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MEMORANDUM OF UNDERSTANDING

LOUDON UTILITIES BOARD

EFFECTIVE JULY 1, 1998

EXPIRES JUNE 30, 2001

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MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING, made and entered into this 1st day of July 1998, by and between the LOUDON UTILITIES BOARD, hereinafter referred to as "Board", and LOCAL UNION 760 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, affiliated with the American Federation of Labor and the Congress of Industrial Organization, hereinafter referred to as the "Union".

ARTICLE I

UNION RECOGNITION

The Board hereby recognizes the Union as representatives of its employees in the job classifications set forth in Article VII Section 5 (but excluding office-clerical employees, professional and technical employees, supervisors, and guards), for the purpose of negotiations on wages, hours, working conditions and all other conditions of employment to the full extent provided by the applicable laws of the State of Tennessee. The term "employee", as used herein, refers to such specified employees. It is expressly understood that the classification "Working-Foreman" shall not be deemed a management supervisory position as used herein.

It is mutually agreed there shall be no limitations or restrictions on the right of any employee classified herein to belong to the Union.

ARTICLE II

TERM OF THE AGREEMENT

All provisions of this agreement shall be effective as of the date of execution and shall remain in effect through June 30, 2001, and the agreement shall continue in effect from year to year thereafter from July 1 through June 30, of each calendar year, unless terminated or modified in the manner provided herein. The wage provisions of this agreement shall take effect on July 1, 1998. Either party desiring to terminate or modify the agreement shall give the other party written notice thereof not less than sixty (60) days prior to the expiration date of the agreement. If either party gives notices as outlined above concerning its desire to modify the existing agreement, the language of the proposed modifications shall be contained in said notices. Until satisfactory conclusion is reached with respect to any proposed modification, the original provisions of the agreement shall remain in full force and effect.

ARTICLE III
MANAGEMENT RIGHTS

Section 1. The functions that shall be left to the sole and exclusive discretion of Management shall include the right to manage its facilities; to direct its operations and work forces; the right to perform certain of its work through contractors; the right to select such contractors, (provided any qualified contractor thus selected is a qualified contractor as that term is understood in local, state, and federal laws governing contractors and Loudon Utilities. Further provided any contractor thus selected will be informed the Loudon Utilities has an agreement with I.B.E.W.); the right to determine the number of employees needed to carry on the work; the right to decide the distribution of the working forces; the right to institute changes in work procedures; and the right to select, promote, and transfer employees to supervisory or other managerial positions. The exercise of these rights shall be subject to the grievance but not the arbitration provisions of this agreement.

Section 2. The functions that shall be left to the discretion of Management except as otherwise expressly provided in this agreement, shall include the right to promote, demote, hire and transfer employees; and the right to discharge or otherwise discipline employees for just cause. The exercise of these functions are subject to the grievance-arbitration provisions of this agreement.

ARTICLE IV

UNION STEWARD

The Union shall appoint by letter to the Board, and the Board shall recognize, a steward whose jurisdiction shall extend to all departments and jobs in which employees covered by this agreement are employed. The steward shall not be discriminated against because of the faithful performance of his duties. The steward may present grievances during work time through Step 3 of the grievance procedure.

ARTICLE V

GRIEVANCE AND ARBITRATION

Section 1. If any disagreement or dispute arises between the parties hereto affecting this agreement of the meaning, interpretation or application of any provision thereof, or as to the rights of the employer or the Union hereunder, such matters shall be handled in the simplest manner and unless the procedure, or any part thereof is otherwise waived by mutual consent, such matters shall be taken up as follows:

(a) (Step 1) By the aggrieved employee (or the Union if it is the aggrieved party) and the immediate non union supervisor within ten (10) days of the occurrence of the basis of the grievance, and the supervisor shall answer within five (5) working days, if no agreement is reached;

(b) (Step 2) The aggrieved party, with the steward, shall submit a written grievance to the Department Superintendent within five (5) days of the decision at Step 1. The Department Superintendent shall give a written answer to the Steward within five (5) work days;

(c) (Step 3) Should the parties fail to agree upon some satisfactory disposition of the grievance at Step 2 the matter will be referred within ten (10) days of the decision at Step 2 to a special conference, between the aggrieved party, the steward and their Union representative, and the Manager and other appropriate supervisory personnel. The Utility Manager shall give written answer within ten (10) work days of the conference. If the grievance is still not settled, then;

