



**Electric Power Board Meeting**  
**Wednesday, 7/23/2025**  
**8:00 - 9:30 AM CT**  
**Board Chair Michael Vandenberg**

**1. Call to Order**

*Call to Order - Page 4*

**2. Safety Tip - Brad Heck**

*Safety Tip - Page 5*

**3. Introduction of NES Interns - Dr. Trish Holliday**

*Introduction of NES Interns - Page 7*

**4. Public Comment Period - David Frankenberg**

*Public Comment Period - Page 8*

**5. Committee Reports**

*Committee Reports - Page 9*

**a. Legal Committee**

*Legal Committee - Page 10*

**6. Consent Agenda**

*Consent Agenda - Page 11*

**a. Recommendation for approval of minutes from the regular meeting held June 25, 2025**

*Power Board Minutes - June 25, 2025 - Page 12*

**7. Discussion Items**

*Discussion Items - Page 18*

**a. Recommendation for approval of a new Lease Agreement with Enbright Credit Union -  
Laura Smith**

*Recommendation for approval of a new Lease Agreement with Enbright Credit Union -  
Page 19*

**b. Recommendation for approval of an Amendment to Contract with iVox Solutions - Sonya  
Pullens**

*Recommendation for approval of an Amendment to Contract with iVox Solutions - Page 20*

**c. Recommendation for approval of Purchases - David Frankenberg**

*Purchases - Page 21*

**8. Financial Report - David Frankenberg**

*Financial Report - Page 25*

**9. Quarterly Report on Supplier Diversity Program - Amy McGlothter**

*Quarterly Report on Supplier Diversity Program - Page 28*

**10. Quarterly Report on Community Involvement and Economic Development - Laura Smith**

*Quarterly Report on Community Involvement and Economic Development - Page 31*

**11. LED Streetlight Project Update - Vaughan Charles**

*LED Streetlight Project Update - Page 32*

**12. President's Report - Teresa Broyles-Aplin**

*07-2025 President's Report - Page 43*

**13. Miscellaneous**

*Miscellaneous - Page 45*

**14. Recess to Civil Service Board Meeting**

*Recess to Civil Service Board Meeting - Page 46*

**15. Consent Agenda**

*Consent Agenda - Page 47*

**a. Recommendation for approval of minutes of the meeting held June 25, 2025**

*Civil Service Minutes - June 25, 2025 - Page 48*

**16. Discussion Items**

**a. Recommendation for approval of revisions to the Policy Manual, Bylaws and Civil Service Rules - Laura Smith**

*Recommendation for approval of revisions to the Policy Manual, Bylaws and Civil Service Rules - Page 50*

**i. Policy Manual Redline**

*Policy Manual Redline - Page 51*

**ii. Bylaws Redline**

*Bylaws Redline - Page 186*

**iii. Civil Service Rules Redline**

*Civil Service Rules Redline - Page 214*

**17. Cultural Transformational Journey - Year Four - Dr. Trish Holliday**

*Cultural Transformational Journey - Page 279*

**18. HR-Corporate Services Workforce Update – Dr. Trish Holliday**

*HR-Corporate Services Workforce Update - Page 280*

**19. Miscellaneous**

*Miscellaneous - Page 281*

**20. Adjournment of Civil Service Meeting**

*Adjournment of Civil Service Meeting - Page 282*

**21. Reconvene to ratify actions taken by Civil Service Board**

*Reconvene to ratify actions taken by Civil Service Board - Page 283*

**22. Adjournment of Electric Power Board Meeting**

*Adjournment of Electric Power Board Meeting - Page 284*

**23. Annual Meeting of the Electric Power Board**

*Annual Meeting of the Electric Power Board - Page 285*

**a. Election of Chairman and Vice Chairman**

*Election of Chairman and Vice Chairman - Page 286*

**b. Discussion of Committee Assignments**

*Discussion of Committee Assignments - Page 287*

**c. Report on past Twelve Months' Operations - Teresa Broyles-Aplin/David Frankenberg**

*Report on Twelve Months' Operations - Page 288*

**i. 2025 Company-Wide Accomplishments - Teresa Broyles-Aplin**

*2025 Company-Wide Accomplishments - Page 289*

**ii. 2025 Financial Operations - David Frankenberg**

*2025 Financial Operations - Page 293*

**d. Recess to Annual Meeting of the Board of Trustees for Other Post Employment Benefits Trust**

*Recess to Annual Meeting of the Board of Trustees for Other Post Employment Benefits Trust - Page 311*

**24. Annual Meeting of the Board of Trustees for Other Post Employment Benefits Trust**

*Annual Meeting of the Board of Trustees for Other Post Employment Benefits Trust - Page 312*

**a. Recommendation for approval of the minutes from the Board of Trustees for Other Post Employment Benefits Trust held July 24, 2024**

*Recommendation for approval of the minutes from the Board of Trustees for Other Post Employment Benefits Trust held July 24, 2024 - Page 313*

**b. Report on the Board of Trustees actions taken during the year - David Frankenberg**

*Report on the Board of Trustees actions taken during the year - Page 314*

**c. Adjournment of Trustee Meeting**

*Adjournment of Trustee Meeting - Page 316*

**25. Reconvene Annual Meeting to ratify actions taken by the Board of Trustees for Other Post Employment Benefits Trust**

*Reconvene Annual Meeting to ratify actions taken by the Board of Trustees for OPEB - Page 317*

**26. Adjournment of Annual Meeting**

*Adjournment of Annual Meeting - Page 318*

## Call to Order

## **PEDESTRIAN SAFETY**

On June 8, 2025, a local attorney and resident of the Germantown neighborhood was struck in a marked crosswalk while walking her dog. Sadly, she succumbed to her injuries. From all accounts, the driver was simply distracted and not otherwise impaired.

Nashville has become an increasingly pedestrian town, especially in the downtown work areas and neighborhoods.

It is important that all of us in the course of our commute and in driving associated with our jobs be alert for pedestrians both where we expect, and also possibly least expect, to encounter them.

Here are key aspects of the Tennessee Pedestrian Laws:

Pedestrians are defined in state law as those walking or in wheelchairs, and they have the right to travel on all Tennessee roads that are not access controlled, such as interstates.

### **Drivers**

Drivers have responsibilities to protect pedestrians on our roads by staying alert, yielding at crossings, and exercising due care to avoid injuring people.

In all situations, drivers must:

- Exercise due care to avoid colliding with any pedestrian on any roadway.
- Yield the right-of-way for pedestrians in marked crosswalks.
- Yield the right-of-way for pedestrians when emerging from alleyways or driveways
- Stop at marked crosswalks for pedestrians in school zones and yield at unmarked crosswalks for pedestrians in school zones.

Drivers Must Not:

- Overtake and pass another vehicle stopped at a crosswalk

### **Pedestrians**

Pedestrians have the right to:

- Use any road in the State of Tennessee that is not access controlled (like an interstate).
- Cross the road at any location unless restricted by local ordinance, or where there are adjacent signalized intersections.
- Be yielded to in marked crosswalks, alleyways and driveways.

Pedestrians must:

- Use sidewalks when available, unless they are obstructed.
- When practicable, use the left side of the roadway facing traffic when not on a sidewalk.

- Yield to vehicles on the roadway when crossing the road outside of a marked or unmarked crosswalk.

## **Crosswalks**

Did you know that there is a crosswalk at every intersection on our roads in Tennessee?

### **Marked Crosswalks**

Some crosswalks use white paint striping or bricks to mark it is a crossing location for pedestrians- these are called “marked crosswalks.” Some marked crosswalks are not at intersections but between blocks- these are called “mid-block crosswalks” and they may have signals to assist people crossing by alerting drivers. Drivers must yield to pedestrians in these crosswalks, whether signalized or not.

### **Unmarked Crosswalks**

Most intersections in Tennessee don’t have any striping at all, but they are still legally designated places for pedestrians to cross the street. These are called “unmarked crosswalks,” but drivers must still yield the right of way to pedestrians in this type of crosswalk.

Pedestrians are not required to use a crosswalk (unless they are between adjacent signalized intersections or local ordinances have restricted their crossing), and they must yield to vehicles on the roadway before doing so.

## Introduction of NES Interns

## Public Comment Period

## Committee Reports

## Legal Committee

## Consent Agenda

**MINUTES OF THE  
ONE THOUSANDTH THREE HUNDREDTH AND SIXTY FIFTH MEETING  
ELECTRIC POWER BOARD OF THE METROPOLITAN  
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
HELD JUNE 25, 2025**

The regular meeting of the Electric Power Board was held on Wednesday, June 25, 2025.

Members present: Rob McCabe, Anne Davis, and Clifton Harris; Board Chair Michael Vandenberg attended virtually

Officers present: Teresa Broyles-Aplin, David Frankenberg, Laura Smith, Dr. Trish Holliday, and Brent Baker

Board Chair Michael Vandenberg called the meeting to order at 8:23 a.m.

**PUBLIC COMMENT PERIOD**

David Frankenberg informed the Board that two requests to speak had been received from Dan Terpstra and Pam Jones, both concerning the topic of solar balconies.

**COMMITTEE REPORT**

*Audit and Ethics Committee*

Audit and Ethics Committee Chair Rob McCabe reported that the Committee met this morning and approved the minutes of the May 28, 2025, meeting.

The Committee recognized fourteen NES linemen teams for their participation in the Tennessee Valley Lineman Rodeo.

In addition, the Committee reviewed the results of the annual Internal Audit Survey and heard presentations on NERC-SERC Reporting and Compliance, as well as the Encompass QAR Internal Audit Report provided by Kraft CPAs. The Committee did not go into Executive Session.

**RECOMMENDATION FOR APPROVAL OF THE MAY 28, 2025, ELECTRIC POWER BOARD MINUTES**

Upon motion by Member McCabe and seconded by Member Davis the Board approved the May 28, 2025, Electric Power Board minutes with four ayes and zero nays.

**RECOMMENDATION FOR APPROVAL OF A PHYSICAL SECURITY CONTRACT**

Demond Ivery reported that NES' current contract with Walden Security, responsible for providing onsite physical security at NES' downtown facility and service centers, is set to expire on August 31, 2025. For the upcoming contract term, NES conducted a competitive selection process

involving two qualified vendors. Following a thorough review of proposals, the evaluation committee recommended Walden Security to continue as NES' physical security provider.

Management recommended approval of a new contract with Walden Security, effective September 1, 2025, through August 31, 2030, at a not-to-exceed amount of \$11,000,000.

Upon motion by Member McCabe and seconded by Member Harris, the Board approved a new contract with Walden Security at a not-to-exceed cost of \$11,000.000 with four ayes and zero nays.

## **RECOMMENDATION FOR APPROVAL OF A MEMORANDUM OF UNDERSTANDING WITH NESEA AND MANAGEMENT**

Management brought before the Board its recommendation for approval of proposed revisions on pay and related matters in accordance with Policy Manual Section 16 D (g). In 1968, Management and NESEA signed an agreement with the purpose of fostering better employee relations. Dr. Trish Holliday spoke on the collaboration with NESEA and the continued focus on teamwork.

Jeff Eck explained that he was bringing three proposals to the Board for approval - a change in the annual wage increase parameters, an increase in the pension cost of living, and a change in the timing of the contributions of NES's Defined Contribution Plan. Mr. Eck reviewed the proposed changes which were outlined in the board materials. He explained that NES retirement increases over the past decade have not kept up with inflation and that Social Security increases have exceeded those of NES.

Tabitha Beach briefed the Board on the anticipated financial impact of the plan changes and stated there will be an increase in the annual pension plan contribution of \$5.3 million and a FY25 expense of approximately \$42 million. She indicated that these amounts are included in the annual recommendation.

Member McCabe asked if this is a one-time expense. Ms. Beach replied yes.

Member McCabe requested clarification from Mr. Eck regarding his comment on Social Security. Mr. Eck acknowledged that NES's increases in retiree compensation have not matched the yearly Social Security cost-of-living adjustments. In response to Member McCabe's question on whether NES retirees view Social Security increases as a benchmark, Mr. Eck confirmed that they do.

Chair Vandenberg expressed appreciation to those involved in these revisions for their efforts to better understand the issues and noted that it is an example of thoughtful leadership. He questioned how the proposed costs compare with current bond commitments and asked whether financial alignment would be maintained if the recommendations are approved. Mr. Frankenberg responded that this was not part of the financial plan submitted to the Board in May. He stated that the positive financial trends anticipated for the year are expected to be greater than originally projected and passage of the proposal alone would not materially impact the company's financial security.

Management recommended approval of the proposed revisions to non-supervisory employee pay and related matters in accordance with Policy Manual Section 16 as outlined.

Upon motion by Member Harris and seconded by Member McCabe the Board approved the memorandum of understanding with NESEA and Management with four ayes and zero nays.

After discussion of the Third Amendment to the NES Defined Contribution Retirement Plan, approval of the resolution was recommended.

Upon motion by Member Harris and seconded by Member McCabe the Board approved the NES Defined Contribution Retirement Plan Resolution with four ayes and zero nays.

After discussion of the First Amendment to the NES Retirement Annuity and Survivors' Benefit Plan, approval of the resolution was recommended.

Upon motion by Member Harris and seconded by Member McCabe the Board approved the NES Retirement Annuity and Survivor's Benefit Plan Resolution with four ayes and zero nays.

## **RECOMMENDTION FOR APPROVAL OF PENSION AND OPEB PLAN FUNDING FOR PLAN YEAR 2026**

Tabitha Beach introduced Laura Stewart and Joseph Meyers, USI representatives, who were present to assist with any questions about the valuations or recommended contributions. Ms. Beach presented the funding overview for the Pension and OPEB Plan for Plan Year 2026. She explained that the NES Retirement Annuity and Survivors' Plan is a single-employer, defined benefit pension plan administered by the Board, providing retirement and survivor benefits to eligible members and beneficiaries. Eligibility includes all full-time employees hired before July 1, 2012.

Ms. Beach discussed the annual required contributions and provided a summary of the three most recent actuarial valuations that inform the Actuarially Determined Contribution (ADC). She reviewed a reconciliation between the recommended ADC and the prior year's ADC for the Plan. The budgeted ADC for 2025, before overhead allocations, was \$33,477,000. Additionally, management recommended including a discretionary contribution to account for the impact of the compensation revisions approved in the prior section.

Ms. Beach explained that the NES Other Post Employment Benefit Plan is funded through an irrevocable trust. This plan provides post-retirement medical, dental, and life insurance benefits to all employees who retire from NES under the provisions of the qualified plans. She explained the annual required contribution for the 2026 OPEB Plan year and the actuarial valuation using the actuarial methods prescribed by GASB 74. She noted that the current valuation is being audited and is subject to change.

Ms. Beach concluded her presentation with an explanation of the Accounting policy for plan assumption measurements.

Management recommended approval to fund the plans for the Plan year ending March 31, 2025, with payments made quarterly beginning with the June 30, 2025, quarterly payment, at the following annual amounts:

	<u>Proposed Funding</u>	<u>Last Year's Requirements</u>
Defined Benefit Pension Plan	\$38,200,000	\$32,700,000
OPEB Plan	\$21,700,000	\$23,400,000

Upon motion by Member McCabe and seconded by Member Harris, the Board approved to fund the plans for the Plan year ending March 31, 2025, with four ayes and zero nays.

## **RECOMMENDATION FOR APPROVAL OF PURCHASES**

Mr. Frankenberg presented Management's recommendation for approval of a list of purchases and contracts (greater than \$50,000) in the amount of \$16,574,520.70. This included \$2.5 million of purchases and contract additions throughout the month that were between the \$50,000 and \$250,000 threshold that were approved by Management.

Upon motion by Member Davis and seconded by Member McCabe, the Board approved the list of purchases and contracts with four ayes and zero nays. This list consists of five pages and has been attested to on each page by the signature of the Secretary and is attached hereto as "Appendix A"<sup>1</sup> to these minutes. Total cost of purchases and contracts, as approved, amounts to \$16,574,520.70.

## **FINANCIAL REORT**

Mr. Frankenberg stated that as of May, operating revenues reached \$1.4 billion with purchased power costs of approximately \$1,0 billion, resulting in a sales margin of \$442 million. He indicated that the gross margin surpassed the budget by \$40 million.

He reported favorable expenses, noting other operating expenses are \$31 million under budget due to lower tree trimming and IT costs. Depreciation is \$5 million favorable to budget, and net gain is \$134 million. Overall, financial performance is \$72 million ahead of budget.

Cash reserves totaled \$500 million covering 132 days of operating costs. Capital expenditures were over \$70 million below FY25 plan while debt service coverage was 4.4, significantly exceeding the 2.0 target.

## **MONTHLY C2M UPDATE**

Aleisha Johnson presented an update on the C2M transition into its production support phase. The project is in its 12<sup>th</sup> week post-Go Live and the system is performing well.

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<sup>1</sup> Appendix A Electronically Filed

Ms. Johnson stated that incident metrics have steadily improved, pointing to stronger system familiarity and better support team enablement. The stabilization indicates frontline teams are resolving more issues directly, decreasing the dependency on escalation. She stated that defects are being actively managed through a disciplined triage process and daily Center of Excellence (COE) oversight to ensure continued resolution progress.

## **QUARTERLY CORPORATE COMMUNICATIONS ACTIVITY REPORT**

Kat Pohlman presented the latest Corporate Communications Report, highlighting the most engaging social media posts. She also showcased key media coverage from Q3 and detailed NES employees' recent community outreach initiatives.

## **QUARTERLY SUSTAINABILITY UPDATE**

Ms. Pohlman reported that to make Nashville's infrastructure more resilient, Tennessee State University (TSU) joined local and federal partners to conduct a virtual simulation of the 2020 Nashville tornado to understand how innovative microgrid systems and self-contained electrical systems within a defined geographic service area can safeguard critical systems. This initiative is a joint effort between TSU, Electric Power Research Laboratory (EPRL), TVA, NES and Metropolitan Government of Nashville. The simulation is part of a grant known as Accelerating Resilience of the Community through Holistic Engagement and use of Renewables (ARCHER). Ms. Pohlman praised the eighteen NES employees who contributed directly to the project and specifically recognized Tony Richman and Carla Nelson for leading the effort.

She introduced TVA representatives Lynn Huffstetler and Mike McCall. Mr. Huffstetler acknowledged the Board and Executive Management for their ongoing partnership, pointing out the ARCHER grant as a key example. Mr. McCall praised NES for their environmental stewardship and extended congratulations on being selected as recipients of the TVA Environmental Award for Climate Adaptation and Resiliency out of numerous nominations.

Member Davis acknowledged everyone's contributions and remarked that she values the collaboration between NES and TVA on cutting-edge projects.

## **PRESIDENT'S REPORT**

Teresa Broyles-Aplin delivered the President's Report, highlighting customer relations goals that were achieved for the month of May, the recent employee community involvement initiatives, and the various conferences attended by NES staff.

Ms. Broyles-Aplin honored Chair Michael Vandenberg for his dedicated service as he comes to the end of his term on the NES board. She commented that he has been a strong advocate for NES customers and worked to ensure all broad perspectives were heard. He has brought insights from not only his very illustrious career but also stayed on top of current and emerging issues in the utility industry. Ms. Broyles-Aplin praised Chair Vandenberg's contributions and affirmed that NES is a better organization for having had his leadership.

## **MISCELLANEOUS**

There were no miscellaneous items to report.

## **RECESS AND RECONVENE**

At this point, the Board recessed and reconvened to ratify the actions taken by the Civil Service Board.

Upon motion by Member Harris and seconded by Member McCabe, the Board ratified the actions taken during the Civil Service Board meeting with four ayes and zero nays.

## **ADJOURNMENT**

The meeting adjourned at 9:33 a.m.

Attest:

Approved,

Secretary

Board Chair

## Discussion Items

## **RECOMMENDATION FOR APPROVAL OF A NEW LEASE AGREEMENT WITH ENBRIGHT CREDIT UNION**

In 1951, a group of NES employees founded Enbright Credit Union (“Enbright”), formerly known as the Electric Service Credit Union, for the benefit of NES employees and, later, their family members. From 1951 to 2008, Enbright’s only branch was in the main NES building. In 2008, Enbright opened its membership to all individuals living or working in Davidson or Sumner County, and consequently, Enbright opened two new branches in Donelson and Hendersonville.

Enbright’s evolution to a community credit union prompted NES to revisit the terms of Enbright’s use of NES’s premises. In 2015, the parties entered a five-year lease with Enbright incorporating market-based terms. And in 2020, the parties negotiated a discounted rate in exchange for NES’s use of space at Enbright’s Donelson and Hendersonville branches for NES bill payment kiosks.

Management and Enbright Credit Union have agreed, pending Board approval, to enter a new five-year lease at a rate of \$1,663.77 per month. As NES still uses space at Enbright’s branches for its kiosks, the new rate reflects current market value increases while maintaining a discount consistent with the previous lease term. The lease also contemplates an additional discount should NES reinstate its remote teller program at Enbright’s branches.

Management recommends approval of a five-year lease with Enbright Credit Union for its use of space in the NES main building.

## **RECOMMENDATION FOR APPROVAL OF AMENDMENT TO CONTRACT WITH IVOX SOLUTIONS**

In April 2024, NES entered into a contract with iVox Solutions to provide overflow call center services. To select this vendor, NES conducted an RFP process, and this item was presented and approved the December 2023 Power Board meeting.

The agreement was established for a term of five (5) years, beginning April 1, 2024, and ending March 31, 2029. The original contract amount was \$2,040,000.00 and was intended to provide support during high call volume periods, training for new system, as well as overnight and weekend coverage.

Upon further review, it was determined that the original contract value was based on outdated projections from the prior agreement with Cooperative Response Center, Inc. (CRC), and does not accurately reflect the scope or anticipated volume under the current iVox agreement.

Management recommends the approval to amend the contract to increase the not-to-exceed amount by \$5,800,000.00, resulting in a revised total contract amount of \$7,840,000.00. This adjustment ensures adequate funding is in place to support the full scope of services through the end of the contract term.

**Recommendation of Purchases and Contracts  
at the Meeting on Wednesday July 23, 2025**

**Management recommends Board approval  
of the following purchases and contracts:**

<b>Total Materials and Supplies Purchases</b>	<b>\$2,274,742.00</b>
<b>Total Contracts and Services</b>	<b>\$1,326,458.00</b>
<b>Total Additions, Extensions, and Changes</b>	<b>\$576,358.00</b>
<b>Total Ratified Purchases and Contracts</b>	<b>\$1,595,622.50</b>
<b>TOTAL</b>	<b>\$5,773,180.50</b>
<b>Total Line Items</b>	<b>\$5,800,000.00</b>

<u>Ethnic/Gender/Size</u>	<u>Amount</u>
African American, male, small	\$21,000.00
Caucasian, female, large	\$2,389,094.00
Caucasian, male, small	\$148,000.00
<b>Supplier Diversity Program Total</b>	<b>\$2,558,094.00</b>
 Note: Vendors not otherwise indicated are not part of the NES Supplier Diversity Program.	

**MATERIALS AND SUPPLIES PURCHASES**

<b><u>Item Description</u></b>	<b><u>Vendor</u></b>	<b><u>Amount</u></b>	<b><u>Type Contract</u></b>	<b><u>Bids Received/Sent</u></b>
Cable, Copper, 15 KV EPR 150 W/TS 1C 3CT (8,000 circuit ft.)	City Electric Supply <i>Caucasian, female, large</i>	\$757,776.00	Competitive	3/6
Pole, Steel, Galvanized, H3, 60 ft., 0243 FT-KIPS (120)	MD Henry Co., Inc. <i>Caucasian, female, large</i>	587,040.00	Competitive	6/8
Pole, Steel, Galvanized, H3, 65 ft., 0265 FT-KIPS (50)	Stuart C. Irby	283,900.00	Competitive	6/8
Pole, Steel, Self-Weathering, H1, 50 ft. (108)	Valmont Industries	315,576.00	Competitive	6/8
Pole, Steel, Self-Weathering, H1, 80 ft. (80); H3, 50 ft. (15)	MD Henry Co., Inc. <i>Caucasian, female, large</i>	330,450.00	Competitive	6/8
<b>TOTAL</b>		<b>\$2,274,742.00</b>		

**CONTRACTS AND SERVICES**

<b><u>Item Description</u></b>	<b><u>Vendor</u></b>	<b><u>Amount</u></b>	<b><u>Type Contract</u></b>	<b><u>Bids Received/Sent</u></b>
Concrete Repair Services	Pavement Restorations <i>Caucasian, female, large</i>	\$350,000.00	Competitive (3 Years)	4/11
Electrical Repair Services	Jarrett Electrical LLC	400,000.00	Competitive (5 Years)	1/11
<b>i3-Milestone ePortal Mobile Application</b>	<b>i3-Milestone</b>	256,458.00	<b>Sole Source</b> (1 Year)	N/A
<b>LIDAR Pilot Program</b>	<b>Fugro USA Land, Inc</b>	320,000.00	<b>Sole Source</b> (1 Year)	N/A
<b>TOTAL</b>		<b>\$1,326,458.00</b>		

**ADDITIONS, EXTENSIONS, AND CHANGES**

<b><u>Item Description</u></b>	<b><u>Contractor</u></b>	<b><u>Additional Amount</u></b>	<b><u>Change Requested</u></b>
Central Substation, Duct Bank Installation	Garney Construction	N/A	Extension (6 Months)
EV Forecast and Distribution Grid Impacts Analysis	Energy and Environmental Economics	\$100,000.00	Addition (New NTE \$450,000.00) Extension (1 Year, 17 Days)

All above items have been processed in accordance with Board approved policy and applicable rules and regulations.

