available over the counter. **Please contact the Administrator for additional information on these Drugs.**
- Refills of lost or stolen medications.

Deductible/Coinsurance/Copayment

Each Prescription Order may be subject to a Deductible and Coinsurance/Copayment. If the Prescription Order includes more than one covered Drug, a separate Coinsurance/Copayment will apply to each covered Drug. Your Prescription Drug Coinsurance/Copayment will be the lesser of your scheduled Copayment/Coinsurance amount or the Maximum Allowable Amount. Please see the Schedule of Benefits for any applicable Deductible and Coinsurance/Copayment. If you receive Covered Services from a Non-Network Pharmacy, a Deductible and Coinsurance/Copayment amount may also apply.

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. If you are going on vacation and you need more than the days supply allowed for under this Benefit Booklet, you should ask your Pharmacist to call the PBM and request an override for one additional refill. This will allow you to fill your next prescription early. If you require more than one extra refill, please call the Customer Service telephone number on the back of your Identification Card.

Tiers

Your Copayment/Coinsurance amount may vary based on whether the Prescription Drug, including covered Specialty Drugs, has been classified by the Plan as a first,or second, or third "tier" Drug. The determination of tiers is made by the Administrator, on behalf of the Employer, based upon clinical information, and where appropriate the cost of the Drug relative to other Drugs in its therapeutic class or used to treat the same or similar condition; the availability of over-the-counter alternatives; and where appropriate certain clinical economic factors.

- Tier 1 generally includes Generic Prescription Drugs.
- Tier 2 generally includes Brand Name or Generic Drugs that based upon their clinical information, and where appropriate, cost considerations are preferred relative to other Drugs.
- Tier 3 generally includes Brand Name or Generic Drugs that based upon their clinical information, and where appropriate, cost considerations are not preferred relative to other Drugs in lower tiers.

Tier and Formulary Assignment Process

The Administrator has established a National Pharmacy and Therapeutics (P&T) Committee, consisting of health care professionals, including nurses, pharmacists, and physicians. The purpose of this committee is to assist in determining clinical appropriateness of drugs; determining the tier assignments of drugs; and advising on programs to help improve care. Such programs may include, but are not limited to, drug utilization programs, prior authorization criteria, therapeutic conversion programs, cross-branded initiatives, drug profiling initiatives and the like.

The determinations of tier assignments and formulary inclusion are made by the Administrator based upon clinical decisions provided by the National P&T Committee, and where appropriate, the cost of the Drug relative to other Drugs in its therapeutic class or used to treat the same or similar condition; the availability of over-the-counter alternatives; generic availability, the degree of utilization of one Drug over another in the Administrator's patient population, and where appropriate, certain clinical economic factors.

The Plan retains the right at its discretion to determine coverage for dosage formulations in terms of covered dosage administration methods (for example, by mouth, injections, topical, or inhaled) and may cover one form of administration and exclusion or place other forms of administration in another tier.

Special Programs

From time to time the Administrator may initiate various programs to encourage the use of more cost-effective or clinically-effective Prescription Drugs including, but not limited to, Generic Drugs, Mail Service Drugs, over the counter or preferred products. Such programs may involve reducing or waiving Copayments or Coinsurance for certain Drugs or preferred products for a limited period of time.

Half-Tablet Program

The Half-Tablet Program will allow Members to pay a reduced Copayment on selected "once daily dosage" medications. The Half-Tablet Program allows a Member to obtain a 30-day supply (15 tablets) of the higher strength medication when written by the Physician to take "$\frac{1}{2}$ tablet daily" of those medications on the approved list. The Pharmacy and Therapeutics Committee will determine additions

and deletions to the approved list. The Half-Tablet Program is strictly voluntary and the Member's decision to participate should follow consultation with and the agreement of his/her Physician. To obtain a list of the products available on this program contact the number on the back of your ID Card.

Payment of Benefits

The amount of benefits paid is based upon whether you receive the Covered Services from a Network Pharmacy, including a Network Specialty Pharmacy, a Non-Network Pharmacy, or the PBM's Mail Service Program. It is also based upon which Tier the Administrator has classified the Prescription Drug or Specialty Drug. Please see the Schedule of Benefits for the applicable amounts, and for applicable limitations on number of days supply.

The amounts for which you are responsible are shown in the Schedule of Benefits. No payment will be made by the Plan for any Covered Service unless the negotiated rate exceeds any applicable Deductible and/or Copayment/Coinsurance for which you are responsible.

Your Copayment(s), Coinsurance and/or Deductible amounts will not be reduced by any discounts, rebates or other funds received by the PBM and/or the Plan from Drug manufacturers or similar vendors. For Covered Services provided by a Network or Specialty Drug Network Pharmacy or through the PBM's Mail Service, you are responsible for all Deductibles and/or Copayment/Coinsurance amounts.

For Covered Services provided by a Non-Network Pharmacy, you will be responsible for the amount(s) shown in the Schedule of Benefits. This is based on the Maximum Allowable Amount.

How to Obtain Prescription Drug Benefits

How you obtain your benefits depends upon whether you go to a Network or a Non-Network Pharmacy.

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 Deductible and/or Copayment/Coinsurance amounts. If you do not present your Identification Card, you will have to pay the full retail price of the prescription. If you do pay the full charge, ask your pharmacist for an itemized receipt and submit it to the Administrator with a written request for refund.

Specialty Drugs - You or your Physician can order your Specialty Drugs directly from a Specialty Network Pharmacy, simply call the Customer Service telephone number on the back of your ID card. If you or your Physician orders your Specialty Drugs from a Specialty Network Pharmacy you will be assigned a patient care coordinator who will work with you and your Physician to obtain Prior Authorization and to coordinate the shipping of your Specialty Drugs directly to you or your Physician's office. Your patient care coordinator will also contact you directly when it is time to refill your Specialty Drug Prescription.

Non-Network Pharmacy – You are responsible for payment of the entire amount charged by the Non-Network Pharmacy. You must submit a Prescription Drug claim form to the Plan for reimbursement consideration. These forms are available from the Administrator and/or the Employer. You must complete the top section of the form and ask the Non-Network Pharmacy to complete the bottom section. If for any reason the bottom section of this form cannot be completed by the pharmacist, you must attach an itemized receipt to the claim form and submit to the Plan or the PBM. The itemized receipt must show:

- name and address of the Non-Network Pharmacy;
- patient's name;

- prescription number;
- date the prescription was filled;
- name of the Drug;
- cost of the prescription;
- quantity of each covered Drug or refill dispensed.

You are responsible for the amount shown in the Schedule of Benefits. This is based on the Maximum Allowable Amount as determined by Anthem or the PBM's normal or average contracted rate with network pharmacies on or near the date of service.

The Mail Service Program – 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 Deductible, Coinsurance and/or Copayment amounts to the Mail Service when you request a prescription or refill.

6 NON-COVERED SERVICES/EXCLUSIONS

The following section indicates items which are excluded from benefit consideration, and are not considered Covered Services. Excluded items will not be covered even if the service, supply, or equipment would otherwise be considered Medically Necessary. This information is provided as an aid to identify certain common items which may be misconstrued as Covered Services, but is in no way a limitation upon, or a complete listing of, such items considered not to be Covered Services.

The Plan does not provide benefits for procedures, equipment, services, supplies or charges:

1. Which the Administrator, on behalf of the Employer, determines are not Medically Necessary or do not meet the Administrator's medical policy, clinical coverage guidelines, or benefit policy guidelines.
2. Received from an individual or entity that is not a Provider, as defined in this Benefit Booklet, or recognized by the Plan.
3. 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 Administrator, on behalf of the Employer. The fact that a service is the only available treatment for a condition will not make it eligible for coverage if the Administrator deem's it to be Experimental/Investigative.
4. For any condition, disease, defect, ailment, or injury arising out of and in the course of employment if benefits are available under any Workers' Compensation Act or other similar law. If Workers' Compensation Act benefits are not available to you, then this Exclusion does not apply. 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.
5. To the extent that they are provided as benefits by any governmental unit, unless otherwise required by law or regulation.

6. For any illness or injury that occurs while serving in the armed forces, including as a result of any act of war, declared or undeclared.

7. For a condition resulting from direct participation in a riot, civil disobedience, nuclear explosion, or nuclear accident.

8. For care required while incarcerated in a federal, state or local penal institution or required while in custody of federal, state or local law enforcement authorities, including work release programs if the Member has been convicted as a felon. This exclusion does not apply to a Member while incarcerated in a local penal institution or in the custody of a local law enforcement officer prior to conviction for a felony.

9. For court ordered testing or care unless Medically Necessary.

10. For which you have no legal obligation to pay in the absence of this or like coverage.

11. For any Pre-Existing Condition for the time period specified in the Schedule of Benefits, subject to the Portability provision of this Benefit Booklet. This Exclusion is not applicable to Member's under the age of 19.

12. For the following:

    - Physician or Other Practitioners' charges for consulting with Members by telephone, facsimile machine, electronic mail systems or other consultation or medical management service not involving direct (face-to-face) care with the Member except as otherwise described in this Benefit Booklet.
    - Surcharges for furnishing and/or receiving medical records and reports.
    - Charges for doing research with Providers not directly responsible for your care.
    - Charges that are not documented in Provider records.
    - Charges from an outside laboratory or shop for services in connection with an order involving devices (e.g., prosthetics, orthotics) which are manufactured by that laboratory or shop, but which are designed to be fitted and adjusted by the attending Physician.
    - For membership, administrative, or access fees charged by Physicians or other Providers. Examples of administrative fees include, but are not limited to, fees charged for educational brochures or calling a patient to provide their test results.

13. 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.

14. Prescribed, ordered or referred by or received from a member of your immediate family, including your spouse, child, brother, sister, parent, in-law, or self.

15. For completion of claim forms or charges for medical records or reports unless otherwise required by law.

16. For missed or canceled appointments.

17. For mileage, lodging and meals costs, and other Member travel related expenses, except as authorized by the Administrator, on behalf of the Employer, or specifically stated as a Covered Service.

18. For which benefits are payable under Medicare Parts A, B, and/or D or would have been payable if a Member had applied for Parts A, B and/or D, except, as specified elsewhere in this Benefit Booklet or as otherwise prohibited by federal law, as addressed in the section titled "Medicare" in General Provisions. For the purposes of the calculation of benefits, if the Member has not enrolled in Medicare Part B, the Administrator will calculate benefits as if they had enrolled.
19. Charges in excess of the Plan's Maximum Allowable Amounts.
20. Incurred prior to your Effective Date.
21. Incurred after the termination date of this coverage except as specified elsewhere in this Benefit Booklet.
22. 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). Complications directly related to cosmetic services treatment or surgery, as determined by the Administrator, on behalf of the Employer, are not covered. This exclusion applies even if the original cosmetic services treatment or surgery was performed while the Member was covered by another carrier/self funded plan prior to coverage under this Plan. Directly related means that the treatment or surgery occurred as a direct result of the cosmetic services treatment or surgery and would not have taken place in the absence of the cosmetic services treatment or surgery. This exclusion does not apply to conditions including but not limited to: myocardial infarction; pulmonary embolism; thrombophlebitis; and exacerbation of co-morbid conditions.
23. For maintenance therapy, which is treatment given when no additional progress is apparent or expected to occur. Maintenance therapy includes treatment that preserves your present level of functioning and prevents loss of that functioning, but which does not result in any additional improvement.
24. For the following:
    - Custodial Care, convalescent care or rest cures.
    - Domiciliary care provided in a residential institution, treatment center, halfway house, or school because a Member's own home arrangements are not available or are unsuitable, and consisting chiefly of room and board, even if therapy is included.
    - Care provided or billed by a hotel, health resort, convalescent home, rest home, nursing home or other extended care facility home for the aged, infirmary, school infirmary, institution providing education in special environments, supervised living or halfway house, or any similar facility or institution.
    - Services or care provided or billed by a school, Custodial Care center for the developmentally disabled, or outward bound programs, even if psychotherapy is included.
    - Wilderness camps.
25. For routine foot care (including the cutting or removal of corns and calluses); Nail trimming, cutting or debriding; Hygienic and preventive maintenance foot care, including but not limited to:
    - cleaning and soaking the feet.
    - applying skin creams in order to maintain skin tone.

- other services that are performed when there is not a localized illness, injury or symptom involving the foot.

26. For surgical treatment of flat feet; subluxation of the foot; weak, strained, unstable feet; tarsalgia; metatarsalgia; hyperkeratoses.

27. For dental treatment, regardless of origin or cause, except as specified elsewhere in this Benefit Booklet. "Dental treatment" includes but is not limited to: Preventive care, diagnosis, treatment of or related to the teeth, jawbones (except that TMJ is a Covered Service) or gums, including but not limited to:

    - extraction, restoration and replacement of teeth.
    - medical or surgical treatments of dental conditions.
    - services to improve dental clinical outcomes.

28. For treatment of the teeth, jawbone or gums that is required as a result of a medical condition except as expressly required by law or specifically stated as a Covered Service.

29. For Dental implants.

30. For Dental braces.

31. For Dental x rays, supplies & appliances and all associated expenses, including hospitalization and anesthesia, except as required by law. The only exceptions to this are for any of the following:

    - transplant preparation.
    - initiation of immunosuppresives.
    - direct treatment of acute traumatic injury, cancer or cleft palate.

32. Treatment of congenitally missing, malpositioned, or super numerary teeth, even if part of a congenital anomaly.

33. Weight loss programs whether or not they are pursued under medical or Physician supervision, unless specifically listed as covered in this Benefit Booklet. This exclusion includes, but is not limited to, commercial weight loss programs (Weight Watchers, Jenny Craig, LA Weight Loss) and fasting programs. This exclusion does not apply to Medically Necessary treatments for morbid obesity.

34. For marital counseling.

35. For prescription, fitting, or purchase of eyeglasses or contact lenses except as otherwise specifically stated as a Covered Service. 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.

36. For vision orthoptic training.

37. For services or supplies primarily for educational, vocational, or training purposes, except as otherwise specified herein.

38. For services to reverse voluntarily induced sterility.

39. For diagnostic testing or treatment related to infertility

40. For personal hygiene, environmental control, or convenience items including but not limited to:

- Air conditioners, humidifiers, air purifiers;
- Personal comfort and convenience items during an Inpatient stay, including but not limited to daily television rental, telephone services, cots or visitor's meals;
- Charges for non-medical self-care except as otherwise stated;
- Purchase or rental of supplies for common household use, such as water purifiers;
- Allergenic pillows, cervical neck pillows, special mattresses, or waterbeds;
- Infant helmets to treat positional plagiocephaly;
- Safety helmets for Members with neuromuscular diseases; or
- Sports helmets.

41. Health club memberships, exercise equipment, charges from a physical fitness instructor or personal trainer, or any other charges for activities, equipment, or facilities used for developing or maintaining physical fitness, even if ordered by a Physician. This exclusion also applies to health spas.

42. For telephone consultations or consultations via electronic mail or internet/web site, except as authorized by the Plan, allowed under the Telehealth services benefit or elsewhere in Covered Services.

43. For care received in an emergency room which is not Emergency Care, except as specified in this Benefit Booklet. This includes, but is not limited to suture removal in an emergency room.

44. For eye surgery to correct errors of refraction, such as near-sightedness, including without limitation LASIK, radial keratotomy or keratomileusis, or excimer laser refractive keratectomy.