(d) (Step 4) The matter may be referred by the Union to a Board of Arbitration by making a demand therefore in writing to the Manager. This Board shall consist of one representative to be selected by the Board and one representative to be selected by the Union. The representatives so selected shall meet within three (3) days of their appointment and select a third disinterested member of the Board of Arbitration, who when so selected will act as chairman. In the event the parties fail to agree upon a third member, the Federal Mediation and Conciliation Service shall be requested to submit a list of five arbitrators from which the parties shall alternatively strike one name, with the remaining person to serve as the third member. The Board of Arbitration, who when so selected shall meet, at which time both parties may present their cases. In the event either party fails to appear to present their case before the Board of Arbitration, then the Board shall proceed to hear the evidence of such party offering proof and thereupon render its decision. A final decision of said Board is not dependent upon unanimity of opinion or concurrence of all its members but may be based upon concurrence in opinion of the majority. A final decision of said Board of Arbitration shall be conclusive and binding upon both parties and may be retroactive to the time the dispute was first presented to the authorized representative of the Board. Each party will pay his expense, and the compensation and expenses of the third member shall be shared jointly by the parties to this agreement.

ARTICLE VI

CONTINUITY OF OPERATIONS

Section 1. It is expressly understood and agreed that the services to be performed by the employees covered by this agreement pertain to and are essential to the operation of utility services provided by the Board and to the welfare of the public dependent thereon, and in consideration thereof, and of the covenants and conditions herein to be kept and performed by the Board; the Union agrees that neither the Union nor its members, agents, representatives, affiliates, employees or persons acting in concert with the Union; shall encourage, direct, authorize, condone or participate in any strike, walk out, slowdown, or other work stoppage for any cause.

The aforementioned conditions include, but are not limited to, matters not subject to arbitration, refusing to cross a picket line, or any other interference with the operation or conduct of the Board's business.

Should a contingency arise where an employee and/or employees covered by this agreement ceases work of his or their own volition, the Union agrees to use its best efforts to end the strike, slowdown, or other form of stoppage.

During the term of this agreement or any extensions or renewals thereof, there shall be no lock-outs by the employer.

Violation of any of the provisions of this Article by any employee of the employer shall be just cause for the immediate discharge of the employee. Disciplinary action taken in connection with the provisions of this Article will be subject to the grievance and arbitration procedures of this agreement.

ARTICLE VII

HOURS-WAGES

Section 1. The working day shall be eight (8) hours. Forty (40) hours shall be a week's work for all employees covered by this agreement.

Section 2. The regular hours of employment for employees of the Electric Division and the Gas, Water and Sewer Operating Division shall be 7:00 A.M. until 3:30 P.M. Monday through Friday unless changed by mutual agreement of management and union.

Section 3. Except for travel time from home to shop, travel from shop to job, from job to job, and from job to shop shall be compensable time.

Section 4. In accordance with the practice heretofore observed, employees will not be expected to perform outside work during unfavorable weather conditions, except in case of emergencies.

Section 5. The following wages shall be effective at the date indicated, except as is hereinafter provided:

MINIMUM HOURLY RATES

<u>CLASSIFICATION</u>	<u>JULY 1, 1998</u>	<u>JULY 1, 1999</u>	<u>JULY 1, 2000</u>
Working Foreman	21.67	22.32	22.97
Lineman	20.42	21.07	21.72
Apprentice Lineman:			
First Year	14.12	14.77	15.42
Second Year	15.11	15.76	16.41
Third Year	16.20	16.85	17.50
Fourth Year	17.31	17.96	18.61
Groundman:			
First 6 months	13.19	13.84	14.49
Next 6 months	14.03	14.68	15.33
Thereafter	15.28	15.93	16.58
Class 4 Operators	17.41	18.06	18.71
Class 3 Operators	16.49	17.14	17.79
Plant Operators:			
Operator Trainee I	12.66	13.31	13.96
Operator Trainee II	13.49	14.14	14.79
Operator Trainee III	14.20	14.85	15.50
Plant Operator	14.95	15.60	16.25
Lab Technician (WWTP)	According to certification		
Working Foreman (Gas, Water, Sewer)	20.80	21.45	22.10
Appointed after 7/1/98	18.91	19.56	20.21
Serviceman:			
First 3 months	11.46	12.11	12.76
Next 6 months	12.55	13.20	13.85
Next 12 months	13.86	14.51	15.16
Next 12 months	15.25	15.90	16.55
Thereafter	17.41	18.06	18.71
Servicemen in Gas Department shall be a certified welder. All servicemen shall train to operate backhoe.			
Warehouseman:			
First 3 months	12.04	12.69	13.34
Next 6 months	12.55	13.20	13.85
Thereafter	14.95	15.60	16.25
Meter Reader:			
First 6 months	12.34	12.99	13.64
Next 6 months	13.43	14.08	14.73
Thereafter	16.49	17.14	17.79
Collector:			
First 6 months	12.34	12.99	13.64
Next 6 months	13.43	14.08	14.73
Thereafter	16.49	17.14	17.79

Payday will be Friday of each week.