July 23, 2025

Encompass Project Executive	TMG Utility Advisory Services	50,000.00	Addition (New NTE \$2,350,000.00)
Extended Cab Chassis, 56K Tandem Axle, 60' Material Handler Overcenter Aerial Device, New (3)	Altec Industries	257,358.00	Addition (New NTE \$1,227,981.00)
Performance and Professional Development Training	Peak Learning, Inc. <i>Caucasian, male, small</i>	148,000.00	Addition (New NTE \$297,000.00)
Performance and Professional Development Training	YMG Enterprises LLC African American, male, small	21,000.00	Addition (New NTE \$355,000.00)
<b>TOTAL</b>		<b>\$576,358.00</b>	

#### RATIFIED PURCHASES AND CONTRACTS

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Crossarm, Weathered Steel, 4"x4"x9' (120)	Stuart C. Irby	\$105,000.00	Competitive	3/6
<b>Fuel Pricing Service</b>	<b>Oil Price Information Service</b>	120,000.00	<b>Sole Source</b> (5 Years)	N/A
Ground Rod CW 5/8x8 (4,800)	Wesco Distribution	67,728.00	Competitive (1 Year)	6/9
Overhead Crane Repair and Inspection	Overhead Crane Conveyor	120,000.00	<b>Blanket</b> Competitive (5 Years)	1/5
Pole, Steel, Weathered, H3, 60 ft. (24); H5, 60' (12)	MD Henry Co., Inc. <i>Caucasian, female, large</i>	190,248.00	Competitive	6/8
Pole, Steel, Galvanized, H3, 75 ft. (8)	Valmont Industries	52,640.00	Competitive	6/8
Pole, Steel, Galvanized, H4, 85 ft. (30)	Stuart C. Irby	246,000.00	Competitive	6/8
Pole, Steel, Galvanized, H4, 90' (20)	MD Henry Co., Inc. Caucasian, female, large	173,580.00	Competitive	6/8
Pole, Steel, Galvanized, H5, 60 ft., 0325 FT-KIPS (24)	Stuart C. Irby	137,280.00	Competitive	6/8
Pole, Wood, C1, 50 ft. (143)	Stella-Jones Corp.	91,520.00	Competitive	8/9
<b>Security and Traffic Control</b>	<b>Metro Nashville Police Dept.</b>	150,000.00	<b>Sole Source</b> (1 Year)	N/A

All above items have been processed in accordance with Board approved policy and applicable rules and regulations.

July 23, 2025

<b>Software and Hardware Maintenance and Support</b>	<b>Itron, Inc.</b>	54,810.70	<b>Sole Source (1 Year)</b>	N/A
<b>Terminator 3 2/0 AT &amp; 4/0 AT Hole (460)</b>	<b>Border States Industries</b>	86,815.80	<b>Competitive Sole Brand</b>	4/7

**TOTAL** **\$1,595,622.50**

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**LINE ITEMS**

<b><u>Item Description</u></b>	<b><u>Vendor</u></b>	<b><u>Amount</u></b>	<b><u>Type Contract</u></b>	<b><u>Bids Received/Sent</u></b>
Overflow Call Center Services	iVox Solutions	\$5,800,000.00	Addition (New NTE \$7,840,000.00)	N/A

**TOTAL** **\$5,800,000.00**

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**NASHVILLE ELECTRIC SERVICE  
MONTHLY FINANCIAL OVERVIEW  
YEAR TO DATE AS OF JUNE 30, 2025**

**FINANCIAL RESULTS**

<b><u>(millions)</u></b>	<b><u>YTD Actual</u></b>	<b><u>YTD Budget</u></b>	<b><u>Variance</u></b>	<b><u>%</u></b>
Operating Revenues	\$ 1,558.0	\$ 1,466.6	\$ 91.4	6.2%
Purchased Power	(1,085.3)	(1,032.8)	(52.5)	5.1%
<b>Sales Margin</b>	<b>\$ 472.7</b>	<b>\$ 433.8</b>	<b>\$ 38.9</b>	<b>9.0%</b>
Operating Expenses	(276.5)	(272.0)	(4.5)	1.7%
Other Revenues	25.7	27.7	(2.0)	-7.2%
Depreciation	(99.8)	(101.1)	1.3	-1.3%
Taxes	(38.9)	(37.3)	(1.6)	4.3%
Interest Income	30.8	29.5	1.3	4.4%
Other Non-Operating Income	7.8	1.9	5.9	310.5%
Interest/Other Expense	(21.1)	(18.1)	(3.0)	16.6%
<b>Change in Net Position</b>	<b>\$ 100.7</b>	<b>\$ 64.4</b>	<b>\$ 36.3</b>	<b>56.4%</b>

**Highlights**

Margin - favorable primarily due to higher than forecasted customer growth, and weather patterns/temperatures that were more extreme than forecasted

Operating Expenses - primarily due to greater retirement & survivors, offset by favorability in contract tree and grass, outside services, OPEB, uncollectible accounts, medical & IT shared services

Other Revenues - lower due to C2M migration, late fees were suspended for March through May 2025

Depreciation - lower due to fewer asset additions than planned

Taxes - higher due to increases in the taxable asset base for Metro

Interest Income - investable balances greater, offset by lower interest rates

Other Non-Operating Income - higher primarily due to Comcast settlement and receipt of FEMA funds and obligations

Interest/Other Expense - lower rates and CWIP balance, offset by greater bond premium amortization

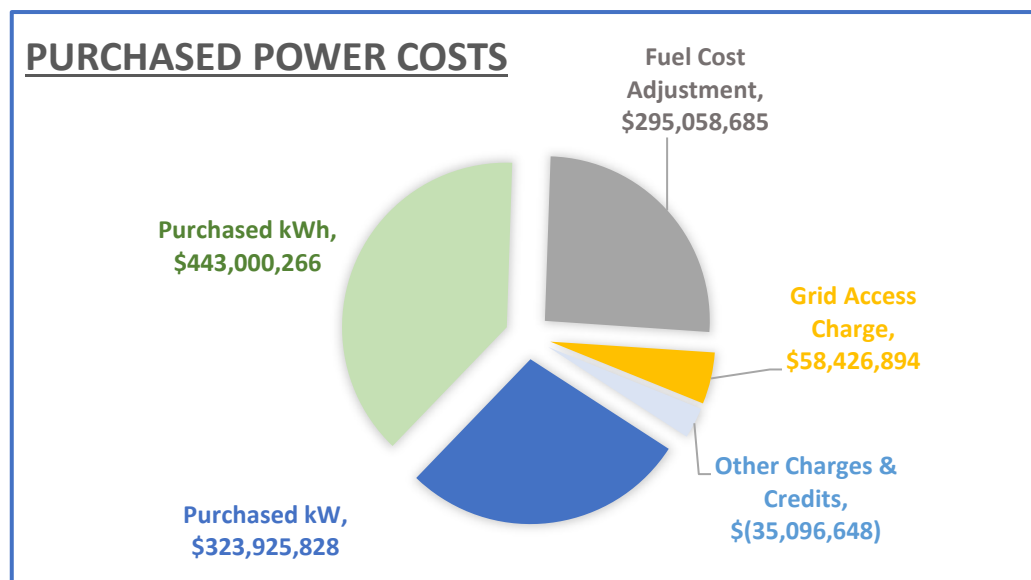
**FINANCIAL GOALS**

<b><u>GOAL</u></b>	<b><u>TARGET</u></b>	<b><u>ACTUAL</u></b>
Debt Service Coverage	2.0	3.7
Days Cash on Hand Value	\$343.6M	\$494.1M

**NASHVILLE ELECTRIC SERVICE  
MONTHLY FINANCIAL OVERVIEW  
YEAR TO DATE AS OF JUNE 30, 2025**

**WHOLESALE UNITS AND CHARGES**

Purchased kW	27,685,257	\$	323,925,828	29.8%
Purchased kWh	12,524,620,751	\$	443,000,266	40.8%
Fuel Cost Adjustment		\$	295,058,685	27.2%
Grid Access Charge		\$	58,426,894	5.4%
Other Charges & Credits		\$	(35,096,648)	-3.2%
<b>Total Purchased Power Costs</b>		<b>\$</b>	<b>1,085,315,025</b>	



**Units & Charges: Retail Sales vs. Wholesale Purchased**

<u>Description</u>	<u>Retail</u>	<u>Wholesale</u>
kWh	12,197,928,299	12,524,620,751
KW	17,888,323	27,685,257
Sales / Purchases	\$ 1,557,963,293	\$ 1,085,315,025
FCA	\$ 297,393,559	\$ 295,058,685
Degree Days	5,064	5,059
Temperature at Peak	Various	Various

**NASHVILLE ELECTRIC SERVICE  
MONTHLY FINANCIAL OVERVIEW  
YEAR TO DATE AS OF JUNE 30, 2025**

**SALES VOLUME & CUSTOMER STATS**

<b>SALES VOLUME - MWH</b>				
<b>Sales Volume</b>	<b><u>YTD Actual</u></b>	<b><u>YTD Budget</u></b>	<b><u>Variance</u></b>	<b><u>%</u></b>
Residential	5,196,225	4,882,501	313,724	6.4%
Small Commercial	831,590	815,436	16,154	2.0%
Large Commercial	6,056,560	5,927,715	128,845	2.2%
Street & Highway Lighting	113,553	120,312	(6,759)	-5.6%
<b>Total MWH Sales</b>	<b>12,197,928</b>	<b>11,745,964</b>	<b>451,964</b>	<b>3.8%</b>

<b>NUMBER OF CUSTOMERS</b>	
Residential	428,006
Small Commercial	37,536
Large Commercial	7,135
Large Commercial BCD	45
Street & Highway Lighting	208
<b>Total Number of Customers</b>	<b>472,930</b>

**CAPITAL BUDGET RESULTS**

<b><u>(millions)</u></b>	<b><u>FY25 Budget</u></b>	<b><u>YTD Actuals</u></b>	<b><u>FY25 Balance</u></b>	<b><u>YTD % Budget</u></b>
New Business	19,895	14,807	5,088	74%
System Construction - Capacity	47,562	45,581	1,981	96%
System Construction - Reliability	1,414	1,853	(439)	131%
System Construction - Asset Mgmt	29,275	28,428	847	97%
Unplanned Replacements	18,998	18,193	805	96%
Relocations	7,161	3,994	3,167	56%
Lighting Systems	14,691	19,243	(4,552)	131%
Meters	5,847	3,656	2,191	63%
Transformers	33,125	29,866	3,259	90%
Equipment & Facilities	31,581	17,912	13,669	57%
Encompass	45,639	28,781	16,858	63%
<b>Total Capital Budget Results</b>	<b>255,188</b>	<b>212,314</b>	<b>42,874</b>	<b>83%</b>

## SUPPLIER DIVERSITY PROGRAM QUARTERLY REPORT

Total Supplier Diversity payments for the fourth quarter of FY2025 are \$18,714,611, which represents 21 percent of the total spend. Details are reflected in attached charts and include payments to subcontractors.

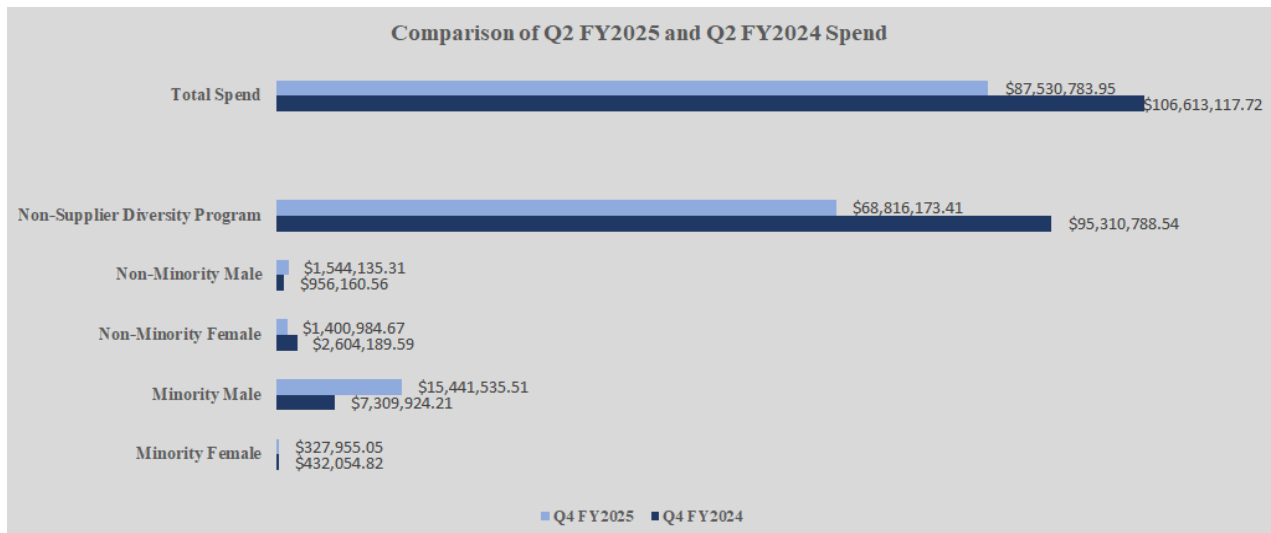
Total expenditures for the fourth quarter of FY2025 were up \$19,082,334 compared to the fourth quarter of FY2024. Payments to Supplier Diversity Program businesses increased by \$7,412,281, which represents a proportional increase of 10%.

Payments to minority firms, regardless of size, increased from 7 percent to 18 percent of total spend with actual payments up \$8,027,512.

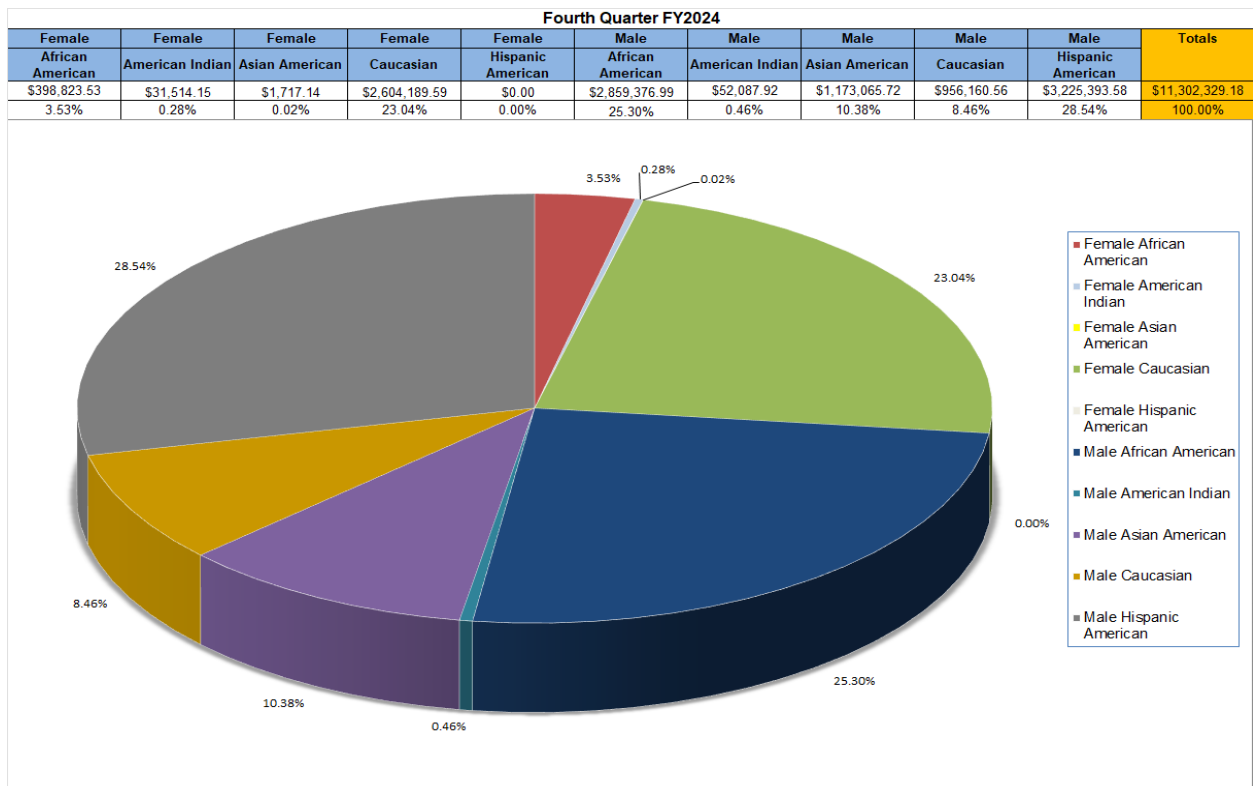
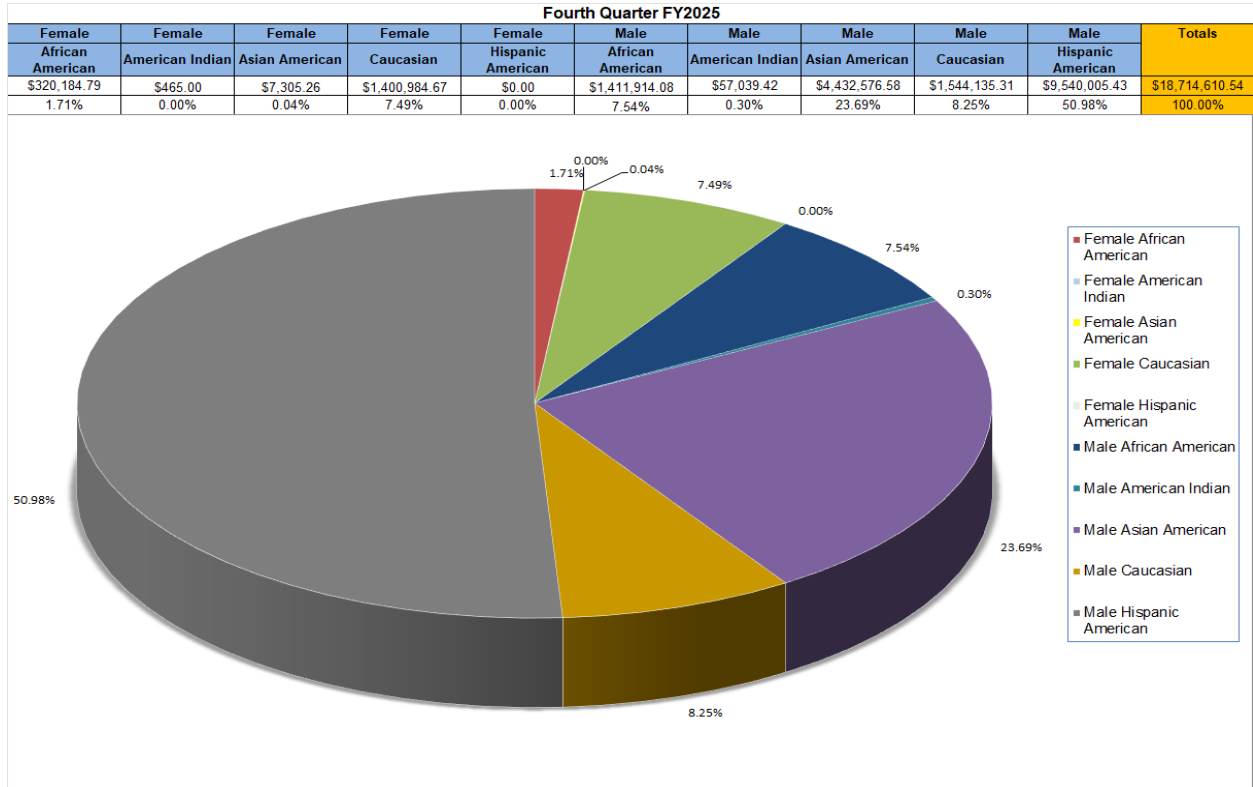
Total Supplier Diversity spend for Q4 FY2025 includes purchases of goods and services from 126 diverse business enterprises.

The table and chart below compare Q4 FY2025 to Q4 FY2024 Supplier Diversity and Non-Supplier Diversity spend.

	Q4 FY2025		Q4 FY2024		
Minority Female	\$	327,955.05	0.37%	\$ 432,054.82	0.41%
Minority Male	\$	15,441,535.51	17.64%	\$ 7,309,924.21	6.86%
Non-Minority Female	\$	1,400,984.67	1.60%	\$ 2,604,189.59	2.44%
Non-Minority Male	\$	1,544,135.31	1.76%	\$ 956,160.56	0.90%
Non-Supplier Diversity Program	\$	68,816,173.41	78.62%	\$ 95,310,788.54	89.40%
Total Spend	\$	87,530,783.95	100.00%	\$ 106,613,117.72	100.00%



The charts below summarize spend totals based on Supplier Diversity categories for Q4 FY2025 and Q4 FY2024.



The chart below compares spend totals for goods and services for Q4 FY2025 and Q4 FY2024 for each Supplier Diversity category.

	Goods Spend Q4 FY25	Goods Spend Q4 FY24	Services Spend Q4 FY25	Services Spend Q4 FY24
Female African American	\$ 73,338.41	\$ 46,462.94	\$ 246,846.38	\$ 352,360.59
Female American Indian	\$ 465.00	\$ 31,514.15	\$ -	\$ -
Female Asian American	\$ 7,305.26	\$ 1,717.14	\$ -	\$ -
Female Caucasian	\$ 203,705.95	\$ 794,011.98	\$ 1,197,278.72	\$ 1,810,177.61
Female Hispanic American	\$ -	\$ -	\$ -	\$ -
Male African American	\$ 1,980.89	\$ 5,956.94	\$ 1,409,933.19	\$ 2,853,420.05
Male American Indian	\$ 57,039.42	\$ 52,087.92	\$ -	\$ -
Male Asian American	\$ 3,300,671.30	\$ 228,459.31	\$ 1,131,905.28	\$ 944,606.41
Male Caucasian	\$ 288,301.67	\$ 356,832.65	\$ 1,255,833.64	\$ 599,327.91
Male Hispanic American	\$ 66,765.00	\$ 1,942.80	\$ 9,473,240.43	\$ 3,223,450.78
Total Diverse Spend	\$ 3,999,572.90	\$ 1,518,985.83	\$ 14,715,037.64	\$ 9,783,343.35

### Investment Activity with Minority-Owned and Women-Owned Banks

NES funds of \$250,000 were invested with minority-owned and/or women-owned banks with interest earned of \$2,369.32 for the quarter.

### Activities for the Fourth Quarter:

Amy McGlother participated in the following:

- ◆ 2025 Local Government Purchasing Forum hosted by the State of Tennessee Central Procurement Office on April 1, 2025
- ◆ Panel judge on the TriState Minority Supplier Development Council (TSMSSDC) Education Foundation Scholarship Selection Committee on April 30-May 2, 2025
- ◆ National Small Business Week Roadshow-Nashville Edition hosted by the Small Business Administration (SBA) on May 8, 2025, at Belmont University
- ◆ 32<sup>nd</sup> Annual Impact Awards hosted by the TriState Minority Supplier Development Council (TSMSSDC) on May 22, 2025, at the National Museum of African American Music

**FOURTH QUARTER REPORT ON COMMUNITY INVOLVEMENT  
AND ECONOMIC DEVELOPMENT**

**Total expenditures for the fourth quarter of Fiscal Year 2025 were:**

<b>DATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
	<b>Community Involvement</b>	
04/17/25	FiftyForward	\$2,500.00
04/17/25	Nashville Children's Theatre	\$3,000.00
05/08/25	TMSDC Education Foundation	\$1,000.00
05/08/25	TriState Minority Supplier Development Council	\$2,500.00
05/15/25	Nashville Parks Foundation	\$3,500.00
05/16/25	TMEPA 4-H Electric Camp	\$500.00
05/22/25	Andrew Jackson Foundation	\$5,000.00
	<b>Subtotal</b>	<b>\$18,000.00</b>
	<b>Economic Development</b>	
04/01/25	Nashville Chamber Partnership 2030 – Quarterly Payment	\$54,918.00
	<b>Other</b>	
04/14/25	NeedLink Nashville	\$1,000,000.00
	<b>4<sup>th</sup> Quarter Total</b>	<b>\$1,072,918.00</b>