45. For self-help training and other forms of non-medical self care, except as otherwise provided herein.

46. For examinations relating to research screenings.

47. For stand-by charges of a Physician.

48. Physical exams and immunizations required for enrollment in any insurance program, as a condition of employment, for licensing, or for other purposes.

49. For Private Duty Nursing Services rendered in a Hospital or Skilled Nursing Facility; Private Duty Nursing Services are Covered Services only when provided through the Home Care Services benefit as specifically stated in the "Covered Services" section.

50. For Manipulation Therapy services rendered in the home as part of Home Care Services.

51. For services, supplies and other care provided for elective abortions accomplished by any means, as defined by applicable law.

52. For Drugs prescribed to treat a type of cancer, but which have not yet been approved by the United States Food and Drug Administration (FDA). Experimental/Investigative services or supplies are not covered, unless otherwise required by law. These include any treatment, procedures, Drugs, biological products, medical devices or any hospitalization.

53. For (services or supplies related to) alternative or complementary medicine. Services in this category include, but are not limited to, holistic medicine, homeopathy, hypnosis, aroma therapy, massage, reiki therapy, herbal, vitamin or dietary products or therapies, naturopathy, thermograph, orthomolecular therapy, contact reflex analysis, bioenergial synchronization technique (BEST), iridology-study of the iris, auditory integration therapy (AIT), colonic irrigation, magnetic innervation therapy, electromagnetic therapy, and neurofeedback.

54. For any services or supplies provided to a person not covered under the Benefit Booklet in connection with a surrogate pregnancy (including, but not limited to, the bearing of a child by another woman for an infertile couple).

55. For surgical treatment of gynecomastia.

56. For treatment of hyperhidrosis (excessive sweating).

57. For any service for which you are responsible under the terms of this Benefit Booklet to pay a Copayment, Coinsurance or Deductible, and the Copayment, Coinsurance or Deductible is waived by a Non-Network Provider.

58. Human Growth Hormone for children born small for gestational age. It is only a Covered Service in other situations when allowed by the Administrator, on behalf of the Employer, through Prior Authorization.

59. Complications directly related to a service or treatment that is a non Covered Service under the Plan because it was determined by the Administrator, on behalf of the Employer, to be Experimental/Investigational or non Medically Necessary. Directly related means that the service or treatment occurred as a direct result of the Experimental/Investigational or non Medically Necessary service and would not have taken place in the absence of the Experimental/Investigational or non Medically Necessary service.

60. For Drugs, devices, products, or supplies with over the counter equivalents and any Drugs, devices, products, or supplies that are therapeutically comparable to an over the counter Drug, device, product, or supply.

61. Sclerotherapy for the treatment of varicose veins of the lower extremities including ultrasonic guidance for needle and/or catheter placement and subsequent sequential ultrasound studies to assess the results of ongoing treatment of varicose veins of the lower extremities with sclerotherapy.

62. Treatment of telangiectatic dermal veins (spider veins) by any method.

63. Reconstructive services except as specifically stated in the **Covered Services** section of this Benefit Booklet, or as required by law.

64. Nutritional and/or dietary supplements, except as provided in this Benefit Booklet or as required by law. This exclusion includes, but is not limited to, those nutritional formulas and dietary supplements that can be purchased over the counter, which by law do not require either a written Prescription or dispensing by a licensed Pharmacist.

65. For non-preventive medical nutritional therapy from a Non-Network Provider.

66. For room and board charges unless the treatment provided meets the Administrator's Medical Necessity criteria for Inpatient admission for your condition.

EXPERIMENTAL/INVESTIGATIVE SERVICES EXCLUSION

Any Drug, biologic, device, Diagnostic, product, equipment, procedure, treatment, service, or supply used in or directly related to the diagnosis, evaluation, or treatment of a disease, injury, illness, or other health condition which the Administrator, on behalf of the Employer, determines in its sole discretion to be Experimental/Investigative is not covered under the Plan.

The Administrator, on behalf of the Employer, will deem any Drug, biologic, device, Diagnostic, product, equipment, procedure, treatment, service, or supply to be Experimental/Investigative if the Administrator, on behalf of the Employer, 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 Administrator, on behalf of the Employer. In determining whether a Service is Experimental/Investigative, the Administrator, on behalf of the Employer, 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.

The information considered or evaluated by the Administrator, on behalf of the Employer 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.

The Administrator, on behalf of the Employer, has the sole authority and discretion to identify and weigh all information and determine all questions pertaining to whether a Drug, biologic, device, Diagnostic, product, equipment, procedure, treatment, service, or supply is Experimental/Investigative.

7 ELIGIBILITY AND ENROLLMENT

You have coverage provided under the Plan because of your employment with/membership with/retirement from the Employer. You must satisfy certain requirements to participate in the Employer's benefit plan. These requirements may include probationary or waiting periods and Actively At Work standards as determined by the Employer or state and/or federal law and approved by the Administrator, on behalf of the Employer.

Your Eligibility requirements are described in general terms below. For more specific eligibility information, see your Human Resources or Benefits Department.

Eligibility

The following eligibility rules apply unless you are notified by the Employer.

Subscriber

To be eligible to enroll as a Subscriber, an individual must:

- Be either: An employee, Member, or retiree of the Employer, and:
- Be entitled to participate in the benefit Plan arranged by the Employer;
- Have satisfied any probationary or waiting period established by the Employer and be Actively At Work;
- Meet the eligibility criteria stated in the Administrative Services Agreement.

Dependents

To be eligible to enroll as a Dependent, you must be listed on the enrollment form completed by the Subscriber, meet all Dependent eligibility criteria established by the Employer and be:

- The Subscriber's spouse as recognized under the laws of the state where the Subscriber lives.
- The Subscriber's or the Subscriber's spouse's children, including natural children, stepchildren, newborn and legally adopted children and children who the Employer has determined are covered under a "Qualified Medical Child Support Order" as defined by ERISA or any applicable state law.
- Children for whom the Subscriber or the Subscriber's spouse is a legal guardian or as otherwise required by law.

All enrolled eligible children will continue to be covered until the age limit listed in the Schedule of Benefits.

Eligibility will be continued past the age limit only for those already enrolled Dependents who cannot work to support themselves due to mental retardation or physical or mental handicap. These Dependents must be allowed as a federal tax exemption by the Subscriber or Subscriber's spouse. The Dependent's disability must start before the end of the period they would become ineligible for coverage. The Plan must certify the Dependent's eligibility. The Plan must be informed of the Dependent's eligibility for continuation of coverage within 31 days after the Dependent would normally become ineligible. You must notify the Administrator and/or the Employer if the Dependent's marital or tax exemption status changes and they are no longer eligible for continued coverage.

The Plan 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 coverage.

To obtain coverage for children, the Administrator may require that the Subscriber complete a "Dependency Affidavit" and provide the Administrator and/or Employer with 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.

Any foster child who is eligible for benefits provided by any governmental program or law will not be eligible for coverage under the Plan unless required by the laws of this state.

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.

Out of Service Area Dependent Child Coverage

Benefits for Covered Services will be provided for enrolled Dependent children who reside outside of the Service Area due to such children attending an out of Service Area educational institution or residing with the Subscriber's former spouse. Benefits are payable at the Network level and are limited to the Maximum Allowable Amount. Payment is subject to any Coinsurance, Copayment and/or Deductible. You may be responsible for any amount in excess of the Maximum Allowable Amount.

If you are eligible to enroll as a Member, you must enroll at the time agreed upon by the Plan. Otherwise, you may only enroll during the Open Enrollment period or during a Special Enrollment period, whichever is applicable

Enrollment

Initial Enrollment

An Eligible Person can enroll for Single or Family Coverage by submitting an application to the Plan. The application must be received by the date stated on the Administrative Services Agreement or the Plan's underwriting rules for initial application for enrollment. If the Administrator does not receive the initial application by this date, the Eligible Person can only enroll for coverage during the Open Enrollment period or during a Special Enrollment period, which ever is applicable.

If a person qualifies as a Dependent but does not enroll when the Eligible Person first applies for enrollment, the Dependent can only enroll for coverage during the Open Enrollment period or during a Special Enrollment period, which ever 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.

Continuous Coverage

If you were covered by the Employer's prior carrier or plan immediately prior to the Employer's enrollment with Anthem Blue Cross Blue Shield, with no break in coverage, then you will receive credit for any accrued Deductible and, if applicable and approved by the Employer, Out of Pocket amounts under that other plan. This does not apply to persons who were not covered by the prior carrier or plan on the day before the Employer's coverage, or to persons who join the Employer later.

If your Employer moves from one Anthem Blue Cross Blue Shield plan to another, (for example, changes its coverage from HMO to PPO), and you were covered by the other product immediately prior to enrolling in this product with no break in coverage, then you may receive credit for any accrued Deductible and Out of Pocket amounts, if applicable and approved by the Employer. Any maximums, when applicable, will be carried over and charged against the maximums under the Plan.

If your Employer offers more than one Anthem product, and you change from one Anthem product to another with no break in coverage, you will receive credit for any accrued Deductible and, if applicable, Out of Pocket amounts any maximums.

If your Employer offers coverage through other products or carriers in addition to Anthem's, and you change products or carriers to enroll in this Anthem product with no break in coverage, you will receive credit for any accrued Deductible, Out of Pocket, and any maximums.

This Section Does Not Apply To You If:

- Change from an individual Anthem Blue Cross Blue Shield policy to a group Anthem Blue Cross Blue Shield plan;
- Change employers and both have Anthem Blue Cross Blue Shield coverage; or
- Are a new Member of the Employer who joins the Employer after the Employer's initial enrollment with the Employer. Such new Members will receive credit from their prior carrier as described in the "Portability" section.

Newborn and Adopted Child Coverage

Newborn children of the Subscriber or the Subscriber's spouse will be covered for illness or injury for an initial period of 31 days from the date of birth. Coverage for newborns will continue beyond the 31 days only if the Subscriber submits through the Employer, or the Plan, a request to add the child under the Subscriber's Plan. The request must be submitted within 31 days after the birth of the child. Failure to notify the Plan during this 31 day period will result in no coverage for the newborn beyond the first 31 days, except as permitted for a Late Enrollee.

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.

Pre-Existing exclusions or limitations do not apply to Member's under the age of 19.

Adding a Child due to Award of Legal Custody or Guardianship

If a Subscriber or the Subscriber's spouse is awarded legal custody or guardianship for a child, an application must be submitted within 31 days of the date legal custody or guardianship is awarded by the court. Coverage would start on the date the court granted legal custody or guardianship. If the Administrator does not receive an application within the 31-day period, the child will be treated as a Late Enrollee.

Qualified Medical Child Support Order

If you are required by a qualified medical child support order or court order, as defined by ERISA and/or applicable state or federal law, to enroll your child under the Plan, the Plan will permit your child to enroll at any time without regard to any Open Enrollment limits and shall provide the benefits of the Plan in accordance with the applicable requirements of such order. A child's coverage under this provision will not extend beyond any Dependent Age Limit listed in the Schedule of Benefits. Any claims payable under the Plan will be paid, at the Plan's discretion, 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 Employer will make information available to the child, custodial parent, or legal guardian on how to obtain benefits and submit claims to the Administrator directly.

Special Enrollment/Special Enrollees

If you are declining enrollment for yourself or your Dependents (including your spouse) because of other health insurance coverage, you may in the future be able to enroll yourself or your Dependents in this Plan, provided that you request enrollment within 31 days after your 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 in the Plan, provided that you request enrollment within 31 days after the marriage, birth, adoption, or placement for adoption.

If the Administrator receives an application to add your Dependent or an Eligible Person and Dependent more than 31 days after the qualifying event, the Plan will not be able to enroll that person until the Employer's next Open Enrollment.

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) under Medicaid or CHIP.

The Employee or Dependent must request Special Enrollment within 60 days of the loss of Medicaid/CHIP or of the eligibility determination. If the Plan receives an application to add your Dependent or an Eligible Person and Dependent more than 60 days after the loss of Medicaid/CHIP or of the eligibility determination, the Plan will not be able to enroll that person until the Employer's next Open Enrollment.

Application forms are available from the Employer.

Late Enrollees

You are considered a Late Enrollee if you are an Eligible Person or Dependent who did not request enrollment for coverage:

- During the initial enrollment period; or
- During a Special Enrollment period; or
- As a newly eligible Dependent who failed to qualify during the Special Enrollment period and did not enroll within 31 days of the date you were first entitled to enroll.

However, you will not be enrolled for coverage with the Plan until the next Open Enrollment Period.

Open Enrollment

An Eligible Person or Dependent who did not request enrollment for coverage during the initial enrollment period or Special Enrollment period, or as a newly eligible Dependent who failed to qualify during the Special Enrollment period and did not enroll within 31 days of the date during which the individual was first entitled to enroll may only apply for coverage during the Employer's next annual enrollment. A Late Enrollee will be covered as of the Employer's renewal date and may be subject to a Pre-Existing Condition waiting period. Pre-Existing exclusions or limitations do not apply to Member's under the age of 19.

Portability

Any Pre-Existing Condition waiting period will be reduced by the aggregate of the periods of prior creditable coverage applicable to you as of your Enrollment Date under this Plan. Creditable coverage is prior coverage you had from: a group plan, Medicare, Medicaid, Indian Health Service, state risk pool, state children's health insurance program, public health plan, Peace Corps service, U.S. Government plans, foreign health plans or individual health plan. Prior coverage does not count as creditable if there was a break in coverage of 63 days or more prior to enrolling for coverage under this Plan. You have the opportunity to prove that you have prior creditable coverage and the Administrator and/or the Employer will assist you in obtaining that information if required.

Pre-Existing exclusions or limitations do not apply to Member's under the age of 19.

Notice of Changes

The Subscriber is responsible to notify the Employer of any changes which will affect his or her eligibility or that of Dependents for services or benefits under the Plan. The Plan must be notified of any changes as soon as possible but no later than within 31 days of the event. This includes changes in address, marriage, divorce, death, change of Dependent disability or dependency status, enrollment or disenrollment in another health plan or Medicare. Failure to notify the Administrator, on behalf of the Employer, of persons no longer eligible for services will not obligate the Plan to pay for such services. Acceptance of payments from the Employer for persons no longer eligible for services will not obligate the Plan to pay for such services.

Family Coverage should be changed to Single Coverage when only the Subscriber is eligible. When notice is provided within 31 days of the event, the Effective Date of coverage is the event date causing the change to Single Coverage. The Plan must be notified when a Member becomes eligible for Medicare.

All notifications by the Employer must be in writing and on approved forms. Such notifications must include all information reasonably required to effect the necessary changes.

A Member's coverage terminates as specified in the Termination section of this Benefit Booklet. The Plan has the right to bill the Subscriber for the cost of any services provided to such person during the period such person was not eligible under the Subscriber's coverage.

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

For information on your specific Effective Date of Coverage under the Plan, please see your human resources or benefits department. You can also contact the Administrator by calling the number located on the back of your Identification (ID) Card or by visiting www.anthem.com.