Section 6. All time worked by an employee covered by this agreement in excess of the scheduled workday or workweek shall be paid for at time and one-half times the regular straight-time rate of pay, except as otherwise provided in this agreement. Vacation, holidays and sick leave will be counted as time worked for the purpose of calculating overtime.

Section 7. An employee who is required to work for sixteen (16) successive hours shall normally be given a rest period of at least six (6) hours, without pay. Any time worked in violation of this provision shall be compensated at double the straight-time rate. When employees are required to continue working consecutively, after their regular scheduled work hours, for more than two (2) hours after their regular quitting time, they shall be furnished a meal allowance; thereafter, until their release from duty, said meal allowance to be furnished at intervals of five (5) hours each. Said meal allowance will be \$8.00 for allotted time intervals and will be reimbursed on payroll check.

Section 8. When an employee is called for work outside of the regular work hours, the employee shall be paid a minimum of two (2) hours. Such excess time shall include travel time to the job and, in the case of total time in excess of the two (2) hour minimum, the employee shall be compensated for travel time of 15 minutes for travel to the shop or worksite. An employee who is thus called out (as distinguished from being on-call) shall be compensated at the rate of time and one-half his regular rate, except for Sundays, on which the compensation shall be at double time. Where more than one job is required to be performed on an emergency call or during the call-out period, the two-hour minimum shall be applicable to the total of the time required for the performance of all work performed. Emergency call-outs that are known to require the special skill or knowledge of a particular employee, that employee will be called first and if other help is needed that employee on stand-by will be called. It is agreed this provision will not be abused.

Section 9. All employees hired after July 1, 1989, shall reside and maintain their bona fide residence within the Loudon Utility Service area. Failure to remain as a resident will result in the termination of employment.

ARTICLE VIII

HOLIDAYS

Section 1. The following days shall be observed as holidays: New Year's Day, President's Day, Good Friday, Memorial Day, July Fourth, Labor Day, Thanksgiving Day, Friday after Thanksgiving, Christmas Eve, Christmas Day and the birthday of the employee.

Section 2. Except as provided for in Article XXI-Shift Status Employees, should any holiday fall on a Saturday, it shall be observed on the preceding Friday, if on Sunday, it shall be observed on the following Monday.

Employee must work on regular work days before and after holiday to receive pay for the holiday, unless permission is received from the Manager a minimum of three (3) days before the holiday. An exception would be granted for emergency conditions, but the Manager should still be notified as soon as possible.

Section 3. An employee shall receive eight (8) hours pay at straight time as holiday pay. If an employee is required to work on a holiday he shall receive additional compensation at one and one-half times his hourly rate for each hour worked.

Section 4. On-call time shall be at straight time where it occurs on a holiday, provided, however, if an employee is actually called out for work, the provisions of Article VII, Section 8 shall apply.

Section 5. Employees shall be entitled to two (2) days of paid personal leave each year. Leave shall be scheduled with the approval of management. Management will not be unreasonable with respect to granting a request to use personal leave.

ARTICLE IX

OVERTIME

Section 1. Unless excused, each employee shall be required to work overtime.

Section 2. When it is necessary for overtime to be performed, overtime work shall be distributed insofar as reasonably possible among the qualified employees in the group in which such overtime is worked. It is understood, however, that any grievances of overtime, if found meritorious, shall be remedied by equalizing overtime assignments in the future.

ARTICLE X
SENIORITY, LAYOFFS, JOB VACANCIES

Section 1. The seniority of an employee shall be established on the basis of his length of continuous service with the Board, from his last date of hire. An employee transferred out of the group of employees covered by this agreement shall retain his seniority but shall not accumulate additional seniority during his absence.

Section 2. If it becomes necessary to reduce forces in any classification the least senior employee will be layed off first. The employee thus affected will be allowed to bump a less senior employee in any classification he/she is qualified to perform the work. In the event of a recall the same factors shall be considered in determining the order of recall. If during the term of this agreement the Board determines that a lay-off is necessary due to automation or technological changes, no such lay-off will be implemented until the proposed lay-off has been negotiated.

Section 3. Employees in lower classifications shall be given an opportunity to make known their interest in job vacancies.