# Nashville

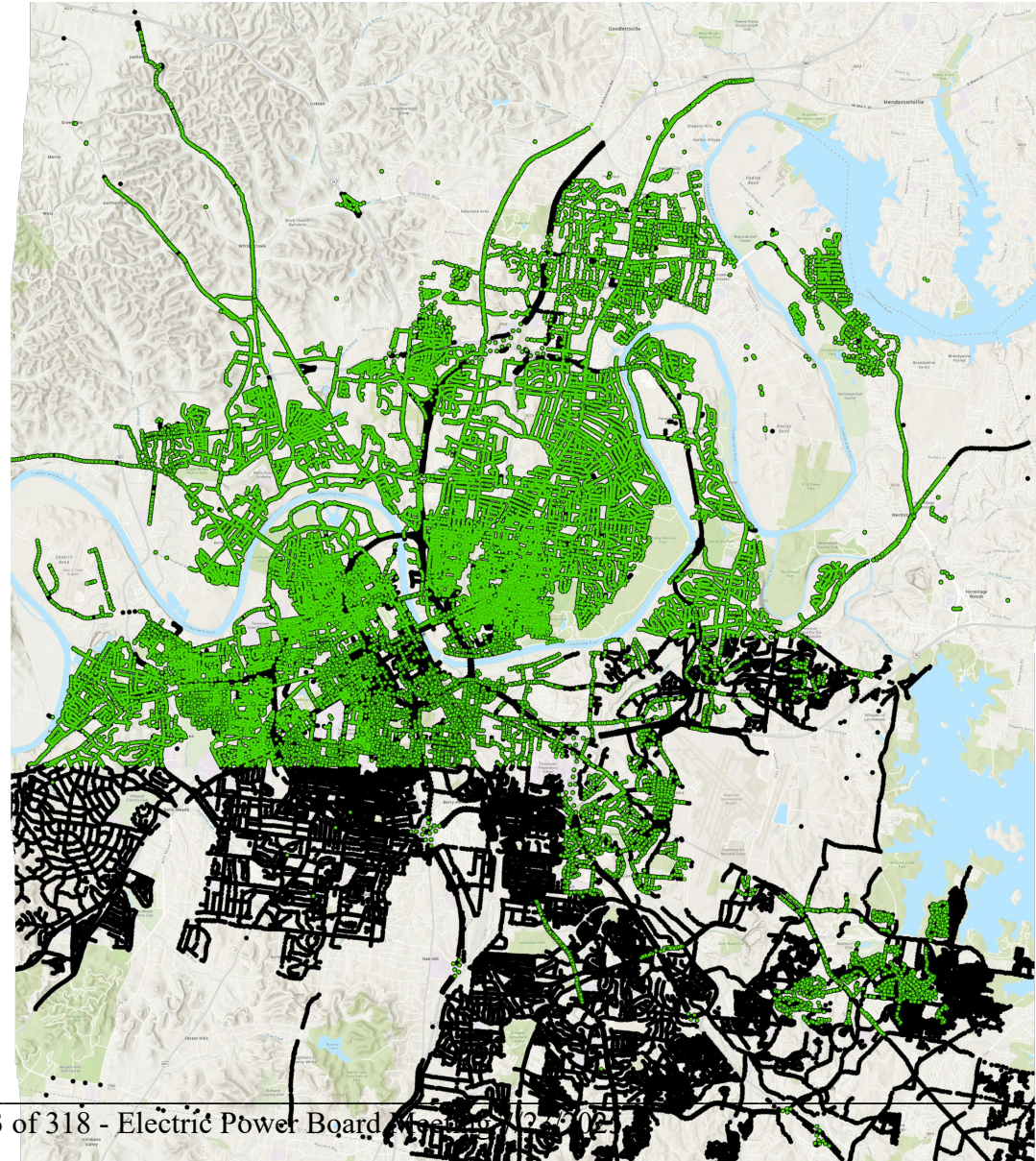
STREETLIGHT RETROFIT PROJECT

## PROJECT UPDATE

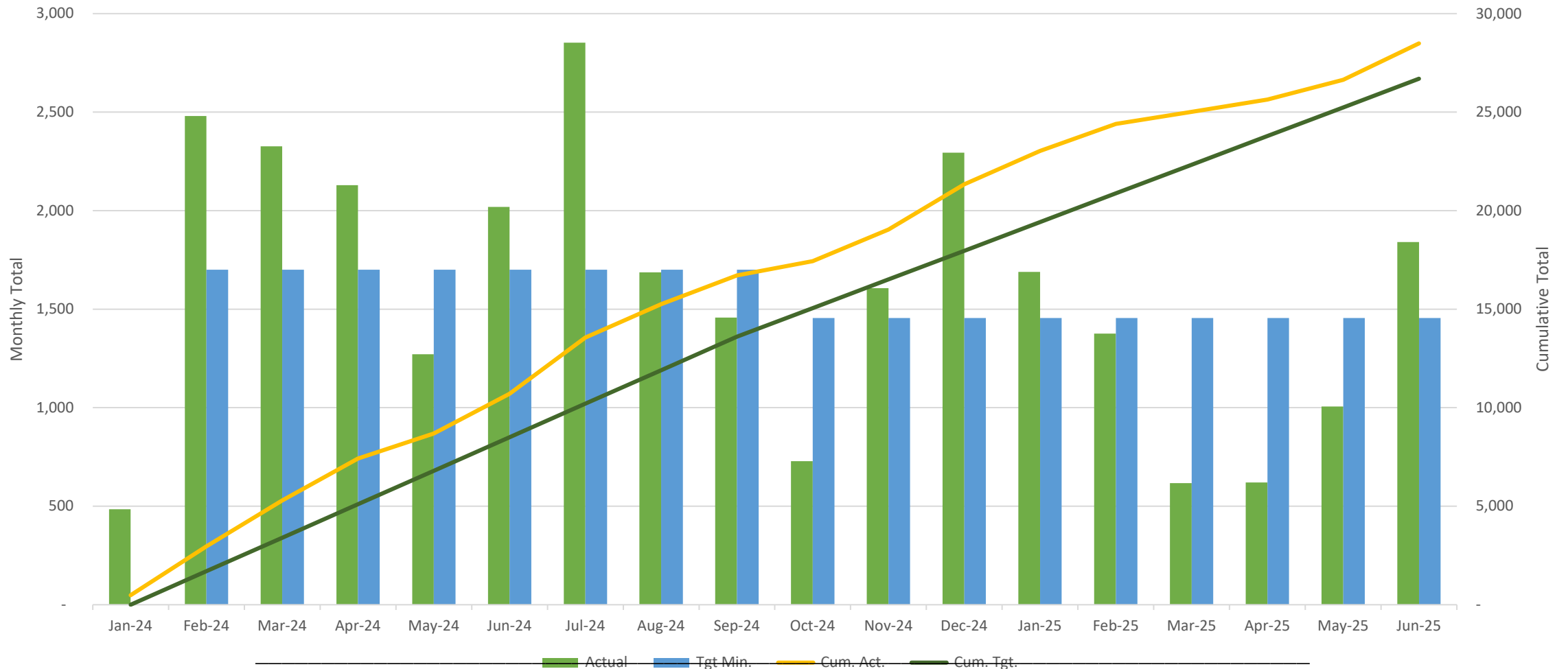


# ACTUAL PROGRESS AS OF 6/30/25

**GREEN** – Complete  
**BLACK** – Remaining



# ACTUAL vs. TARGET PRODUCTION



# PROJECT COSTS AS OF 6/30/25

Grouping	Project Completion		Invoiced		Installed Unit Price
	Lts Comp.	% Comp.	\$\$\$	% of Budg	
FY24 (Jan24 - Jun24)	10817	19.2%	\$ 7,816,096	18.3%	\$ 723
FY25 (Jul-24 - Dec-24)	10850	19.3%	\$ 7,125,731	16.7%	\$ 657
FY25 (Jan-25 - Jun-25)	7998	14.2%	\$ 5,268,631	12.3%	\$ 659
<b>Total (Jan-24 - Jun-25)</b>	<b>29665</b>	<b>52.7%</b>	<b>\$ 20,210,458</b>	<b>47.3%</b>	<b>\$ 681</b>
	Approved Budget (with 10% Contingency			\$ 46,824,523	
	PATH Contract			\$ 42,719,625	
	Estimated Number of Lights			56,300	
	Estimated Unit Price per Contract			\$ 759	
	Actual Unit Price to date			\$ 681	
	Actual Cost to Date			\$ 20,210,458	
	Estimated Cost to Complete (ETC)			\$ 22,180,113	
	<b>Estimated Cost at Completion (EAC)</b>			<b>\$ 42,390,571</b>	

# NDOT's savings as a result of the LED Conversion Project (June)

- 1,507,819 kWh
- \$128,869

# TVA INCENTIVES



Project	Status	Incentive \$	Accounting	Status
Phase I Cobraheads ERS240_024410	Complete	\$100,220.00	Calculated at \$0.04/kWh Bill credit Account 0168805-0000018	<p>Approved for Payment Congratulations! Your project has been verified and approved for bill credit.</p>
High Masts (All Phases) ERS240_024411	Complete	\$92,862.00	Calculated at \$0.04/kWh Bill credit Account 0168805-0000018	<p>Approved for Payment Congratulations! Your project has been verified and approved for bill credit.</p>
Phase II ERS240_024536	Due Date extended to 5/31/2025	\$219,930.73	Calculated at \$0.10/kWh (currently estimated)	<p>Application Approval Notice Congratulations, your project is approved to move forward!</p>
<b>Realized Total</b>	-	<b>\$413,012.73</b>		
Phase III Roadways (Cobraheads & Offsets)	Due Date 10/31/2025	\$169,252.99	Calculated at \$0.10/kWh (currently in Approval, construction)	<p>Application Approval Notice Congratulations, your project is approved to move forward!</p>
Decoratives (All Phases) Not yet generated		~\$175,712.00	Calculated at \$0.13/kWh (currently estimated)	
Phase IV Roadways ERS252_027399	Pre-Project Review (Inspection)	\$674,698.55	Calculated at \$0.13/kWh (Inspection scheduled Thursday)	<p>Pre-Installation Inspection Scheduled The pre-installation inspection for your project has been scheduled.</p>
Phases V Roadways	(estimated)	~\$471,817.00	Calculated at \$0.13/kWh (currently estimated)	
<b>Grand Total</b>		<b>~\$1,904,527</b>		

**Standard Indoor & Outdoor LED Lighting**  
Increased from \$0.10 to \$0.13/kWh

# WWW.NashvilleStreetlights.com



[INTERACTIVE MAP](#)

[FAQS](#)

[NEWS](#)

THE PATH TO A SAFER NASHVILLE  
**BEGINS HERE.**

# Before and After Pictures

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**PROJECT UPDATE**



# Roadway comparison



Existing HPS roadway lighting is shadowed and yellowed.



New LED roadway lighting is consistent and of a higher color temperature.

The logo features the word "Nashville" in a large, white, sans-serif font. To the right of the text is a stylized white streetlight pole with a curved arm and a glowing yellow light fixture. Below the word "Nashville" is a thin white horizontal line.

# Nashville

STREETLIGHT RETROFIT PROJECT

## Comments? Questions?

## **PRESIDENT'S REPORT**

**July 2025**

### **OPERATIONS**

We trimmed 133 circuit miles for the month of June.

### **CUSTOMER RELATIONS**

Congratulations to Kim Sutton, our Service Advisor of the Month, and Zaria Satterwhite, our Contractor Advisor of the Month. Three advisors achieved Pacesetter status by exceeding their productivity goals and 14 are members of the 100 Percenters Club for reaching 100 percent in all call monitoring categories in the month of June.

### **COMMUNITY INVOLVEMENT**

On June 26, Chris Harvieux, Thomas Foster and Carla Nelson led a Music City Solar tour for 25 “New-to-TVA” employees.

On July 11, Chris Harvieux and Carla Nelson gave a Music City Solar tour to 30 students from TSU’s Solar Boot Camp.

### **MISCELLANEOUS**

On June 24, Tony Richman, Carla Nelson, Chris Harvieux, Kat Pohlman, and Meaghan Morgan attended the 2025 Drive Electric TN Momentum Summit in Murfreesboro.

During the Tennessee Municipal Electric Power Association Annual Conference held July 9-11 in Nashville, Brent Baker delivered a presentation *NES Vision to Action: Igniting Purpose, Driving Results*. Teresa Broyles-Aplin contributed to a CEO panel discussion titled “Challenges and Opportunities” and Dr. Trish Holliday facilitated the Customer Engagement Panel, during which two NES employees received major awards.

- Leonard Leech was honored with the Public Power Employee of the Year Award for his extraordinary 60-year career in public power, marked by transformational contributions to NES and a lasting impact on both the industry and the community.
- Laura Smith received the Power of Excellence Award for her outstanding leadership, dedication to public service, and commitment to strengthening her community.

Twenty NES volunteers participated in a Habitat for Humanity build on July 17. The volunteer group, which included vice presidents, managers, and graduates from NES’s Emerging Leaders Institute (ELI), primarily erected roof trusses, joists, and support beams on a home in Habitat’s Park Preserve subdivision. The volunteers were: Brent

Baker, David Frankenberg, Laura Smith, Jack Baxter, Vaughan Charles, Brad Heck, Daniel Johnson, Ron Womble, Matt Dodd, Brenton Montgomery, Dray Moultrie, William Ballard, Kimberli Barber-Posey, Shannon Crutcher, Nathan Edwards, Sheryl Haley, Tabitha Robinson, Chris Tyler, Rob Vannilam, and Artetta West.

## Miscellaneous

Recess to Civil Service Board Meeting

## Consent Agenda

**THE MINUTES OF THE ONE THOUSAND SIX  
MEETING OF THE ELECTRIC EMPLOYEES'  
CIVIL SERVICE AND PENSION BOARD**

**HELD JUNE 25, 2025**

---

The regular meeting of The Electric Employees' Civil Service and Pension Board was held June 25, 2025.

Board Members Present: Michael Vandenberg (virtual), Chair; Rob McCabe, Clifton Harris, Anne Davis. Officers Present: Teresa Broyles-Aplin, David Frankenberg, Laura Smith, Brent Baker, and Dr. Trish Holliday.

Chair Vandenberg called the meeting to order at 9:23 am and stated that the matters on the consent agenda have been provided to the Board in advance. The consent agenda included the recommendation for approval of the Civil Service Minutes from the meeting held May 28, 2025.

Upon motion by Member Davis and seconded by Member McCabe, the consent agenda was approved, which included the minutes from May 28, 2025.

**MANAGEMENT / NESEA MEETING**

Dr. Holliday mentioned that Management and NESEA are continuing conversations with positive working relationships. No concern or issue is going unaddressed.

**RECOMMENDATION FOR APPROVAL OF THE REAPPOINTMENT OF AN ADMINISTRATIVE LAW JUDGE**

Pursuant to Section 7.08(A) Rules for Employees of Nashville Electric Service (the "Civil Service Rules"), Management and the Nashville Electric Service Employees Association (NESEA) have agreed to recommend the reappointment of M. Clark Spoden as an Administrative Law Judge for NES for a five-year term commencing on July 1, 2025. Mr. Spoden was appointment as an ALJ in May 2014 to fill an unexpired vacancy on the ALJ panel and was reappointed for a five-year term in June 2015 and again in June 2020. His current appointment expires on June 30, 2025.

Mr. Spoden is a Tennessee certified Civil Trial Specialist who practices in the litigation section at Gullett, Sanford, Robinson & Martin PLLC. He is an experienced trial lawyer in employment, contract, wrongful death, personal injury, and environmental cases and has served as a professor at the Nashville School of Law since 2003.

Management and NESEA recommend the reappointment of M. Clark Spoden as an Administrative Law Judge for NES for a term through June 2030.

Upon motion by Member McCabe and seconded by Member Harris, the recommendation for approval of the reappointment of an Administrative Law Judge was approved.

## **RECOMMENDATION FOR APPROVAL OF A WORKERS' COMPENSATION SETTLEMENT**

Employee Leland King is an Electrician. On August 11, 2022, Mr. King sustained injuries to his head, hip, and back after falling and striking his head while disembarking a truck.

Mr. King's treating physician, Dr. Strickland, diagnosed Mr. King with a traumatic subarachnoid hemorrhage and a right hip and back strain. Mr. King's subsequent treating physician, Dr. Neblett, placed Mr. King at maximum medical improvement and assigned him an impairment rating of 10% to the body as a whole.

Under Tennessee law, Mr. King is now statutorily entitled to permanent partial disability benefits as compensation for his workplace injury. Mr. King is entitled to 450 weeks of benefits multiplied by his impairment rating of 10% and his average weekly wage, capped at the statutory maximum of \$1,121.00 per week. This equates to \$50,445.00.

Management recommended approval of this settlement.

Upon motion by Member McCabe and seconded by Member Harris, the recommendation for approval of a workers' compensation settlement was approved.

## **HUMAN RESOURCES - CORPORATE SERVICES WORKFORCE UPDATE**

Dr. Holliday noted that the HR – Corporate Services Workforce Update is in the Board packet for review. Highlights from Training, Staffing and Employee Relations, Safety, Fleet, and Facilities and Security sections were shared to emphasize the significant activities within the department. The Annual Civil Service Report was presented to the Board.

## **MISCELLANEOUS**

There were no miscellaneous items to come before the Board.

## **ADJOURNMENT**

The meeting adjourned at approximately 9:33 a.m.

Approved,

Chair

Attest:

Secretary

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## **RECOMMENDATION FOR APPROVAL OF REVISIONS TO THE POLICY MANUAL, BYLAWS, AND CIVIL SERVICE RULES**

Management proposes revisions to the Policy Manual, Bylaws, and Civil Service Rules to enhance organizational transparency and improve operational efficiency.

The most significant revisions are to the Policy Manual. These include:

- A new Centralized Document Repository Policy, developed in response to a finding from the Corporate Governance and Legal audit, which establishes a digital repository for departmental policies that supplement or expand upon those included in the NES Policy Manual
- Clarification and standardization in the Travel Policy of reimbursement requirements related to flight selection and per diem meal rates
- Codification in the Ethics Policy of the directives of an existing operating memorandum permitting employees to attend contractor-sponsored events under certain conditions
- Alignment of various IT policies with current practices regarding the use of cloud-based services, USB storage devices, and remote access to the NES network
- Clarification in the Executive Board Service Policy of the expectation that executives receive advance approval before accepting compensated positions on a corporate board
- Updating executive leadership titles throughout the Policy Manual

Revisions to the Bylaws and Civil Service Rules reflect updates in executive leadership titles and incorporate proper workers' compensation terminology.

Management recommends the approval of these revisions.

# NASHVILLE ELECTRIC SERVICE POLICY MANUAL



Third Edition  
Revised: July 23, 2025



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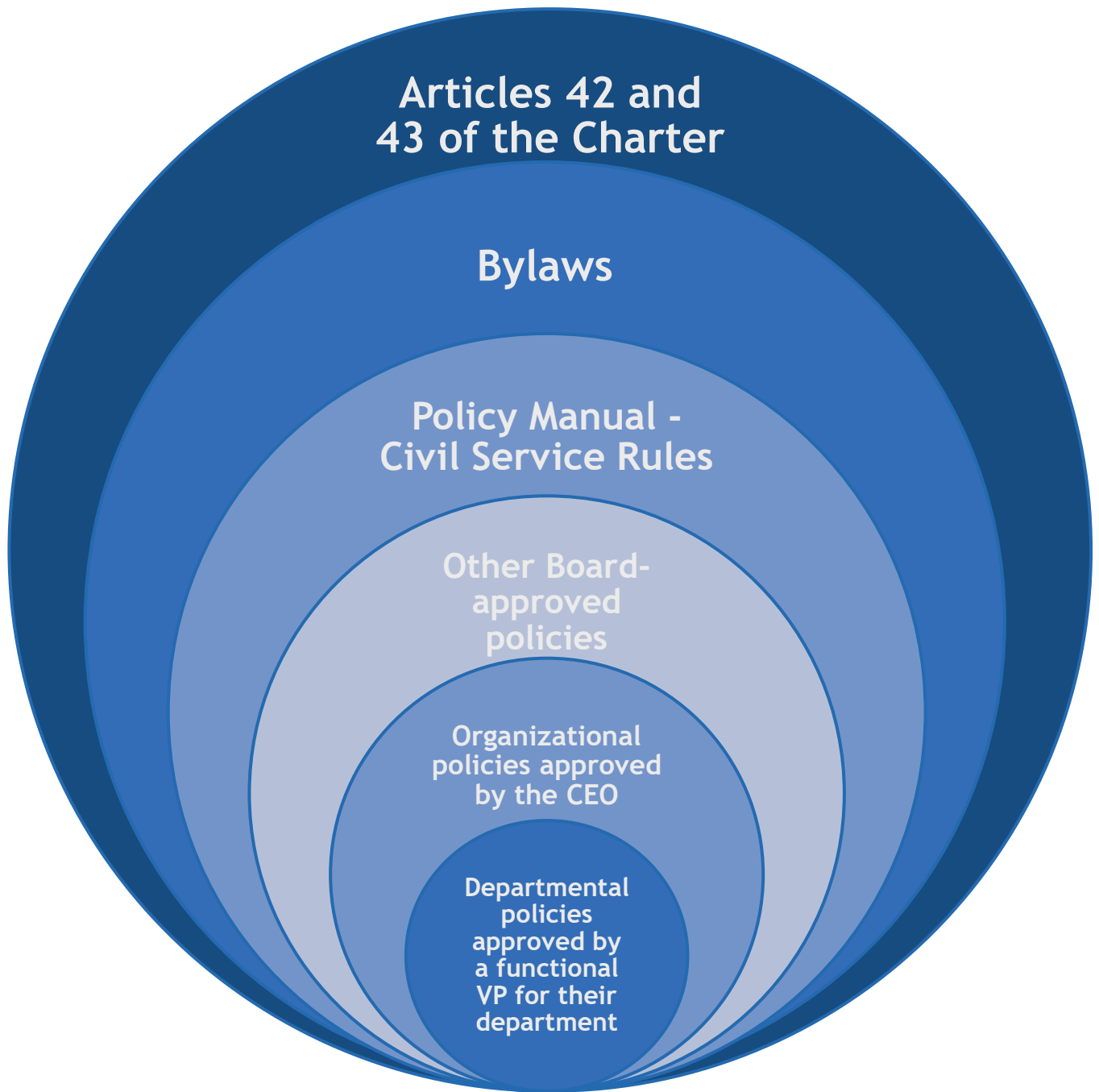
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# 1. Order of Precedence

Articles 42 and 43 of the Metropolitan Charter of Nashville and Davidson County are the foundational documents of the Board and dictate the structure of the following hierarchy. Examples of documents in each category are in Appendix C. If there is a conflict with any of the language in the governing documents, the order of precedence is as follows:



# GOVERNANCE AND ADMINISTRATION

## 2. Policy Manual Administration

A. **Policy Statement:** The Policy Manual will be reviewed regularly and modified as necessary to stay abreast of current changes and address the needs of NES.

B. **Scope:** This Policy applies to all employees.

### C. Terms and Definitions

(1) PMC - Policy Manual Committee.

### D. Policy

#### (1) GENERAL PROVISIONS

- (a) The CPO and CLO-GC will appoint up to five employees to the PMC that will include representatives from HR and Legal. The President of NESEA may nominate a representative to the PMC.
- (b) An electronic copy of the current Policy Manual will be made available to all employees.
- (c) Archived copies of all prior versions of the Policy Manual will be preserved in the Office of the President.
- (d) The revision history summary will be updated in the appendix to the Policy Manual upon each new version.
- (e) As needed, functional Vice Presidents shall promulgate internal procedures for their departments. The PMC may provide support as necessary to further the development of these procedures.

#### (2) REVISION PROCESS

- (a) NES employees may submit proposed policy revisions and updates to the Policy Manual Committee for review. The CPO may collaborate with NESEA officers on proposed policy revisions.
- (b) All requests for policies and policy revisions shall be reviewed by the Policy Manual Committee, CLO-GC, and the CEO.
- (c) The CPO will present and discuss proposed policy revisions with NESEA before Board approval.

# GOVERNANCE AND ADMINISTRATION

## 3. Centralized Document Repository

A. Policy Statement: To promote consistency, transparency, and accessibility in the management of Departmental Policies, NES establishes a Centralized Document Repository. This Repository serves as the official and authoritative source for current Departmental Policies and is governed by a standardized submission and approval process.

B. Scope: This policy applies to all employees and contractors.

### C. Terms and Definitions

- (1) Centralized Document Repository ("Repository") - A digital storage system that serves as the official source for Departmental Policies.
- (2) Departmental Policy - Those policies and procedures created, reviewed, and updated individually by each department or section and expand on or are in addition to those included in the NES Policy Manual.
- (3) Policy Owner - The vice president responsible for the development and maintenance of a Departmental Policy.

### D. Policy

#### (1) GENERAL PROVISIONS

- (a) All Departmental Policies must be submitted pursuant to the approval process outlined below and stored in the Repository. Departmental Policies not stored in the Repository are not considered official.
- (b) The Legal Department maintains current Departmental Policies in the Repository. The Legal Department also maintains historical versions of defunct Departmental Policies and previous versions of Departmental Policies.
- (c) A Departmental Policy remains in effect until it is formally revised or rescinded.
- (d) Policy Owners seeking rescission of a Policy shall notify the Legal Department in writing.
- (e) In addition to their regular job duties and other responsibilities, employees and contractors are expected to uphold Departmental Policies as an integral part of their roles.
- (f) Departmental Policies shall not conflict with the NES Policy Manual, any other NES governing documents, or applicable law.
- (g) The Legal Department will review the Repository for currency and accuracy every three years.

#### (2) APPROVAL PROCESS

- (a) Proposed Departmental Policies are subject to the following approval process, including revisions to existing Departmental Policies and Departmental Policies

# GOVERNANCE AND ADMINISTRATION

predating this policy. Proposed Departmental Policies that do not satisfy these requirements will not be included in the Repository and are therefore not official or enforceable.

(b) The Policy Owner shall determine whether the proposed Departmental Policy meets the following standards for inclusion in the Repository:

(i.) Title

(ii.) Purpose or policy statement

(iii.) Scope or applicability statement

(iv.) Name of the department or section to which the proposed Departmental Policy belongs

(v.) Date the proposed Departmental Policy was drafted or revised

(vi.) Revision number, if applicable

(c) The Policy Owner shall submit a conforming proposed Departmental Policy to the CLO-GC, who will confer with the VPs to determine its appropriateness for inclusion in the Repository.

(d) Following VP approval, the Legal Department will route the proposed Departmental Policy for final approval in the following order: Policy Owner, CPO, CLO-GC, and CEO or EVP. Signatures from these individuals shall be affixed to the Departmental Policy in a digital format.

(e) After the Legal Department receives all requisite approvals, it will publish the Departmental Policy in the Repository.

# GOVERNANCE AND ADMINISTRATION

## 3.4. Employee Performance Administration

A. **Policy Statement:** NES strives to promote a performance-based culture to ensure that the organization is working effectively towards aligned goals, talent development, and optimal performance. To this end, NES regularly provides guidance regarding the performance and development of its employees.

B. **Scope:** This Policy applies to all employees.

### C. Terms and Definitions

(1) Performance Appraisal - PA

(2) PA Year - The PA Year is a 12-month period based on job classification.

### D. Policy

#### (1) PERFORMANCE APPRAISAL SYSTEM

- (a) Non-Civil Service employees will be evaluated within the first six months of their employment. All other employees will be evaluated at least annually.
- (b) Each job classification has predetermined standards for evaluation that will be made available to the employee prior to the start of the PA year.
- (c) Goals and unplanned activities may be considered in the evaluation process under the PA system.
- (d) In addition to other standards, supervisory employees will be accountable for operating within approved budgets and promoting positive Affirmative Action principles and will be evaluated accordingly in the PA system.
- (e) In addition to other standards, VPs are accountable for their support of supplier diversity goals and will be evaluated accordingly in the PA system. Factors may include initiatives, ideas, and accomplishments directed toward increasing involvement of minority vendors.

#### (2) CEO PERFORMANCE SYSTEM

- (a) The Board shall evaluate the CEO's performance annually based on a set of predetermined standards for evaluation.
- (b) The evaluation includes an assessment of the CEO's performance on core quantitative and qualitative measures as predetermined by the CEO and the Board at the beginning of each fiscal year.
- (c) Predetermined standards may include evaluation of financial management; customer service; board, employee, and customer relations; internal controls; and other factors that may arise as business conditions dictate.

# GOVERNANCE AND ADMINISTRATION

## 4.5. Authorizations

- A. **Policy Statement:** To ensure prudent business operations, mitigate financial risk, and safeguard public assets, NES promulgates the following Policy.
- B. **Scope:** This Policy applies to all employees and the Board.
- C. **Terms and Definitions:** None
- D. **Policy**

### (1) GENERAL PROVISIONS

- (a) Purchase requisitions, invoices, and check requests must be approved at the following levels:
  - (i.) Supervisors - up to \$5,000
  - (ii.) Managers - up to \$9,999.99
  - (iii.) VPs - up to \$24,999.99
  - (iv.) CEO and EVP - \$25,000 up to \$250,000
  - (v.) Board - over \$250,000
- (b) Two written or digital signatures are required for any expenditure.
- (c) All expenditures must be approved by the next level of supervision.
- (d) The CEO, EVP, or VPs, where applicable, may approve payments for services when there are approved contracts for these services.
- (e) Supervisors, Managers, and VPs may approve deposit refunds, overpayments of accounts, payroll-related items, service-connected medical bills, Metro Water Department bills and deposits collected, payments for heat-pump installations and other energy-related activities which are reimbursable by TVA, utility services, collected sales tax, and postage as approved in the annual budget.
- (f) Check requests and invoices are appropriate for the items listed below, subject to the approvals listed in this Policy. The Procurement Manager may review check requests and invoices submitted for goods and services. Charges incurred in violation of this Policy will be reported to Executive Management for approval.
  - (i.) Books, periodicals, and subscriptions available only from specific publishers
  - (ii.) Charitable events
  - (iii.) Emergency repairs
  - (iv.) Legal notices placed in newspapers
  - (v.) Membership dues, if approved in budget
  - (vi.) Registration for classes, seminars, conferences, etc.
  - (vii.) Small dollar items with only one local source
  - (viii.) Travel advances
  - (ix.) Non-stock, non-recurring items

# GOVERNANCE AND ADMINISTRATION

## **(2) SUBSTITUTE APPROVALS**

- (a) Substitute approvals will only be accepted when the designated individual is unavailable.
- (b) The substitute approval must be made by the designated individual's supervisor unless the supervisor has designated another supervisor of equal position.
- (c) The EVP may approve expenditures in the absence of the CEO or as delegated by the CEO.