8 CHANGES IN COVERAGE: TERMINATION, CONTINUATION & CONVERSION

Termination

Except as otherwise provided, your coverage may terminate in the following situations. The information provided below is general and the actual effective date of termination may vary based on your Employer's specific requirements:

- If you terminate your coverage, termination will generally be effective on the last day of the billing period in which the Administrator received your notice of termination.
- Subject to any applicable continuation or conversion requirements, if you cease to meet eligibility requirements as outlined in this Benefit Booklet, your coverage generally will terminate on the last day of the billing period. If you cease to be eligible due to termination of employment, your coverage will terminate on the last day of the billing period that first occurs after your employment termination date. You must notify the Employer and Us 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 perform an act, practice, or omission that constitutes fraud or make an intentional misrepresentation of material fact, as prohibited by the terms of your plan, your coverage and the coverage of your Dependents can be retroactively terminated or rescinded. A rescission of coverage means that the coverage may be legally voided back to the start of your coverage under the plan, just as if you never had coverage under the plan. You will be provided with a thirty (30) calendar day advance notice with appeal rights before your coverage is retroactively terminated or rescinded. You are responsible for paying the Plan for the cost of previously received services based on the Maximum Allowable Amount for such services, less any Copayments made or Fees paid for such services.
- A Dependent's coverage will generally terminate at the end of the billing period in which notice was received by the Administrator that the person no longer meets the definition of Dependent.
- If coverage is through an association, coverage will generally terminate on the date membership in the association ends.
- If you elect coverage under another carrier's health benefit plan or under any other non-Anthem plan which is offered by, through, or in connection with the Employer as an option instead of this Plan, then coverage for you and your Dependents will generally terminate at the end of the billing period for which Fees have been paid.
- If you fail to pay or fail to make satisfactory arrangements to pay any amount due to the Plan or Network Providers (including the failure to pay required Deductibles and/or Copayments), the Employer may terminate your coverage and may also terminate the coverage of all your Dependents, generally effective immediately upon their written notice to you.
- If you permit the use of your or any other Member's Plan Identification Card by any other person; use another person's card; or use an invalid card to obtain services, your coverage will terminate immediately upon written notice. Any Subscriber or Dependent involved in the misuse of a Plan Identification Card will be liable to and must reimburse the Plan for the Maximum Allowable Amount for services received through such misuse.

Removal of Members

Upon written request through the Employer, a Subscriber may cancel the enrollment of any Member from the Plan. If this happens, no benefits will be provided for Covered Services provided after the Member's termination date.

Certification of Prior Creditable Coverage

If your coverage is terminated, you and your covered Dependents will receive a certification showing when you were covered under the Plan. You may need the document to qualify for 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. Certifications may be requested within 24 months of losing coverage.

You may also request a certification be provided to you at any other time, even if you have not lost coverage under this plan. If you have any questions, contact the customer service telephone number listed on the back of your Identification Card.

Continuation

Federal Continuation of Coverage (COBRA)

The following applies if you are covered under an Employer which is subject to the requirements of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, as amended.

COBRA continuation coverage can become available to you when you would otherwise lose coverage under your Employer's health plan. It can also become available to other Members of your family, who are covered under the Employer's health plan, when they would otherwise lose their health coverage. For additional information about your rights and obligations under federal law under the coverage provided by the Employer's health plan, you should contact the Employer.

COBRA Continuation Coverage

COBRA continuation coverage is a continuation of health coverage under the Employer's health plan when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed below. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your Dependent children could become qualified beneficiaries if coverage under the Employer's health plan is lost because of the qualifying event. Under the Employer's health plan, qualified beneficiaries who elect COBRA continuation coverage may or may not be required to pay for COBRA continuation coverage. Contact the Employer for Fees payment requirements.

If you are a Subscriber, you will become a qualified beneficiary if you lose your coverage under the Employer's health plan because either one of the following qualifying events happens:

- Your hours of employment are reduced, or
- Your employment ends for any reason other than your gross misconduct.

If you are the spouse of a Subscriber, you will become a qualified beneficiary if you lose your coverage under the Employer's health plan because any of the following qualifying events happens:

- Your spouse dies;
- Your spouse's hours of employment are reduced;
- Your spouse's employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your Dependent children will become qualified beneficiaries if they lose coverage under the Employer's health plan because any of the following qualifying events happens:

- The parent-Subscriber dies;
- The parent-Subscriber's hours of employment are reduced;
- The parent-Subscriber's employment ends for any reason other than his or her gross misconduct;
- The parent-Subscriber becomes entitled to Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the Employer's health plan as a "Dependent child."

If Your Employer Offers Retirement Coverage

Sometimes, filing a proceeding in bankruptcy under title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to the Employer, and that bankruptcy results in the loss of coverage of any retired Subscriber covered under the Employer's health plan, the retired Subscriber will become a qualified beneficiary with respect to the bankruptcy. The retired Subscriber's spouse, surviving spouse, and Dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage under Employer's health plan.

When is COBRA Coverage Available

The Employer will offer COBRA continuation coverage to qualified beneficiaries only after the Employer has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the Subscriber, commencement of a proceeding in bankruptcy with respect to the employer, or the Subscriber's becoming entitled to Medicare benefits (under Part A, Part B, or both), then the Employer will notify the COBRA Administrator (e.g., Human Resources, external vendor) of the qualifying event.

You Must Give Notice of Some Qualifying Events

For the other qualifying events (divorce or legal separation of the Subscriber and spouse or a Dependent child's losing eligibility for coverage as a Dependent child), you must notify the Employer within 60 days after the qualifying event occurs.

How is COBRA Coverage Provided

Once the Employer receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered Subscribers may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

How Long Will Continuation Coverage Last?

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage may be continued only for up to a total of 18 months. In the case of losses of coverage due to the Subscriber's death, divorce or legal separation, the Subscriber's becoming entitled to Medicare benefits or a Dependent child ceasing to be a Dependent under the terms of the Employer's health plan, coverage may be continued for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the Subscriber's hours of employment, and the Subscriber became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the Subscriber lasts until 36 months after the date of Medicare entitlement.

How Can You Extend The Length of COBRA Continuation Coverage?

If you elect continuation coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify the Employer of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

- Disability

  An 11-month extension of coverage may be available if any of the qualified beneficiaries is determined by the Social Security Administration (SSA) to be disabled. You must provide the SSA determination of your disability to the Employer within 60 days of receipt. The disability has to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. Each qualified beneficiary who has elected continuation coverage will be entitled to the 11-month disability extension if one of them qualifies. If the qualified beneficiary is determined by SSA to no longer be disabled, you must notify the Employer of that fact within 30 days after SSA's determination.

- Second Qualifying Event

  An 18-month extension of coverage will be available to spouses and Dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months. Such second qualifying events may include the death of a covered Subscriber, divorce or separation from the covered Subscriber, the covered Subscriber's becoming entitled to Medicare benefits (under Part A, Part B, or both), or a Dependent child's ceasing to be eligible for coverage as a Dependent under the Employer's health plan. These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage under the Plan if the first qualifying event had not occurred. You must notify the

Employer within 60 days after a second qualifying event occurs if you want to extend your continuation coverage.

Trade Act of 1974

Special COBRA rights apply to Subscribers who have been terminated or experienced a reduction of hours and who qualify for a "trade readjustment allowance" or "alternative trade adjustment assistance" under a federal law called the Trade Act of 1974. These Subscribers are entitled to a second opportunity to elect COBRA coverage for themselves and certain family members (if they did not already elect COBRA coverage), but only within a limited period of sixty (60) days (or less) and only during the six (6) months immediately after their Employer health plan coverage ended.

If you, the Subscriber, qualify for assistance under the Trade Act of 1974, you should contact the Employer for additional information. You must contact the Employer promptly after qualifying for assistance under the Trade Act of 1974 or you will lose these special COBRA rights.

Premiums and the End of COBRA Coverage

Premium will be no more than 102% of the Employer rate (unless your coverage continues beyond 18 months because of a disability. In that case, premium in the 19th through 29th months may be 150% of the Employer rate).

Continuation coverage will be terminated before the end of the maximum period if:

- any required premium is not paid in full on time,
- a qualified beneficiary becomes covered, after electing continuation coverage, under another Employer health plan that does not impose any pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary,
- a qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing continuation coverage, or
- the Employer ceases to provide any group health plan for its employees.

Continuation coverage may also be terminated for any reason the Employer would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

If You Have Questions

Questions concerning your Employer's health plan and your COBRA continuation coverage rights should be addressed to the Employer. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

Continuation of Coverage Due To Military Service

In the event you are no longer Actively 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 1994, 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 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 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:

1. The 24-month period beginning on the first date of your absence from work; or
2. 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.

CONVERSION

Any Member who has been covered under this Benefit Booklet, or any health benefit plan it replaced, for at least six months may convert to a Conversion health contract upon termination of the benefits that are payable under this Benefit Booklet.

The Subscriber will be offered the Conversion contract at their last known address. The premium and written application for the Conversion contract must be made no later than:

- 31 days after termination of participation in this program if written notice of Conversion is given to the employee upon termination of coverage; or
- If no notice of Conversion is given at the time of termination of membership, then as soon as possible after the Subscriber has actually been given written notice of the existence of Conversion; but
- In no event later than an additional 60 days after the expiration of the initial 31 day Conversion period described above.

Conversion coverage will be available to a covered surviving spouse and covered Dependent children upon the death of or divorce from the Subscriber, or upon termination of dependency due to attaining the age limit under this Benefit Booklet.

Conversion coverage is not available to a Member eligible for, or covered by, Medicare or another contract providing similar benefits. In addition, if issuing the Conversion contract will make the Member over-insured according to the Administrator's rules, Conversion coverage is not available.

Family and Medical Leave Act of 1993

A Subscriber who is taking a period of leave under the Family and Medical Leave Act of 1993 (the Act) will retain eligibility for coverage during this period. The Subscriber and his or her Dependents shall not be considered ineligible due to the Subscriber not being Actively At Work.

If the Subscriber does not retain coverage during the leave period, the Subscriber and any eligible Dependents who were covered immediately prior to the leave may be reinstated upon return to work without medical underwriting and without imposition of an additional waiting period for Pre-Existing Conditions. To obtain coverage for a Subscriber upon return from leave under the Act, the Employer must provide the Administrator with evidence satisfactory to the Employer of the applicability of the Act to the Subscriber, including a copy of the health care Provider statement allowed by the Act.

9 HOW TO OBTAIN COVERED SERVICES

Network Providers are the key to providing and coordinating your health care services. Benefits are provided when you obtain Covered Service from Providers; however, the broadest benefits are provided for services obtained from a Primary Care Physician (PCP), Specialty Care Physician (SCP), or other Network Providers. **Services you obtain from any Provider other than a PCP, SCP or another Network Provider are considered a Non-Network Service, except for Emergency Care, Urgent Care, or as an Authorized Service**. Contact a PCP, SCP, other Network Provider, or the Administrator to be sure that Prior Authorization and/or precertification has been obtained.

If a Non-Network Provider meets the Administrator's enrollment criteria and is willing to meet the terms and conditions for participation, that Provider has the right to become a Network Provider for the product associated with the Plan.

Network Services and Benefits

If your care is rendered by a PCP, SCP, or another Network Provider benefits will be paid at the Network level. Regardless of Medical Necessity, no benefits will be provided for care that is not a Covered Service even if performed by a PCP, SCP, or another Network Provider. All medical care must be under the direction of Physicians. The Administrator, on behalf of the Employer, has final authority to determine the Medical Necessity of the service.

The Administrator, on behalf of the Employer, may inform you that it is not Medically Necessary for you to receive services or remain in a Hospital or other facility. This decision is made upon review of your condition and treatment. You may appeal this decision. See the **Your Right To Appeal** section of this Benefit Booklet.

- Network Providers - include Primary Care Physicians (PCP), Specialty Care Physicians (SCP), other professional Providers, Hospitals, and other facility Providers who contract with the Administrator to perform services for you. PCPs include general practitioners, internists, family practitioners, pediatricians, obstetricians & gynecologists, geriatrician or other Network Providers as allowed by the Plan. The Primary Care Physician is the Physician who may provide, coordinate, and arrange your health care services. SCP's are Network Physician who provide specialty medical services not normally provided by a PCP.

  The Plan will provide you with access to a consultation with a Network Provider for a second opinion. Obtaining the second opinion shall not cost you more than your normal Copayment or

Coinsurance.

The Copayment or Coinsurance you are required to pay if you receive Covered Services under this Plan from a Chiropractor or Optometrist **will be no greater** than the Copayment or Coinsurance you are required to pay if the services were received from your PCP for the same or similar diagnosed condition, even if a different name or term is used to describe the condition or complaint.

For services rendered by Network Providers:

1. 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 Coinsurance, Copayments and/or Deductibles. You may be billed by your Network Provider(s) for any non-Covered Services you receive or when you have not acted in accordance with the Plan.
2. Health Care Management is the responsibility of the Network Provider.

If there is no Network Provider who is qualified to perform the treatment you require, contact the Administrator prior to receiving the service or treatment and the Administrator, on behalf of the Employer, may approve a Non-Network Provider for that service as an Authorized Service.

Non-Network Services

Services which are not obtained from a PCP, SCP, or another Network Provider or not an Authorized Service will be considered a Non-Network Service. The only exception is 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:

- The difference between the actual charge and the Maximum Allowable Amount plus any Deductible and/or Coinsurance/Copayments;
- Services that are not Medically Necessary;
- Non-Covered Services;
- Filing claims; and
- Higher cost sharing amounts.

Relationship of Parties (Plan - Network Providers)

The relationship between the Plan and Network Providers is an independent contractor relationship. Network Providers are not agents or employees of the Plan, nor is the Plan, or any employee of the Plan, an employee or agent of Network Providers.

The Plan shall not be responsible for any claim or demand on account of damages arising out of, or in any manner connected with, any injuries suffered by a Member while receiving care from any Network Provider or in any Network 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, Non-Network Providers, and disease management programs. If you have questions regarding such incentives or risk sharing relationships, please contact your Provider or the Plan.

Not Liable for Provider Acts or Omissions

The Plan is 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 Plan based on the actions of a Provider of health care, services or supplies.

Identification Card

When you receive care, you must show your Identification Card. Only a Member who has paid the Premiums under the Plan has the right to services or benefits under the Plan. If anyone receives services or benefits to which they are not entitled to under the terms of this Benefit Booklet, he/she is responsible for the actual cost of the services or benefits.

10 CLAIMS PAYMENT

When you receive care through a Network Provider, you are not required to file a claim. This means that the provisions below, regarding Claim Forms and Notice of Claim, do not apply unless the Provider did not file the claim.

A claim must be filed for you to receive Non-Network Services benefits, but many Non-Network Hospitals, Physicians and other Providers will still submit your claim for you. If you submit the claim, use a claim form.

How Benefits Are Paid

Maximum Allowed Amount

General

This section describes how the Administrator determines the amount of reimbursement for Covered Services. Reimbursement for services rendered by Network and Non-Network Providers is based on this/your Plan's Maximum Allowed Amount for the Covered Service that You receive. Please see the BlueCard section for additional information.

The Maximum Allowed Amount for this Plan is the maximum amount of reimbursement the Plan will allow for services and supplies:

- that meet the Plan's definition of Covered Services, to the extent such services and supplies are covered under your Plan and are not excluded;
- that are Medically Necessary; and
- that are provided in accordance with all applicable preauthorization, utilization management or other requirements set forth in Your Benefit Booklet.

You will be required to pay a portion of the Maximum Allowed Amount to the extent You have not met your Deductible or have a Copayment or Coinsurance. In addition, when You receive Covered Services from a Non-Network Provider, You may be responsible for paying any difference between the Maximum Allowed Amount and the Provider's actual charges. This amount can be significant.