The following procedure shall apply to the filling of vacancies or new jobs that may occur in any classification. In the event that a job is anticipated to be filled on a temporary basis for more than 90 days, the job shall be posted for a specific time period. The job posting shall state that the position is being filled on a temporary basis. At the end of the time for the temporary position, the job will either a) cease to exist; b) be posted for another temporary time period; or, c) be bid on a regular basis.

When openings occur, employees will be allowed to bid (up, down or laterally) on any job opening.

Employees classified in the department in which the opening exists (Water, Gas, Sewer, etc.) will be given preference.

After bidding on a job and that bid being accepted, employee will be required to stay in that classification for at least 12 months. New employees shall be required to work 24 months prior to being eligible to bid on a job posting.

- (a) When a vacancy occurs such vacancy shall be posted for bidding.
- (b) The bulletin announcing such vacancy shall be posted for seven calendar days and shall show the job title, hours of work, rate of pay, and shall provide space for the listing of the applicants name. The bulletin shall show the closing date.
- (c) When necessary the job that is posted may be filled temporarily prior to the transfer of the employee definitely awarded the job.
- (d) When there is more than one qualified bidder on the same job, promotion will be based on seniority.
- (e) An employee selected to fill a new job will be given a reasonable time, not more than 90 calendar days with proper instruction to learn the job before final decision is made on his/her ability to handle the job. If it develops before the end of 90 calendar days that the employee either desires to return to the former position or is not performing satisfactorily in the new position, the employee shall be entitled to return to his/her former job with former status.
- (f) If no applicant has the qualifications required for the vacancy or new job, or if there be no applicant, the Board may assign a qualified employee subject to other provisions of this agreement, or hire a person qualified to fill the job.

- (g) A bulletin announcing the disposition of each job bid shall be posted for seven (7) calendar days showing the name and seniority date of the successful bidder. If there is no successful bidder the bulletin will so indicate.
- (h) Successful bidders for openings will be given credit for qualifications or prior experience and will start at the appropriate progression step. This provision shall be stated on the job vacancy posted.

Section 4. When an employee is temporarily assigned to work in a higher classification, employee will be paid the rate of classification assigned to for all hours worked. Such temporary assignments shall be designated by the Department Superintendent and/or Manager and shall not automatically occur as the result of the absence of an employee in a higher classification.

Section 5. A seniority list showing the seniority of employees shall be posted. In the absence of a complaint by an employee or the Union, the list shall be deemed correct for all purposes of this Article.

Section 6. An employee shall lose all seniority rights and shall cease to be an employee of the Board if:

- (a) He quits or is discharged.
- (b) He is absent from work for a period in excess of three consecutive working days without notifying the Board of a legitimate reason for absence.
- (c) He has been on layoff in excess of thirty-six (36) calendar months.
- (d) He has failed to return from a leave of absence on the first working day following expiration thereof unless his absence is based on a reasonable excuse.
- (e) He refused or fails to respond to a notice of recall and elects not to return to work within seven (7) days following the mailing date of such notice at the address of record with the Board.

Section 7. A probationary employee is an employee whose continuous length of service is less than 90 calendar days. When the probationary employee has accumulated 90 calendar days of continuous service, he will be placed on the seniority list with full seniority credit from date of hire. During an employee's probationary period, the Board shall not be restricted in its right to discharge such employee for any cause, except as limited by State or Federal law, and termination of a probationary employee shall not be subject to the grievance or arbitration procedures of this agreement.

Section 8. The seniority of any employee whose employment was, or may be temporarily interrupted by involuntary military service, shall be measured from the time of original employment by the Board.

Section 9. In the event of a lay-off or termination other than for cause, a three (3) day notice shall be given the employee and the chief steward.

Section 10. Probationary period may be extended by mutual agreement.

ARTICLE XI

VACATIONS

Section 1. Each employee with one or more years of continuous service shall be due vacation leave with pay. Continuous service shall be measured and determined as of the time of an employee's anniversary date of employment, and an employee must actually work during at least one-half of the pay period in the year prior to his anniversary date in order to qualify for a year of continuous service.

Section 2. The vacation allowance shall be as follows:

<u>Continuous Service</u>	<u>Amount of Vacation</u>
One to Five years	80 hours (10 days)
Five to Ten years	120 hours (15 days)
Ten to Fifteen years	160 hours (20 days)
Fifteen years	160 hours (20 days) plus 8 hours (1 day) per year over fifteen years to a maximum of 240 hours (30 days)

Section 3. Vacation pay shall be forty (40) hours straight-time pay per week.

Section 4.