## **(3) EMERGENCIES AND NATURAL DISASTERS**

- (a) In the event of an emergency or natural disaster, the CEO, with either the EVP or the CFO, is authorized to make emergency expenditures up to \$500,000 when it is determined that an emergency or natural disaster exists, swift and immediate action is necessary, and the convening of the Board is impractical or impossible.
- (b) The CEO shall report on the use of emergency funds at the next Board meeting following the emergency, and at each subsequent Board meeting thereafter, until there is a full and complete accounting of emergency expenditures.

## **(4) CHECKS**

- (a) All checks issued by NES for \$50,000 or more must be hand signed by two parties. Eligible signers include the CEO, EVP, CFO, and Controller. For transactions completed using an ACH or ePayables process, two signatures should be placed on the check copy request or ACH authorization form indicating review and approval.
- (b) Properly authorized disbursements below \$250,000 and payroll-related checks, such as payroll deposits and withholdings, must be signed with a facsimile signature that is electronically printed on all checks. All disbursements except for payroll must be supported by contract, invoice, or other support verifying the validity of the expenditures.
- (c) Checks related to payroll and payroll-related items; deposits collected; service-connected medical bills; deposit refunds; pass-throughs such as collection and subsequent disbursements of funds for Project HELP; payments ordered by a court of law; and overpayment of energy-related activities which are reimbursable by TVA; do not have to be hand signed.

## **(5) PETTY CASH**

- (a) The CFO is responsible for the designation of petty cash locations and the amount of cash at each location.

# GOVERNANCE AND ADMINISTRATION

## 5.6. Succession Planning and Emergency Succession

A. **Policy Statement:** NES recognizes the need for contingencies due to the disability, death, or departure of the President and CEO. When NES is faced with an untimely vacancy, NES activates plans to facilitate the transition to both acting and longer-term leadership for the President and CEO position. Further, general succession planning identifies and prepares candidates for other upper-management positions that become vacant due to retirement, resignation, death, or new career opportunities within NES. This Policy outlines these procedures.

B. **Scope:** This Policy applies to the Board and Executive Leadership.

### C. Terms and Definitions

- (1) Key Personnel - Employees in manager-level positions or above who assist in key functions of NES operations.
- (2) Unplanned Absence - An Unplanned Absence is one in which the President and CEO is unable to fulfill the duties of their office. An Unplanned Absence is one that arises unexpectedly. If the events that cause the Unplanned Absence no longer exist, then the President and CEO may return to their office.
- (3) Permanent Absence - A Permanent Absence is one in which the President and CEO will not be returning to the position.

### D. Policy

#### (1) GENERAL SUCCESSION PLANNING

- (a) An NES Succession Planning Report will provide a general assessment of NES's preparedness to respond to potential losses of Key Personnel. This Report will be presented to the Board by the President and CEO annually.

#### (2) EMERGENCY SUCCESSION PROCEDURES

- (a) The Board authorizes NES to implement the terms of this emergency plan in the event of an Unplanned Absence.
- (b) In the event of an Unplanned Absence, the EVP will immediately inform the Board Chair of the absence. As soon as it is feasible, the Chair should convene a meeting of the Board to carry out the procedures of this plan or to make modifications as the Board deems appropriate.
- (c) In an Unplanned Absence, the EVP will fill the position of Acting President and CEO. Should the EVP be unable to serve, the back-up appointees for the position will be determined by the Board Chair. Criteria such as time in a position, time with NES, and overall operational knowledge of NES may be used as deciding factors. The appointees may be any of the following:

# GOVERNANCE AND ADMINISTRATION

- (i.) Chief Legal Officer & General Counsel
  - (ii.) Chief People Officer
  - (iii.) VP Chief Financial Officer
  - (iv.) VP Chief Customer and Innovation Officer
  - (v.) VP Operations Power Systems Operations
  - (vi.) VP Operations Engineering
  - (vii.) VP Operations Transmission and Distribution
- (d) Should the EVP be unable to serve as Acting President and CEO, the Board may also consider splitting executive duties among multiple appointees.
  - (e) The Acting President and CEO shall have the full authority for decision-making and independent action as the actual President and CEO. The Acting President and CEO will also be offered a temporary salary increase during the Unplanned Absence.
  - (f) The Board Chair monitors the work of the Acting President and CEO. The Board Chair will be sensitive to the special support needs of the Acting President and CEO.
  - (g) The Board Chair will determine when the President and CEO will return. A reduced schedule for a temporary period may be allowed by approval of the Board Chair.
  - (h) In the event of a Permanent Absence, the Board will appoint a Transition Committee to plan and carry out a transition to a new President and CEO. To fill the position, the CPO works directly with the Board, except when the CPO may be considered for the position. The Board will also consider the need for outside consulting assistance depending on the circumstances of the transition and the Board's capacity to plan and manage the transition and search process.

## **(3) ANNOUNCING AN ACTING PRESIDENT AND CEO**

- (a) Immediately upon appointing an Acting President and CEO, the Board Chair will notify members of the Board and Executive Leadership.
- (b) The Board and Acting President and CEO will direct the communication of the temporary leadership structure to key stakeholders of NES, which may include the Metro government and the Tennessee Valley Authority.
- (c) The Acting President and CEO will be responsible for directing a communication plan and disseminating information to the media regarding the temporary leadership structure.

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## 7. Economic Development and Community Involvement

**A. Policy Statement:** As a public utility, NES supports projects and activities that contribute to the economic development of the community. Further, NES strives to be an active and involved partner in supporting community initiatives in the NES service area, such as investing NES employee time, talent—and where appropriate—financial support.

**B. Scope:** This Policy applies to NES employees, contractors, and the Board.

### **C. Terms and Definitions**

(1) Non-Electric Revenues - Revenues derived from sources other than electricity sales.

### **D. Policy**

#### **(1) GENERAL PROVISIONS**

- (a) Economic Development and Community Involvement funding shall come exclusively from Non-Electric Revenues. The CLO-GC will review all financial requests to ensure that they conform to the provisions of the Metropolitan Charter and the TVA contract.
- (b) Authorization for any expenditure under this Policy shall follow the approval procedures set forth in the Policy Manual and shall also require the approval of the CLO-GC.
- (c) NES, through its Community Involvement Fund, will provide financial support to the nonprofits in which its employees serve provided such support is consistent with NES policy.
- (d) An NES-sponsored community program or activity is one that has been approved by Executive Management. All requests for NES's participation in community programs and activities will be submitted to the CLO-GC who will review them for compliance with this Policy.
- (e) Employees may submit ideas for programs, projects, and events with a need for employee and/or volunteer involvement to the CPO and CLO-GC. Upon review, the CPO and CLO-GC may make recommendations to Executive Management.
- (f) In no event shall an employee or representative from NES communicate to a donor or supporter of any community program or activity that the donor or supporter will receive any compensation, contract, relationship, or other benefit as a result of any donation or other support.

#### **(2) ECONOMIC DEVELOPMENT FOR ELECTRIC SYSTEM UPGRADES**

- (a) The Board may designate an annual budget for use in relocating or modifying the electric system.

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- (b) The budget amount for economic development under this section shall not exceed \$300,000.
- (c) Expected expenditures should be commensurate with the expected benefit.
- (d) The Board must approve any expenditure for economic development purposes.

## **(3) COMMUNITY INVOLVEMENT**

- (a) The CLO-GC will budget annually for community involvement programs, projects, and events.
- (b) The CLO-GC will present a quarterly report on community involvement funding and allocation to the Board.
- (c) The CLO-GC will evaluate, with no pre-set allocation, investment in five major categories:
  - (i.) Health & Human Services
  - (ii.) Economic Development
  - (iii.) Education
  - (iv.) Arts
  - (v.) Electrical Promotion Activities
- (d) Any Community Involvement expenditure exceeding \$10,000 will require the approval of the Board.

## **(4) EMPLOYEE PARTICIPATION**

- (a) The CEO may participate in charitable, community, and volunteer programs and activities as appropriate to represent NES in the business community. Executive Management is also encouraged to represent NES in a similar capacity.
- (b) Employees below the level of Executive Management may participate in charitable, community, and volunteer activities during their regular work hours at the discretion of their functional VP. A VP may consult with the CPO and CLO-GC when considering the appropriateness of the request.
- (c) All employees should ensure that their participation in charitable, community, and volunteer activities does not rise to a Conflict of Commitment as defined by the NES Conflict of Interest Policy.
- (d) Employees may not hold themselves out as a representative of NES in a charitable, community, or volunteer capacity without approval from the functional VP. Employees may not hold themselves out as a representative of NES in an industry-related organization or an organization with which NES has a membership without the approval of the CEO.
- (e) All employees, as representatives of NES, shall adhere to appropriate standards of conduct while involved in charitable, community, and volunteer activities. Misconduct while performing these activities may result in disciplinary action, up to and including termination, and/or the revocation of the privileges afforded under this Policy.

# GOVERNANCE AND ADMINISTRATION

## 8. Board/Officer/Employee Account Audit

- A. **Policy Statement:** To ensure the integrity of NES's operations and billing procedures, NES will audit certain electric accounts in accordance with the following Policy.
- B. **Scope:** This Policy applies to all employees and Board members.
- C. **Terms and Definitions:** None
- D. **Policy**

### (1) GENERAL PROVISIONS

- (a) NES will perform an annual audit of the accounts of its officers and Board members.
- (b) NES will also perform an annual audit of the accounts of Managers who have influence over or are involved in metering and/or billing decisions.
- (c) NES will conduct on-site visits of the residences of its officers, Board members, and Managers with influence or involvement in metering and/or billing decisions consisting of a physical inspection of its electric equipment and a meter test to confirm accurate registration of electricity consumption.
- (d) NES may audit all employees' electric accounts at its discretion.

# GOVERNANCE AND ADMINISTRATION

## 9. Travel

A. **Policy Statement:** NES recognizes that in some instances, it is appropriate for employees to enhance their knowledge and skills through training opportunities, participation in membership organizations, and other activities that may require travel. This Policy outlines the provisions governing the benefits provided during travel on company business.

B. **Scope:** This Policy applies to employees and Board members.

### C. Terms and Definitions

- (1) Field Travel - Any authorized travel that is not for the purpose of a training opportunity, participation in activities of organizations approved by NES, or speaking obligations on behalf of NES.

### D. Policy

#### (1) GENERAL PROVISIONS

(a) Reimbursements and costs under this Policy are paid from non-electric revenues.

~~(a)~~(b) Employees are expected to exercise good judgment while conducting business for the organization. All expenditures incurred while traveling shall be fair and reasonable.

~~(b)~~(c) All travel must be approved in advance by the employee's functional VP. All employee travel must be approved in advance. Employees below the VP level must obtain approval from their functional VP, and VPs must obtain approval from the CEO.

~~(c)~~(d) Unless otherwise preapproved by this Policy, Aany expenditure of \$25.00 or more must be substantiated with an itemized receipt.

~~(d)~~(e) Any overtime paid for travel must be approved in advance by the employee's functional VP. Vice Presidents and Managers reserve the right to modify employee schedules at any point to accommodate travel.

~~(e)~~(f) NES will pay a per diem amount for meals based on the Federal Meal Per Diem Rate by travel destination. The meal per diem amounts include tips. The amount of the authorized meal per diem is calculated by day using the percentages as outlined in this Policy.

~~(f)~~(g) The maximum allowable hotel rates provided by the U.S. General Services Administration will be used for determining the maximum allowable expense for lodging by travel destination when on Field Travel. Taxes and other standard room charges are allowable above and beyond this maximum. A functional VP may make an exception when a hotel will not accept the federal rate.

~~(g)~~(h) For non-Field Travel, employees are encouraged to stay at the official hotel for the conference or sponsoring organization and take advantage of discounted room rates. If the official hotel is unavailable or there is not a

# GOVERNANCE AND ADMINISTRATION

designated hotel, the attendee should obtain approval from the functional VP to secure lodging in a facility in close proximity to the conference or meeting.

~~(i)~~ Airline tickets should be booked in advance. Recognizing the demands and scheduling flexibility required by their roles, employees are not required to provide a documented reason for selecting early check-ins and premium economy fares or below. Additionally, employees may select departure and arrival times that best align with their schedules; however, choosing flights as authorized by this provision does not justify reimbursement for any additional lodging expenses incurred as a result. Charges for early check-in options are reimbursable.

~~(h)(j)~~ Airline tickets should be booked in advance in coach/economy/standard class. Premium economy and "business select" business fares must have a documented reason for the upgrade and be pre-approved by the employee's functional VP. Business and first-class tickets may be authorized with a documented reason and advance approval by the EVP or CEO. Charges for early check-in options are reimbursable.

~~(i)(k)~~ Insurance for accidental death and dismemberment is provided by NES for travel outside the service area on company business. Anyone traveling for the first time or wanting their beneficiary changed should contact the Compensation and Benefits Section. NES does not reimburse for additional insurance coverage.

~~(j)(l)~~ Accounting will provide information regarding the current meal per diem rates and hotel maximum rates each year following the release of the new rates each October 1. Those rates will remain in effect the entire year unless notified otherwise by Accounting. For cities not listed, contact Accounting for the appropriate rate.

~~(k)(m)~~ Any extenuating circumstances creating an exception to this Policy must be approved by the CEO. Any exception pertaining to the travel expenses of Board members or the CEO will be approved by the Chair of the Board.

## (2) MEALS

(a) Employees will be provided a per-diem for meals while traveling on NES business. Per-diem meal rates for travel requiring an overnight stay will be provided at 100% of the daily rate. Per-diem meal rates for one-day travel not requiring an overnight stay will be paid using the per-diem percentages assigned to each meal in the chart below for any meals incurred during the day trip. If a trip is extended for personal reasons, meal expenses will not be reimbursed as these were not incurred for NES business.

(b) The per diem meal rate is adjusted for travel days on trips requiring an overnight stay as follows:

	Departs before:	Returns after:	Percent of Per Diem
Breakfast	8:00 a.m.	8:00 a.m.	20%
Lunch	11:00 a.m.	Noon	30%
Dinner	5:00 p.m.	6:00 p.m.	50%

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(c) The per-diem meal rate should be adjusted for meals included as part of the event schedule for which the traveler is registered by the percentages of per diem noted in the chart. Continental breakfasts and receptions do not constitute a planned meal. The traveler is not required to participate in a scheduled meal if there is a business-related conflict. Receipts for meals under the per-diem system are not required.

~~(c)~~(d) The per-diem meal rate should be adjusted for any meal provided at no cost to an employee.

~~(d)~~(e) A travel advance check can be issued for advance payment of the expected meal per-diems if requested by the traveler.

## (3) OTHER REIMBURSABLE EXPENSES

(a) Transportation costs, including airline baggage fees and tips

(b) Rental vehicles

(i.) Vehicle rentals should be approved in advance by the employee's Manager, VP, EVP, or CEO. Vehicle rental insurance, including collision damage waiver, shall not be purchased. An employee renting a vehicle for NES business is covered by the organization's liability policy. All vehicle rental contracts should have NES printed in the "company name field." Gasoline and electric charging for rental vehicles are reimbursable expenses (with proper receipts). Travelers are expected to refuel gas-powered rental vehicles before returning it to avoid refueling fees.

(c) Personal vehicle mileage

(i.) Mileage incurred while on company business on personal vehicles may be reimbursed with advanced approval by the employee's Manager, VP, EVP, or CEO. Reimbursement of personal vehicle mileage will be at the applicable IRS mileage reimbursement rate. This mileage includes round-trip distance from NES to the event, as well as reasonable daily mileage while at the event (i.e., roundtrip distance from the hotel to the event.)

(d) Airport parking fees if a vehicle must be parked during air travel

(e) Taxi, bus, and other ground transportation needed during company business

(f) Lodging costs beginning with the night before the function begins and ends with the night of adjournment, if needed

(i.) A function begins when the opening plenary or training programs begin. Early registration and vendor exhibits are not considered the beginning of a function.

(ii.) Lodging receipts are required and must itemize room charges and taxes.

(g) Telephone calls to family (within reason as to frequency and duration)

(i.) Calls will be reimbursed at the current NES reimbursement rate. Employees using their personal cell phone, if not currently being reimbursed by NES, should provide proper receipt(s) for reimbursement. Hotel charges for long distance service should be avoided.

(h) Internet access for work-related activities with prior approval from their manager or functional VP

## (4) NON-REIMBURSABLE EXPENSES

# GOVERNANCE AND ADMINISTRATION

- (a) Hotel, meals, and transportation for non-NES employees
- (b) Hotel nights for any time outside of a reasonable travel timeframe
  - (i.) No more than one night of hotel lodging will be reimbursed before the opening session of a conference or meeting. In addition, only one night following the closing session of a conference or meeting will be reimbursed.
- (c) Vehicle rental expenses outside of the day before and after actual NES business
- (d) Miscellaneous personal expenses such as newspapers, magazines, movies, babysitting, house-sitting, kennel fees, laundry services, health club fees, personal items, toiletries, alcoholic beverages, passports, etc.
- (e) Personal vehicle mileage to and from the airport

## ~~(5) ADDITIONAL POLICIES APPLICABLE TO THE PRESIDENT & CEO, EVP, VPs, AND BOARD MEMBERS~~

- ~~(a) Board members are encouraged to participate in training, meetings, and other activities to enhance their knowledge and abilities in providing oversight of NES, through travel and as needed.~~
- ~~(b) The CEO, EVP, and other VPs are also encouraged to enhance their knowledge and skills through training opportunities, participation in membership organizations, and other activities that may require travel.~~
- ~~(c) Travel costs for Executive Management, the VPs, and Board members should be paid from non-electric revenues. The total of these expenses in any year should not exceed the amount of available non-electric revenues. All travel expense statements for VPs must be approved by the CEO. The Chair or Vice Chair of the Board must approve the CEO's travel expense statements.~~
- ~~(d) The standard per diem rate for meals is \$75. A higher rate of \$85 is allowed when traveling to New York City and the District of Columbia. The prorated amount of the authorized meal per diem is calculated by day using the percentages outlined in this policy. In some circumstances, it may be best for one individual to pay for all diners. Per diems are not applicable in those situations and should not be paid to the travelers. The actual cost of the meal will be reimbursed or paid with the presentation of an itemized receipt and a list of meal participants.~~
- ~~(e) Business and First-Class tickets will be reimbursed when there is documented reason for the upgrade along with prior approval.~~

# GOVERNANCE AND ADMINISTRATION

## 10. Relocation and Travel Expenses for Applicants and New Hires

- A. **Policy Statement:** To attract a vibrant and diverse workforce, NES may reimburse applicants and new employees for certain relocation and travel expenses for positions that are challenging to fill as confirmed and approved by the CEO.
- B. **Scope:** This Policy applies to all applicants and new employees within a year of their hire date. This Policy does not apply to interns, co-operatives, internal applicants, and individuals hired on a part-time basis.

### C. Terms and Definitions

- (1) Executive Employee - Includes the position of CEO, EVP, and VP.
- (2) GSA Rate - A GSA rate is the per diem established by the United States General Services Administration while traveling within the United States.

### D. Policy

#### (1) REIMBURSEMENT FOR INTERVIEW-RELATED TRAVEL

- (a) NES may pay an applicant's travel expenses for interview(s) using the prevailing lowest fare available if traveling by air, or the current business mileage rate if traveling by personal vehicle. If the applicant's visit cannot be concluded in one day, NES will cover the reasonable costs of other related expenses such as meals, lodging, incidentals, and meals based on the federal meal per diem rate.

#### (2) REIMBURSEMENT FOR RELOCATING NEW HIRES

- (a) After an employment offer is accepted, NES may reimburse reasonable housing search expenses. As part of the housing search, NES may reimburse for up to seven days of lodging expenses based on GSA Rates, car rental (fuel, insurance, and parking fees included), and air fare for one round trip at the lowest available rate for the new employee and spouse, or the current business mileage rate if traveling by personal vehicle.
- (b) NES may pay for or reimburse the new employee for temporary lodging for up to 90 days based on GSA Rates. NES may also pay or reimburse the employee for temporary storage of their household and personal effects for up to 90 days and for the one-time handling and delivery of personal property to the storage facility and one-time handling and delivery out of storage.
- (c) NES may pay for or reimburse the new employee for normal and reasonable moving related expenses of primary residence, including:
  - (i.) Transportation of household effects up to 20,000 pounds from origin to destination in addition to packing, unpacking, disassembling, and

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reassembling major household items (furniture, large appliances, large electronics), reconnecting utilities, and providing moving protection insurance.

- (ii.) Commercial shipping and the cost of transit insurance for up to two passenger vehicles or reimbursement of travel for up to two vehicles at the current business mileage rate.
- (d) Reimbursements for relocating household and personal effects will be subject to the new employee securing bids for three commercial firms for which the lowest bid will be accepted.
- (e) All eligible relocation expenses must be incurred and presented to NES within one year of the employee's acceptance of employment.
- (f) The new employee must repay NES for all relocation reimbursements if the employee voluntarily resigns from NES within two years of their hire date.

## **(3) ADDITIONAL REIMBURSEMENT AND TRANSITION BENEFITS FOR EXECUTIVE EMPLOYEES**

- (a) The following will be provided to Executive Employees in addition to the benefits provided above:
  - (i.) Up to five days of transition leave for relocation
  - (ii.) Meals during one housing search for the employee and spouse
  - (iii.) Transportation costs for up to four trips to the employee's previous residence within a one-year period, if necessary
  - (iv.) Annual leave will be adjusted to give credit for previous years of related experience

# GOVERNANCE AND ADMINISTRATION

## 11. Memberships, Privilege Taxes, and License Fees

- A. **Policy Statement:** NES recognizes that certain memberships, privilege taxes, and license fees are necessary for certain employees to conduct NES business in their roles for the company. As such, NES will cover these memberships, taxes, and fees in accordance with the following Policy.
- B. **Scope:** This Policy applies to all employees.
- C. **Terms and Definitions:** None
- D. **Policy**

### (1) COMPANY MEMBERSHIPS, TRADE ASSOCIATIONS, AND PROFESSIONAL ORGANIZATIONS

- (a) Company memberships in trade associations will be recommended by a respective VP in order to keep abreast of changing technologies, methodologies, and disciplines. Trade association memberships will be submitted through the budget process for approval by the CEO.
- (b) Individual memberships in professional organizations will be recommended by a functional VP. Memberships in professional organizations will be submitted through the budget process for approval by the CEO.
- (c) Company memberships in organizations where annual dues exceed \$50,000 will require Board approval.

### (2) LICENSE FEES, CERTIFICATION FEES, AND PRIVILEGE TAXES

- (a) Reimbursement for an employee's license fees, certification fees, and privilege taxes shall be authorized by the functional VP if they are required for an employee's current role at NES.
- (b) Reimbursement for an employee's license fees, certification fees, and privilege taxes may be authorized by the functional VP if it is relevant to their current role and provides value to the organization.
- (c) With supervisory approval, employees seeking advancement will be afforded a minimum of two hours, up to four days per year to prepare for an examination for a position that could provide a benefit to NES if they meet the underlying requirements for the examination or certification.
- (d) With supervisory approval, employees sitting for examinations in connection with employment-related state licensing requirements may take up to 20 hours off work without requiring the use of accrued leave per examination.
- (e) Fees and/or taxes will be paid on a reimbursement basis only.

# GOVERNANCE AND ADMINISTRATION

## **(3) COMMERCIAL DRIVER'S LICENSE (CDL) FEES**

- (a) NES will reimburse employees for NES-approved CDL training fees, testing fees and other associated fees for the purpose of obtaining a Class A or Class B CDL, as required by the employee's job description.
- (b) If required by the employee's job description, NES will reimburse employees for the cost of a CDL minus the cost of a Class D license. NES will also pay for any endorsements on a CDL that are required per the employee's job. NES will not reimburse employees for the cost of CDL permits or Class D licenses.
- (c) Attending a CDL training is subject to pre-approval by the Section Manager, and reimbursement is subject to successfully obtaining the required CDL.

# GOVERNANCE AND ADMINISTRATION

## 12. Tool, Uniform, and PPE Allowances for Employees

**A. Policy Statement:** To promote a safety culture, NES provides employees with the required hand tools, uniforms, and personal protective equipment required for their jobs.

**B. Scope:** This Policy applies to employees in job classifications designated by the CEO or EVP.

### **C. Terms and Definitions**

- (1) PPE - Personal Protective Equipment - Equipment worn to minimize exposure to hazards that cause serious workplace injuries and illnesses.
- (2) Assigned Hand Tool - A tool required to do work that is provided and accounted for by the section manager.

### **D. Policy**

#### **(1) HAND TOOL PROGRAM**

- (a) Managers have the responsibility of administering the Program for their respective employees.
- (b) Updates to the Program will be submitted to the CEO/EVP for approval.
- (c) If an employee loses a tool, Management may require the employee to reimburse NES for its replacement.
- (d) Worn out, broken, lost, or stolen tools will be replaced.
- (e) Employees no longer needing the tools to perform their job—including in instances of disability, retirement, or termination—will leave them with their manager.

#### **(2) UNIFORM AND PPE ALLOWANCE PROGRAM**

- (a) At the beginning of the fiscal year, eligible employees in the Program will be provided with allowances to cover the costs of their uniforms and PPE. Employees may use these allowances at any time during the year, including any carryover allowances from previous years. Employees may not exceed their allowances.
- (b) Each functional VP will be responsible for determining which employees are eligible for the Program. Safety will maintain a list of all employees and their respective allowances in the Program.
- (c) Functional VPs are responsible for obtaining the CEO or EVP's approval of all guidelines and changes associated with the allowances within their respective departments and for ensuring compliance with the approved guidelines. These guidelines will include the amount of the allowance, the period that it covers,

## GOVERNANCE AND ADMINISTRATION

the types of uniforms and PPE covered, the classification of covered jobs, and any other necessary provisions.