When You receive Covered Services from Provider, the Administrator will, to the extent applicable, apply claim processing rules to the claim submitted for those Covered Services. These rules evaluate the claim information and, among other things, determine the accuracy and appropriateness of the procedure and diagnosis codes included in the claim. Applying these rules may affect the Administrator's determination of the Maximum Allowed Amount. The Administrator's application of these rules does not mean that the Covered Services You received were not Medically Necessary. It means the Administrator has determined that the claim was submitted inconsistent with procedure coding rules and/or reimbursement policies. For example, your Provider may have submitted the claim using several procedure codes when there is a single procedure code that includes all of the procedures that were performed. When this occurs, the Maximum Allowed Amount will be based on the single procedure code rather than a separate Maximum Allowed Amount for each billed code.

Likewise, when multiple procedures are performed on the same day by the same Physician or other healthcare professional, the Plan may reduce the Maximum Allowed Amounts for those secondary and subsequent procedures because reimbursement at 100% of the Maximum Allowed Amount for those procedures would represent duplicative payment for components of the primary procedure that may be considered incidental or inclusive.

Provider Network Status

The Maximum Allowed Amount may vary depending upon whether the Provider is a Network Provider or a Non-Network Provider.

A Network Provider is a Provider who is in the managed network for this specific product or in a special Center of Excellence/or other closely managed specialty network, or who has a participation contract with the Administrator. For Covered Services performed by a Network Provider, the Maximum Allowed Amount for this/your Plan is the rate the Provider has agreed with the Administrator to accept as reimbursement for the Covered Services. Because Network Providers have agreed to accept the Maximum Allowed Amount as payment in full for those Covered Services, they should not send You a bill or collect for amounts above the Maximum Allowed Amount. However, You may receive a bill or be asked to pay all or a portion of the Maximum Allowed Amount to the extent You have not met your Deductible or have a Copayment or Coinsurance. Please call Customer Service for help in finding a Network Provider or visit www.anthem.com.

Providers who have not signed any contract with the Administrator and are not in any of the Administrator's networks are Non-Network Providers, subject to Blue Cross Blue Shield Association rules governing claims filed by certain ancillary providers.

For Covered Services You receive from a Non-Network Provider, the Maximum Allowed Amount for this Plan will be one of the following as determined by the Administrator:

1. An amount based on the Administrator's Non-Network Provider fee schedule/rate, which the Administrator has established in its' discretion, and which the Administrator reserves the right to modify from time to time, after considering one or more of the following: reimbursement amounts accepted by like/similar providers contracted with the Administrator, reimbursement amounts paid by the Centers for Medicare and Medicaid Services for the same services or supplies, and other industry cost, reimbursement and utilization data; or

2. An amount based on reimbursement or cost information from the Centers for Medicare and Medicaid Services ("CMS"). When basing the Maximum Allowed amount upon the level or method of reimbursement used by CMS, Anthem will update such information, which is unadjusted for geographic locality, no less than annually; or

3. An amount based on information provided by a third party vendor, which may reflect one or more of the following factors: (1) the complexity or severity of treatment; (2) level of skill and experience required for the treatment; or (3) comparable Providers' fees and costs to deliver care, or
4. An amount negotiated by the Administrator or a third party vendor which has been agreed to by the Provider. This may include rates for services coordinated through case management, or
5. An amount based on or derived from the total charges billed by the Non-Network Provider.

Providers who are not contracted for this product, but are contracted for other products with the Administrator are also considered Non-Network. For this/your Plan, the Maximum Allowed Amount for services from these Providers will be one of the five methods shown above unless the contract between the Administrator and that Provider specifies a different amount.

Unlike Network Providers, Non-Network Providers may send You a bill and collect for the amount of the Provider's charge that exceeds the Plan's Maximum Allowed Amount. You are responsible for paying the difference between the Maximum Allowed Amount and the amount the Provider charges. This amount can be significant. Choosing a Network Provider will likely result in lower Out of Pocket costs to You. Please call Customer Service for help in finding a Network Provider or visit the Administrator's website at www.anthem.com.

Customer Service is also available to assist You in determining this/your Plan's Maximum Allowed Amount for a particular service from a Non-Network Provider. In order for the Administrator to assist You, You will need to obtain from your Provider the specific procedure code(s) and diagnosis code(s) for the services the Provider will render. You will also need to know the Provider's charges to calculate your Out of Pocket responsibility. Although Customer Service can assist You with this pre-service information, the final Maximum Allowed Amount for your claim will be based on the actual claim submitted by the Provider.

For Prescription Drugs: The Maximum Allowed Amount is the amount determined by the Administrator using prescription drug cost information provided by the Pharmacy Benefits Manager (PBM).

Member Cost Share

For certain Covered Services and depending on your plan design, You may be required to pay a part of the Maximum Allowed Amount as Your cost share amount (for example, Deductible, Copayment, and/or Coinsurance).

Your cost share amount and Out-of-Pocket Limits may vary depending on whether You received services from a Network or Non-Network Provider. Specifically, You may be required to pay higher cost sharing amounts or may have limits on your benefits when using Non-Network Providers. Please see the Schedule of Benefits in this Benefit Booklet for your cost share responsibilities and limitations, or call Customer Service to learn how this Plan's benefits or cost share amounts may vary by the type of Provider You use.

The Plan will not provide any reimbursement for non-Covered Services. You may be responsible for the total amount billed by your Provider for non-Covered Services, regardless of whether such services are performed by a Network or Non Network Provider. Non-covered services include services specifically excluded from coverage by the terms of your Plan and received after benefits have been exhausted. Benefits may be exhausted by exceeding, for example, your benefit caps or day/visit limits.

In some instances You may only be asked to pay the lower Network cost sharing amount when You use a Non-Network Provider. For example, if You go to a Network Hospital or Provider facility and

receive Covered Services from a Non-Network Provider such as a radiologist, anesthesiologist or pathologist who is employed by or contracted with a Network Hospital or facility, You will pay the Network cost share amounts for those Covered Services. However, You also may be liable for the difference between the Maximum Allowed Amount and the Non-Network Provider's charge.

The following are examples for illustrative purposes only; the amounts shown may be different than this Benefit Booklet's cost share amounts; see Your Schedule of Benefits for Your applicable amounts.

Example: Your plan has a Coinsurance cost share of 20% for Network services, and 30% for Non-Network services after the Network or Non-Network Deductible has been met.

You undergo a surgical procedure in a Network Hospital. The Hospital has contracted with a Non-Network anesthesiologist to perform the anesthesiology services for the surgery. You have no control over the anesthesiologist used.

- *The Non-Network anesthesiologist's charge for the service is $1200. The Maximum Allowed Amount for the anesthesiology service is $950; Your Coinsurance responsibility is 20% of $950, or $190 and the remaining allowance from the Plan is 80% of $950, or $760. You may receive a bill from the anesthesiologist for the difference between $1200 and $950. Provided the Deductible has been met, your total Out of Pocket responsibility would be $190 (20% Coinsurance responsibility) plus an additional $250, for a total of $440.*

- *You choose a Network surgeon. The charge was $2500. The Maximum Allowed Amount for the surgery is $1500; Your Coinsurance responsibility when a Network surgeon is used is 20% of $1500, or $300. The Plan allows 80% of $1500, or $1200. The Network surgeon accepts the total of $1500 as reimbursement for the surgery regardless of the charges. Your total out of pocket responsibility would be $300.*

- *You choose a **NON-NETWORK** surgeon. The Non-Network surgeon's charge for the service is $2500. The Maximum Allowed Amount for the surgery service is $1500; Your Coinsurance responsibility for the NON-NETWORK surgeon is 30% of $1500, or $450 after the NON-NETWORK Deductible has been met. The Plan allows the remaining 70% of $1500, or $1050. **In addition**, the Non-Network surgeon could bill You the difference between $2500 and $1500, so your total Out of Pocket charge would be $450 plus an additional $1000, for a total of **$1450**.*

Authorized Services

In some circumstances, such as where there is no Network Provider available for the Covered Service, the Plan may authorize the Network cost share amounts (Deductible, Copayment, and/or Coinsurance) to apply to a claim for a Covered Service You receive from a Non-Network Provider. In such circumstance, You must contact the Administrator in advance of obtaining the Covered Service. The Plan also may authorize the Network cost share amounts to apply to a claim for Covered Services if You receive Emergency services from a Non-Network Provider and are not able to contact the Administrator until after the Covered Service is rendered. If the Plan authorizes a Network cost share amount to apply to a Covered Service received from a Non-Network Provider, You may also still be liable for the difference between the Maximum Allowed Amount and the Non-Network Provider's charge Please contact Customer Service for Authorized Services information or to request authorization.

The following are examples for illustrative purposes only; the amounts shown may be different than this Benefit Booklet's cost share amounts; see Your Schedule of Benefits for Your applicable amounts.

Example:

You require the services of a specialty Provider; but there is no Network Provider for that specialty in your state of residence. You contact the Administrator in advance of receiving any Covered Services, and the Plan authorizes You to go to an available Non-Network Provider for that Covered Service and the Plan agrees that the Network cost share will apply.

Your plan has a $45 Copayment for Non-Network Providers and a $25 Copayment for Network Providers for the Covered Service. The Non-Network Provider's charge for this service is $500. The Maximum Allowed Amount is $200.

Because the Plan have authorized the Network cost share amount to apply in this situation, You will be responsible for the Network Copayment of $25 and the Plan will be responsible for the remaining $175 of the $200 Maximum Allowed Amount.

Because the Non-Network Provider's charge for this service is $500, You may receive a bill from the Non-Network Provider for the difference between the $500 charge and the Maximum Allowed Amount of $200. Combined with your Network Copayment of $25, your total out of pocket expense would be $325.

Services Performed During Same Session

The Plan may combine the reimbursement of Covered Services when more than one service is performed during the same session. Reimbursement is limited to the Plan's Maximum Allowable Amount. **If services are performed by Non Network Providers**, then you are responsible for any amounts charged in excess of the Plan's Maximum Allowable Amount **with or without a referral or regardless if allowed as an Authorized Service**. Contact the Administrator for more information.

Payment of Benefits

You authorize the Plan to make payments directly to Providers for Covered Services. Payments may also be made to, and notice regarding the receipt and/or adjudication of claims sent to, an Alternate Recipient (any child of a Subscriber who is recognized, under a Qualified Medical Child Support Order (QMSCO), as having a right to enrollment under the Employer's Plan), or that person's custodial parent or designated representative. Any payments made by the Plan will discharge the Plan'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 Plan will not honor a request to withhold payment of the claims submitted.

Notice of Claim

The Plan is not liable, unless the Administrator receives written notice that Covered Services have been given to you. The notice must be given to the Administrator, on behalf of the Employer, within 90 days of receiving the Covered Services, and must have the data the Administrator needs to determine benefits. If the notice submitted does not include sufficient data the Administrator needs to process the claim, then the necessary data must be submitted to the Administrator within the time frames specified in this provision or no benefits will be payable except as otherwise required by law.

If the Administrator has not received the information it needs to process a claim, the 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 Administrator cannot complete the processing of the claim until the additional information requested has been

received. The Administrator, on behalf of the Employer, generally will make its request for additional information within 30 days of the Administrator's initial receipt of the claim and will complete the Administrator's processing of the claim within 15 days after the Administrator's receipt of all requested information. An expense is considered incurred on the date the service or supply was given. **If the Administrator is unable to complete processing of a claim because you or your Provider fail to provide the Administrator with the additional information within 60 days of its request, the claim will be denied and you will be financially responsible for the claim.**

Failure to give the 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 of an initial claim, nor additional information on a claim can be submitted later than one year after the 90 day filing period ends, and no request for an adjustment of a claim can be submitted later than 24 months after the claim has been paid.

Claim Forms

Claim forms will usually be available from most Providers. If forms are not available, either send a written request for claim forms to the Administrator, or contact customer service and ask for claim forms to be sent to you. If you do not receive the claim forms, written notice of services rendered may be submitted to the 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.

Member's Cooperation

Each Member shall complete and submit to the Plan such authorizations, consents, releases, assignments and other documents as may be requested by the Plan in order to obtain or assure reimbursement under Medicare, Workers' 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.

Explanation of Benefits (EOB)

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 from the Plan 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).
- General information about your appeals rights and for ERISA plans, information regarding the right to bring action after the Appeals Process.

Out-of-Area Services

Anthem has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as "Inter-Plan Programs." Whenever you obtain healthcare services outside of Anthem's service area, the claims for these services may be processed through one of these Inter-Plan Programs, which include the BlueCard Program and may include negotiated National Account arrangements available between Anthem and other Blue Cross and Blue Shield Licensees.

Typically, when accessing care outside Anthem's service area, you will obtain care from healthcare Providers that have a contractual agreement (i.e., are "participating providers") with the local Blue Cross and/or Blue Shield Licensee in that other geographic area ("Host Blue"). In some instances, you may obtain care from nonparticipating healthcare Providers. Anthem's payment practices in both instances are described below.

BlueCard® Program

Under the BlueCard® Program, when you access covered healthcare services within the geographic area served by a Host Blue, Anthem will remain responsible for fulfilling Anthem's contractual obligations. However, the Host Blue is responsible for contracting with and generally handling all interactions with its participating healthcare Providers.

Whenever you access covered healthcare services outside Anthem's service area and the claim is processed through the BlueCard Program, the amount you pay for covered healthcare services is calculated based on the lower of:

- The billed covered charges for your Covered Services; or
- The negotiated price that the Host Blue makes available to Anthem.

Often, this "negotiated price" will be a simple discount that reflects an actual price that the Host Blue pays to your healthcare Provider. Sometimes, it is an estimated price that takes into account special arrangements with your healthcare Provider or Provider group that may include types of settlements, incentive payments, and/or other credits or charges. Occasionally, it may be an average price, based on a discount that results in expected average savings for similar types of healthcare Providers after taking into account the same types of transactions as with an estimated price.

Estimated pricing and average pricing, going forward, also take into account adjustments to correct for over- or underestimation of modifications of past pricing for the types of transaction modifications noted above. However, such adjustments will not affect the price Anthem uses for your claim because they will not be applied retroactively to claims already paid.

Laws in a small number of states may require the Host Blue to add a surcharge to your calculation. If any state laws mandate other liability calculation methods, including a surcharge, we would then calculate your liability for any covered healthcare services according to applicable law.

If you obtain services in a state with more than one Blue Plan network, an exclusive network arrangement may be in place. If you see a Provider who is not part of an exclusive network arrangement, that Provider's service(s) will be considered Non-Network care, and you may be billed the difference

between the charge and the Maximum Allowable Amount. You may call the Customer Service number on your ID card or go to www.anthem.com for more information about such arrangements.

11 HEALTH CARE MANAGEMENT

Your plan includes the processes of Precertification, Predetermination and Medical Review to determine when services should be covered by your plan. Their purpose is to promote the delivery of cost-effective medical care by reviewing the use of procedures and, where appropriate, the setting or place of service that they are performed. Your plan requires that Covered Services be Medically Necessary for benefits to be provided.

Prior Authorization: Network Providers are required to obtain Prior Authorization in order for you to receive benefits for certain services. Prior Authorization criteria will be based on multiple sources including medical policy, clinical guidelines, and pharmacy and therapeutics guidelines. Anthem may determine that a service that was initially prescribed or requested is not a Covered Service if you have not previously tried alternative treatments which are more cost effective.