- (a) The number of employees who are on vacation at the same time may be limited.
- (b) Vacations are scheduled by supervision. Preference as to dates is based upon seniority. Such preference to either a whole vacation or one portion of the vacation can be exercised only once in a calendar year. A period shall be specified during which each employee shall advise the Board of his or her vacation preference.

- (c) If an employee who has completed the minimum eligibility requirements for a vacation retires, resigns, is laid-off, is discharged, or dies, he or she, or his or hers survivors, will be paid for any vacation in the current year which has not been taken.
- (d) The minimum portion of a vacation that may be taken at any one time is one week except for specially approved split vacations as hereinafter provided:
1. Vacations will be scheduled in accordance with the normal procedure. An employee may take up to three weeks of vacation in portions of one or more whole days in accordance with their current year's vacation eligibility as follows: Employees eligible for two weeks vacation may fragment one week; employees eligible for three weeks of vacation may fragment two weeks; employees eligible for four weeks may fragment three weeks; employees eligible for five weeks may fragment four weeks; employees eligible for six weeks may fragment five weeks. Up to three days of an employee's fragmented vacation eligibility may be taken in one-half day increments, subject to all the provisions of this section. When first making such a request, the employee must designate which pre-scheduled week or weeks are to be fragmented; and these cannot be subsequently changed, that is, any remaining vacation days must be executed during the pre-scheduled weeks. The employee's request for one or more days of vacation must be made with reasonable advance notice.
 2. The Department Superintendent will have absolute discretion to approve or disapprove such requests, and his or her decisions will not be subject to challenge in the Grievance Procedure or Arbitration. Except for shift

ARTICLE XIII

SICK LEAVE

Section 1. Employees shall accrue eight hours (one-day) sick leave per month, to be calculated from the completion of the probationary period. Unused sick leave shall accumulate to a maximum of 1,440 hours (180 days). Employees with the maximum accumulation will continue to accumulate unused sick leave at a rate of eight (8) hours per month through November 30 of each year. In December, the employee shall be paid for 1/2 of the accumulated sick leave in excess of 1440 hours (180 days) and the accumulated leave balance shall be reduced to 1440 hours effective December 1.

Accumulated sick leave up to 180 days and 1/2 of accumulations in excess of 180 days will be paid upon any termination of employment except for cause.

Section 2. Occupational Disability - Any employee who is unable to perform his/her work due to an occupational injury shall receive full wages from date of injury until workman's compensation payments begin. Then, the employee shall receive the difference between workman's compensation payments and full wages not to exceed 100% of the employee's normal net pay.

Occupational disability pay shall be based on the employee's normal straight time basic weekly earnings. The amount of occupational disability pay will be the amount necessary, when added to the workman's compensation benefit payment, results in the take home pay (regular 40 hour pay check minus FICA and income tax) being 100% of the take home pay prior to the injury.

Section 3. The Board reserves the right to have an employee making a claim under this Article submit a statement by a Physician in support of the claim.

Section 4. Bereavement Leave:

- (a) Three working days with straight time pay of eight hours per day to attend the burial of a spouse, child, mother, father, brother, sister, grandchild, stepfather, stepmother, grandfather, grandmother, father-in-law or mother-in-law. This shall not be in addition to any holiday which may occur during the time period.
- (b) The time granted an employee under this Section 4 shall not be charged against the employee's accumulated sick leave.

Section 5. An employee may use sick leave if the employee is unable to return to work immediately after the expiration of bereavement leave (Section 4 above).

Section 6. Employees may use up to 40 hours of sick leave each calendar year as a result of a sickness of a relative defined in Section 4 (a) above. In the event of a continuing health problem of a relative defined in section 4(a), the Manager may approve use of sick leave in excess of 40 hours per year to enable the employee to attend to the health care needs of the relative.

Employees may be required to submit a physician's certificate as provided in Section 3 above.

ARTICLE XIV

INSURANCE

Section 1. Short Term Disability - The existing short term disability plan will be continued.

Section 2. Long Term Disability - Existing coverage continued.

Section 3. Dental - As updated effective March 1, 1998.

NOTE: Medical portion for oral surgery is subject to restrictions of
 medical and hospitalization insurance requirements.

Section 4. Vision - As updated effective March 1, 1998.

Section 5. Life Insurance - Life insurance coverage of \$50,000 will be provided for employees.

Section 6. Medical and Hospitalization - The medical and hospitalization plan shall be a Preferred Provider Organization (PPO). The benefit level shall include a doctor copay of \$15 (exclusive of podiatry and chiropracty) and a drug card with a \$10 copay for generic and \$15 copay for non-generic prescriptions. The first \$200 for a routine annual physical examination is included.