- (d) All purchases made under the Program shall be consistent with NES procurement practices.

# GOVERNANCE AND ADMINISTRATION

## 13. Reimbursement Due to Theft or Robbery

- A. **Policy Statement:** NES recognizes that employees may face dangers while performing their duties for NES. In these instances, NES intends to reimburse employees who are robbed or are stolen from during the course and scope of their employment with NES.
- B. **Scope:** This Policy applies to all employees.
- C. **Terms and Definitions:** None
- D. **Policy**

### (1) GENERAL PROVISIONS

- (a) Employees working outside of NES's secured premises should carry minimal cash and personal belongings during such exposure.
- (b) Employees who are victims of theft or robbery while performing their duties for NES must submit a police report of the incident and submit to an investigation by NES Security.
- (c) In addition to replacing any stolen NES-owned equipment, NES may reimburse employees for their personal property and cash.
- (d) In the instance of robbery in a work-from-home situation, NES will only replace stolen NES-owned equipment.

# GOVERNANCE AND ADMINISTRATION

## 14. Security Access Control and Employee ID System

**A. Policy Statement:** To protect the public, NES employees, and NES facilities and infrastructure, NES uses an approved mechanism to determine access provided to NES premises through identification cards.

**B. Scope:** This Policy applies to employees, contractors, Board members, and retirees (“Personnel.”)

### **C. Terms and Definitions**

(1) General Access - Access provided to Personnel to NES premises from exterior points of entry.

(2) Secured Access - Access provided to Personnel to restricted and/or sensitive areas of NES premises.

### **D. Policy**

#### **(1) PREMISES ACCESS**

- (a) An NES identification card provides Personnel identification and General and/or Secured Access.
- (b) All access must be approved by the functional VP in conjunction with Security.
- (c) Secured Access is determined in accordance with business needs.
- (d) Secured Access may require a security investigation and approval by Legal and the functional VP.
- (e) Personnel who have been suspended, terminated, or are on disability will have their access revoked.
- (f) Visitors must obtain a pass from the visitors’ lobby or a security post and must be escorted by Personnel.

#### **(2) IDENTIFICATION CARDS**

- (a) All Personnel should protect their identification cards from theft or loss. Personnel shall not loan their identification cards to others. Violations of this provision may result in disciplinary action.
- (b) While in the performance of their job, Personnel are required to keep their NES identification card on their person and display their identification card, if requested.
- (c) Personnel forgetting or misplacing an identification card must obtain a temporary pass at the visitors’ lobby or a security post. Lost, stolen, or inoperable identification cards should be reported to Security immediately.
- (d) Security will deactivate and/or collect identification cards upon resignation or suspension pending charges for termination.

# GOVERNANCE AND ADMINISTRATION

## 15. Work Product

**A. Policy Statement:** To preserve the integrity of the organization and its operations, NES retains the ownership of all work product created by its employees and agents. Further, to preserve NES's public image, certain statements made about NES by its agents require advanced approval.

**B. Scope:** This Policy applies to all employees, contractors, and Board members ("Individuals").

### C. Terms and Definitions

(1) Public Statement - Any external statement about NES, whether written or spoken, that an Individual makes in their capacity with NES.

### D. Policy

#### (1) GENERAL PROVISIONS

- (a) Individuals have no right, title, or interest in any work product created in the course and scope of NES business and have no right to sell, market, or assign any work product.
- (b) No part of any work product may be used for any other use without the prior written consent of the Board.

#### (2) PUBLIC STATEMENTS

- (a) Individuals making Public Statements about NES shall submit their proposed Statements to the ~~CCIO~~-COIO for approval. Submissions shall be made at least two weeks in advance of the publication date or speaking engagement.
- (b) Exceptions to this Policy may be made for Individuals creating Public Statements in an emergency and only when an Individual's role with NES requires it.
- (c) Unauthorized Public Statements may be corrected or retracted by NES in any manner deemed appropriate.

#### (3) DISCIPLINARY ACTION

- (a) Employees violating this Policy, including exceeding scope of the ~~CCIO's~~-COIO's approval, may be subject to disciplinary action, up to and including termination. Contractors violating this Policy may be subject to a vendor complaint and/or the termination of their relationship with NES.

# GOVERNANCE AND ADMINISTRATION

## 16. Vehicles

**A. Policy Statement:** To promote efficient operations, NES provides vehicles for conducting business in accordance with this Policy.

**B. Scope:** This Policy applies to employees.

### **C. Terms and Definitions**

- (1) Officer - Any employee in the position of CEO, EVP, or VP.
- (2) Personal Vehicle - A vehicle not owned by NES and used for NES business.
- (3) Pool Vehicle - NES-owned vehicles used for NES business travel and assigned to employees on a temporary basis.
- (4) Take-Home Vehicle - NES-owned vehicles assigned to employees on a 24-hour basis.
- (5) Work Vehicle - NES-owned vehicles assigned to departments for use by employees while on duty.

### **D. Policy**

#### **(1) GENERAL PROVISIONS**

- (a) Official business travel that would warrant temporary use other than described in this Policy must have prior approval from the functional VP.
- (b) Only vehicles approved by the EVP will be used outside the State of Tennessee.
- (c) Permanent assignment of vehicles for uses other than outlined in this Policy must have the approval of the functional VP, EVP, and the CEO.
- (d) All vehicles will bear government service plates except for those identified by the EVP and the CEO.
- (e) The value of Take-Home Vehicles and vehicle allowances will be included in employees' compensation in accordance with applicable tax laws.

#### **(2) WORK VEHICLES**

- (a) Department assigned vehicles will be available during working hours for employees requiring the use of a Work Vehicle while on duty.
- (b) Pool Vehicles may be issued to employees who require the use of a Work Vehicle for NES business travel.
- (c) Work Vehicles should remain in the NES service territory except with supervisory approval. Supervisory approval will not be required if an employee may leave the service territory in a Work Vehicle when driving directly from one site to another, if the most efficient route extends beyond the NES service territory.
- (d) Work Vehicles will remain parked at NES facilities during non-working hours.

# GOVERNANCE AND ADMINISTRATION

## **(3) TAKE-HOME VEHICLES**

- (a) All Take-Home Vehicles will be assigned to positions based on employees' work requirements.
- (b) Employees deemed critical and on 24-hour duty may be provided a Take-Home Vehicle. These employees are:
  - (i.) CEO and EVP
  - (ii.) VP-Operations
  - (iii.) Managers-Transmission & Distribution Operations, Power System Operations and Meter Services
  - (iv.) Field Superintendents
  - (v.) System Supervisors
- (c) Employees who are temporarily on a 24-hour call-out responsibility will be provided a Take-Home Vehicle for the duration of the temporary assignment. These positions are:
  - (i.) Dispatching Supervisors
  - (ii.) Others to be determined on an as needed basis.
- (d) Officers will be provided a biweekly vehicle allowance of \$323.08 unless they choose the option of a Take-Home Vehicle in accordance with this Policy.

## **(4) PERSONAL VEHICLES**

- (a) In accordance with IRS allowances, employees will be reimbursed for the use of Personal Vehicles on NES business with prior approval. For the CEO, EVP, and VPs, this only applies for business travel outside the NES service area.
- (b) Travel between the centers for NES business does not require pre-approval; however, the expense reimbursement must be approved by the functional VP.

# GOVERNANCE AND ADMINISTRATION

## 17. NESEA/SEIU

- A. Policy Statement:** NES recognizes that the employees of NES may need a voice to collectively speak about issues within the workforce. For decades, the Board has recognized NASHVILLE ELECTRIC SERVICE EMPLOYEES ASSOCIATION/Service Employees International Union (NESEA/SEIU Local 205) as the representative for non-supervisory employees of NES who are members of the organization. This Policy provides guidance on the administration of the relationship between NES and NESEA/SEIU.
- B. Scope:** This Policy applies to all employees.
- C. Terms and Definitions:** None
- D. Policy**

### (1) GENERAL PROVISIONS

- (a) NESEA/SEIU will be allowed to hold meetings with employees before or after regularly scheduled working hours as long as it does not interfere with NES operations.
- (b) The CPO will designate a meeting room or rooms for officials of NESEA/SEIU to use on a regular basis except when required for other NES purposes, in which event, if required, an alternate location will be provided. NESEA/SEIU may place necessary office equipment and supplies in the designated room.
- (c) NESEA/SEIU may requisition office supplies from the NES Stationery Store, and those supplies will be billed to NESEA/SEIU.
- (d) NESEA/SEIU may use NES's copiers, and charges for copies will be billed to NESEA/SEIU.
- (e) NESEA/SEIU may place proper notices on designated boards and reasonably use the interoffice mailing system.
- (f) Upon prior approval from the CEO, NESEA/SEIU may have elections for officers on company premises provided the request is made in writing at least one week in advance stating the hours, place, purpose of the voting, and a list of proposed employees.
- (g) NESEA/SEIU may present its view on compensation and benefits prior to Board approval and the effective date of any revision. The CEO shall notify NESEA/SEIU at least 60 days before the proposed effective date of a pay plan.
- (h) NESEA/SEIU and its members recognize that neither it nor they have the right to strike or engage in work stoppages or work interference of any form against NES, or any department or agency thereof. NESEA/SEIU will immediately take all available steps to see that any such conduct is terminated. If NESEA/SEIU takes such steps, neither the Board nor NES will institute an action for monetary damages against NESEA/SEIU based on such conduct.

# GOVERNANCE AND ADMINISTRATION

## (2) MEMBERSHIPS

- (a) Any non-supervisory and non-confidential employee is free to join and assist NESEA/SEIU or to refrain from such membership and activity, without fear of retaliation of any kind.
- (b) No employee in a supervisory or administrative capacity shall use any discriminatory tactic to prevent an employee from exercising their freedom of choice with regard to NESEA/SEIU membership.
- (c) No employees shall use tactics to force membership in or assistance to NESEA/SEIU. NESEA members and SEIU representatives will affirmatively assist in enforcing this provision.
- (d) NESEA/SEIU membership fees will be deducted from the paycheck of an employee upon written request and submission to HR. The deduction shall continue until the employee revokes the election in writing.
- (e) All money deducted from employees' pay for membership dues shall be remitted to SEIU within ten days after the deduction.

## (3) NESEA/SEIU ACTIVITIES

- (a) Except as stated below, no member of NESEA/SEIU will engage in NESEA/SEIU activities during their own working hours or during their non-working hours in such manner as to interfere with or disturb other employees during their working hours.
- (b) An employee may discuss a workplace situation with their NESEA/SEIU representative or officer during working hours after having been granted permission by Management. Such permission shall not be unreasonably withheld. A NESEA/SEIU representative or an officer may continue to work with an employee and Management to resolve an issue through the Grievance Procedure as outlined in the CSR and may utilize time during the representative's and affected employee's working hours to do so.
- (c) Excluding time for grievances and meetings called by Management, NESEA/SEIU officers will be allotted 1,300 hours cumulatively and collectively to conduct NESEA/SEIU business on an annual basis. Included in these hours, one additional employee elected as an SEIU officer will be permitted to attend scheduled meetings. Committee members will be allowed on average up to 1% of their normal work hours to conduct committee business. The Grievance Committee is not limited to this 1% allowance. Use of these hours require advanced approval by supervision. Such permission will not be unreasonably withheld.
- (d) Meetings with government officials and attending SEIU seminars and workshops will be on an employee's own time.
- (e) NESEA/SEIU officers, or members elected or appointed by NESEA/SEIU, may be granted, cumulatively and collectively, a total of 12 days of leave without pay per calendar year to attend training, conferences, workshops, or conventions. Such leave shall be requested by the NESEA/SEIU Executive Director at least two weeks in advance.

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- (f) Any member of NESEA/SEIU performing its activities (i.e., grievances, Board meetings, Management meetings, etc.) during assigned working hours will submit these hours with applicable time reporting codes for NESEA business.
- (g) NESEA/SEIU may have up to three employee representatives attend Board and CSPB meetings.
- (h) Members of the NESEA/SEIU Board of Directors will be permitted to attend the regular monthly meeting of the Board of Directors (normally held at the end of the workday).
- (i) A maximum of eight hours of steward training will be allowed per steward each year. This training will be equally divided between joint NESEA/SEIU-Management training and NESEA/SEIU training.

# GOVERNANCE AND ADMINISTRATION

## 18. Litigation Holds

- A. **Policy Statement:** NES is required to preserve Information that it knows or reasonably should know may be relevant to current or future litigation. To assist in defending claims, prosecuting claims, and responding to investigations, it is imperative that all responsive Information, regardless of how it is stored, be preserved and available for inspection and/or production. This policy sets forth the procedures for preserving Information.
- B. **Scope:** This Policy applies to employees, Board members, and contractors (“Individuals”) who are in possession of Information.

### C. Terms and Definitions

- (1) Notice - Any knowledge received by an Individual or Individuals that contains allegations or claims or threats of allegations or claims against NES involving current or future litigation or investigations. A Notice may be received through any mode of communication, including, but not limited to: discussions with any person, a demand or notice letter, a complaint filed in federal, state, and/or local court, subpoena, investigation demand, notice of charges, or requests for information made by any governmental entity.
- (2) Information - Material potentially relevant to the subject of a Notice, including, but not limited to: tangible evidence, equipment, audio/video recordings, e-mails and Outlook files, voicemails, instant messages and other forms of ephemeral messages, text messages, word processing files, memoranda, contracts, spreadsheets, calendars, logs, Internet browsing files, and written notes, regardless of whether they are stored at home or at work, on personal equipment or business equipment, or physically or electronically.
- (3) Investigation - A procedure authorized by the CLO-GC to determine whether a Litigation Hold should be issued.
- (4) Litigation Hold - A notification sent to an Individual or Individuals instructing them to preserve and/or produce Information.

### D. Policy

#### (1) NOTICE AND INVESTIGATION

- (a) Any Individual receiving a Notice shall forward the Notice to the CLO-GC immediately upon receiving it.
- (b) Upon receipt of a Notice, the CLO-GC or their designee will conduct a reasonable Investigation to identify the Individuals that may have relevant Information in their possession and the scope of the Information to be preserved, if any.

# GOVERNANCE AND ADMINISTRATION

## (2) LITIGATION HOLD PROCEDURES

- (a) Upon conclusion of an Investigation, the CLO-GC will determine whether a Litigation Hold should be issued.
- (b) Upon identification of the Individuals subject to the Litigation Hold and the scope of Information, the CLO-GC or designee will issue the Litigation Hold as soon as practicable. The Litigation Hold will inform all Individuals subject to the Litigation Hold of their obligations under the Litigation Hold.
- (c) Individuals receiving a Litigation Hold shall preserve and retain all Information defined in the scope of the Litigation Hold. Notified Individuals shall suspend any routine document destruction controls until the Litigation Hold is terminated.
- (d) The CLO-GC or designee may consult with the Information Technology Department to ensure the suspension of any relevant document destruction controls as it relates to the Litigation Hold.
- (e) The CLO-GC or designee may require that Individuals subject to the Litigation Hold produce any existing Information upon request.
- (f) The CLO-GC or designee may amend a Litigation Hold as necessary to adjust the scope of responsive Information or bring new Individuals under the directives of the Litigation Hold.
- (g) The CLO-GC or designee may send periodic communications reminding Individuals of their obligations under a Litigation Hold as necessary or required by a Notice.

## (3) TERMINATION OF A LITIGATION HOLD

- (a) All Litigation Holds will remain in effect until terminated by the CLO-GC or designee.
- (b) Upon termination of a Litigation Hold, the CLO-GC or designee will notify all Individuals subject to the Litigation Hold that they no longer have a responsibility to preserve and retain the Information subject to the Litigation Hold.

## (4) DISCIPLINARY ACTIONS FOR POLICY VIOLATIONS

- (a) In compliance with this Policy, Individuals must produce all Information as requested by the CLO-GC or designee within a reasonable time.
- (b) Employees found violating this Policy or any directives of a Litigation Hold may be subject to disciplinary action, up to and including termination.
- (c) Employees engaging in intentional destruction of any Information subject to a Litigation Hold shall be subject to disciplinary action, up to and including termination.
- (d) NES will consider a Contractor's failure to comply with this Policy in its evaluation of contractor performance.

# GOVERNANCE AND ADMINISTRATION

## 19. Subpoenas, Summonses, and Garnishments

- A. **Policy Statement:** To maintain compliance with applicable law, NES provides this Policy to govern the receipt, processing, and/or execution of subpoenas, summonses, and garnishments.
- B. **Scope:** This Policy applies to employees.
- C. **Terms and Definitions:** None
- D. **Policy**

### (1) GENERAL PROVISIONS

- (a) During normal business hours, all subpoenas, summonses, garnishments, or any other form of service of process shall be served upon the Legal Department.
- (b) If applicable, the Legal Department will notify an employee of a subpoena or summons. Employees receiving such notice shall come to the Legal Department for service.
  - (i.) Employees who have been subpoenaed or summoned are responsible for notifying their supervisor of their potential absence upon receiving notice.
- (c) The Legal Department will forward all garnishments to the Compensation & Benefits Office for processing and notifying the court and employee of said processing.
- (d) Employees (not a party to a legal matter) who have been subpoenaed or summoned to appear in a proceeding will be paid at straight time for the period they are mandated to be present during their regular work hours.
- (e) Employees appearing on behalf of NES will be paid as if they were at their regular work assignment.

# GOVERNANCE AND ADMINISTRATION

## 20. Data Classification and Document Retention

- A. **Policy Statement:** Data and information are important assets of NES and must be protected from loss of integrity, confidentiality, and availability in compliance with NES policy and guidelines, federal and state laws and regulations, and applicable industry standards. This Policy establishes guidelines for classifying data to help determine the appropriate baseline security controls for safeguarding that data.
- B. **Scope:** This Policy applies to all employees, contractors, and Board members. All company information, regardless of format (written, electronic, verbal) is covered by this Policy.

### C. Terms and Definitions

- (1) Confidential - Highly sensitive data intended for limited, specific use by a department or group of individuals on a legitimate need-to-know basis only. Explicit authorization by the data owner is required for access. Unauthorized disclosure could have a serious adverse impact on the company, the personal privacy of individuals, or on compliance with federal or state laws and regulations. Examples include, but are not limited to: social security numbers, personnel records, medical records, credit card information, legal proceedings and investigations, tax identification numbers, bank account information, access codes, security codes, passwords, NERC critical infrastructure information, facilities infrastructure information and information technology infrastructure information.
- (2) Sensitive - Moderately sensitive data intended for internal use only with access restricted to a specific department or group of individuals with a legitimate need. Internal data is generally not made available to parties outside of NES. Unauthorized disclosure could adversely impact NES or individuals. Internal data generally has a low to moderate sensitivity. By default, all data that is not explicitly classified as Confidential or Accessible should be treated as Sensitive. Examples include: NES internal policies, guidelines, and procedures, with the exception of those policies related to physical or technical security or operation of NES's physical plants and excluding data classified as confidential.
- (3) Accessible - Data explicitly or implicitly approved for distribution to the public without restriction. Accessible data generally has a very low sensitivity regarding confidentiality, but some level of protection is still required to prevent unauthorized modification or destruction of accessible data. Examples include: Data posted to NES external website, public job postings, public news releases and company's annual report after release.

### D. Policy

#### (1) DATA CLASSIFICATION

- (a) At the point of creation, all data will be classified and handled in accordance with this policy.

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- (b) Everyone has a responsibility to identify and label confidential and sensitive documents that they receive or create in the course of business accordingly. When labeling physical documents, a written or stamped annotation should be placed on it. When labeling electronic documents, the file name of the document should be labeled appropriately, and if possible, a label should be applied within the electronic document.
- (c) Incorrectly classified data should be reported immediately to the respective Manager or Functional VP so corrective action may be taken.

## (2) DOCUMENT RETENTION

- (a) All NES records and/or data must be retained in accordance with the retention schedule below.
- (b) Paper files are retained sixty days after scanning and/or electronically archiving. These requirements shall be suspended in the event of a Litigation Hold.
- ~~(b)~~(c) Working documents will be retained until the business need expires.

## FINANCIAL & AUDITING

Type of Record	Minimum Retention Period
Accounts Payable Ledgers and Schedules	10 years
Accounts Receivable Ledgers and Schedules	10 years
Audit Reports	Permanently
Bank Deposit Books	6 years, plus 1 year after last entry
Bank Deposit Slips	7 years
Billing Adjustment Reports	10 years
Billing Register	10 years
Budget Records and Reports	5 years
Cash Books: General and Subsidiary or Auxiliary books	5 years after close of fiscal year
Cash Reconciliation Reports	5 years
Check Records	7 years
Collection Agency Reports	7 years
Construction Work in Progress Ledgers, Work Orders and Supplemental Records	5 years after transfer to plant records
Continuing Plant Inventory Ledger, Book, and Records	25 years
Depreciation Schedules	Permanently
General Ledger Accounts	Permanently
General Receipt Ledgers	10 years
Investment Ledgers	10 years
Ledgers of Utility Plant Accounts, including land and other detailed ledgers showing cost of utility plant by classes	25 years

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Statistics: Financial, Operating, and Statistical Reports used for internal administrative or operating purposes	5 years
Tax Regulatory Filings	2 years after subject audit is concluded or is no longer subject to audit (whichever is later)
Voucher Registers	10 years

## CUSTOMER ACCOUNTS/RATES & BILLING

Type of Record	Minimum Retention Period
Applications for Service	3 years after disconnection or 7 years, whichever is later
Customer Records	7 years
Rate Schedules	Permanently

## ENGINEERING

Type of Record	Minimum Retention Period
Original or Reproduction of Engineering Records, drawings, and other supporting data for proposed or as-constructed utility facilities: maps, diagrams, profiles, photographs, field survey notes, plot plan, detail drawings, records of engineering studies, and similar records showing the location of proposed or as-constructed facilities	Permanently
Tap Records	Permanently

## FACILITIES, SECURITY, & SAFETY

Type of Record	Minimum Retention Period
Accident Reports	7 years
Background Checks	Hired: 3 years after termination Not hired: 5 years
Building Plans	For the life of the building
Chemical Use Records (Safety Data Sheets)	30 years
Facility Inspection and Maintenance Records	5 years
Fire Safety Inspection Reports	Until a new report is generated
Occupational Injury and Illness Records	5 years
Safety Records	6 years
Safety Training Records	Duration of employment plus 3 years
Security Reports	3 years after final investigation

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Toxic Substance Exposure	30 years after termination
Visitor Logs	1 year
Work Orders for Repair and Maintenance of NES-Owned Equipment and Infrastructure	5 years

## GENERAL ADMINISTRATION

Type of Record	Minimum Retention Period
Appraisals and Evaluations	6 years after appraisal
Board Minutes	Permanently
Business and Privilege Licenses	5 years after expiration
Deeds, Mortgages and Bills of Sale	Permanently
Financial Reports to the Board	Permanently
Grant Documentation and Files	Life of grant plus 7 years
Insurance Records	10 years after expiration
Property Appraisals by Outside Appraisers	Permanently
Property Records, including costs, depreciation reserves, year-end trial balances, depreciation schedules, blueprints, and plans	Permanently
Meter Reading Records	3 years
Meter Records	1 year after meter disposal
Substation and Transmission Line Logs	3 years
System Operator's Daily Logs and Reports of Operations	3 years
Training Manuals	Permanently
NESEA Agreements	Permanently
Vehicle Equipment and Maintenance Records	Life of vehicle or equipment plus 1 year

## HUMAN RESOURCES

Type of Record	Minimum Retention Period
Americans with Disabilities Act - Employer Records	2 years after termination
Benefit/Retirement Plans	1 year after retirement of plan
Citizenship or Authorization to Work	3 years after separation
Drug and Alcohol Testing	
1. Collection Process	1. 3 years
2. Positive Drug Test	2. Until termination
3. Alcohol Test > .02 concentration	3. 5 years
4. Positive controlled substance test	4. 5 years

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5. Documentation of refusal of test	5. Until termination
6. Calibration documentation	6. 5 years
7. Evaluation of referrals	7. 5 years
8. Copy of calendar year summary	8. 5 years
9. Substance abuse professional reports	9. 2 years
10. Follow-up tests and schedules for follow up	10. Retain as long as individual performs the function plus 2 years
11. Information on the alcohol and controlled substances testing process	11. 1 year
12. Records of inspection and maintenance	12. 1 year
13. Passed Drug Test	13. 1 year
14. Training records	14. 1 year
15. Records of the number of employees tested by type of test	15. 3 years
16. Records of trainings and training materials	16. 3 years
Employment Applications (If Hired)	3 years after termination
Employment Applications (Not Hired)	5 years after job filled
Garnishments	10 years
Group Health Insurance Coverage Records	7 years
Job Advertisements and Internal Job Opening Notices	10 years after job filled
Job Selection Criteria or Testing	10 years
Layoffs	20 years
Medical Records	30 years after termination
Offer and Hiring Records	5 years after offer made
Personnel Files	7 years after termination
Promotions/Demotions/Transfers	5 years after employment action
Termination Records	7 years after termination

## INFORMATION TECHNOLOGY

Type of Record	Minimum Retention Period
Emails	Upon expiration of business need
Instant Messaging	Upon expiration of business need
Meeting Recordings, Audio and/or Video	Upon expiration of business need

## LEGAL

Type of Record	Minimum Retention Period
Legal Opinions and Court Decisions	Permanently
Contracts	7 years after expiration
Subpoenas and Garnishments	10 years

# GOVERNANCE AND ADMINISTRATION

Public Records Request Forms and Public Records Response Forms	1 year
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## PROCUREMENT

Type of Record	Minimum Retention Period
Bids, RFPs, and Purchase Orders	7 years after contract expiration
Materials and Supplies Received and Issued	6 years
Procurement Card File	6 years
Procurement Minutes	1 year after award
Records of Sales of Scrap and Materials and Supplies	3 years

## TIMEKEEPING & PAYROLL

Type of Record	Minimum Retention Period
Annual Wage and Tax Statements	7 years
Employee Earnings Records	70 years
Employee Timekeeping Records	5 years
Employment Tax Records	4 years
Medical and Leave of Absence Records Related to FMLA Leave	3 years
Military Leave Records	7 years
Payroll Records	5 years
Withholding Allowance Certificates	5 years after superseded or upon termination

# GOVERNANCE AND ADMINISTRATION

## 21. Audio and Video Recordings

- A. Policy Statement:** NES recognizes the need to protect customer, confidential, and proprietary information from unauthorized disclosure and prevent deceptive practices that do not promote honest and ethical conduct. An environment of trust and mutual respect can be compromised by the unauthorized use of recording Devices. For this reason, NES prohibits the Unauthorized Recording of NES business and operations.
- B. Scope:** This policy applies to all employees, contractors and visitors on all NES premises and worksites.
- C. Terms and Definitions**
- (1) Unauthorized - Any purpose not approved by Management.
  - (2) Recording - The use of any Device to capture images, text, voices, or sounds so that they can be heard or viewed again. "Recording" does not include using a NES computer to capture screen shots for transmitting or printing information for NES business purposes.
  - (3) Device - Any equipment with the capability to capture images or sounds. Device includes, but is not limited to, cameras, cellular and wireless telephones, laptop computers, personal digital assistants (PDAs), two-way radios, video broadcasting equipment, tablets and any other equipment that allows a person to record sound, video or still images, text, or other information.
- D. Policy**
- (1) GENERAL PROVISIONS**
- (a) The following will be considered approved recordings under this Policy:
    - (i.) Meetings and presentations recorded at the direction of Management to maintain a record or for training purposes.
    - (ii.) Grievances heard by the Board, including the use of a court reporter.
    - (iii.) Screen captures of customer calls in the Call Center and the audio recording of telephone conversations in Customer Relations, Service, System Control, Procurement, Budget & Rates, the "How's My Driving" and the IT Help Desk lines in order to monitor performance and improve service to our customers.
    - (iv.) Radio conversations on the NES radio system for safety and liability purposes.
    - (v.) Recordings by law enforcement agencies for a specific purpose, given proper authorization by Management.
    - (vi.) Mounted surveillance equipment capturing NES operations for security and investigation purposes.
    - (vii.) As otherwise authorized by a manager or VP.
  - (b) Recordings cannot be used for grievance purposes except as approved in this Policy.