If you have any questions regarding the information contained in this section, you may call the Precertification telephone number on the back of your Identification Card or visit www.anthem.com.

Types of Requests:

Precertification – A required review of a service, treatment or admission for a benefit coverage determination which must be obtained prior to the service, treatment or admission start date. For emergency admissions, you, your authorized representative or Physician must notify the Administrator within 24 hours of the admission or as soon as possible within a reasonable period of time. For childbirth admissions, Precertification is not required unless there is a complication and/or the mother and baby are not discharged at the same time.

Predetermination – An optional, voluntary Prospective or Concurrent request for a benefit coverage determination for a service or treatment. The Administrator will review your Benefit Booklet to determine if there is an exclusion for the service or treatment. If there is a related clinical coverage guideline, the benefit coverage review will include a review to determine whether the service meets the definition of Medical Necessity under this Benefit Booklet or is Experimental/Investigative as that term is defined in this Benefit Booklet.

Medical Review – A Retrospective review for a benefit coverage determination to determine the Medical Necessity or Experimental/Investigative nature of a service, treatment or admission that did not require Precertification and did not have a Predetermination review performed. Medical Reviews occur for a service, treatment or admission in which the Administrator has a related clinical coverage guideline and are typically initiated by the Administrator.

Most Network Providers know which services require Precertification and will obtain any required Precertification or request a Predetermination if they feel it is necessary. Your Primary Care Physician and other Network Providers have been provided detailed information regarding Health Care Management procedures and are responsible for assuring that the requirements of Health Care Management are met. The ordering Provider, facility or attending Physician will contact the Administrator to request a Precertification or Predetermination review ("requesting Provider"). The 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 request. The authorized representative can be anyone who is 18 years of age or older.

Who is responsible for Precertification	
Services provided by a Network Provider	**Services provided by a BlueCard/Non-Network/Non-Participating Provider**
Provider	• Member is responsible for Precertification. • Member is financially responsible for service and/or setting that are/is not covered under the Plan based on an Adverse Determination of Medical Necessity or Experimental/Investigative.

The Administrator will utilize its clinical coverage guidelines, such as medical policy and other internally developed clinical guidelines, and preventative care clinical coverage guidelines, to assist in making Medical Necessity decisions. These guidelines reflect the standards of practice and medical interventions identified as appropriate medical practice. The Administrator reserves the right to review and update these clinical coverage guidelines periodically. Your Benefit Booklet and the Administrative Services Agreement take precedence over these guidelines.

You are entitled to receive, upon request and free of charge, reasonable access to any documents relevant to your request. To request this information, contact the Precertification telephone number on the back of your Identification Card.

Anthem may, from time to time, waive, enhance, modify or discontinue certain medical management processes (including utilization management, case management, and disease management) if in Anthem's discretion, such change is in furtherance of the provision of cost effective, value based and/or quality services.

In addition, Anthem may select certain qualifying Providers to participate in a program that exempts them from certain procedural or medical management processes that would otherwise apply. We may also exempt your claim from medical review if certain conditions apply.

Just because Anthem exempts a process, Provider or claim from the standards which otherwise would apply, it does not mean that Anthem will do so in the future, or will do so in the future for any other Provider, claim or Member. Anthem may stop or modify any such exemption with or without advance notice.

You may determine whether a Provider is participating in certain programs by contacting Customer Service at the number on the back of your ID card.

Request Categories:

Urgent – a request for Precertification or Predetermination 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 subject the member to severe pain that cannot be adequately managed without such care or treatment.

Prospective – a request for Precertification or Predetermination that is conducted prior to the service, treatment or admission.

Concurrent - a request for Precertification or Predetermination that is conducted during the course of treatment or admission.

Retrospective - a request for Precertification that is conducted after the service, treatment or admission has occurred. Medical Reviews are also retrospective. Retrospective review does not include a review that is limited to an evaluation of reimbursement levels, veracity of documentation, accuracy of coding or adjudication of payment.

Decision and Notification Requirements

Timeframes and requirements listed are based on state and federal regulations. Where state regulations are stricter than federal regulations, the Administrator will abide by state regulations. You may call the telephone number on the back of your membership card for additional information.

Request Category	Timeframe Requirement for Decision and Notification
Prospective Urgent	72 hours from the receipt of request
Prospective Non-Urgent	15 calendar days from the receipt of the request
Concurrent when hospitalized at time of request	24 hours from request and prior to expiration of current certification
Other Concurrent Urgent when request is received more than 24 hours before the expiration of the previous authorization	24 hours from the receipt of the request
Concurrent Urgent when request is received less than 24 hours before the expiration of the previous authorization or no previous authorization exists	72 hours from the receipt of the request
Concurrent Non-Urgent	15 calendar days from the receipt of the request
Retrospective	30 calendar days from the receipt of the request

If additional information is needed to make the Administrator's decision, the Administrator will notify the requesting Provider and send written notification to you or your authorized representative of the specific information necessary to complete the review. If the Administrator does not receive the specific information requested or if the information is not complete by the timeframe identified in the written notification, a decision will be made based upon the information in the Administrator's possession.

The Administrator will provide notification of its decision in accordance with state and federal regulations. Notification may be given by the following methods:

Verbal: oral notification given to the requesting provider via telephone or via electronic means if agreed to by the provider.

Written: mailed letter or electronic means including email and fax given to, at a minimum, the requesting provider and the member or authorized member representative.

Precertification does not guarantee coverage for or payment of the service or procedure reviewed. For benefits to be paid, on the date you receive service:

1. you must be eligible for benefits;

2. premium must be paid for the time period that services are rendered;
3. the service or surgery must be a covered benefit under the Plan;
4. the service cannot be subject to an exclusion under the Plan, including but not limited to a Pre-Existing Condition limitation or exclusion; and
5. you must not have exceeded any applicable limits under the Plan.

CARE MANAGEMENT

Care Management is a Health Care Management feature designed to help promote the timely coordination of services for Members with health-care related needs due to serious, complex, and/or chronic medical conditions. The Administrator's Care Management programs coordinate health care benefits and available services to help meet health-related needs of Members who are invited and agree to participate in the Care Management Program.

The Administrator's Care Management programs are confidential and voluntary. These programs are provided at no additional cost to You and do not affect Covered Services in any way. Licensed health care professionals trained in care management and familiar with the benefit plan provide these services.

For Members who meet program requirements/criteria and who agree to participate in a Care Management program, a licensed health care professional completes an assessment and develops an individualized plan designed to help meet their identified health care related needs. This is achieved through communication, and collaboration with the Member and/or Member's designated representative, treating Physician(s), and other Providers. The licensed health care professional remains in contact with the Member by telephone on a periodic basis to help accomplish the goals of the plan.

In addition to coordinating benefits, the licensed health care professional may assist with coordination of care with existing community-based programs and services to meet the Member's needs. Care coordination may include referrals to external agencies and available community-based programs and services.

Voluntary Wellness Incentive Programs

The Administrator may offer health or fitness related program options for purchase by your Employer. If your Employer has selected this option, You may receive incentives such as gift cards by participating in or completing such voluntary wellness promotion programs as health assessments, weight management or tobacco cessation coaching. (Use of gift cards for purposes other than for qualified medical expenses may result in taxable income to you. For additional guidance, please consult your tax advisor.) These programs are not Covered Services under Your Plan but are a value added component of your plan benefits. These program features are not guaranteed under your Plan and could be discontinued at any time.

Value-Added Programs

The Administrator may offer health or fitness related programs to the Plan's Members, through which you may access discounted rates from certain vendors for products and services available to the general public. Products and services available under this program are not Covered Services under the Plan but are in addition to plan benefits. As such, program features are not guaranteed under the Plan and could

be discontinued at any time. The Administrator does not endorse any vendor, product or service associated with this program. Program vendors are solely responsible for the products and services you receive.

12 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 follow will satisfy the requirements for a full and fair review under applicable federal regulations.

Notice of Adverse Benefit Determination

If your claim is denied, the 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 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 Administrator's notice will also include a description of the applicable urgent/concurrent review process; and
- the 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 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 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 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 Administrator's decision, can be sent between the 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 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 105568; Atlanta, GA 30348-5568.

You must include Your Member Identification Number when submitting an appeal.

Upon request, the 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 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 Administrator will provide you, free of charge, with the rationale.

How Your Appeal will be Decided

When the Administrator considers your appeal, the 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 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 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 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 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 and it was based on medical judgment, you may be eligible for an independent External Review pursuant to federal law.

You must submit your request for External Review to the 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 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 the Administrator's internal appeal process. You or your authorized representative may request it orally or in writing. All necessary information, including the Administrator's decision, can be sent between the 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 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 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 105568; Atlanta, GA 30348-5568.

You must include Your Member Identification Number when submitting an appeal.

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.

The Administrator reserves 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.

13 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 Subscriber and Dependents, if any, constitute the entire agreement between the Plan and the Employer and as of the Effective Date, supersede all other agreements between the parties. Any and all statements made to the Plan by the Employer and any and all statements made to the Employer by the Plan 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.

Form or Content of Benefit Booklet

No agent or employee of the 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 a person authorized to sign on behalf of the Employer.

Disagreement with Recommended Treatment

Each Member enrolls in the Plan with the understanding that they, in consultation with their Providers, are responsible for determining the treatment appropriate for their care. You may, for personal reasons, refuse to accept procedures or treatment recommended by your 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. In this event, the Provider shall have no further responsibility to provide care to you, and the Plan shall have no obligation to have Network Providers available who will render the care.

If you refuse to follow a recommended treatment or procedure, and the Provider believes that no professionally acceptable alternative exists, you will be so advised. In such case, neither the Plan, nor any Provider shall have any further responsibility to provide care in the case of the Provider, and to arrange care in the case of the Plan for the condition under treatment or any complications thereof.

Circumstances Beyond the Control of the Plan

If circumstances arise that are beyond the control of the Plan, the Plan will make a good-faith gesture to arrange an alternative method of providing coverage. Circumstances that may occur, but are not within the control of the Plan, include but are not limited to, a major disaster or epidemic, complete or partial destruction of facilities, a riot, civil insurrection, labor disputes that are out of the control of the Plan, disability affecting a significant number of a Network Provider's staff or similar causes, or health care services provided under the Plan are delayed or considered impractical. Under such circumstances, the Plan and Network Providers will provide the health care services covered by the Plan as far as is practical under the circumstances, and according to their best judgment. However, the Plan and Network Providers will accept no liability or obligation for delay, or failure to provide or arrange health care services if the failure or delay is caused by events/circumstances beyond the control of the Plan.

Protected Health Information Under HIPAA

The Health Insurance Portability and Accountability Act of 1996 (HIPAA), and the Privacy Regulations issued under HIPAA, contain provisions designed to protect the privacy of certain individually identifiable health information. Your Employer's Group Health Plan has a responsibility under the HIPAA Privacy Regulations to provide you with a Notice of Privacy Practices. This notice sets forth the Employer's rules regarding the disclosure of your information and details about a number of individual rights you have under the Privacy Regulations. As an Administrator of your Employer's Plan, Anthem has also adopted a number of privacy practices and has described those in its Privacy Notice. If you would like a copy of Anthem's Notice, contact the customer service number on the back of your Identification Card.

Coordination of Benefits

Applicability

This provision applies when you have health care coverage under more than one Plan. For the purposes of this provision, "Plan" is defined below.

If this provision applies, the Order of Benefit Determination Rules specify whether the benefits of this Plan are determined before or after those of another Plan. The benefits of this Plan:

1. Will not be reduced when, under the Order of Benefit Determination Rules, this Plan determines its benefits before another Plan; but
2. May be reduced when, under the Order of Benefit Determination Rules, another Plan determines its benefits first. The reduction is described under the heading "Effects on the Benefits of this Plan."

Definitions

Plan - this Plan and any other arrangement providing health care or benefits for health care through:

1. Group insurance or group-type coverage whether insured or uninsured. This includes prepayment group practice or individual practice coverage. It also includes coverage other than school accident-type coverage.

2. Individual insurance for individual-type coverage. This includes prepayment, group practice, or individual practice coverage.
3. Coverage under a governmental Plan or coverage required or provided by law except Medicaid.
4. Any other coverage which, as defined by the Employee Retirement Income Security Act of 1974, is a labor-management trustee Plan, a union welfare Plan, an employee organization Plan or an employee benefit organization.
5. Any other coverage provided because of sponsorship by or membership in any other association, union, or similar organization.

"Plan" is not any of the following:

1. Group or group-type Hospital indemnity benefits of $100.00 per day or less.
2. School accident-type coverage for grammar, high school, and college students for accidents only, including athletic injuries, either on a 24 hour basis or on a "to and from" school basis.

Primary Plan/Secondary Plan - the Order of Benefit Determination Rules state whether this Plan is a Primary Plan or Secondary Plan as to another Plan covering the person.

When this Plan is a Primary Plan, its benefits are determined before those of the other Plan and without considering the other Plan's benefits.

When this Plan is a Secondary Plan, its benefits are determined after those of the other Plan and may be reduced because of the other Plan's benefits.

When there are more than two Plans covering the person, this Plan may be a Primary Plan as to one or more other Plans, and may be a Secondary Plan as to a different Plan or Plans.

Allowable Expense - a health care service or expense including Deductibles, Coinsurance or Copayment, that is covered in full or in part by any of the plans covering the person.

The difference between the cost of a private Hospital room and the cost of a semiprivate Hospital room is not considered an Allowable Expense under the above definition unless the patient's stay in a private Hospital room is Medically Necessary either in terms of generally accepted medical practice or as specifically defined in this Plan.

When a Plan provides benefits in the form of services, the reasonable cash value of each service rendered will be considered both an Allowable Expense and a benefit paid.

When the benefits are reduced under a Primary Plan because a Member does not comply with the Plan provisions, the amount of such reduction will not be considered an Allowable Expense. Examples of such provisions are those related to second surgical opinions, Precertification of admissions or services, and Preferred Provider arrangements. Only benefit reductions based upon provisions similar to this one and which are contained in the Primary Plan may be excluded from Allowable Expenses. This provision shall not be used by a Secondary Plan to refuse to pay benefits because a health maintenance organization (HMO) Member has elected to have health care services provided by a non-HMO Provider and the HMO, pursuant to its Contract, is not obligated to pay for providing those services.

Allowable Expense does not include any expenses incurred or claims made under the Prescription Drug program of this Plan.

Claim Determination Period - means a calendar year. However, it does not include any part of a year during which a person has no coverage under this Plan, or any part of a year before the date this COB provision or a similar provision takes effect.

Benefit Reserve - means the savings recorded by a Plan for claims paid for a Member as a Secondary Plan rather than as a Primary Plan.

Order of Benefit Determination Rules

When there is a basis for a claim under this Plan and another Plan, this Plan is a Secondary Plan which has its benefits determined after those of the other Plan, unless:

1. The other Plan has rules coordinating its benefits with those of this Plan; and
2. Both those rules and this Plan's rules require that this Plan's benefits be determined before those of the other Plan.