	<u>PHP NETWORK</u>	<u>NON PHP NETWORK</u>
Deductible	\$ 250	\$ 400
No per family	2	2
Additional for out of pocket for covered expense	900	1,500
No. per family	2	2
Co/pay	80/20	65/35

Section 7. Medical insurance benefits for retired employees and their dependents shall be as stated on pages 8 and 9 in the City of Loudon/Loudon Utilities Employee Health Plan Document, effective 10/1/97 (restated March 1, 1998).

Section 8. The Loudon Utilities Board may change carriers and type of plan to maintain satisfactory service and economy. However, in the event of a change, the new coverage will maintain a level of benefits specified above. All insurance premiums for employee and dependent coverage will be paid by the employer through the term of this agreement.

Section 9. The Board agrees to meet with a three (3) person Advisory Committee to review the insurance program. At a minimum, the meetings will be held annually.

ARTICLE XV

JURY DUTY

Section 1. Where an employee is called for jury services, the Department Superintendent shall be notified the next business day, if employee loses scheduled work time by reason thereof, he shall be paid the difference in the amount he receives for jury service and his straight-time pay of not more than eight (8) hours per day.

If jury duty disrupts employee from reporting for regular work hours, employee will be excused from shift with surrender of jury duty pay.

Section 2. Shift status workers will be rescheduled to day shift and the employee on the second rotation of days will be rescheduled to the vacated shift.

ARTICLE XVI

EQUIPMENT

Section 1. The Board shall furnish employees the following equipment on an as-needed basis: rubber boots, rain gear (pants, coats, hats), rubber gloves, hard hats, and hand tools. The Board will furnish climbing tools to new employees and replace climbing tools of present employees as necessary.

Section 2. Employees will be paid on a payroll check a net of \$75 each August to offset the cost of work boots.

Section 3. An employee shall be responsible for the cleanliness and proper care of equipment furnished by the Board and shall return the same in the event he leaves the Board's employ.

ARTICLE XVII
WORK AND SAFETY RULES

Section 1. The APPA Electric Safety Manual is adopted. The Board shall have the right to adopt, modify and enforce any other reasonable work and safety rule(s) upon notification thereof to the employee(s) and the Union.

Section 2. The Board and the Union recognize the importance of safety and shall co-operate in the implementation of safety rules. Moreover, the Board shall periodically conduct safety meetings for the benefit of the employees. A safety meeting will be held each month for each department.

Section 3. Written reprimands will be a part of an employee's permanent file. One year after the issuance of a written reprimand, the reprimand will be reviewed and determination made as to whether it will be considered in any future disciplinary proceeding. After two years, a written reprimand will not be used in any future disciplinary proceeding.

Section 4. Salaried employees will not perform the work of an employee covered under this agreement except in case of emergency or for the purpose of instruction.

ARTICLE XVIII

RETIREMENT

Section 1. The Board shall establish and maintain a retirement plan for employees as is authorized under existing federal law and is commonly known as a 401(K) plan. The Board will attempt to provide a similar coverage in the event the Federal law changes. However, any change in applicable State and Federal law will not increase the Board's obligation.

Section 2. The Board will pay an amount equal to 11% of the employee's base pay for hours paid at base rate into the retirement plan established.

ARTICLE XIX
NO DISCRIMINATION

Section 1. The Board and the Union agree not to discriminate against any individual with respect to hiring, compensation and terms or conditions of employment because of such individuals race, color, religion, sex, national origin, or age, nor will they limit, segregate, or classify employees in any way to deprive any individual employee of employment opportunities because of race, color, religion, sex, national origin, or age.

ARTICLE XX

CHECK-OFF AND PAYROLL DEDUCTION

Section 1. The Board agrees to deduct from the pay of each employee covered by this agreement the dues, initiation fees, and/or uniform assessments of the Union and to remit to said Union all such deductions by the tenth (10) day of the month following the month in which the deduction is made, provided that the Union delivers to the Board a written authorization thereof, signed by the employee. Any written authorization submitted pursuant to this article, regardless of the language thereof, shall be revokable at the will of the employee upon written notice to the Board and the Union by certified mail.

The Union shall certify to the Board in writing a statement of the dues, initiation fees, and uniform assessments owed to be deducted. The Board shall make deductions from the employee's earnings, if any, from the first payroll paid during the month, and with respect to that payroll, no dues shall be deducted for him that month. The Union agrees to hold the Board harmless from all claims of employees with respect to the deduction and remittance of dues, initiation fees, and assessments.