## GOVERNANCE AND ADMINISTRATION

- (c) Nothing in this Policy shall be construed, interpreted, or applied to preempt, or displace, any state or federal law, whether statutory or common.
- (d) Management may incorporate signage reflecting the directives of this Policy as appropriate.
- (e) Violation of this policy may result in disciplinary action up to and including termination charges.

# GOVERNANCE AND ADMINISTRATION

## 22. News Media

- A. **Policy Statement:** As a public utility, NES strives to ensure timely and accurate updates and information regarding NES operations affecting the public.
- B. **Scope:** This Policy applies to NES employees, contractors, and Board members.
- C. **Terms and Definitions:** None
- D. **Policy**

### (1) GENERAL PROVISIONS

- (a) All information released to the news media will be coordinated through the VP ~~CCIO~~COIO. The President/CEO, EVP, or VP ~~CCIO~~COIO will determine the appropriate individual to serve as the company spokesperson.
- (b) Employees, contractors, and Board members receiving media requests for comment as it relates to NES shall decline to respond and direct those requests to the Corporate Communications Section.
- (c) Electric service interruptions on the system will be communicated to the public via traditional and social media according to the following guidelines:
  - (i.) Unscheduled outages (trouble cases) affecting substantial numbers of customers should be reported to the news media as soon as practicable after the trouble occurs, the cause is determined, and the anticipated duration can be reasonably estimated.
  - (ii.) Scheduled outages (clearances) should be reported to the news media as far in advance of the outage as practicable when the outage will affect a significant number of customers not individually notified and when the boundaries of the outage can be reasonably defined so as to be understood by the public.

# GOVERNANCE AND ADMINISTRATION

## 23. Board Meeting Transparency

- A. **Policy Statement:** The Board is committed to transparency and accountability. In furtherance of this commitment, it is the policy of Nashville Electric Service to provide timely and accessible information regarding the Board's deliberations and decisions in public meetings.
- B. **Scope:** This Policy applies to all employees and the Board.
- C. **Terms and Definitions:** None.
- D. **Policy**

### (1) GENERAL PROVISIONS

- (a) NES will post to its website the agenda for the Board's regular monthly meetings at least three days in advance of each Board meeting. NES will maintain the agenda on the website until NES posts the Board meeting agenda the following month.
- (b) NES will post to its website the approved minutes from the regular monthly Board meetings, together with relevant meeting materials, within two days following approval of the Board meeting minutes. NES will maintain approved Board meeting minutes on the NES website for a period of one year.
- (c) NES will live broadcast the Board's regular monthly meetings and committee meetings online. NES will post a link to the live broadcast on the NES website.
- (d) NES will make records referenced in this Policy that are no longer maintained online available to citizens of Tennessee through a public records request during the applicable records retention period. NES will retain the records referenced in this Policy pursuant to its Data Classification and Document Retention Policy.

# TIME AND ATTENDANCE

## 1. Work Locations and Shifts

A. **Policy Statement:** Management establishes work schedules and shift assignments to meet operational needs and render essential services to the public. This policy governs these practices.

B. **Scope:** This Policy applies to all employees. Guidance for “special shifts” is located in the Civil Service Rules.

### C. Terms and Definitions

- (1) Work Location - Work Locations include, but are not limited to the NES main building, a service center, the field, a worksite, and other locations determined by Management, or any combination of the above.
- (2) Day Shift - A work schedule with a starting time beginning at or after 2:00 a.m.
- (3) Evening Shift - A work schedule with a starting time beginning at or after 1:00 p.m.
- (4) Night Shift - A work schedule with a starting time beginning at or after 8:00 p.m.
- (5) Regular Work Week - 12:00 a.m. on Friday through 11:59 p.m. on the following Thursday.
- (6) Regularly Scheduled Shift - The specified days and hours of the week an employee would normally work, as defined by Management.

### D. Policy

#### (1) WORK LOCATION

- (a) NES will determine all employees' Work Locations.
- (b) After reporting for work, time spent traveling to or from or between any Work Location will be considered and paid for as time worked.

#### (2) OFF DAYS

- (a) Employees will be given two days off each week except as otherwise provided.
- (b) Employees working a Regularly Scheduled Shift, including Saturday and Sunday, will be assigned two other days off during the week, except as otherwise provided.
- (c) Employees called out or scheduled to work on their off days will be paid pursuant to applicable overtime rules.
- (d) Employees may request and obtain approval in advance to work a flexible schedule in order to take time off from work without using accrued leave. Management may give approval when the flexible schedule still meets operational needs and allows NES to render essential services to the public.

# TIME AND ATTENDANCE

## (3) REGULARLY SCHEDULED SHIFTS

- (a) Non-supervisory employees working a Regularly Scheduled Evening Shift will have a shift differential of 4%.
- (b) Non-supervisory employees working a Regularly Scheduled Night Shift will have a shift differential of 5%.
- (c) An employee's Regularly Scheduled Shift may be determined by their employment seniority status.
- (d) Employees working a shift during the transition to Daylight Saving Time will work an eight-hour shift; however, employees working a shift during the reversion to Standard Time will be required to work one additional hour and will be compensated accordingly.
- (e) Management reserves the right to modify Regularly Scheduled Shifts as business needs require.

# TIME AND ATTENDANCE

## 2. Employee Time and Attendance

**A. Policy Statement:** To ensure efficient operations of NES, employees are expected to maintain their time and attendance in accordance with the following Policy.

**B. Scope:** This Policy applies to all employees.

### **C. Terms and Definitions**

(1) FLSA - Fair Labor Standards Act

### **D. Policy**

#### **(1) TIME REPORTING**

- (a) Employees paid by the hour and not exempt from the FLSA's overtime provision shall record their actual hours worked each shift in the format and period required for approval. NES expressly forbids these employees from performing work if an employee is not recording time.
- (b) Employees paid on a salary basis and exempt from the FLSA's overtime provision, including Supervisors and Planner Coordinators, may be required by their direct supervisor or manager to record time for labor costing or other business purposes.
- (c) It is each employee's responsibility to use correct time reporting codes, work order numbers, and absences in the format and period required.
- (d) It is Management's responsibility to review employees' time submissions in the manner required by HR and Finance.
- (e) HR will review time submissions for consistent application of applicable Civil Service Rules and NES policies.

#### **(2) PERSONAL BUSINESS LEAVE**

- (a) There are instances where it is necessary for an employee to be absent from work for personal business that cannot be attended to outside of regular working hours. Management shall administer this Policy equitably.
- (b) For personal business requiring more than four hours' absence, accumulated leave shall be charged. For personal business requiring less than four hours' absence, the supervisor may allow the employee to use personal business leave.
- (c) NES is not responsible for any injuries or damages incurred on the way to, during, or coming back from an employee's leave for personal business.

#### **(3) REQUIRED LEAVE**

- (a) All employees of the Accounting Section and employees performing Teller functions are required to be relieved from their duties for at least five consecutive days per calendar year.

# TIME AND ATTENDANCE

## **(4) EMPLOYEE ABSENTEEISM**

- (a) Each employee's attendance should be regular and punctual. All employees are held accountable for reporting and being prepared to work at their scheduled time.
- (b) If an employee is unable to report for scheduled work, the employee must notify their supervisor at least one hour before their regular start time. An employee shall notify their supervisor of their absence in the manner designated by the supervisor. Designated notification may include, but is not limited to, calling, texting, emailing, or leaving a voicemail, subject to the supervisor's approval.
- (c) An employee absent from work without being excused or approved may experience a loss of pay for the non-reporting time period.
- (d) An employee shall maintain communication with their supervisor regarding their return-to-work date.
- (e) Any employee who does not report to work and does not notify their supervisor for three consecutive days will be considered to have abandoned their job, and charges for termination shall be initiated.

## **(5) SICK LEAVE ABUSE**

- (a) If an employee exceeds a specified amount of unexcused sick leave, the below steps will be followed:
  - (i.) If an employee's use of unexcused sick leave exceeds the specified amount during a rolling six-month period, the supervisor will discuss and document the use of sick leave with the employee and set goals and objectives for improvement.
  - (ii.) Once an employee demonstrates unacceptable use of unexcused sick leave, the employee's sick leave record will be subsequently and periodically reviewed to determine improvement. Should the employee's use of sick leave continue to be above the specified amount in a subsequent three-month period, the supervisor will give the employee a written reprimand and submit a copy to the employee's personnel file in HR. The supervisor, the next level of supervision, and employee will again meet to establish goals and objectives for improvement.
  - (iii.) If an employee continues to demonstrate unacceptable use of unexcused sick leave, the employee's sick leave record will again be reviewed; and, if the employee still has an unsatisfactory sick leave record after another subsequent three-month period, the supervisor, with approval of all levels of supervision through the functional VP, will recommend to the CEO suspension of the employee for one to 10 days, depending upon the severity of the sick leave abuse.
- (b) Once an employee has established an unsatisfactory sick leave record, their sick leave record will be reviewed every three months for two years from the date of the most recent unsatisfactory report. If at any time during the two-year period the employee has another unsatisfactory sick leave use report, they will be placed on the next disciplinary step they would have been on if the sick leave abuse had been in consecutive periods.

## TIME AND ATTENDANCE

- (c) A final review will be made after three additional months; and, if the employee continues to have an unsatisfactory sick leave record, the supervisor, with approval of all levels of supervision through the functional VP, may submit charges recommending termination of the employee.

### **(6) DISCIPLINARY ACTION**

- (a) Violations of this Policy—including but not limited to persistent tardiness, absenteeism, or improper notification of absence—may result in disciplinary action up to and including termination.
- (b) Unsatisfactory attendance may have an adverse effect on employment privileges, performance assessments, and consideration for promotion.

# TIME AND ATTENDANCE

## 3. Break Periods

- A. **Policy Statement:** Management recognizes the need to take occasional breaks during the workday to ensure a productive and healthy working environment. This policy governs the administration of these breaks.
- B. **Scope:** This Policy applies to all employees.
- C. **Terms and Definitions:** None
- D. **Policy**

### (1) GENERAL PROVISIONS

- (a) Two paid 15-minute break periods will be allowed during a workday of six consecutive hours or longer, in addition to an unpaid meal period of at least 30 minutes and up to one hour.
- (b) Meal periods cannot be taken during the first or last hour of an employee's workday.
- (c) An employee may take their 15-minute break period at any time of the day except to shorten their workday.
- (d) Management will be responsible for scheduling breaks for those under their supervision to ensure proper staffing and coverage.
- (e) Functional VPs are empowered to establish guidelines upon which an employee may combine their break period(s) with their meal period. Employees must seek prior approval from their respective manager to combine their break period(s).
- (f) Violations of this Policy may result in disciplinary action up to and including termination.

# TIME AND ATTENDANCE

## 4. Overtime Work

**A. Policy Statement:** As a public utility, NES recognizes that the demands for service require Employees to work outside of their scheduled work shift.

**B. Scope:** This Policy applies to NES overtime eligible employees.

### **C. Terms and Definitions**

- (1) Emergency Work - Unscheduled work outside an employee's regular work shift necessary to correct conditions on the electric system hazardous to persons or property and/or necessary to maintain or restore service to customers.

### **D. Policy**

#### **(1) AUTHORIZATION AND ADMINISTRATION OF OVERTIME**

- (a) Authorization for overtime must be approved in advance by the employee's functional VP. Supplemental guidelines on overtime approval requirements may also be implemented by the functional VP.
- (b) The number of employees used on all overtime work will be restricted to the minimum number necessary to perform the required work safely and efficiently.
- (c) Emergency Work will be approved only to the extent necessary to restore and/or maintain service to customers, to perform work necessary to prevent outages, or to ensure a safe condition for employees and the public.
- (d) During Emergency Work, employees may be assigned to perform work outside their normal duties when properly trained and consistent with employee safety.
- (e) As overtime is required, it will be assigned to the crew or employee who would normally perform the work involved, consistent with efficient operations, and who has the low overtime as shown on the overtime records.
- (f) When Management agrees that a mistake is made in the assignment of overtime, Management will arrange for the person involved to work the next available overtime that occurs within the next 30 calendar days. In the alternative, Management will arrange similar overtime after normal scheduled work hours or on Saturday or Sunday as appropriate. If this cannot be accomplished within 30 days, the CEO may authorize payment of the overtime.

#### **(2) DISTRIBUTION AND RECORDKEEPING OF OVERTIME**

- (a) Supervisors and Planner Coordinators must record any and all hours worked each shift to be eligible for any overtime pay.
- (b) Overtime work, insofar as practical, will be distributed as nearly equal as possible between employees in the same job classification and department/section who would normally do the work.

## TIME AND ATTENDANCE

- (c) Employees may elect not to work overtime as provided for in the Civil Service Rules. In such cases, declined overtime will be credited as time worked for record keeping purposes. Declined overtime may be considered for performance purposes.
- (d) Records of overtime work will be maintained and available to employees in each department/section for inspection at any time.
- (e) Separate records will be maintained for overtime at double time and time and one-half rates.

### (3) EMERGENCY WORK

- (a) Any work for which an employee is called in will be considered Emergency Work.
- (b) Restoration of service during scheduled overtime where restoration of service is the employee's normal duty will not be considered as Emergency Work unless the Emergency Work is of such magnitude as to require additional emergency service or line crews to be called in or transferred from scheduled overtime work to Emergency Work.
- (c) Any employee called in for Emergency Work outside of their regularly scheduled time, regularly scheduled work hours, or work week, shall be paid a minimum of two hours of double time, regardless of actual time worked. If the reporting time is less than two hours prior to an employee's regularly scheduled shift, the employee will be paid double time for the difference between reporting time and the time the regularly scheduled shift begins. This excess time will start when the employee reports for duty or at their designated reporting time.
- (d) Any employee called for emergency work that can be done from a remote location occurring outside of their regularly scheduled work hours or workweek shall be paid a minimum of 30 minutes of double time, regardless of actual time worked. If the reporting time for emergency work is less than 30 minutes before an employee's regularly scheduled work, the employee will be paid double time for the difference between the reporting time for emergency work and the start of the regularly scheduled work.
- (e) Overtime worked on Sundays and holidays and overtime for which an employee has been called out or held for emergency work, at other than their regularly assigned hours, shall be paid for at the rate of two hours for each hour worked.
- (f) The pay for an employee called out for Emergency Work shall commence 30 minutes prior to the time they report for work. However, these 30 minutes of pay will not be added to the minimum as provided above.
- (g) Those hours worked immediately following continuous duty of 16 hours shall be paid at the rate of two hours for each hour worked.
- (h) In recognition of going above and beyond their regular duties, for emergency call-out work, work on Sundays or holidays, or for service restoration, supervisors below the level of manager/field superintendent are eligible for overtime compensation outside of their regular shift.
- (i) In recognition of going above and beyond their regular duties, for emergency call-out work, actual holidays falling on Friday, Saturday, or Sunday, or for

# TIME AND ATTENDANCE

service restoration, supervisors below the level of manager/field superintendent who are regularly scheduled for three 12-hour shifts in a work week are eligible for overtime compensation outside of their regular shift.

## **(4) RESPONSIBILITY TO RESPOND TO AN EMERGENCY**

- (a) Employees have a responsibility to respond when called on to perform Emergency Work. Employees shall make themselves available by carrying a mobile device, providing telephone numbers where they may be reached, and/or monitoring their voicemail.
- (b) As severe weather conditions have the potential for an adverse impact on the electrical system, managers and supervisors may deny requests for accrued leave.
- (c) If an employee does not report for a regularly scheduled work shift during emergency conditions, they will not be paid for that day unless they have worked an alternative emergency assignment ending within the last eight hours. Annual leave or a personal holiday may not be substituted.
- (d) If an employee is physically unable to perform their usual work or emergency assignment, an alternative task may be assigned. Inability to respond in any capacity must be documented by a physician's statement.
- (e) The standards for employees under the influence of alcohol or controlled substances are the same for emergency situations as for regular work.
- (f) Failure to accept an emergency assignment may subject the employee to disciplinary action.

## **(5) REST PERIOD AND SAFETY SAFEGUARDS**

- (a) Each employee will be given a minimum of six hours rest between completion of an after-hours assignment and the next scheduled reporting time, if at all possible.
- (b) If it is not possible to allow the six hours rest break, the employee will remain at work and be paid accordingly.
- (c) An employee will be limited to work no more than 16 continuous hours without an eight-hour-off-duty rest period. If an employee works 12 or more hours (up to 16), the employee must have an eight hour off-duty rest period.
- (d) In the event of an emergency or safety concern, a VP may authorize an employee to continue working for up to two additional hours beyond the 16-hour limit if the employee is willing and physically able.
- (e) If an employee is called in after the end of a regular shift, 16 continuous hours of work will be allowed if emergency work continues to be needed.
- (f) If the eight hours off-duty rest period involves a portion of an employee's regularly scheduled work shift, the employee will receive straight time pay for the portion of the hours not worked. If, at the conclusion of the eight-hour rest period, there are less than four hours remaining on the regularly scheduled work

# TIME AND ATTENDANCE

shift, the employee would be required to contact their supervisor regarding their reporting status.

## **(6) ADDITIONAL PROVISIONS FOR NON-SUPERVISORY EMPLOYEES**

- (a) Employees paid by the hour at NES but exempt from the FLSA's overtime provision will be classified as NES overtime eligible and will be compensated for any hours worked beyond their normal schedule.

## **(7) NON-EMERGENCY WORK**

- (a) Overtime as a continuation of a normal work schedule or scheduled overtime will be limited to those situations where such overtime is either economically advantageous to NES or the work cannot be scheduled during the course of regular working hours.
- (b) Overtime, except Sundays and holidays, which (1) has been previously scheduled, or (2) which is a continuation of regularly scheduled hours shall be paid for at the rate of one and one-half hours for each hour worked.
- (c) Supervisors below the level of manager/field superintendent who are regularly scheduled for five eight-hour, or four 10-hour shifts are paid a guaranteed salary each workweek to cover any and all hours worked up to and including 45 each workweek.
- (d) Supervisors below the level of manager/field superintendent who are regularly scheduled for five eight-hour, or four 10-hour shifts in a work week are eligible to receive compensation for authorized overtime work for hours worked beyond 45 each workweek.
- (e) Supervisors below the level of manager/field superintendent who are regularly scheduled for three 12-hour shifts are paid a guaranteed salary each workweek to cover any and all hours worked up to and including 41 each workweek.
- (f) Supervisors below the level of manager/field superintendent who are regularly scheduled for three 12-hour shifts in a work week are eligible to receive compensation for authorized overtime work for hours worked beyond 41 each workweek.

## **(8) COMPUTATION OF OVERTIME**

- (a) The equivalent hourly overtime rate for employees shall be computed by the following formulas:
  - (i.) Non-Supervisory Overtime Rate = Hourly Rate x 1.5 (or 2)
  - (ii.) Supervisory Overtime Rate = Annual Salary / 2,080 x 1.5 (or 2)

## **(9) MEALS FOR EMPLOYEES WORKING OVERTIME**

- (a) Employees will be provided with or given an allowance for meals.
- (b) Meal allowances will be limited to a maximum of three in a 24-hour period.

## TIME AND ATTENDANCE

- (c) Employees working overtime will receive a meal allowance for the applicable hours worked subject to the maximum provided below:

Consecutive Overtime Hours	Meal Allowance
0-4	0 Meals
4.25-10	1 Meal
10.25-16	2 Meals
16.25 up to 18	3 Meals

# TIME AND ATTENDANCE

## 5. Compensatory Time

**A. Policy Statement:** In lieu of overtime pay, NES provides employees who are eligible for overtime pay compensatory time off from work under the guidelines in this Policy.

**B. Scope:** This Policy applies to all employees eligible for NES overtime.

### C. Terms and Definitions

(1) Compensatory Time ("Comp Time") - Paid time off in lieu of overtime pay.

### D. Policy

#### (1) NOTIFICATION, APPROVAL, AND PAYMENT

- (a) Employees who have worked approved overtime must notify their supervisor before leaving work of their election for compensatory time.
- (b) Use of compensatory time will be granted if business conditions permit.
- (c) Employees may accumulate up to 120 hours of compensatory time from January through November 30.
- (d) All compensatory time must be used or paid for prior to the last pay period of each year. Use of compensatory time is not available for the last pay period of the year.
- (e) Payments for compensatory time will not be made before December 1 of each year, except in cases of termination or promotion to a job classification ineligible for compensatory time.
- (f) Payments will be calculated at the employee's base pay in effect at the time the payment is processed.
- (g) Compensatory time may be used in conjunction with periods of approved FMLA leave.
- (h) At the discretion of the CEO, in extraordinary circumstances such as prolonged emergencies and service restoration, compensatory time may be granted to employees who are not eligible for NES overtime.

# TIME AND ATTENDANCE

## 6. Observance of Authorized Holidays and Holiday Staffing

**A. Policy Statement:** In recognition of designated holidays, NES provides paid time off for the days listed in this Policy. Further, this Policy outlines operating and staffing needs to maintain an optimal level of service during these designated holidays.

**B. Scope:** This Policy applies to all employees.

### C. Terms and Definitions

(1) Absentee - Any employee absent, in whole or in part, without paid leave from work either the day before or after a designated holiday.

### D. Policy

#### (1) DESIGNATED HOLIDAYS

- (a) New Year's Day - January 1
- (b) Martin Luther King's Birthday - the 3rd Monday in January
- (c) Good Friday - the Friday before Easter
- (d) Memorial Day - the last Monday in May
- (e) Juneteenth - June 19
- (f) Independence Day - July 4
- (g) Labor Day - the 1st Monday in September
- (h) Thanksgiving Day - the 4th Thursday in November
- (i) Day after Thanksgiving
- (j) Christmas Eve - December 24
- (k) Christmas Day - December 25
- (l) A floating holiday selected by the employee and approved by the supervisor
- (m) Other special holidays as may be approved by the CEO

#### (2) OBSERVANCE OF HOLIDAYS

- (a) If a designated holiday falls on Sunday, it will be observed on the following Monday.
- (b) If a designated holiday falls on a Saturday, it will be observed on the preceding Friday.
- (c) If a holiday falls on any day other than Saturday or Sunday, and it is the employee's regular day off, the holiday will be observed either the workday immediately preceding or immediately following the holiday as designated by the employee's functional VP or designee to the CEO.

## TIME AND ATTENDANCE

- (d) Special work schedules, or shifts, are covered by the Rules for “special shifts” in the Civil Service Rules.

### **(3) HOLIDAY PAY**

- (a) If service requirements permit, all employees (except absentees) shall be excused from work without loss of pay on authorized holidays.
- (b) All employees required to work on an authorized holiday shall be paid (in addition to one day’s base pay) at the overtime rate of two (2) hours for each hour worked on the day which is their designated holiday.

### **(4) HOLIDAY STAFFING**

- (a) A holiday staffing schedule will be disseminated for each holiday by employment seniority status among the employees that are normally scheduled to work. After the first holiday has been filled, the second holiday would be staffed beginning with the first person on the seniority list that did not select the previous holiday.
- (b) Employees on the 3/12 shift (i.e., employees working on Friday, Saturday, and Sunday) will be given the first priority to work on Friday holidays.
- (c) If there are insufficient volunteers, the employee with the least employment seniority status will fill the vacant shift.
- (d) Individual departments/sections may establish more specific documented guidelines to meet the needs of the department/section.

# TIME AND ATTENDANCE

## 7. Jury Duty

**A. Policy Statement:** NES recognizes that employees may be obligated to comply with jury duty requirements pursuant to law, and as such, NES establishes the following guidelines for when an employee is required to fulfill jury duty obligations.

**B. Scope:** This Policy applies to employees.

**C. Terms and Definitions**

- (1) Summons - A process issued by a court commanding the appearance of an individual to attend and be available for duty on a jury.

**D. Policy**

- (1) Upon receiving a Summons, an employee shall, by their next workday, notify their immediate supervisor.
- (2) Employees will be excused from work while serving as a juror in any court of the United States or the State of Tennessee, provided that their responsibility for jury duty exceeds three hours.
- (3) Employees assigned to a night shift or assigned working hours immediately preceding jury duty shall also be excused from their shift immediately following the first day of jury duty. After the first day of jury duty exceeding three hours, employees shall be excused from the next scheduled work period occurring within twenty-four hours of jury duty.
- (4) Employees scheduled for night shifts while on jury duty may be transferred to day shifts during their jury duty. For three-day, 12-hour, and four-day, 10-hour shift workers, said employees will be transferred to five-day, eight-hour shifts during their jury duty.
- (5) Employees on jury duty shall receive their usual compensation.
- (6) Employees shall be responsible for obtaining a document from the Court Clerk indicating the date and time for each day served and shall provide it to their supervisor upon their return to work.
- (7) If an employee's jury duty and commute to and from jury duty exceeds three hours in a day, an employee will not be required to report to work but will receive their usual compensation for eight hours.