This Plan determines its order of benefits using the first of the following rules which applies:

1. Non-Dependent/Dependent. The benefits of the Plan which covers the person as an employee, Subscriber or Subscriber (that is, other than as a Dependent) are determined before those of the Plan which covers the person as a Dependent.
2. Dependent Child/Parents not Separated or Divorced. Except as stated in paragraph 3. below, when this Plan and another Plan cover the same child as a Dependent of different parents who are not separated or divorced:
    a. The benefits of the Plan of the parent whose birthday falls earlier in a year are determined before those of the Plan of the parent whose birthday falls later in the year; if (1) the parents are married; (2) the parents are not separated (whether or not they ever have been married); or (3) a court decree awards joint custody without specifying that one parent has the responsibility to provide health care coverage; but
    b. If both parents have the same birthday, the benefits of the Plan which covered one parent longer are determined before those of the Plan which covered the other parent for a shorter period of time.
3. Dependent Child/Separated or Divorced Parents. If two or more Plans cover a person as a Dependent child of divorced or separated parents, benefits for the child are determined in this order:
    a. First, the Plan of the parent with custody of the child;
    b. Then, the Plan of the spouse of the parent with custody of the child;
    c. Then, the Plan of the parent not having custody of the child; and
    d. Finally, the Plan of the spouse of the non-custodial parent.

    However, if the specific terms of a court decree state that one of the parents is responsible for the health care expenses of the child, and the Plan has actual knowledge of those terms, the benefits of that Plan are determined first. The Plan of the other parent will be the Secondary Plan. If the parent with financial responsibility has no coverage for the child's health care services or expenses, but that parent's spouse does, the spouse's Plan is primary. This subclause does not apply to any Claim Determination Period or plan year during which any benefits are actually paid or provided before the entity has actual knowledge.
4. Joint Custody. If the specific terms of a court decree state that the parents will share joint custody, without stating that one of the parents is responsible for the health care expenses of the child, the Plans covering the child shall follow the Order of Benefit Determination Rules outlined in paragraph 2.

5. Active/Inactive Subscriber. The benefits of a Plan which covers a person as an employee who is neither laid off nor retired or as that employee's Dependent are determined before those of a Plan which covers that person as a laid off or retired employee or as that employee's Dependent. If the other plan does not have this rule and if, as a result, the plans do not agree on the order of benefits, this rule 5 is ignored. This rule does not supersede rule 1 above.
6. Continuation Coverage. If a person whose coverage is provided under a right of continuation pursuant to federal or state law also is covered under another Plan, the following shall be the order of benefit determination:
    a. First, the benefits of a Plan covering the person as an employee, Subscriber or Subscriber or as that person's Dependent;
    b. Second, the benefits under the continuation coverage. If the other Plan does not have the rule described above and if, as a result, the Plans do not agree on the order of benefits, this rule is ignored.
7. Longer/Shorter Length of Coverage. If none of the above rules determines the order of benefits, the benefits of the Plan which covered the person longer are determined before those of the Plan which covered that person for the shorter term. If none of the preceding rules determines the Primary Plan, the Allowable Expenses shall be shared equally between the Plans.

Effect on this Plan's Benefits

When a Member is covered under two or more Plans which together pay more than the Allowable Expense, the Plan will pay this Plan's benefits according to the Order of Benefit Determination Rules. This Plan's benefit payments will not be affected when it is Primary. However, when the Plan is Secondary under the Order of Benefit Determination Rules, benefits payable will be reduced, if necessary, so that combined benefits of all Plans covering you or your Dependent do not exceed the Allowable Expense.

When this Plan is Secondary, you will receive credit during the calendar year for the amount by which your benefits are reduced. This credit will not be applied to the extent that would cause you to receive:

1. A combined benefit from all Plans greater than the Allowable Expense; or
2. More benefits during a calendar year than you would receive if there were no other coverage.

When the benefits of this Plan are reduced as described above, each benefit is reduced in proportion. It is then charged against any applicable benefit limit of this Plan. If this Plan is secondary, any Benefit Reserve accumulated for a Member will be used to pay Allowable Expenses of that Member only, not otherwise paid during the Claim Determination Period. The Benefit Reserve, if any, will return to zero at the end of the Claim Determination Period.

Right to Receive and Release Needed Information

Certain facts are needed to apply these rules. The Plan has the right to decide which facts it needs. It may get needed facts from or give them to any other organization or person. The Plan need not tell, or get the consent of, any person to do this. Each person claiming benefits under the Plan must give the Plan any facts it needs 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, the Plan may pay that amount to the organization which made that payment. That amount will then be treated as though it were a benefit paid under this Plan. The 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 the reasonable cash value of the benefits provided in the form of services.

Right of Recovery

If the amount of the payment made by the Plan is more than it should have paid under this provision, it may recover the excess from one or more of:

1. The persons it has paid or for whom it has paid;
2. Insurance companies; or
3. Other organizations.

The "amount of the payments made" includes the reasonable cash value of any benefit provided in the form of services.

Medicare

Any benefits covered under both this Plan and Medicare will be paid pursuant to Medicare Secondary Payor legislation, regulations, and Centers for Medicare & Medicaid Services (CMS) guidelines, subject to federal court decisions. Federal law controls whenever there is a conflict among state law, Plan provisions, and federal law.

Except when federal law requires the Plan to be the primary payor, the benefits under this Plan for Members age 65 and older, or Members otherwise eligible for Medicare, do not duplicate any benefit for which Members are entitled under Medicare, including Parts B and/or D. Where Medicare is the responsible payor, all sums payable by Medicare for services provided to Members shall be reimbursed by or on behalf of the Members to the Plan, to the extent the Plan has made payment for such services. For the purposes of the calculation of benefits, if the Member has not enrolled in Medicare Parts B and/or D, the Plan will calculate benefits as if they had enrolled. For Medicare Part D no Prescription Drug benefits will be payable under this Plan unless the Member has enrolled in Part D. For Medicare Part D the Plan will calculate benefits as if the Member had enrolled in the Standard Basic Plan.

Physical Examination

When a claim is pending, the Plan reserves the right to request a Member to be examined by an applicable Provider. This will be requested as often as reasonably required.

Workers' Compensation

The benefits under the Plan are not designed to duplicate benefits that Members are eligible for under the Workers' Compensation Law. All money paid or owed by Workers' Compensation for services provided to a Member shall be paid back by, or on behalf of, the Member to the Plan if the Plan has made or makes payment for the services received. It is understood that coverage under the Plan does not replace or affect any Workers' Compensation coverage requirements.

Other Government Programs

The benefits under the Plan shall not duplicate any benefits that Members are entitled to, or eligible for, under any other governmental program. This does not apply if any particular laws require the Plan to be the primary payor. If the Plan has duplicated such benefits, all money paid by such programs to Members for services they have or are receiving, shall be paid by or on behalf of the Member to the Plan.

Subrogation and Reimbursement

These provisions apply when the Plan pays benefits 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 payments it makes on your behalf from any party responsible for compensating you for your injuries. The following apply:

- The Plan has 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 it sees 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 you incur without the Plan's prior written consent. The Plan further agrees that 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.

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 Plan to the extent of benefits the Plan 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 Plan, 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, it 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 the Plan has paid or the amount of your settlement, whichever is less, directly from the Providers to whom the Plan 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 Plan 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 Plan in the investigation, settlement and protection of the Plan's rights.
- You must not do anything to prejudice the Plan's rights.
- You must send the Plan 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 Plan if you retain an attorney or if a lawsuit is filed on your behalf.

Right of Recovery

Whenever payment has been made in error, the Plan will have the right to recover such payment from you or, if applicable, the Provider. In the event the Plan recovers a payment made in error from the Provider, except in cases of fraud, the Plan will only recover such payment from the Provider during the 24 months after the date the Plan made the payment on a claim submitted by the Provider. The Plan reserves the right to deduct or offset any amounts paid in error from any pending or future claim. The cost share amount shown in your Explanation of Benefits is the final determination and you will not receive notice of an adjusted cost share amount as a result of such recovery activity.

The Administrator, on behalf of the Employer, has oversight responsibility for compliance with Provider and vendor and Subcontractor contracts. The Administrator, on behalf of the Employer, may enter into a settlement or compromise regarding enforcement of these contracts and may retain any recoveries made from a Provider, Vendor, or Subcontractor resulting from these audits if the return of the overpayment is not feasible. The Administrator, on behalf of the Employer, has established recovery policies to determine which recoveries are to be pursued, when to incur costs and expenses and settle or compromise recovery amounts. The Administrator, on behalf of the Employer, will not pursue recoveries for overpayments if the cost of collection exceeds the overpayment amount. The Administrator, on behalf of the Employer, may not provide you with notice of overpayments made by the Plan or you if the recovery method makes providing such notice administratively burdensome.

Relationship of Parties (Employer-Member Plan)

Neither the Employer nor any Member is the agent or representative of the Plan.

The Employer is responsible for passing information to the Member. For example, if the Plan gives notice to the Employer, it is the Employer's responsibility to pass that information to the Member. The Employer is also responsible for passing eligibility data to the Plan in a timely manner. If the Employer does not provide the Plan with timely enrollment and termination information, the Plan is not responsible for the payment of Covered Services for Members.

Anthem Blue Cross and Blue Shield Note

The Employer, on behalf of itself and its participants, hereby expressly acknowledges its understanding that this Benefit Booklet and the Administrative Services Agreement constitutes a contract solely between the Employer and Anthem Health Plans of Kentucky, Inc. dba Anthem Blue Cross and Blue Shield (Anthem), and that Anthem is an independent corporation licensed to use the Blue Cross and Blue Shield names and marks in the Commonwealth of Kentucky. The Blue Cross and Blue Shield marks are registered by the Blue Cross and Blue Shield Association, an association of independently licensed Blue Cross and Blue Shield plans, with the U.S. Patent and Trademark Office in Washington, D.C. and in other countries. Further, Anthem is not contracting as the agent of the Blue Cross and Blue Shield Association or any other Blue Cross and/or Blue Shield plan or licensee. This paragraph shall not create any additional obligations whatsoever on the part of Anthem other than those obligations created under other provisions of this agreement.

Conformity with Law

Any provision of this Plan which is in conflict with federal law, is hereby automatically amended to conform with the minimum requirements of such laws.

Clerical Error

A clerical error will never disturb or affect a Member's coverage, as long as the Member's coverage is valid under the rules of the Plan. This rule applies to any clerical error, regardless of whether it was the fault of the Employer or the Plan.

Policies and Procedures

The Employer is able to introduce new policies, procedures, rules and interpretations, as long as they are reasonable. Such changes are introduced to make the Plan more orderly and efficient. Members must follow and accept any new policies, procedures, rules and interpretations.

Under the terms of the Administrative Services Agreement, the Administrator has the authority, in its sole discretion, to introduce or terminate from time to time, pilot or test programs for disease management or wellness initiatives which may result in the payment of benefits not otherwise specified in this Benefit Booklet. The Administrator reserves the right to discontinue a pilot or test program at any time. The Administrator will provide advance written notice to the Employer of the introduction or termination of any such program.

Waiver

No agent or other person, except an authorized officer of the Plan, has authority to disregard any conditions or restrictions contained in this Benefit Booklet, to extend the amount of 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 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

Anthem shall have all the powers necessary or appropriate to enable it to carry out its duties in connection with the operation of the Plan and interpretation of the Benefit Booklet. This includes, without limitation, the power to construe the Administrative Services Agreement, to determine all questions arising under the Plan, to resolve appeals and to make, establish and amend the rules, regulations and procedures with regard to the interpretation of the Benefit Booklet of the Plan. A specific limitation or exclusion will override more general benefit language. Anthem has complete discretion to interpret the Benefit Booklet. Anthem's determination shall be final and conclusive and may include, without limitation, determination of whether the services, treatment, or supplies are Medically Necessary, Experimental/Investigative, whether surgery is cosmetic, and whether charges are consistent with the Plan's Maximum Allowable Amount. A member may utilize all applicable appeals procedures.

14 DEFINITIONS

If a word or phrase in this Benefit Booklet have special meaning, or is a title, it will start with a capital letter. If the word or phrase is not explained in the text where it appears, it will be defined in this section.

If you need additional clarification on any of these definitions, please contact the customer service number located on the back of your ID Card or submit your question online at www.anthem.com.

Actively At Work - An employee who is capable of carrying out their regular job duties and who is present at their place of work. Additionally, Subscribers who are absent from work due to a health related absence or disability and those on maternity leave or scheduled vacation, are considered Actively At Work.

Administrative Services Agreement - The agreement between the Administrator and the Employer regarding the administration of certain elements of the health care benefits of the Employer's group health plan.

Administrator - An organization or entity that the Employer contracts with to provide administrative and claims payment services under the Plan. The Administrator is Anthem Health Plans of Kentucky, Inc. The Administrator provides administrative claims payment services only and does not assume any financial risk or obligation with respect to claims.

Authorized Service(s) – 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 to be paid at the Network level. The Member **may** be responsible for the difference between the Non-Network Provider's charge and the Maximum Allowable Amount, in addition to any applicable Network Coinsurance, Copayment or Deductible. For more information, see the "Claims Payment" section.

Behavioral Health Conditions –

- **Mental Health Condition** – A display of mental or nervous symptoms that are not a result of any physical or biological cause(s) or disorder(s).
- **Substance Abuse** - A condition that develops when an individual uses alcohol or other drug(s) in a way that damages their health and/or causes them to lose control of their actions.

Benefit Booklet - This summary of the terms of your health benefits.

Benefit Period – The length of time that the Plan will pay benefits for Covered Services. The Benefit Period is listed in the Schedule of Benefits. If your coverage ends before this length of time, then the Benefit Period also ends.

Benefit Period Maximum – The maximum that the Plan will pay for specific Covered Services during a Benefit Period.

Brand Name Drug – The first version of a particular medication to be developed or a medication that is sold under a pharmaceutical manufacturer's own registered trade name or trademark. The original manufacturer is granted a patent, which allows it to be the only company to make and sell the new drug for a certain number of years.

Copayment – A specific dollar amount or percentage of Maximum Allowable Amounts for Covered Services indicated in the Schedule of Benefits for which you are responsible. Your flat dollar Copayment will be the lesser of the amount shown in the Schedule of Benefits or the amount charged by the Provider.

Coinsurance - A specific percentage of the Maximum Allowable Amount for Covered Services, that is indicated in the Schedule of Benefits, which you must pay. Coinsurance normally applies after the Deductible that you are required to pay. See the Schedule of Benefits for any exceptions.

Covered Services - Services, supplies or treatment as described in 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 the Plan.
- Within the scope of the license of the Provider performing the service.
- Rendered while 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 Administrator, on behalf of the Employer, if such Prior Authorization is required in this Benefit Booklet.

A charge for a Covered Service is incurred on the date the service, supply or treatment was provided to you. The incurred date (for determining application of Deductible and other cost share amounts) for an Inpatient admission is the date of admission except as otherwise specified in benefits after termination.

Covered Services do not include any services or supplies that are not documented in Provider records.

Covered Transplant Procedure - Any Medically Necessary human organ and tissue transplant as determined by the Administrator, on behalf of the Employer, including necessary acquisition costs and preparatory myeloblative therapy.

Covered Transplant Services - All Covered Transplant Procedures and all Covered Services directly related to the disease that has necessitated the Covered Transplant Procedure or that arises as a result of the Covered Transplant Procedure within a Covered Transplant Benefit Period, including any Diagnostic evaluation for the purpose of determining a Member's appropriateness for a Covered Transplant Procedure.

Custodial Service or Care - Care primarily for the purpose of assisting you in the activities of daily living or in meeting personal rather than medical needs. Custodial Care is not specific treatment for an illness or injury. 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
- 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.

