

ADMINISTRATIVE POLICY NO. 619

1. SUBJECT: EXPENSE REIMBURSEMENT

2. OBJECTIVE:

2.1. This document ensures that employee travel is consistent with the business objectives of Beartooth Electric Cooperative, Inc. (BEC). It also ensures fair and equitable treatment of employees by defining procedures for authorized business travel and guidelines for expense reimbursement.

3. POLICY:

3.1. A critical balance must be sought when requesting travel. This is BEC's need for cost effectiveness and the employee's need for quality services and support. Employee travel should be via the lowest cost alternative and consistent with good business practices. Neither luxury, nor sub-standard modes of transportation and accommodations should be used.

3.2. Employee travel and the expenses associated with it will be authorized only in circumstances which are clearly consistent with the mission of BEC. It will be the responsibility of each supervisor to ensure that all employee travel meets this objective and that reimbursement made only for actual, reasonable business expenses in connection with authorized travel as defined in this document. In order to maintain control over expenditures, any expense submitted which do not comply with the guidelines of this procedure will not be reimbursed, unless accompanied by a valid exception by management. Expense reports must be submitted in a timely manner.

3.3. Policy Implementation:

3.3.1. Supervisor's Responsibility:

3.3.1.1. Supervisor should know current travel policy and inform their departmental staff of BEC's policy and procedures.

3.3.1.2. Approve expenses accordance with policy.

3.3.2. Employee's Responsibility:

3.3.2.1. Book travel arrangements as early as possible of necessary travel arrangements. If you book travel arrangements seven (7) days or more in advance, your trip will in most cases cost considerably less.

3.3.2.2. Incur only expenses that are consistent with the business needs, and exercise

care in determining appropriate expenditures.

3.3.2.3. Submit expense reports as outlined in the expense section on this policy, on a timely basis (within 30 days). Employee must pay company credit card balances when due.

3.3.3. Air Travel:

3.3.4.1. When air travel is necessary, air travel will be via the most direct and economical means, accommodating the comfort, needs and preferences of the employee. Deviations from the lowest fare must have manager approval.

3.3.4.2. Use of "Non-Refundable" airfares is recommended. These fares are usually considerably less expensive than refundable un-restricted fares. In most cases, if the travel must change or the trip canceled all together, the funds can be used as a credit toward future travel, less a service charge imposed by the airline.

3.3.4.3. Business class travel is not permitted. All employees will fly least expensive economy class.

3.3.4.4. Employees may retain all benefits from frequent flyer club memberships. All dues for such clubs must be paid by employee.

3.3.4.5. Employee choosing to use personal modes of travel between cities serviced by regularly scheduled airlines will be reimbursed based on least expensive airfare or actual expenses, whichever is less.

3.3.4. Auto Rental:

3.3.4.1. When a rental car is necessary, rental car will be via the most economical means.

3.3.4.2. Auto rentals must include the collision damage waiver (CDW) and the personal liability insurance *or* the company insurance package covers employees while traveling. Therefore, decline the optional insurance coverage. In the event of an accident while traveling, you must notify the Accounting Manager immediately.

3.3.4.3. Employees can request either compact or intermediate size cars. Rentals for other types of cars are not permitted except with manager approval. Luxury, premium and specialty car rentals will be reimbursed only at the intermediate car rate.

3.3.5. Personal Auto Reimbursement:

3.3.5.1. Employees are only authorized to use his/her automobile if they have both a

valid driver's license and current comprehensive auto insurance, including liability. If not, the employee is not authorized to travel for BEC.

3.3.5.2. When an employee uses his/her personal automobile on approved BEC business, BEC will pay according to the IRS mileage reimbursement current at the time of travel. BEC will also reimburse all actual auto tolls and parking fees, with a receipt.

3.3.5.3. In order to receive reimbursement for mileage, the employee must complete an expense report specifying purpose of trip, start and finish odometer reading, point of origin, destination and time of trip.

3.3.5.4. The employee assumes the responsibility for all parking and traffic fines.

3.3.6. Lodging:

3.3.6.1. All BEC authorized accommodations must meet with industry accepted business travel standards with reference to comfort, convenience and cost. Holiday Inn, Hampton Inn, Fairfield Inn-type overnight accommodations have been set as an acceptable standard for all company employees. You are free to make other arrangements, however BEC will NOT reimburse for more than \$175.00 per night base rate, unless approved by a manager.

3.3.6.2. All hotel reservations will be guaranteed to the BEC credit card. It is the employee's responsibility to cancel hotel reservations within the hotel cancellation policy time frame. You must obtain a cancellation number when canceling a hotel reservation. BEC will not reimburse hotel "no-show" fees, unless approved by a manager.

3.3.7. Meals and Entertainment:

3.3.7.1. Actual, reasonable and necessary costs for meals will be reimbursed. The employee should be guided by what he/she eats at home. Reimbursement may include a gratuity of up to fifteen (15%) percent of the bill, before sales tax.

3.3.7.2. Entertainment expenses are reimbursable only with manager approval, and must meet the following conditions:

3.3.7.2.1. The employee's specific assignment requires the entertainment of BEC's customers or potential customers, or others as appropriate.

3.3.7.2.2. The entertainment expense is fully receipted (original receipts required).

3.3.7.2.3. The persons entertained, the place and the purpose of the entertainment must be clearly specified.

3.3.7.2.4. Non-reimbursable expenses include, but are not limited to: alcoholic beverages, airline club dues, rental car club membership fees, airline head set rental, in-room movies, fines for traffic violations, insurance on life or personal property while traveling, purchase of clothing and/or other personal items, expenses for family, child, pet, home and property care while on a trip.

3.3.8. Laundry Service:

3.3.8.1. Actual and reasonable laundry expenses will be reimbursed. Receipts must be provided. This applies only after the employee has been away from home for five (5) consecutive days, or if the trip has been unexpectedly extended.

3.3.9. Expense Reporting: The following conditions apply when submitting expense reports:

3.3.9.1. Actual and reasonable expenses are reimbursed in accordance with the provisions of this policy and procedure.

3.3.9.2. Employee must submit expense reports during the week after incurring the expenses, or upon returning to the office, whichever is sooner. Failure to submit expense reports within thirty (30) days will disqualify the employee from receiving reimbursement for expenses incurred while traveling on BEC business.

3.3.9.3. Include the following items in, or attached to, the expense report when submitting it for payment:

3.3.9.3.1. Original receipts for meal, lodging, air or auto transportation, tolls, gasoline and any other business expenses.

3.3.9.3.2. Explanation of any deviation from policy, unauthorized vendors, lodging or transportation and/or charges submitted "in lieu of" normal expenses.

4. RESPONSIBILITY:

4.1. The General Manager and Department Supervisors shall ensure that the provisions of this policy are followed.

Adopted: 02/22/2013
Revised: 06/30/2015
Reference: New
Review Date: June 2017

Attest: /s/ Richard Nolan
Secretary/Treasurer

Attest: /s/ Roxie Melton
Board President