# CONDUCT

## 1. Ethics

**A. Policy Statement:** Public service is a public trust. Individuals working on behalf of NES are expected to abide by laws and ethical principles and place the best interests of NES customers and the public above personal interests. This Policy establishes a standard of ethical conduct for avoiding real or perceived conflicts of interest.

**B. Scope:** This Policy applies to employees and Board members (“Individuals”).

### C. Terms and Definitions

- (1) Conflict of Commitment - Relates to an Individual’s distribution of effort between NES responsibilities and outside professionally-related or personal activities. A Conflict of Commitment arises when outside commitments interfere with the employee’s primary obligations and commitments to NES. External employment, civic or community leadership, corporate board service, and/or consulting may lead to Conflicts of Commitment.
- (2) Controlling Interest - Includes a person with the ownership or control of the largest number of outstanding shares owned by any single person or corporation.
- (3) Customer - An individual and/or business in a contractual relationship with NES for a purpose other than solely the purchase of electric power.
- (4) Designated Employee - Non-supervisory employees or employee groups, designated by Management as possessing job responsibilities which may involve or allow influence over the selection or purchase of materials, supplies or equipment, bidding of goods or services, participating in goods or services award decisions, or whose duty it is to direct or supervise work performed by contractors or vendors.
- (5) Direct Business Relationship - One in which an Individual has a responsibility for any of the following: materials, supplies or equipment selection; bidding of goods or services; participating in goods or services contract award decisions; and/or directing or supervising work performed by contractors and vendors.
- (6) Direct Interest - An Individual has a Direct Interest when they are the sole supplier or proprietor, a partner, or the person having the controlling interest.
- (7) Executive Management - NES Vice Presidents, the Executive Vice President, and the President & CEO.
- (8) Family Member - Family Members include spouses, domestic partners, children, grandchildren, parents, grandparents, siblings, in-laws, and any step relation to the above.
- (9) Indirect Interest - An Individual has an Indirect Interest when: (1) the Individual is interested, but not directly, i.e., holds a non-controlling interest; and (2) has a role in materials, supplies or equipment selection, the bidding of goods or services, participation in goods or services contract award decisions, or whose duty it is to direct or supervise the work performed by contractors or vendors.

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## D. Policy

### (1) GENERAL PROVISIONS

- (a) Individuals will perform their duties with diligence, loyalty, and honesty and in an impartial manner.
- (b) Any relationship or activity that influences or could be construed as influencing normal independent decision-making at NES shall be avoided.
- (c) Individuals are expected to disclose relationships with organizations that do business with NES or propose to do business with NES. Generally, there will be no conflict of interest if the individual is not able to influence NES with respect to the business in which the individual or family member has an interest.
- (d) Individuals shall not use information obtained for any personal gain or in any manner which would adversely reflect on NES.

### (2) GIFTS, HOSPITALITY, AND ENTERTAINMENT

- (a) The acceptance of gifts, hospitality, or entertainment exceeding \$100 from customers, suppliers, contractors, or other parties doing business with NES, or seeking to do business with NES, is prohibited, except as specifically outlined in this Policy.
- (b) Acceptance of normal business courtesies, such as a lunch or dinner in connection with a business meeting or charitable fundraising event, does not constitute a violation of this Policy, unless an obligation is inferred. Similarly, meals, receptions or gratuities made available to all attendees at professional or industry conferences do not constitute violations, unless obligations are inferred.
- (c) With the approval of an employee's functional VP or the CEO, an exception to the prohibition of the acceptance of gifts, hospitality, or entertainment exceeding \$100 exists for:
  - (i.) Transportation and lodging costs incurred in connection with NES employee visits to suppliers' or manufacturers' facilities for equipment testing or facility evaluation in connection with the supplier approval process.
  - (ii.) Costs covered by an organization in exchange for an Individual to represent NES in a professional capacity as a subject matter expert.
  - (iii.) Transportation, lodging, and/or other costs incurred in connection with an NES employee attending a conference or event at the expense of an NES contractor, under the following conditions:
    - 1. The employee submits a written request to attend the conference or event to their functional VP at least two weeks before the attendance date;
    - 2. The functional VP determines that the employee does not derive an appreciable personal benefit from the conference or event, and the conference or event serves a legitimate business purpose; and
    - 4-3. Any employee required to complete an annual Conflict of Interest Disclosure Statement shall disclose their attendance by amending their Conflict of Interest Disclosure Statement.

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- (d) Any Board member or member of Executive Management who is offered a gift or gratuity that—if accepted—violates this Policy should respond that NES does not accept gifts or gratuities and report the offer to the CLO-GC. If a Board member or member of Executive Management receives—unsolicited and without any advance notice—a prohibited gratuity, they shall report the gratuity to the CLO-GC.
- (e) Any employee offered a gift or gratuity that—if accepted—violates this policy should respond that NES does not accept gifts or gratuities and report the offer to the employee's manager. The manager shall inform the functional VP and the CLO-GC. If an employee receives—unsolicited and without any advance notice—a prohibited gratuity, they shall report the gratuity immediately to the employee's manager. The manager will inform the functional VP and the CLO-GC.
- (f) The CLO-GC will make a determination of actions to be taken as a result of the reports based upon the individual circumstances.

## **(3) CONFLICTS OF INTEREST AND CONFLICTS OF COMMITMENT**

- (a) Payments, fees, or commissions to Individuals for arranging the purchase or ordering of materials, supplies, equipment, work, services, or the timing of work performed, is strictly prohibited.
- (b) Employees having a Direct Interest or Indirect Interest shall report it to their manager. The manager shall inform the functional VP and the CLO-GC. Board members having a Direct Interest or Indirect Interest in a matter to be voted upon shall announce, during the discussion, the Direct Interest or Indirect Interest to the Chairperson and shall abstain from voting.
- (c) NES employees and family members of NES employees may not be employed by or receive other compensation or loans from businesses that provide goods or services to NES and with whom the NES employees have Direct Business Relationships as part of their NES duties.
- (d) Employees shall not allow personal relationships with coworkers to adversely affect the work environment.
- (e) Any supervisor or above that is in a romantic, dating, sexual and/or marital relationship with any NES employee or contractor shall disclose the relationship to the CLO-GC, regardless of the frequency or duration of the relationship. The CLO-GC, in consultation with Executive Leadership, will determine appropriate steps to mitigate any actual or perceived conflict, to the extent that it exists.
- (f) Employees must avoid Conflicts of Commitment. For Management, any outside employment, including self employment, and/or consulting opportunities must be reviewed and approved by the responsible VP, EVP, or CEO prior to acceptance and outside employment/consulting arrangements must be reviewed at least annually.

## **(4) REPORTING OF CONFLICTS OF INTEREST AND CONFLICTS OF COMMITMENT**

- (a) HR will provide new Designated Employees with a Conflict of Interest Disclosure Statement within 60 calendar days of their hire date. New Designated Employees

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- will be required to complete the Conflict of Interest Disclosure Statement within 30 calendar days from receipt.
- (b) Each year on or before July 1, or within 30 calendar days of appointment, all Board members, Management, and other designated employees must complete a Conflict of Interest Disclosure Statement.
  - (c) Disclosure Statements will be submitted to and reviewed by the responsible Manager and VP. The Manager and VP will sign the statement indicating whether a conflict of interest or commitment exists. The CLO-GC and Controls and Compliance Section may require additional information from the disclosing party or the disclosing party's Manager and VP. The CLO-GC and the Controls and Compliance Section will report the results to the Audit and Ethics Committee.
  - (d) A list of relationships with other businesses will be provided to the CFO to be considered in awarding bids.
  - (e) Board members, Management, and other designated employees are responsible for reporting changes in status within 30 calendar days of the change and submitting an updated disclosure statement to the responsible Manager and VP.

## **(5) VENDOR CERTIFICATIONS**

- (a) All contractors and vendors must submit a notarized Contractor/Vendor Affidavit, which includes statements on nondiscriminatory employment practices and the absence of any conflict of interest, to NES Procurement prior to becoming an approved source. Companies that provide personal services or perform construction work must also submit a Statement of Independent Price Determination for each contract before it will be awarded.

## **(6) AUDITING**

- (a) To avoid the appearance of conflicts of interest, NES is prohibited from employing an individual as the CEO, Treasurer, CFO, or person in an equivalent position if the Board's audit firm employed such individual during the one-year period preceding NES employment.
- (b) If any officer takes any action to fraudulently influence, coerce, manipulate, or mislead any auditor engaged in the performance of an audit for the purpose of rendering the financial statements materially misleading, such officer shall be subject to disciplinary action up to, and including, termination.

## **(7) SUSPECTED VIOLATIONS**

- (a) Questionable practices and concerns may be reported anonymously by calling the NES Integrity Line. Contact information for the Integrity Line can be found on posters throughout NES facilities and on electronic bulletin boards such as the NES SharePoint site. The Controls and Compliance Manager shall monitor and facilitate the investigation of any reports received. Employees bringing such reports will not be subject to retaliation or adverse action based on the disclosure of the complaint.
- (b) Any Individual suspecting a violation of this Policy shall report their suspicions to the NES Integrity Line anonymously or to the Controls & Compliance Manager.

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- (c) The Controls & Compliance Manager will notify the implicated Individual that an allegation has been made and an investigation is beginning.
- (d) If the allegations involve a Board member, the Controls & Compliance Manager will submit a report to the Chairperson of the Audit and Ethics Committee. The Audit and Ethics Committee will make recommendations to the Board.
- (e) If the allegations involve an employee, the Controls & Compliance Manager will submit a report to the CEO.
- (f) Employees violating this Policy may be subject to disciplinary action up to and including termination.
- (g) Violations of this Policy may also be violations of federal, state and/or local laws and may subject the Individual to criminal prosecution and/or forfeiture of retirement benefits.
- (h) Individuals making reports in good faith under this Policy will not be subject to retaliation or adverse action.

# CONDUCT

## 2. Integrity

**A. Policy Statement:** Employees and contractors are representatives of NES and hold a duty to the public. As such, employees and contractors are expected to maintain the highest levels of integrity in their day-to-day operations, when working with the public, and when using NES resources.

**B. Scope:** This Policy applies to employees and contractors.

### C. Terms and Definitions

- (1) Associate - An individual having a personal relationship with an employee or contractor.
- (2) Family Member - Family Members include spouses, domestic partners, children, grandchildren, parents, grandparents, siblings, in-laws (and kinship by marriage), and any step relation to the above.
- (3) Fraud - Intentional deception intended to result in financial or personal gain. Fraud includes, but is not limited to, using NES resources for unauthorized personal use, receiving pay from NES for time not worked, and taking of NES monies.
- (4) Proper Authorization - Approval by Management for the connection, disconnection, or reconnection of service.
- (5) Transaction - Entering, deleting, changing, or viewing any record regarding a customer account.

### D. Policy

#### (1) GENERAL CONDUCT

- (a) Employees should exhibit the highest degree of integrity, honesty, discretion, and professionalism at all times.
- (b) Employees should use good judgment when performing their job duties to avoid Fraud and improper conduct or the perception thereof.
- (c) Employees shall not utilize their position of influence at NES in such a manner to obtain something of value, whether tangible or intangible, in return for the connection, restoration, or the avoidance of disruption of electric service.
- (d) Employees and contractors shall conduct themselves in a respectable manner while performing their duties for NES.
- (e) Employees and contractors shall not allow any personal business or obligation to interfere with their job performance.
- (f) Employees and contractors are to be mindful of the rights and property of customers, other employees, and the public.
- (g) Managers are expected to create and foster an environment where employees and contractors feel comfortable raising and speaking openly about integrity concerns and ensure that employees understand the importance of this Policy.

# CONDUCT

- (h) Employees or contractors with questions about this Policy may consult with the CLO-GC.

## **(2) PROHIBITED CONDUCT**

- (a) Employees and contractors are prohibited from engaging in the following conduct:
  - (i.) Making or requesting another employee to make any Transaction on their own account, the account of any known Family Member, Associate, or any other employee's account. Any request for Transactions on such accounts must be made to a Customer Relations Supervisor or above.
  - (ii.) Connecting, disconnecting, or restoring electric service without Proper Authorization.
  - (iii.) Tampering or manipulating or assisting in the tampering or manipulating (either physically or by using devices or other equipment, etc.) of an electric meter, meter base, or other electrical equipment.
  - (iv.) Using or disclosing in an unauthorized manner confidential, sensitive, or privileged information acquired during the course and scope of one's employment or contractor relationship with NES.
  - (v.) Engaging in any other act that constitutes Fraud.

## **(3) EXCEPTIONS TO DISCONNECTION OR RECONNECTION**

- (a) In the event that a customer's account has been disconnected for non-payment, only a VP may authorize the reconnection of service without payment.
- (b) Only a VP may authorize preventing a disconnection for nonpayment for an employee or an employee's Family Member or Associate. The VP must report the preventing of a disconnection or the reconnection without payment to the CEO the next business day along with the circumstances justifying it.
- (c) The VP authorizing a disconnection or reconnection without payment must ensure that the account is settled within a timely manner.

## **(4) REPORTING INTEGRITY CONCERNS**

- (a) Any suspected violations of this Policy, including suspicions of Fraud, shall be reported to the CLO-GC.
- (b) Questionable practices and concerns may be reported anonymously by calling the NES Integrity Line. Contact information for the Integrity Line can be found on posters throughout NES facilities and on electronic bulletin boards such as the NES SharePoint site.
- (c) The Controls and Compliance Manager shall monitor and facilitate the investigation of any reports received. Employees bringing such reports will not be subject to retaliation or adverse action based on the disclosure of the complaint.

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- (d) Individuals making reports in good faith under this Policy will not be subject to retaliation or adverse action.

### **(5) DISCIPLINE**

- (a) Any violation of this Policy may result in disciplinary action up to and including charges for termination and/or possible criminal prosecution.

# CONDUCT

## 3. Executive Board Service

A. **Policy Statement:** NES recognizes the importance of its Executives having a balance of perspectives, experience, and competencies to complement NES business. This Policy supports these Executives in their service on both nonprofit and corporate boards and provides guidance for navigating their service.

B. **Scope:** This Policy applies to NES Executives.

### C. Terms and Definitions

- (1) Executive - Any Vice President, the Executive Vice President, or the President & CEO.
- (2) Change in Status - A Change in Status includes appointment to a board, expiration of a term, reappointment to a board as an officer, or removal from a board.

### D. Policy

#### (1) NONPROFIT BOARD SERVICE

- (a) An Executive serving on a nonprofit board shall disclose such service on their annual Conflict of Interest Disclosure Statement.
- (b) An Executive shall amend their Statement within 30 days of any Change in Status of board service.
- (c) To encourage service to nonprofits in the Nashville community, an Executive serving on a nonprofit board is authorized to attend meetings and participate in events and activities for the nonprofit on company time; however, an Executive playing in a golf tournament or other recreational sporting event shall be required to use accumulated annual leave for the time of participation. NES, through its Community Involvement Fund, will provide financial support to the nonprofits in which its Executives serve provided such support is consistent with NES policy.

#### (2) CORPORATE BOARD SERVICE

- (a) Before accepting a compensated position on a corporate board, an Executive shall make the CEO and/or the Chair of the Audit and Ethics Committee aware of the opportunity. The Chair of the Audit and Ethics Committee shall place the matter on the agenda for the Audit and Ethics Committee for discussion. The Committee will consider if the service would present any conflicts of interest with the Executive's service to NES and, if no such conflict exists, may grant approval for the board service.
- (b) An Executive serving on any corporate board shall disclose such service on their annual Conflict of Interest Disclosure Statement and shall amend their statement within 30 days of any Change in the Status of board service.
- (c) To ensure that Executives can provide sufficient focus on their responsibilities to NES, no Executive shall serve on more than two corporate boards. An

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Executive serving on a corporate board shall be required to use accumulated annual leave to attend board meetings, committee meetings, and conduct other business of the corporate board.

# CONDUCT

## 4. Mutual Respect

- A. **Policy Statement:** NES promotes a spirit of teamwork and cooperation among all of its employees and one of mutual respect. To achieve these goals, all employees, contractors, and Board members are expected to treat their coworkers, supervisors, vendors, business contacts, and others with respect, honesty, consideration, and cooperation.
- B. **Scope:** This Policy applies to employees, contractors, and Board members (“Individuals”).
- C. **Terms and Definitions**
- (1) Mutual Respect - Mutual Respect requires the recognition of differences existing between coworkers and that everyone must be treated with respect in the workplace. Violations of Mutual Respect include, but are not limited to, derogatory remarks; bullying, belittling, or intimidating another person; threatening behavior; acts of vocal and/or physical aggression; unwanted physical contact; and falsely impugning the character of another person. Mutual Respect violations may occur in all forms of workplace communications, verbal and written, including electronic communications, and in all workplace situations, including in person, virtual or remote meetings, spaces, and forums, NES vehicles, and off-site work locations.
  - (2) Harassment - Harassment includes any verbal or physical conduct designed to threaten, intimidate, or coerce an employee, coworker, or any person working on behalf of NES, that would make a reasonable person experiencing such conduct feel uncomfortable or would interfere with the person’s work performance, based on the following factors: race, color, gender, gender identity and expression, age, national origin, disability, religion, sexual orientation, genetic information, pregnancy, veteran status, or any other basis that is protected by applicable law. Examples of the types of behavior that will be considered Harassment include:
    - (a) Jokes or negative comments about the above characteristics.
    - (b) Displays of reading materials or pictures containing negative material about the above characteristics, including electronic materials.
    - (c) Vandalism or “pranks” based on the above characteristics.
    - (d) Name-calling based on the above characteristics.
    - (e) Punishing an employee for complaining of these types of Harassment.
  - (3) Verbal Harassment - Verbal Harassment includes comments that are offensive or unwelcome regarding a person’s race, color, gender, gender identity and expression, age, national origin, disability, religion, sexual orientation, genetic information, pregnancy, veteran status, or any other basis protected by applicable law.
  - (4) Nonverbal Harassment - Nonverbal Harassment includes distribution, display, or discussion of any written or graphic material that ridicules, denigrates, insults, belittles, or shows hostility, aversion, or disrespect toward an individual or group because of race, color, gender, gender identity and expression, age, national origin,

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disability, religion, sexual orientation, genetic information, pregnancy, veteran status, or any other basis protected by applicable law.

- (5) Verbal Sexual Harassment - Verbal Sexual Harassment includes innuendoes, suggestive comments, jokes of a sexual nature, sexual propositions, lewd remarks and threats; requests for any type of sexual favor (this includes repeated, unwelcome requests for dates); and verbal abuse or “kidding” that is oriented toward a prohibited form of Harassment, including that which is sexual in nature and unwelcome.
- (6) Nonverbal Sexual Harassment - Nonverbal Sexual Harassment includes the possession, distribution, display, or discussion of any written or graphic material, including calendars, posters, and cartoons that are sexually suggestive or show hostility toward an individual group because of sex; suggestive or insulting sounds; leering; staring; whistling; obscene gestures; content in letters and notes, facsimiles, e-mail, photos, text messages, tweets and internet postings; or other forms of communication that is sexual in nature and offensive.
- (7) Physical Sexual Harassment - Physical Sexual Harassment includes unwelcome, unwanted physical contact, including touching, pinching, patting, brushing up against, hugging, cornering, kissing, and fondling and forced sexual intercourse or assault.
- (8) Aggravated Conduct - Violations of the Mutual Respect Policy may be deemed Aggravated Conduct depending upon on the circumstances and nature of the conduct involved. The following is a non-exhaustive list of violations that may be deemed Aggravated Conduct:
  - (a) Violations of the Mutual Respect Policy by members of Management
  - (b) Violations of the Mutual Respect Policy involving violence or the threat of violence
  - (c) Violations of the Mutual Respect Policy involving sexual touching/physical contact of a sexual nature
  - (d) Violations of the Mutual Respect Policy involving racial/ethnic epithets
  - (e) Violations of the Mutual Respect Policy involving multiple occurrences of prohibited conduct
  - (f) Violations of the Mutual Respect Policy by individuals who have been counseled for previous violations of the Mutual Respect Policy

## D. Policy

### (1) GENERAL PROVISIONS

- (a) NES expects all Individuals to treat all NES employees, Board members, contractors, business contacts, and others with respect, honesty, consideration, and cooperation.
- (b) NES will not condone violations of Mutual Respect or any form of Harassment.
- (c) NES prohibits violations of Mutual Respect and any form of Harassment. Employees should and members of supervision must report any such incident(s) in accordance with this Policy.

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- (d) Individuals should understand that their actual or stated intentions will not necessarily determine whether they have violated this Policy. Impact and perception of conduct, regardless of intent, may result in a violation of this Policy. Accordingly, Individuals are expected to maintain their verbal, written, and overt physical expressions to avoid the appearance of questionable motivation, disrespect of others, or disregard for individual sensitivities.
- (e) NES will not condone any actions or statements that create an intimidating, hostile, or offensive environment.
- (f) This Policy applies to all forms of workplace communications, verbal and written, including electronic communications, and in all workplace situations, including virtual or remote meetings, spaces, and forums, NES vehicles, and off-site work locations.

## (2) REPORTING AND INVESTIGATING

- (a) Employees should promptly report alleged violations of Mutual Respect or any alleged Harassment by other employees, vendors, contractors, Board members, guests, or customers to the CPO or by sending an email to [hrcomplaints@nespower.com](mailto:hrcomplaints@nespower.com).
- (b) Upon submission of a report to the [hrcomplaints@nespower.com](mailto:hrcomplaints@nespower.com) email address, the reporting employee will receive a confirmation email of their submission and separately receive a copy of their report for verification.
- (c) Non-employees with knowledge of an alleged violation of Mutual Respect or any alleged Harassment should promptly report it to the CPO.
- (d) Members of supervision with knowledge of an alleged violation of Mutual Respect or any alleged Harassment must promptly report it to the CPO.
- (e) Individuals making reports in person will be asked to sign a document detailing the complaint.
- (f) Complaints will be investigated thoroughly. NES will investigate all reports made pursuant to this Policy.
- (g) Complaints will be handled confidentially, to the extent permitted by law, to protect the identity and individual rights of all parties.
- (h) At the conclusion of an investigation, the complainant will be informed of the general outcome. Details of specific disciplinary action will not be disclosed.

## (3) RETALIATION

- (a) Individuals retaliating against another Individual who reports or provides information in an investigation will not be tolerated.
- (b) NES will take necessary steps to protect Individuals from retaliation.
- (c) Individuals who have experienced or witnessed possible retaliation should report it to the CPO or by sending an email to [hrcomplaints@nespower.com](mailto:hrcomplaints@nespower.com).

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## (4) DISCIPLINARY ACTION

- (a) When an investigation concludes that an employee has violated this Mutual Respect Policy, the employee will be subject to disciplinary action up to and including termination.
- (b) When an investigation concludes that a contractor has violated this Mutual Respect Policy, the contractor will be subject to the termination of their relationship with NES.
- (c) When an investigation concludes that a supervisor failed to report alleged violations of Mutual Respect, allegations of Harassment, or possible retaliation, the supervisor will be subject to disciplinary action up to and including termination.
- (d) When an investigation concludes that an employee intentionally made a false report or provided false information, the employee will be subject to disciplinary action up to and including termination.
- (e) When an investigation concludes that a contractor intentionally made a false report or provided false information, the contractor will be subject to the termination of their relationship with NES.
- (f) When an investigation concludes that an employee retaliated against an Individual who in good faith reports or provides information in an investigation, the employee will be subject to disciplinary action up to and including termination.
- (g) When an investigation concludes that a contractor retaliated against an Individual who in good faith reports or provides information in an investigation, the contractor will be subject to the termination of their relationship with NES.
- (h) In some circumstances, more severe disciplinary action may be warranted.
  - (i.) When an investigation concludes that an employee engaged in Aggravated Conduct, that employee will be suspended or terminated.
  - (ii.) When an investigation concludes that an employee violated Mutual Respect on the basis of race, color, gender, gender identity and expression, age, national origin, disability, religion, sexual orientation, genetic information, pregnancy, veteran status, or any other basis that is protected by applicable law, that employee will be suspended or terminated.

# CONDUCT

## 5. Criminal Activity

**A. Policy Statement:** NES employees are expected to conduct themselves in a manner that reflects well on themselves and the company. Further, NES is committed to maintaining a safe environment for its employees and the public. In accordance with these objectives, NES requires its employees to report certain criminal activity.

**B. Scope:** This Policy applies to employees.

### C. Terms and Definitions

- (1) Criminal Activity - Criminal Activity includes both felonies and misdemeanors as defined in federal, state, and/or local statutes. Criminal Activity does not include traffic or other charges specifically exempt from statutory criminal offenses; however, a DUI charge or other formal charge that could impact an employee's legal ability to drive a vehicle (i.e., revocation of driver's license) or result in incarceration shall be considered Criminal Activity.
- (2) Criminal Activity Review Committee (CARC) - A Committee consisting of the employee's manager and a representative from both the Legal and Human Resources Departments. The Committee, with the assistance of the Security Section, will investigate the Criminal Activity and then make a recommendation to the VP based on the nature of the matter and the findings of the committee.
- (3) Felony - Violations of law punishable by one year or more of confinement or by the death penalty.
- (4) Misdemeanor - Violations of law punishable by fine and/or confinement of less than one year.

### D. Policy

#### (1) EMPLOYEE REPORTING OBLIGATIONS

- (a) Any employee who becomes incarcerated and is unable to report to work must notify their supervisor by the end of the next business day. Failure to do so will result in immediate disciplinary action. Any supervisor receiving such a report is required to notify the functional VP and the CLO-GC within 24 hours of receiving the report.
- (b) Any employee charged and/or convicted with any Criminal Activity is required to notify their supervisor by the end of the next business day from the charge or conviction. Any supervisor receiving such a report is required to notify the functional VP and the CLO-GC within 24 hours of receiving the report.
- (c) Any employee obligated to report Criminal Activity pursuant to this policy may elect to report the matter to their manager, their VP, the CPO, or the CLO-GC rather than making the report to their direct supervisor.
- (d) An employee's failure to report any Criminal Activity as required by this policy will result in disciplinary action up to, and including, termination. Further, any supervisor failing to report an employee's charge or conviction may be disciplined under this policy up to, and including, termination.

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## **(2) BACKGROUND CHECKS**

- (a) NES may conduct periodic background checks. Any background checks revealing unreported criminal convictions may subject the employee to termination.