Care can be Custodial regardless of whether it is recommended by a professional or performed in a facility, such as a Hospital or Skilled Nursing Facility, or at home.

Deductible – The dollar amount of Covered Services, listed in the Schedule of Benefits, which you must pay for before the Plan will pay for those Covered Services in each Benefit Period.

Dependent – A Member of the Subscriber's family who is covered under the Plan, as described in the "Eligibility and Enrollment" Section.

Diagnostic (Service/Testing) – A test or procedure performed on a Member, who is displaying specific symptoms, to detect or monitor a disease or condition. A Diagnostic Service also includes a Medically Necessary Preventive Care screening test that may be required for a Member who is not displaying any symptoms. However, this must be ordered by a Provider. Examples of covered Diagnostic Services are listed in the Covered Services section.

Domiciliary Care – Care provided in a residential institution, treatment center, halfway house, or school because a Member's own home arrangements are not available or are unsuitable, and consisting chiefly of room and board, even if therapy is included.

Effective Date – The date that a Subscriber's coverage begins under the Plan. You must be Actively At Work on your Effective Date for your coverage to begin. If you are not Actively At Work on your Effective Date, your Effective Date changes to the date that you do become Actively At Work.

A Dependent's coverage also begins on the Subscriber's Effective Date.

Eligible Person – A person who meets the Employer's requirements and is entitled to apply to be a Subscriber.

Emergency Medical Condition (or Emergency) - An accidental traumatic bodily injury or other medical condition that manifests itself by acute symptoms of such severity, including severe pain, that the absence of immediate medical attention could reasonably be expected by a prudent lay person to:

- Place your health, or with respect to a pregnant woman, the health of the woman or her unborn child, in serious jeopardy;
- Result in serious impairment to your bodily functions; or
- Result in serious dysfunction of one of your organs or body parts.

With respect to a pregnant woman who is having contractions, the absence of medical attention would reasonably be expected to result in:

- A situation in which there is inadequate time to effect a safe transfer to another Hospital before delivery; or
- A situation in which transfer may pose a threat to the health or safety of the woman or the unborn child.

Emergency Care (Emergency Services) - A medical screening examination that is within the capability of the emergency department of a Hospital, including ancillary services routinely available to the emergency department to evaluate an Emergency Condition; and within the capabilities of the staff and facilities available at the Hospital, such further medical examination and treatment as are required to Stabilize the patient.

Employer – The legal entity contracting with the Administrator for administration of group health care benefits.

Enrollment Date – The day the Employer or Member signs up for coverage or, when there is a waiting period, the first day of the waiting period (normally the date that employment begins).

Experimental/Investigative – Any Drug, biologic, device, Diagnostic, product, equipment, procedure, treatment, service, or supply used in or directly related to the diagnosis, evaluation, or treatment of a disease, injury, illness, or other health condition which the Administrator, on behalf of the Employer, determines to be unproven. For how this is determined, see the "Non-Covered Services/Exclusions" section.

Family Coverage – Coverage for the Subscriber and all eligible Dependents.

Fee(s) - The periodic charges which are required to be paid by you and/or the Employer to maintain benefits under the Plan.

Formulary - The list of pharmaceutical products, developed in consultation with Physicians and pharmacists, approved for their quality and cost effectiveness.

Generic Drugs – Prescription Drugs that have been determined by the FDA to be equivalent to Brand Name Drugs, but are not made or sold under a registered trade name or trademark. Generic Drugs have the same active ingredients, meet the same FDA requirements for safety, purity, and potency and must be dispensed in the same dosage form (tablet, capsule, cream) as the Brand Name Drug.

Identification Card / ID Card – A card issued by the Plan, showing the Member's name, membership number, and occasionally coverage information.

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. This does not apply to a Member who is placed under observation for fewer than 24 hours.

Late Enrollee - An Eligible Person whose enrollment did not occur on the earliest date that coverage can become effective under the Plan, and who did not qualify for Special Enrollment.

Mail Service – The Anthem Prescription Management program which offers you a convenient means of obtaining maintenance medications by mail if you take 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 Administrator, and sent directly to your home.

Maximum Allowable Amount (Maximum Allowed Amount) - The maximum amount that the Plan will allow for Covered Services You receive. For more information, see the "Claims Payment" section.

Medically Necessary/ 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 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 always mean lowest cost. It does mean that as to the diagnosis or treatment of the Member's illness, injury or disease, the service is: (1) not more costly than an alternative service or sequence of services that is medically appropriate, or (2) the service is performed in the least costly setting that is medically appropriate;
- 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 or a Covered Service and **does not** guarantee payment.

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 Plan and been covered by the required Fee payment; Members are sometimes called "you" or "your" in this Benefit Booklet.

Network Provider - A Provider who has entered into a contractual agreement or is being used by the Administrator, or another organization, which has an agreement with the Administrator, to provide Covered Services and certain administration functions for the Network associated with the Plan.

Network Specialty Pharmacy – A Pharmacy which has entered into a contractual agreement or is otherwise engaged by the Administrator to render Specialty Drug Services, or with another organization which has an agreement with the Administrator, to provide Specialty Drug services and certain administrative functions to you for the Specialty Pharmacy Network.

Network Transplant Provider – A Provider that has been designated as a "center of excellence" by the Administrator and/or a Provider selected to participate as a Network Transplant Provider by a designee. Such Provider has entered into a transplant provider agreement to render Covered Transplant Procedures and certain administrative functions to you for the transplant network. A Provider may be a Network Transplant Provider with respect to:

- Certain Covered Transplant Procedures; or
- All Covered Transplant Procedures.

Non-Network Provider - A Provider who has not entered into a contractual agreement with the Administrator for the Network associated with the Plan. Providers who have not contracted or affiliated with the Plan's designated Subcontractor(s) for the services they perform under the Plan are also considered Non-Network Providers.

Non-Network Specialty Pharmacy – Any Pharmacy which has not entered into a contractual agreement nor is otherwise engaged by to render Specialty Drug Services, or with another organization

which has an agreement with the Administrator, to provide Specialty Drug services to you for the Specialty Pharmacy Network.

Non-Network Transplant Provider - Any Provider that has **NOT** been designated as a "center of excellence" by the Administrator or has not been selected to participate as a Network Transplant Provider by a designee.

Open Enrollment – A period of enrollment designated by the Plan in which Eligible Persons or their Dependents can enroll without penalty after the initial enrollment; See Eligibility and Enrollment section for more information.

Out of Pocket Limit - A specified dollar amount of expense incurred by a Member and/or family for Covered Services in a Benefit Period as listed on the Schedule of Benefits. When the Out of Pocket Limit is reached for a Member and/or family, then no additional Deductibles, Coinsurance, and Copayments are required for that person and/or family unless otherwise specified in this Benefit Booklet and/or the Schedule of Benefits.

Outpatient - A Member who receives services or supplies while not an Inpatient.

Pharmacy and Therapeutics (P&T) Committee – A committee consisting of health care professionals, including Nurses, Pharmacists, and Physicians. The purpose of this committee is to assist in determining clinical appropriateness of Drugs; determining the assignments of Drugs; determining whether a Drug will be included in any of the Formularies; and advising on programs to help improve care. Such programs may include, but are not limited to, drug utilization programs, prior authorization criteria, therapeutic conversion programs, cross-branded initiatives, drug profiling initiatives and the like.

Plan – The group health benefit plan provided by the Employer and explained in this Benefit Booklet.

Pre-Existing Condition – A condition (mental or physical) which was present and for which medical advice, diagnosis, care, or treatment is taken into account only if it is recommended by, or received from, an individual licensed or similarly authorized to provide such services under state law and operating within the scope of practice authorized by state law within 6 months before your Enrollment Date. Pregnancy and domestic violence are not considered to be Pre-Existing Conditions. Genetic information may not be used to pre-determine a future condition, it must be based on an actual diagnosis. For the purpose of identifying a Pre-Existing Condition, claims submitted with a total Provider charge under $1,000 (the threshold), are not subject to review. Any claims submitted in excess of the threshold, for Members with Pre-Existing Condition exclusions, may be reviewed to determine if the condition is Pre-Existing. Once a Pre-Existing Condition has been established, all subsequent claims, regardless of Provider charge amount, may be subject to review. As the Plan may apply a threshold in the Administrator's claims review, the payment of claims with a charge amount below the threshold should not be relied upon as a representation that future claims related to the condition will be paid. Pre-Existing exclusions or limitations do not apply to Member's under the age of 19.

Prescription Order – A legal request, written by a Provider, for a Prescription Drug or medication and any subsequent refills.

Prescription Legend Drug, Prescription Drug, or Drug – A medicinal substance that is produced to treat illness or injury and is dispensed to Outpatients. Under the Federal Food, Drug & Cosmetic Act, such substances must bear a message on its original packing label that states, "Caution: Federal law prohibits dispensing without a prescription." Compounded (combination) medications, which contain at least one such medicinal substance, are considered to be Prescription Legend Drugs. Insulin is considered a Prescription Legend Drug under the Plan.

Primary Care Physician ("PCP") – A Network Provider who is a practitioner that specializes in family practice, general practice, internal medicine, pediatrics, obstetrics/gynecology, geriatrics or any

other Network Provider as allowed by the Plan. A PCP supervises, coordinates and provides initial care and basic medical services to a Member and is responsible for ongoing patient care.

Prior Authorization – The process applied to certain services, supplies, treatment, and certain Drugs and/or therapeutic categories to define and/or limit the conditions under which they will be covered. Prescription Drugs and their criteria for coverage are defined by the P&T 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. This includes any Provider rendering services which are required by applicable state law to be covered when rendered by such Provider. Providers include, but are not limited to, the following persons and facilities listed below. If you have a question about a Provider not shown below, please call the number on the back of your ID card.

- **Alcoholism Treatment Facility** - A facility that mainly provides detoxification and/or rehabilitation treatment for alcoholism.
- **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 facility, with an organized staff of Physicians, that:
    1. Is licensed as such, where required;
    2. Has permanent facilities and equipment for the primary purpose of performing surgical procedures on an Outpatient basis;
    3. Provides treatment by or under the supervision of Physicians and nursing services whenever the patient is in the facility;
    4. Does not provide Inpatient accommodations; and
    5. Is not, other than incidentally, used as an office or clinic for the private practice of a Physician or other professional Provider.
- **Certified Advance Registered Nurse Practitioner**
- **Certified Nurse Midwife**
- **Certified Registered Nurse Anesthetist**
- **Certified Surgical Assistant**
- **Day Hospital** - A facility that provides day rehabilitation services on an Outpatient basis.
- **Dialysis Facility** - A facility which mainly provides dialysis treatment, maintenance or training to patients as an Outpatient or at your home. It is not a Hospital.
- **Drug Abuse Treatment Facility** - A facility which provides detoxification and/or rehabilitation treatment for drug abuse.
- **Home Health Care Agency** - A facility, licensed in the state in which it is located, which:

- Provides skilled nursing and other services on a visiting basis in the Member's home; and
- Is responsible for supervising the delivery of such services under a plan prescribed and approved in writing by the attending Physician.

- **Home Infusion Facility** - A facility which provides a combination of:

1. Skilled nursing services
2. Prescription Drugs
3. Medical supplies and appliances

in the home as home infusion therapy for Total Parenteral Nutrition (TPN), Antibiotic therapy, Intravenous (IV) Chemotherapy, Enteral Nutrition Therapy, or IV pain management.

- **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 is 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
8. Treatment of drug abuse

- **Laboratory (Clinical)**
- **Licensed Practical Nurse**
- **Licensed Professional Counselors**
- **Occupational Therapist**

- **Outpatient Psychiatric Facility** - A facility which mainly provides Diagnostic and therapeutic services for the treatment of Behavioral Health Conditions on an Outpatient basis.
- **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.
- **Physical Therapist**
- **Physician** - A legally licensed doctor of medicine, doctor of osteopathy (bones and muscles), Chiropractor (spinal column and other body structures), dental surgeon (teeth), podiatrist (diseases of the foot) or surgical chiropodist (surgical foot specialist) or optometrist (eye and sight specialist).
- **Psychiatric Hospital** - A facility that, for compensation of its patients, is primarily engaged in providing Diagnostic and therapeutic services for the Inpatient treatment of Behavioral Health Conditions. Such services are provided, by or under the supervision of, an organized staff of Physicians. Continuous nursing services are provided under the supervision of a Registered Nurse.
- **Psychologist** - A licensed clinical Psychologist. In states where there is no licensure law, the Psychologist must be certified by the appropriate professional body.
- **Registered Nurse First Assistant**
- **Registered Nurse**
- **Registered Nurse Practitioner**
- **Regulated Physician's Assistant**
- **Rehabilitation Hospital** - A facility that is primarily engaged in providing rehabilitation services on an Inpatient or Outpatient basis. Rehabilitation care services consist of the combined use of medical, social, educational, and vocational services to enable patients disabled by disease or injury to achieve some reasonable level of functional ability. Services are provided by or under the supervision of an organized staff of Physicians. Continuous nursing services are provided under the supervision of a Registered Nurse.
- **Respiratory Therapist (Certified)**
- **Retail Health Clinic** - A facility that provides limited basic medical care services to Members on a "walk-in" basis. These clinics normally operate in major pharmacies or retail stores. Medical services are typically provided by Physicians Assistants and Nurse Practitioners.
- **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 or Domiciliary Care, or treatment of alcohol or drug dependency; and
  5. is not a rest, educational, or custodial Provider or similar place.

- **Social Worker** - A licensed Clinical Social Worker. In states where there is no licensure law, the Social Worker must be certified by the appropriate professional body.
- **Speech Therapist**
- **Supplier of Durable Medical Equipment, Prosthetic Appliances and/or Orthotic Devices**
- **Urgent Care Center** - A licensed 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 caused by another. 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 Plan.

Service Area – The geographical area where the Plan's Covered Services are available, as approved by state regulatory agencies.

Single Coverage – Coverage that is limited to the Subscriber only.

Special Enrollment – A period of enrollment in which certain Eligible Persons or their Dependents can enroll after the initial enrollment, typically due to an event such as marriage, birth, adoption, etc.

Specialty Care Physician (SCP) - A Network Provider, other than a Primary Care Physician, who provides services within a designated specialty area of practice.

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; or
- 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 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 Behavioral Health services. Such subcontracted organizations or entities may make benefit determinations and/or perform administrative, claims paying, or customer service duties on the Administrator's or Employer's behalf.

Subscriber - An employee or Member of the Employer who is eligible to receive benefits under the Plan.

Telehealth Services - The use of interactive audio, video, or other electronic media to deliver health care. It includes the use of electronic media for diagnosis, consultation, treatment, transfer of medical data, and medical education. A telehealth consultation shall not be reimbursable if it is provided through the use of an audio-only telephone, facsimile machine or electronic mail.

Therapy Services – Services and supplies that are used to help a person recover from an illness or injury. Covered Therapy Services are limited to services listed in the "Covered Services" section.

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2012-00535

Response to the Commission Staff's Initial Request for Information dated December 21, 2012

January 29, 2013

Item 40) ***Provide a schedule reflecting the salaries and other compensation of each executive officer for the base period and three most recent calendar years. Include the percentage annual increase and the effective date of each increase, the job title, duty and responsibility of each officer; the number of employees who report to each officer; and to whom each officer reports. For employees elected to executive officer status since the test year in Big Rivers' most recent rate case, provide the salaries for the persons they replaced.***

Response) A schedule of salaries and other compensation for each executive officer is attached.