Section 2. The Board agrees to deduct from wages of any employee who wishes to participate in the Credit Union set up by the Local Union 760 any sum the employee specifies. The sum shall be in multiples of \$5.00. Such sum shall be withheld only upon the filing of appropriate written authorization with the Personnel Department. The money deducted to be forwarded to the U C Employees Federal Credit Union, 956 Mulberry Street, Loudon, Tennessee 37774.

The Union agrees to hold the Board harmless from all claims of employees with respect to the credit union deductions.

ARTICLE XXI

SHIFT STATUS EMPLOYEES

Section 1. Application and Purpose - The provisions of this article are intended to address shift workers in general and plant operators in particular. The purpose of this section is to set forth the agreement between the Board and the Union as to rates of pay, hours of work, and other conditions of employment to be observed by the parties, except as may be amended hereafter by written mutual agreement of the parties.

Section 2. General Conditions

- (a) Shift workers will not be eligible for standby duties but will be subject to call-in (as described herein) when required.
- (b) In the case of absence or tardiness of relief shift worker, employee on duty shall remain on duty until properly relieved. Due to the nature of plant operations, operators shall be required to remain on plant premises during working hours unless normal performance of duties require operators to be away from the plant.
- (c) Management will establish work schedules to provide continuity of operations. Management reserves the right to alter established schedules in order to provide shift coverage in event employees are absent in excess of two (2) shifts (Monday through Friday) due to attendance of approved training schools, certification tests, or other foreseen absences. Determination of which employee's(s) work schedule is to be altered will be based on seniority. Employee shall be paid at the rate of 1-1/2 times normal rates for first eight (8) hours worked if temporary change is made with less than 48 hours notice.

Section 3. Classification Requirements - All operators are required to pursue an on-going training program as specified by the supervisor. The training programs will be at the Board's expense and will include a combination of on-the-job training, approved schools and correspondence courses, as available. The following classifications apply to water and wastewater plant operators:

<u>Classifications</u>	<u>Requirements</u>
Operator Trainee (probationary)	Successfully complete operator trainee exam.
Operator Trainee I	First 3 months after completion of probationary period (if applicable).
Operator Trainee II	Next 6 months after Operator Trainee I completed and satisfactory training progression.
Operator Trainee III	Next 6 months after Operator Trainee II completed and satisfactory training progression.
Plant Operator	After Operator Trainee III completed.
Class 3 Operator	Acquire and maintain State Operator Certification Board Class 3 Certification and demonstrate competence and familiarity with operation of Company's plant.

Class 4 Operator

Acquire and maintain State Operator Certification Board Class 4 Certification and demonstrate competence and familiarity with operation of company's plant.

All operators will be required to pursue Class 4 operator certification. To that end the Board will pay for the registration, travel, meals and lodging expense incurred for attending training courses approved by the Department Superintendent. It is expressly understood the training programs enable the employee to qualify or maintain qualification for increased compensation.

Section 4. Hours of Work and Overtime

- (a) This section is intended to define normal work hours and shall not be construed as a guarantee or limitation of hours of work nor as a restriction on the Board in adjusting the working schedule to meeting operating requirements.
- (b) The normal work week for payroll purposes shall begin at 11:00 P.M. Saturday and end at 11:00 p.m. the following Saturday.
- (c) The normal work day shall consist of eight (8) hours of work.
- (d) Normal hours for rotating shift employees are as follows:

First shift	11:00 P.M. - 7:00 A.M.
Second shift	7:00 A.M. - 3:00 P.M.
Third shift	3:00 P.M. - 11:00 P.M.

Hours of work include a 20 minute compensated lunch period to be scheduled so as not to interfere with plant operation.

(e) An employee's last scheduled shift will be used to determine shift premiums for overtime pay.

(f) Sunday Rate:

Employees working on Sunday will be paid at the rate of 2 times the regular rate.

(g) Call-Inn:

An employee who has left the plant and is called in to work unexpectedly will receive three (3) hours pay at straight-time, or 1-1/2 times his or her regular rate as overtime pay for actual hours worked, whichever is greater.

(h) Vacations:

Shift workers may schedule up to 56 hours of continuous vacation during any shift.

(i) Rotating Shift Premiums:

Employees who are on a rotating shift schedule will receive an additional shift premium as follows:

First shift	11 P.M. - 7 A.M.	\$0.30
Second shift	7 A.M. - 3 P.M.	\$0.30
Third shift	3 P.M. - 11 P.M.	\$0.30

Any future fixed shift shall have a premium determined.

