

EMPLOYEE RELATIONS POLICY NO. 501

1. SUBJECT: WAGE AND SALARY

2. OBJECTIVES:

- 2.1. To establish salaries that attract, retain and reward qualified personnel, and encourage strong performance, growth and employee development.
- 2.2. To provide Beartooth Electric Cooperative, Inc. (BEC) employees with assurance that their salary is competitive, both locally and within the industry.
- 2.3. To enable the Board of Trustees to thoughtfully determine budget requirements and employee development needs.

3. POLICY CONTENT:

- 3.1. A wage and salary plan designed to meet the stated objectives will be maintained by the General Manager and approved by the Board.
- 3.2. The General Manager shall recommend any revisions to the wage and salary plan to the Board. These recommendations will be based on internal and external economic conditions, labor market surveys and any other relevant factors.

4. CRITERIA FOR COMPENSATION INCREASES:

- 4.1. To ensure that employees are adequately rewarded for performance, compensation may be increased in one or a combination of the following ways:
 - 4.1.1. Across-the-Board Increases: While the BEC wage and salary plan is based on employee performance, periodic “Across-the-Board Increases” may be made by the Board, based on the financial strength of BEC and market conditions.
 - 4.1.2. Annual Performance Review: Raises and/or bonuses will be based on individual employee performance, the financial strength of BEC and market conditions. Near each employee's annual anniversary (defined as the date on which the employee entered his or her present position), a performance review will be conducted. Based on the review, an employee may receive a salary increase provided it is within the budget constraints as set by the Board during the budgeting process and does not exceed the upper limit of the wage and salary range for that position.
 - 4.1.3. Company 401(k) Goals: As a part of the annual budgeting process, a series of company 401(k) goals will be developed and presented to the Board for approval.

Achievement of these goals will determine the contribution level to employee's 401(k) plans. These monies will be determined at the end of each year and will be paid monthly to employee's 401(k) accounts throughout the following year.¹

4.1.4. Individual Achievement: an employee may also receive an incentive award for outstanding individual effort. These incentives will be based on the individual contributions and the performance of each employee, the financial strength of BEC, along with market conditions.

5. ADMINISTRATION:

The plan will be administered by the General Manager. Administration will include:

- 5.1. Gathering of data on an annual basis to determine how BEC's wages and salaries compare to those of similar organizations;
- 5.2. Ensuring that position descriptions are updated to reflect changes in positions and duties; and
- 5.3. To ensure the performance appraisal system is used to measure individual employee contributions and effectiveness.

6. RESPONSIBILITY:

- 6.1. The General Manager and staff shall ensure that the provisions of this policy are followed.

Adopted: 05/25/2012
Revised: 06/30/2015
Reference: LV Policy No. 501
Review Date: June 2017

Attest: /s/ Richard Nolan
 Secretary/Treasurer

Attest: /s/ Roxie Melton
 Board President

¹Beginning with the 2012 incentive payout during 2013, eligible employee contributions to his or her 401(k) account will be matched dollar-for-dollar by Beartooth Electric Cooperative, Inc. 401(k) contributions up to an amount not to exceed 3% of employee's annual salary.