The President & CEO has eight direct reports. The VP Production has eight direct reports. The President & CEO reports to the Board of Directors. The VP Production reports to the President & CEO. C. William Blackburn, former Senior VP Financial & Energy Services and Chief Financial Officer, retired in 2012.

The job titles, duties and responsibilities of each executive officer are stated in Article V of the bylaws of Big Rivers, and are repeated below.

> President. The President shall act as the general manager and chief executive officer of the Corporation. The President may sign, with the Secretary, certificates of membership of the Corporation, and any

deeds, mortgages, bonds, contracts, tariffs, or other instruments in writing authorized by the Board of Directors, or by these Bylaws, or that are required by law to be otherwise signed or executed by the president of a rural electric cooperative corporation. The President shall perform generally all duties incident to the office of president and to the position of general manager and chief executive officer, and such other duties as may be prescribed by the Board of Directors from time to time.

Vice President Production. The Vice President Production shall direct all activities related to operation and maintenance of the Corporation's generating facilities, including fuels procurement and management and power plant engineering; manage the energy services functions of the Corporation, including responsibility for generation and purchase resources, and wholesale power marketing activities; and perform generally all duties incident to the office of Vice President Production, along with such other duties as may be prescribed by the Board of Directors from time to time.

Absence or Disability of President. If the President is absent or becomes disabled, the Vice President Production shall have all the

powers and be subject to all the duties of the President so long as such absence or disability continues.

There are also officers of the board of directors, who are not considered "executive officers" for purposes of this response.

Witness) James V. Haner

Big Rivers Electric Corporation
Case No. 2012-00535
Salaries and Other Compensation of Executive Officers

Name	Effective Date	Title	Annual Salary	% Increase	Action
			522,240	-	
Mark A. Bailey	Base Period	President & CEO	522,240	-	No increase
	1/1/12 - 12/31/12	President & CEO	522,240	2.00%	Salary Adjustment
	1/1/11 - 12/31/11	President & CEO	512,000	-	No increase
	1/1/10 - 12/31/10	President & CEO			
			0	-	
C. William Blackburn	1/31/2012	Retirement	293,026	2.60%	Annual Review
	1/1/12 - 12/31/12	Sr. VP Financial & Energy Services & CFO	285,600	26.93%	Salary Adjustment
	1/1/11 - 12/31/11	Sr. VP Financial & Energy Services & CFO	225,000	-	No increase
	1/1/10 - 12/31/10	Sr. VP Financial & Energy Services & CFO			
			285,739	-	
Robert W. Berry	Base Period	VP Production	282,560	2.60%	Annual Review
	1/1/12 - 12/31/12	VP Production	275,400	31.14%	Salary Adjustment
	1/1/11 - 12/31/11	VP Production	210,000	-	No increase
	1/1/10 - 12/31/10	VP Production			

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Big Rivers Electric Corporation
Case No. 2012-00535
Salaries and Other Compensation of Executive Officers

Name	Description	Other Compensation 2010	2011	2012	Base Period
		522,238	521,848	522,242	526,307
Mark Bailey	Salary	22,730	23,276	26,086	25,968
	Other Compensation				
		221,396	283,272	35,779	0
C. William Blackburn	Salary	99,714	17,826	10,842	0
	Other Compensation	-	-	96,503	0
	Paid Upon Retirement				
		211,615	272,887	282,285	285,739
Robert W. Berry	Salary	95,511	20,828	18,781	166,091
	Other Compensation				

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2012-00535

Response to the Commission Staff's
Initial Request for Information
dated December 21, 2012

January 29, 2013

Item 41) *Provide actual fuel costs for the three most recent calendar years in total dollars, cents per kWh generated, and cents per MMBTU for each type of fuel. Also, provide the actual amounts of each type of fuel used, the number of BTUs obtained from each type of fuel, and the kWh generated by each type of fuel.*

Response) Please see attachment to this response. The cents per kWh generated and the kWh generated by each type of fuel is only available in total.

Witness) Robert W. Berry

Big Rivers Electric Corporation
Case No. 2012-00535
Actual Fuel Costs in Total Dollars, Cents per kWh Generated, and Cents per MMBTU by Fuel Type
For the Calendar Years Ended December 31, 2009, December 31, 2010, and December 31, 2011

For the Calendar Year Ended December 31, 2011

Line No.	Fuel Type	Total Dollars	Cents per kWh	Cents per MMBTU	Actual Usage	Unit of Measure	BTUs Generated	kWh Generated
	Steam Production							
1	Coal	$ 236,291,157	n/a	208.84	5,021,521.90	Tons	113,142,280,390,000	n/a
2	Petroleum Coke	12,575,580	n/a	73.19	603,140.94	Tons	17,182,152,880,000	n/a
3	Fuel Oil	5,130,374	n/a	2,095.78	1,711,094.00	Gallons	244,795,233,000	n/a
4	Natural Gas	933,555	n/a	647.59	144,159.00	MCF	144,158,620,000	n/a
5	Total	$ 254,930,666	$ 0.0215	195.03	n/a	n/a	130,713,387,123,000	11,842,623,860
	Turbine Production							
6	Natural Gas	$ 933,555	n/a	567.63	164,464.00	MCF	164,464,000,000	n/a
7	Fuel Oil	0	n/a	0.00	0.00	Gallons	0	n/a
8	Total	$ 933,555	$ 0.0944	567.63	n/a	n/a	164,464,000,000	6,993,880

Big Rivers Electric Corporation
Case No. 2012-00535
Actual Fuel Costs in Total Dollars, Cents per kWh Generated, and Cents per MMBTU by Fuel Type
For the Calendar Years Ended December 31, 2009, December 31, 2010, and December 31, 2011

For the Calendar Year Ended December 31, 2010								
Line No.	Fuel Type	Total Dollars	Cents per kWh	Cents per MMBTU	Actual Usage	Unit of Measure	BTUs Generated	kWh Generated
	Steam Production							
1	Coal	$ 212,598,562	n/a	206.29	4,600,151.32	Tons	103,057,075,710,000	n/a
2	Petroleum Coke	19,375,008	n/a	84.34	811,200.20	Tons	22,972,577,540,000	n/a
3	Fuel Oil	3,353,341	n/a	1,579.56	1,519,368.57	Gallons	212,296,518,660	n/a
4	Natural Gas	502,473	n/a	553.65	90,756.24	MCF	90,756,250,000	n/a
5	Total	$ 235,829,384	$ 0.0205	186.67	n/a	n/a	126,332,706,018,660	11,489,998,562
	Turbine Production							
6	Natural Gas	$ 611,254	n/a	545.24	112,108.00	MCF	112,108,000,000	n/a
7	Fuel Oil	49,347	n/a	657.35	18,407.00	Gallons	7,506,924,000	n/a
8	Total	$ 660,601	$ 0.0944	552.27	n/a	n/a	119,614,924,000	6,997,400

Big Rivers Electric Corporation
Case No. 2012-00535
Actual Fuel Costs in Total Dollars, Cents per kWh Generated, and Cents per MMBTU by Fuel Type
For the Calendar Years Ended December 31, 2009, December 31, 2010, and December 31, 2011

For the Calendar Year Ended December 31, 2009

Line No.	Fuel Type	Total Dollars	Cents per kWh	Cents per MMBTU	Actual Usage	Unit of Measure	BTUs Generated	kWh Generated
	Steam Production							
9	Coal	83,093,508	n/a	191.11		Tons	43,479,589,600,000	n/a
10	Petroleum Coke	7,119,432	n/a	124.17		Tons	5,733,816,310,000	n/a
11	Fuel Oil	1,842,675	n/a	1,403.98		Gallons	131,246,224,800	n/a
12	Natural Gas	149,729	n/a	573.25		MCF	26,119,300,000	n/a
13	Total	$ 92,205,344	$ 0.0203	186.76	n/a	n/a	49,370,771,434,800	4,544,258,039
	Turbine Production							
14	Natural Gas	$ -	n/a	n/a	0.00	MCF	0	n/a
15	Fuel Oil	249,463	n/a	3,500.52	117,221.00	Gallons	7,126,458,000	n/a
16	Total	$ 249,463	$ 0.2846	3,500.52	n/a	n/a	7,126,458,000	876,600

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2012-00535

Response to the Commission Staff's
Initial Request for Information
dated December 21, 2012

January 29, 2013

Item 42) ***Provide purchased power costs for the three most recent calendar years. These costs should be separated into demand and energy costs. The actual and estimated kW demands and kWh purchased should be included. Indicate any estimates used and explain the estimates in detail.***

Response) Please see the attached redacted schedule. An unredacted version is being filed with a Petition for Confidential.

Witness) Robert W. Berry

Big Rivers Electric Corporation
Case No. 2012-00535
Purchased Power Costs

Line No.	Calendar Year Ending December 31, 2011													
	Month		KW		KWH		Demand		Energy		Total			
1.	01/11				[redacted]		[redacted]		[redacted]		[redacted]			
2.	02/11													
3.	03/11													
4.	04/11													
5.	05/11													
6.	06/11													
7.	07/11													
8.	08/11													
9.	09/11													
10.	10/11													
11.	11/11													
12.	12/11													
13.	Total													

Big Rivers Electric Corporation
Case No. 2012-00535
Purchased Power Costs

Line No.	Calendar Year Ending December 31, 2010									
	Month		KW		KWH		Demand		Energy		Total
14.	01/10				[redacted]		[redacted]		[redacted]		[redacted]
15.	02/10										
16.	03/10										
17.	04/10										
18.	05/10										
19.	06/10										
20.	07/10										
21.	08/10										
22.	09/10										
23.	10/10										
24.	11/10										
25.	12/10										
26.	Total										

Big Rivers Electric Corporation
Case No. 2012-00535
Purchased Power Costs

Line No.	Calendar Year Ending December 31, 2009											
	Month		KW		KWH		Demand		Energy		Total	
27.	01/09				[redacted]		[redacted]		[redacted]		[redacted]	
28.	02/09											
29.	03/09											
30.	04/09											
31.	05/09											
32.	06/09											
33.	07/09											
34.	08/09											
35.	09/09											
36.	10/09											
37.	11/09											
38.	12/09											
39.	Total											

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2012-00535

Response to the Commission Staff's
Initial Request for Information
dated December 21, 2012

January 29, 2013

Item 43) ***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.***

Response) Big Rivers' detailed monthly income statement for the month ended November 30, 2012 (the first forecasted month of the base period) is included in Big Rivers' application, filed January 15, 2013, as an attachment to Tab No. 37. Big Rivers will provide detailed monthly income statements for the remaining forecasted months included in the base period, including the month in which the Commission hears this case, as the historical data becomes available.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2012-00535

Response to the Commission Staff's Initial Request for Information dated December 21, 2012

January 29, 2013

Item 44) ***Describe how the base period capitalization rate was determined. If differing rates were used for specific expenses (i.e., payroll, clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed changes to the capitalization rate and how the changes were determined.***

Response) Big Rivers' actual payroll costs are directly assigned; payroll taxes and benefits are allocated based on labor dollars. Big Rivers does not use a pre-determined capitalization rate to record these costs. For the actual portion of the base period (May 2012 – October 2012), the following rates were derived from this methodology:

	Payroll	Burdens	Total
Charged to Expense Accounts	97.57%	99.55%	98.43%
Charged to Capital/Other Assets	2.43%	0.45%	1.57%

Refer to the Direct Testimony of Mr. David G. Crockett, at Tab No. 67 of the Application of Big Rivers Electric Corporation for a General Adjustment in Rates (Case No. 2012-00535) filed with the Commission on January 15, 2013, for a description of Big Rivers' process for budgeting capitalized labor.

Big Rivers does not capitalize depreciation.

Witness) DeAnna M. Speed

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2012-00535

Response to the Commission Staff's
Initial Request for Information
dated December 21, 2012

January 29, 2013

Item 45) ***Provide Big Rivers' written policies on the compensation of attorneys, auditors, consultants, and all other professional-service providers. Include a schedule of fees, per diems, and other compensation in effect during the base period. Include all agreements, contracts, memoranda of understanding, and any other documentation that explains the nature and type of reimbursement paid for professional services. Indicate if any changes have occurred since the test year of Big Rivers' last rate case, the effective date of these changes, and the reason for these changes.***

Response) Big Rivers does not have written policies on the compensation of its professional service providers. Please see the rate schedules, agreements, contracts, and engagement letters on the CD accompanying these responses. In addition to the accompanying CD, the attached schedule lists additional vendors who provided professional services during the base period. Also attached is a schedule detailing changes that have occurred since the test year of Big Rivers' last rate case.

Witness) Billie J. Richert

Big Rivers Electric Corporation
Case No. 2012-00535
Additional Professional Services Vendors
For the Base Period Ending April 30, 2013

Latham & Watkins LLP

Latham & Watkins LLP provided legal fees and expenses associated with the CoBank Revolver & Secured Credit Agreement dated July 27, 2012.

Ohio Valley Financial Group

Ohio Valley Financial Group provides management and trustee services for Big Rivers' Bargaining and Non-Bargaining Retirement Plans.

Shipman and Goodwin LLP

Shipman and Goodwin LLP provided legal fees and expenses associated with Big Rivers' Case No. 2012-00119 Application of Big Rivers Electric Corporation for Approval to Issue Evidences of Indebtedness.

Vantage Energy Consulting LLP

Vantage Energy Consulting LLP provided consulting fees and expenses associated with Big Rivers' Case 2012-00063 Application of Big Rivers Electric Corporation For Approval Of Its 2012 Environmental Compliance Plan, For Approval Of Its Amended Environmental Cost Recovery Surcharge Tariff, For Certificates of Public Convenience And Necessity, And For Authority To Establish A Regulatory Account.

This vendor was mandated by the KPSC per KRS 278.183 Section (4) which states "the commission may employ competent, qualified independent consultants to assist the commission in its review of the utility's plan of compliance as sprecified in subsection (2) of this sections. The cost of any consultant shall be included in the approved by the commission."

Ziemer, Stayman, Weitzel & Shoulders, LLP

Wm. Michael Schiff, of the law firm Ziemer, Stayman, Weitzel & Shoulders, LLP is Big Rivers' labor counsel. He has personnaly represented Big Rivers in labor matters since 1979. His intimate knowledge of Big Rivers and its dealings with IBEW Local 1701 since that date make him a resource of utmost and unmatched value to Big Rivers in the labor relations arena.

Big Rivers Electric Corporation
Case No. 2012-00535
Changes Occurring Since Previous Rate Case
For the Base Period Ending April 30, 2013

Vendor	Description
American Management Consulting LLC	New contract effective August 1, 2011
American Management Consulting LLC	New contract effective August 1, 2012
Burns and McDonnell Engineering Co., Inc.	2012 Depreciation Study
Cardwell Energy Associates Inc.	New vendor
Catalyst Consulting LLC	New vendor. This vendor is now performing consulting services previously performed by The Prime Group
KPMG LLP	Financial and Tax Auditors - previous audit firm was Deloitte & Touche LLP
Myriad CPA Group	Audit firm of Neel, Crafton & Phillips merged with two other companies to form Myriad CPA Group
Sullivan, Mountjoy, Stainback & Miller, P.S.C.	Rates changed effective January 1, 2011