(j) Holiday Pay:

Employees will receive 12 extra hours of pay for each holiday. Employees who are scheduled to work on a holiday must work the holiday to receive their holiday pay. Employees who are not scheduled to work on a holiday must work their regular scheduled shifts before and after a holiday to receive their holiday pay. An employee who does not qualify for the 12 hours of holiday pay will receive eight (8) hours of holiday pay and not be charged for sick leave or vacation leave for the holiday.

- (k) Overtime will be paid for time worked in excess of 40 hours per week and eight hours per day. Sick leave and vacation time will be counted as hours worked for holiday pay and overtime purposes. Employees who are scheduled to work a holiday and elect to take the time off, will have the eight (8) hours scheduled for the holiday count towards hours worked for overtime purposes.

(l) Shift Swapping:

An employee may swap shifts with other employees three (3) days during a pay period provided no shift on which a Class III or Class IV Operator was scheduled to work is left without at least a Class III Operator. The following regulations also apply:

1. An employee cannot swap shifts that result in an employee working more than 16 consecutive hours.
2. Employee must provide prior notification to Supervisor of any shift swap.
3. Shift swapping will not result in the basis for an employee being eligible for a higher hourly rate of pay.

4. Shift swapping will not enable an employee to be eligible for holiday pay without working the shift requirements specified in subsection (k) above.
5. Any employee who desires to swap more than three shifts during a pay period must have prior approval of Supervisor.
6. All shift swaps must be accomplished within two consecutive pay periods.
7. It is understood that shift swapping is a method to provide for continuity of operations while allowing employees a flexible means of providing for personal emergencies and family or personal related events. Supervisors will use their judgment to determine if the above guidelines are being abused in approving any shift swaps.
8. If at any time in the future State or Federal regulations mandate the payment of overtime rates of pay because of shift swapping, shift swapping will be ended.

ARTICLE XXII
CUSTOMER SERVICE OFFICE EMPLOYEES

Section 1. The provisions of this article are intended to address specific difference which apply to employees of the Customer Service office. It is understood the direct service provided to customers by employees of this office will entail certain operational policy differences.

Section 2. The normal hours of work shall be 8:00 A.M. to 4:30 P.M.

Section 3. Shirts and/or blouses will be provided which identifies employees as employees of Loudon Utilities. Identification cards will be provided.

ARTICLE XXIII

APPRENTICESHIP AND TRAINING

Section 1. There is hereby established a Lineman Apprentice Training Committee composed of two (2) working foremen, three (3) linemen and up to four (4) representatives selected by Management. The Lineman Apprentice Training Committee has the responsibility to develop and oversee Loudon Utilities' Lineman Apprentice Training Program.

It is understood the Lineman Apprentice Training Program may be amended, modified, and/or altered in any manner by the Lineman Apprentice Training Committee at any time. All employees classified as a Lineman Apprentice must comply with the rules, regulations, or standards that are adopted by the Apprentice Lineman Training Committee from time to time.

ARTICLE XXIV
WAIVER AND NOTICE

Section 1. Failure of the Board or the Union to enforce, or insist upon, the performance of any term, condition or provision of this agreement in any one or more instances shall not be deemed a waiver of such term, condition or provision. No term, condition or provision of this agreement shall be deemed waived by the Board or the Union unless such waiver is reduced to writing and signed by agents of both the Board and the Union who have actual authority to give such waiver. If such written waiver is given, it shall apply only to the specific case for which the waiver is given and shall not be construed as a general or absolute waiver of the term, condition or provision, which is the subject matter of the waiver.

ARTICLE XXV
ENTIRE AGREEMENT

Section 1. The Union agrees that this agreement is maintained to cover all matters affecting wages, hours, and other terms and conditions of employment and similar or remaining subjects, and that during the term of this agreement neither the Board nor the Union will be required to negotiate on any further matters affecting these or other subjects not specifically set forth in this agreement.

Section 2. Nothing in this Memorandum of Understanding will prevent the adoption of new regulations, policies, or procedures that are required in order to comply with Federal or State laws or regulations.

Section 3. The employees covered by this Memorandum of Understanding are covered by the Family and Medical Leave Act.

IN WITNESS THEREOF, the parties have signed this agreement in duplicate on the date first above written.

SIGNED FOR THE BOARD:

SIGNED FOR THE UNION:

Eugene Lambert

CHAIRMAN OF THE BOARD

PRESIDENT -LOCAL UNION 760 IBEW

W. Bruce Baker

MANAGER OF THE POWER BOARD

Allen Pass, Jr.

BUSINESS MANAGER-FINANCIAL

SECRETARY LOCAL UNION 760 IBEW

SUBJECT TO THE APPROVAL OF THE INTERNATIONAL PRESIDENT OF THE
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

A.F.L. - C.I.O.