## **(3) CRIMINAL ACTIVITY REVIEW COMMITTEE**

- (a) Upon receipt of a Criminal Activity report, the CLO-GC will form the CARC to analyze an employee's Criminal Activity(-ies) and make a recommendation to the functional VP of the employee's department as to whether disciplinary action may be warranted.
- (b) The Committee will consider the following factors when making a recommendation to the VP: Employee's length of service, employee's work record, type of job held, nature of offense(s), employee's past criminal record, past practices in similar situations, and other relevant information.

## **(4) POST-RECOMMENDATION**

- (a) The VP shall make the appropriate determination for discipline after reviewing the CARC's recommendation, including adopting, modifying, or rejecting the recommendation.
- (b) Any employee charged with a Felony is subject to suspension from work without pay, pending conclusion of the Criminal Activity charge(s).
- (c) An employee may use earned annual leave while absent from work due to incarceration. Any employee absent from work due to incarceration for a period up to 30 days will be subject to disciplinary action up to and including charges for termination, which will be determined by the functional VP. Any employee absent from work due to incarceration for more than 30 days will result in the immediate filing of termination charges by the affected department.

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## 6. Violence in the Workplace and Weapons

**A. Policy Statement:** NES is committed to maintaining a safe and efficient working environment where employees and customers are free from the threat of violence. As such, threats, threatening behavior, or acts of violence will not be tolerated.

**B. Scope:** This Policy applies to Board members, current and former employees, contractors, vendors, customers, and visitors (“Individuals”).

### **C. Terms and Definitions**

(1) Violent Act - Any act that threatens the safety and/or affects the health, life, or wellbeing of an individual that could also result in damage of property. These acts could include threatening, intimidating, coercing, harassing, or assaulting any individual. These acts occur during the performance of work-related duties and/or on an NES worksite.

### **D. Policy**

#### **(1) GENERAL PROVISIONS**

- (a) NES prohibits engaging in any Violent Act.
- (b) Carrying concealed weapons or brandishing a weapon on an NES worksite is strictly prohibited except as defined in this Policy.

#### **(2) REPORTING AND INVESTIGATION PROCEDURES**

- (a) Individuals shall notify the Manager of Facilities & Security or their immediate supervisor of any Violent Acts that they have witnessed, received, or have been told that another person has witnessed or received. Individuals are responsible for making this report regardless of the relationship between the perpetrator who initiated the threatening behavior and the person(s) who were threatened.
- (b) In emergencies, Individuals shall report Violent Acts by calling Security. After the threat of the emergency subsides, employees shall notify the Manager of Facilities and Security or their immediate supervisor.
- (c) Individuals should report personal situations which could instigate a workplace confrontation.
- (d) Security will promptly evaluate and investigate every report to determine what subsequent actions are necessary.
- (e) Upon receiving any report implicating an employee engaging in a Violent Act, the employee’s supervisor shall meet with the CPO to discuss the matter and determine appropriate action.

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- (f) Reports will not be disclosed except on a need-to-know basis or as otherwise required by law. NES will make every effort to protect the safety and privacy of the individuals involved.

## **(3) WEAPONS POSSESSION**

- (a) Individuals are not permitted to have firearms on NES worksites, unless they are explicitly authorized under applicable Tennessee law or as authorized by the CPO.

## **(4) DISCIPLINARY ACTION**

- (a) Employees engaging in Violent Acts will be subject to disciplinary action, up to and including termination. In addition, Violent Acts may subject an employee to civil or criminal liability.
- (b) Employees failing to report Violent Acts may be subject to disciplinary action.
- (c) Employees failing to adhere to the Weapons Possession Policy may be subject to disciplinary action.

# CONDUCT

## 7. Dress Code

- A. **Policy Statement:** To promote a safety culture and reflect a positive image of NES, individuals performing work for NES should dress in a manner that is appropriate for the job they are to perform.
- B. **Scope:** This Policy applies to all employees and contractors.
- C. **Terms and Definitions:** None
- D. **Policy**

### (1) GENERAL PROVISIONS

- (a) In consultation with their functional VP, Managers will determine the dress code for their section. Managers will communicate the dress code to all individuals in their section.
- (b) Employees will adhere to the provisions of the Safety Manual relating to appropriate work attire.
- (c) For questions related to appropriate work attire, employees may consult with their manager or the Safety Section.

# CONDUCT

## 8. Smoking/E-Cigarettes/Smokeless Tobacco/Other Products

**A. Policy Statement:** The use of smoking tobacco or related non-tobacco substances, e-cigarettes, smokeless tobacco, pouches, vaping cartridges, snus, and any other chew or snuff type substances can create a health issue for the user and others. As such, NES creates this Policy to provide a safe and healthy work environment.

**B. Scope:** This Policy applies to all employees, board members, customers, contractors, and vendors. This Policy also applies to visitors while on NES property.

### C. Terms and Definitions

- (1) Work Site - Any physical location under the control of NES or an NES customer where an NES employee is performing the job duties normally carried out by the company.
- (2) Designated Area - Locations on NES property visibly marked (as a designated smoking area). It also includes areas on other work sites where it does not pose a safety hazard.
- (3) Product - Smoking tobacco or related non-tobacco substances, e-cigarettes, smokeless tobacco, and any other chew or snuff type substances.

### D. Policy

#### (1) GENERAL PROVISIONS

- (a) NES permits the use of FDA-approved replacement products and prescription drugs for tobacco cessation.
- (b) On NES property and Work Sites, any use of Products is prohibited except in Designated Areas and during designated breaks.
- (c) Use of Products in Designated Areas must be done in a manner that is respectful to customers and the public.
- (d) Products on NES property must be properly disposed of in proper disposal receptacles in Designated Areas. Products on Work Sites must be properly disposed of in a respectful manner.
- (e) Violations of this Policy by an employee may result in disciplinary action up to and including termination. In addition, violations of this Policy may be a safety offense and will follow the steps in the Discipline Policy for Safety Offenses in the NES Safety Manual.

# CONDUCT

## 9. Safety

- A. **Policy Statement:** Safety is an integral part of everyday operations. The safety of employees and the public should never be compromised. As such, NES provides this Policy to provide a safe work environment and to comply with all state and/or federal laws and rules.
- B. **Scope:** This Policy applies to all employees.
- C. **Terms and Definitions:** None
- D. **Policy**

### (1) SAFETY MANUAL AND TESTING

- (a) The NES Safety Manual provides detailed guidelines related to ensuring a safe work environment and the safeguarding of the NES system.
- (b) NES may require that employees take a Safety Manual test annually to ensure their mastery of the safety provisions by which they are bound. Any employee failing the NES Safety Manual test or refusing to take the test is not eligible for a promotion for a period of 12 months from the date of failing or refusing the test.

### (2) REPORTING UNSAFE CONDITIONS OR VIOLATIONS

- (a) Non-supervisory employees shall report unsafe conditions or violations to their immediate supervisor, manager, or functional VP without fear of retaliation.
- (b) It is the responsibility of supervisory employees to correct all unsafe conditions or violations that are brought to their attention. Unsafe conditions or violations over which they do not have control shall be reported to the supervisory personnel with the authority to correct the situation.
- (c) Supervisory employees may be subject to disciplinary action up to and including termination for allowing unsafe working conditions to go uncorrected.

### (3) PROVISION OF SAFETY EQUIPMENT

- (a) NES will supply all equipment requisite to completing work safely and provide any necessary training related to the use of the equipment.
- (b) Failure to use or misuse of NES-supplied equipment will be considered a violation of the Policy.

# CONDUCT

## 10. Drugs and Alcohol

**A. Policy Statement:** As a public utility, the nature of NES operations involves hazardous work with potential for personal injury and property damage, and the use of alcohol and/or drugs by its employees can severely exacerbate these risks. Further, the use, possession, sale, or distribution of these substances can negatively affect the public image of NES. As such, NES takes the necessary measures to ensure that these potential risks are minimized through this Policy.

**B. Scope:** This Policy applies to employees and contractors.

### **C. Terms and Definitions**

- (1) Company Vehicle - Any and all vehicles owned and maintained by NES that possess government license plates and are marked with an NES logo.
- (2) Work Site - Any location where NES personnel are performing official duties, including but not limited to Company Vehicles and private vehicles on company premises and NES parking lots.

### **D. Policy**

#### **(1) GENERAL PROVISIONS**

- (a) The illegal use, abuse, possession, sale, or distribution of drugs, including prescription drugs, on any NES Work Site is prohibited.
- (b) The consumption of alcohol on a Work Site and/or the use of alcohol during scheduled work hours is prohibited.
- (c) Operating a Company Vehicle under the influence of alcohol is prohibited.
- (d) The possession or transportation of alcoholic beverages in Company Vehicles are prohibited.
- (e) The consumption of alcohol while on company business trips shall be done in moderation and only at evening receptions and/or dinners. At no time shall an employee become intoxicated to the point that their safety or the safety of others are in jeopardy, or they negatively affect the public image of NES.
- (f) On NES Work Sites, employees are required to consent to inspections of their persons, vehicles, lockers, and personal property.

#### **(2) DISCIPLINARY ACTION**

- (a) Employees found in violation of this section will be subject to disciplinary action up to and including termination.

# CONDUCT

## 11. Drug and Alcohol Testing

**A. Policy Statement:** As a public utility, the nature of NES operations involves hazardous work with potential for personal injury and property damage, and the use of alcohol and/or drugs by its employees can severely exacerbate these risks. Further, drug and alcohol use can reduce efficiency and impact good business judgment. As such, NES takes the necessary measures to ensure that these potential risks are minimized through this Policy.

**B. Scope:** This Policy applies to employees, contractors, and applicants.

### C. Terms and Definitions

- (1) MRO - Medical Review Officer (MRO) - A Medical Review Officer must be a licensed physician trained to review lab results and validate whether a test is positive in accordance with law.
- (2) SAP - Substance Abuse Professional (SAP) - A physician, psychologist, social worker, employee assistance professional, or addiction counselor certified by the National Association of Alcoholism and Drug Abuse Counselors Certification Commission and licensed with knowledge of and clinical experience in the diagnosis and treatment of alcohol and controlled substance-related disorders.
- (3) Reasonable Suspicion - Reasonable Suspicion is more than a hunch or guess and less than a certainty and means specific facts exist which are reasonably believed to be true and includes reasonable inferences drawn from those facts in light of experience.
- (4) Physical Abilities Test (PAT) - A test to determine fitness to perform the duties of a job for which an employee or applicant is applying.

### D. Policy

#### (1) PRE-EMPLOYMENT DRUG TESTING

- (a) All external applicants will be required to take a zero-tolerance drug test.

#### (2) EMPLOYEE RECLASSIFICATION DRUG TESTING

- (a) Current employees entering a job that requires a CDL will be required to take a DOT drug test.
- (b) Current employees already in a job that requires a CDL will not be required to undergo such a drug test.
- (c) Current employees entering non-CDL jobs will not be required to take a drug test.

# CONDUCT

## **(3) REASONABLE SUSPICION TESTING**

- (a) Drug and/or alcohol tests shall be given to any employee if there is Reasonable Suspicion the person is working under the influence of drugs and/or alcohol or the person's work performance appears to be adversely affected by the recent use of such substances. If a supervisor suspects that an employee may be working under the influence of drugs and/or alcohol, the following steps shall be taken:
  - (i.) The supervisor shall document the reasons for their suspicions on the Reasonable Suspicion Form provided by the Safety Section.
  - (ii.) The supervisor shall notify their manager about the details substantiating their request to test based on Reasonable Suspicion. Both the supervisor and manager shall seek approval from the functional VP and CPO to administer the test based on Reasonable Suspicion. Any test administered on a Reasonable Suspicion basis must be approved by the functional VP and the CPO.
  - (iii.) In approving a test based on Reasonable Suspicion, the VP and CPO must ultimately believe and conclude that there is Reasonable Suspicion and that the request to test has not been made to harass or discriminate against the employee. If the VP and CPO cannot agree on approval, the CLO-GC shall determine whether there are grounds to test based on Reasonable Suspicion, the determination of which shall be binding.
  - (iv.) Only after a test has been authorized shall an employee be notified of the test.
  - (v.) An employee will be offered the opportunity, prior to taking the test, to consult with a representative of their choice who is immediately available. The consultation shall not and will not delay the testing process. An attempt to delay the testing process will be considered a refusal to test and viewed as a positive test.
  - (vi.) Employees tested for reasonable suspicion will, at the discretion of NES, be taken home by supervision or an employee in Security and remain off work with pay until the results of the test are received.

## **(4) POST-INJURY/ACCIDENT TESTING**

- (a) An employee injured on the job will be required to submit to a drug and alcohol test. If the injury is minor, NES may elect not to require the employee to submit to testing.
- (b) An employee involved in a vehicle accident, who is not required to be tested under DOT regulations, will still be required to submit to a drug and alcohol test.

## **(5) GENERAL GUIDELINES**

- (a) Drug and/or alcohol tests will be administered at a site selected by NES. The supervisor or a lead person will be responsible for transporting the employee to the site. Results of these tests will be determined at a certified facility.
- (b) Breath alcohol tests will be used to determine whether an employee is under the influence of alcohol.
- (c) A urine test will be used to determine the presence of drug misuse.

# CONDUCT

- (d) Laboratory testing will follow zero-tolerance methodology utilized by an independent organization.
- (e) Urine specimens will be analyzed for a variety of drugs, including, but not limited to: marijuana, cocaine, opiates, amphetamines, phencyclidine (PCP), MDMA, acetylmorphines, hydrocodone, hydromorphone, oxymorphone and oxycodone. The drugs tested for, and the thresholds used to screen and confirm positive results, under zero tolerance type testing, are different and more stringent than those under DOT requirements.
- (f) An MRO will be used to review and confirm all positive, unacceptable, diluted, or questionable drug and alcohol test results for further action, as appropriate. Negative results will not be reviewed.
- (g) Reports of test results, recommendations, and rehabilitative treatments with respect to an employee shall be maintained in a confidential file separate from the employee's permanent personnel file.
- (h) Employees will not be notified of drug or alcohol test results unless they are positive or unacceptable. Employees may contact the Safety Manager if they want to know the results of their own tests.

## **(6) DISQUALIFICATIONS FOR DRUG AND ALCOHOL TESTING**

- (a) An external applicant will not be employed and a current employee who is tentatively selected to fill a vacancy will be disqualified and not appointed if:
  - (i.) An MRO confirms that their test results reflect a substituted, out of temperature range, adulterated, diluted positive, or positive test for the use of drugs or alcohol. For current employees and applicants, diluted negative or invalid specimens are not considered a positive test result. However, employees and applicants submitting such specimens will be required to submit to another test under direct observation, as soon as practicable and at the direction of HR, results of which will be used for the position for which the employee or applicant is applying.
  - (ii.) They are unable to obtain a one-year medical DOT certificate if applying for a position that requires a CDL. If applying for a non-CDL position, an applicant may be required to pass a PAT.
  - (iii.) They refuse to submit to a test after being notified to submit a test.
  - (iv.) They leave the site or work and do not submit to testing after being notified to submit a test.
  - (v.) They delay the testing process at any time upon being notified that a test will be administered.
  - (vi.) They fail to appear for any test within a reasonable time, as determined by the employer.
  - (vii.) They fail to remain at the testing site until the testing process is complete.
  - (viii.) They fail to permit the observation or monitoring of the specimen collection when required to do so.
  - (ix.) They fail to provide a sufficient amount of urine when directed and there is no adequate medical explanation for the failure.
  - (x.) They fail to take a second test when directed to do so by the employer or collector.

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- (xi.) They fail to undergo a medical examination when directed to do so by the MRO employer.
- (xii.) They fail to cooperate with any part of the testing process (i.e., refusing to empty pockets when directed by the collector, behaving in a confrontational way that disrupts the collection process, failing to wash hands after being directed to do so by the collector).
- (xiii.) They fail to follow the observer's instructions during an observed collection including instructions to raise clothing above the waist, lower clothing, and underpants, and to turn around to permit the observer to determine if they have any type of prosthetic or other device that could be used to interfere with the collection process.
- (xiv.) They possess or wear a prosthetic or other device that could be used to interfere with the collection process.
- (xv.) They admit to the collector or MRO that they adulterated or substituted the specimen.

## **(7) FIRST-TIME VIOLATIONS**

- (a) If, at any time, an employee tests positive for drugs or alcohol with a blood alcohol content of 0.04 or greater during their employment with NES, the following process will commence:
  - (i.) The employee will be removed from their job immediately and will be referred to an SAP for mandatory counseling. The employee will be without pay until they meet with the SAP. After meeting with the SAP, the employee may use any accrued leave they have available for time away from work to fulfill the SAP's recommendations.
  - (ii.) The employee will be required to sign a release so the SAP can report their findings and recommendations to the CPO or designee.
  - (iii.) The employee will be required to follow all recommendations and treatment plans of the SAP.
  - (iv.) The employee will be required to have a negative drug or alcohol test before returning to work.
  - (v.) The employee will be required to sign a Return-to-Work Agreement before returning to work.
  - (vi.) The employee will be required to submit to follow-up drug and/or alcohol testing as recommended by the SAP.
- (b) The employee will not be eligible to certify for another position for a period of 12 months from the date of the positive test result.

## **(8) REEXAMINATION**

- (a) An employee who has passed a drug or alcohol test will not, except on the basis of reasonable suspicion, post-injury/accident, or DOT testing, be again subject to such for a period of six months.
- (b) An external applicant who is disqualified because of a drug or alcohol test result will not be eligible for employment with NES for 12 months.

# CONDUCT

## (9) DISCIPLINARY ACTION

- (a) Charges for termination of employment will be brought when:
  - (i.) An employee has two positive or unacceptable (adulterated) drug test results during their employment.
  - (ii.) An employee has two positive alcohol results .04 or above during their employment.
  - (iii.) An employee has four positive alcohol test results between .02 and .039 during their employment.
  - (iv.) An employee fails to abide by the recommendation and/or treatment plan provided by an SAP.
  - (v.) For any other violation of this Policy, as determined by Management.

# CONDUCT

## 12. Alcohol, Drugs, and Pre-Employment Testing for CDL Holders

- A. Policy Statement:** NES complies with required Department of Transportation (DOT) Federal Motor Carrier Safety Administration (FMCSA) alcohol, drug, and pre-employment procedures to mitigate accidents and injuries resulting from the misuse of alcohol or controlled substances by drivers of commercial motor vehicles.
- B. Scope:** This Policy applies to all applicants seeking a job requiring a commercial driver's license (CDL) and employees with jobs requiring a CDL.

### C. Terms and Definitions

- (1) Accident - An occurrence involving a Commercial Motor Vehicle which results in:
  - (a) A fatality;
  - (b) Bodily injury to a person who, as a result of the injury, immediately receives medical treatment away from the scene of the accident; or
  - (c) One or more motor vehicles incurring disabling damage as a result of the accident, requiring the vehicle to be transported away from the scene by a tow truck or other vehicle.
- (2) Alcohol - The intoxicating agent in beverage alcohol, ethyl alcohol, or other low molecular weight alcohols including methyl and isopropyl alcohol.
- (3) Alcohol Concentration (or BAC) - The Alcohol in a volume of breath expressed in terms of grams of Alcohol per 210 liters of breath as indicated by an evidential breath test under this policy.
- (4) Commercial Motor Vehicle - A motor vehicle or combination of motor vehicles used in commerce to transport passengers or property if the vehicle:
  - (a) Has a gross combination weight rating of 26,001 or more pounds inclusive of a towed unit with a gross vehicle weight rating of more than 10,000 pounds;
  - (b) Has a gross vehicle weight rating of 26,001 or more pounds;
  - (c) Is designed to transport 16 or more passengers, including the driver; or,
  - (d) Is of any size and used in the transportation of materials found to be hazardous for the purposes of the Hazardous Materials Transportation Act and which require the motor vehicle to be placard under the Hazardous Materials Regulations.
- (5) Confirmation Tests - For Alcohol, it is a second test, following a screening test with results of 0.02 or greater, that provides quantitative data of Alcohol concentration. For controlled substances, it is a second analytical procedure to identify the presence of a specific drug or metabolite which is independent of the screen test and which uses a different technique and chemical principle from that of the screen test in order to ensure reliability and accuracy.
- (6) Covered Positions - Any position which involves the operation of a Commercial Motor Vehicle. This includes, but is not limited to, full-time regularly employed drivers; casual, intermittent, or occasional drivers; leased drivers; and independent owner-operator contractors who are either directly employed by or under lease to an employer or who operate a commercial motor vehicle at the direction of or with the

# CONDUCT

consent of any employer. For the purposes of pre-employment/pre-duty testing only, the term driver includes a person applying to NES for a position which requires driving a Commercial Motor Vehicle.

- (7) Employee - For purposes of this Policy, an Employee is one in a Covered Position.
- (8) Medical Review Officer (MRO) - The Medical Review Officer must be a licensed physician with knowledge of and clinical experience in the diagnosis and treatment of alcohol and drug abuse disorders in accordance with law.
- (9) NHSTA - National Highway Safety Traffic Administration
- (10) Safety-Sensitive Duties -
  - (a) All on-duty time spent by an Employee waiting to be dispatched;
  - (b) All time inspecting, servicing, or conditioning a commercial motor vehicle;
  - (c) All time spent driving a commercial motor vehicle;
  - (d) All time other than driving time spent in or upon a commercial motor vehicle, except time spent resting in a sleeper berth;
  - (e) All time spent loading or unloading a vehicle, supervising, or assisting in loading or unloading, attending a vehicle being loaded or unloaded, remaining in readiness to operate the vehicle, or giving or receiving receipts for shipments loaded or unloaded;
  - (i.) All time spent attending to post-accident responsibilities; and,
  - (f) All time spent repairing or obtaining assistance for or remaining in attendance upon a disabled vehicle.
- (11) Substance Abuse Professional (SAP) - A physician, psychologist, social worker, employee assistance professional, or addiction counselor certified by the National Association of Alcoholism and Drug Abuse Counselors Certification Commission and licensed with knowledge of and clinical experience in the diagnosis and treatment of alcohol and controlled substances-related disorders.
- (12) Zero-Tolerance Testing - A test that screens for more drugs and at lower thresholds than DOT required testing.

## D. Policy

### (1) GENERAL PROVISIONS

- (a) In addition to the provisions of this Policy, every Employee is subject to all of NES's policies related to drug and alcohol testing.
- (b) Applicants and Employees will be tested for prohibited drugs per DOT FMCSA regulations. Employees will also be tested for recent alcohol consumption. An MRO will confirm all drug test results before they are accepted as a basis for making employment-related decisions.
- (c) Applicants and Employees are required to submit to pre-employment testing, preplacement testing except for in reclassifications and transfers to another CDL position, post-accident testing, and random testing.
- (d) In addition to required drug testing per DOT FMCSA regulations, NES will, in any case other than random testing, require an Employee and applicant to submit an additional specimen that will be subjected to Zero-Tolerance Testing.
- (e) Applicants may also be required to take a physical abilities test. Physical abilities testing is based on job tasks analyses which have been conducted, certified, and graded by an independent organization.

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## (2) DRUG TESTING PROCESS

- (a) All drug testing will be conducted using urine specimens in accordance with FMCSA and DOT. The analysis will be performed at a laboratory certified and monitored by the Department of Health and Human Services. Each specimen will be subdivided into two bottles. If one bottle tests positive for illegal and/or controlled substances, the employee has 72 hours to request that the split specimen be analyzed by a different certified lab.
- (b) A positive test will require a second test to confirm the positive test using gas chromatography/mass spectrometry (GC/MS) analysis.
- (c) All drug test results will be reviewed and interpreted by an MRO before they are reported to NES.
- (d) For positive drug tests, the MRO will contact the Employee to determine if there is an alternative medical explanation for the positive test, and if documentation is provided and the MRO determines that there is a legitimate medical use for the prohibited drug, the test result will be reported to NES as negative.
- (e) MRO/Review of Results
  - (i.) The MRO will perform the following functions:
    1. Receive and review drug testing results;
    2. Review the chain of custody;
    3. Review and interpret positive test results;
    4. Conduct a medical interview with the individual;
    5. Review the individual's medical history, or any other relevant biomedical factors;
    6. Review all medical records made available by the individual tested to determine if a confirmed positive test resulted from legally prescribed medication;
    7. If necessary, require that the original specimen be re-analyzed to determine the accuracy of the reported test results;
    8. Verify that the laboratory report and assessment are correct;
    9. Examine an individual with an opiate positive test result,
    10. Forward all test results to the screening facility;
    11. Determine that an employee has been drug tested in accordance with the DOT procedures before the employee returns to duty after rehabilitation; and,
    12. Maintain test results in compliance with regulations.
  - (ii.) The testing facility will conduct the collection process and will be responsible for all chain-of-custody requirements including providing reports on the following:
    1. Controlled substances tests;
    2. Names of individuals for whom the tests are being reported;
    3. Type of test indicated on the custody and control form (i.e., random, post-accident, etc.);
    4. Date and location of the test;
    5. Identities of persons or entities performing the test, analysis of the specimens and serving as the MRO for the specific test; and

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- 6. Verified results of a controlled substance test, either positive or negative, and if positive, the identity of the controlled substance(s) for which test was verified positive.
- (iii.) An MRO shall maintain all records for positive test results for a minimum of five years. An MRO shall maintain all records for negative and cancelled test results for a minimum of one year.

## **(3) POSITIVE TEST RESULTS AND PROCEDURES**

- (a) The following will be considered the equivalent of a positive test result:
  - (i.) Failure to appear for any test within a reasonable time as determined by NES.
  - (ii.) Failure to remain at the testing site until the testing process is completed.
  - (iii.) Failure to provide a urine specimen for any required drug test.
  - (iv.) Failure to permit the observation or monitoring of the specimen collection when required to do so.
  - (v.) Failure to provide a sufficient amount of urine when directed and there is no adequate medical explanation for the failure.
  - (vi.) Failure to take a second test when directed to do so by NES or collector.
  - (vii.) Failure to undergo a medical examination when directed to do so by the MRO or employer.
  - (viii.) Failure to cooperate with any part of the testing process (i.e., refuse to empty pockets when directed, behave in a confrontational way, fail to wash hands after being directed to do so by the collector).
  - (ix.) Failure to follow the observer's instructions during an observed collection including instructions to raise your clothing above the waist, lower clothing and underpants, and to turn around to permit the observer to determine if you have any type of prosthetic or other device that could be used to interfere with the collection process.
  - (x.) Possess or wear a prosthetic or other device that could be used to interfere with the collections process.
  - (xi.) Admit to the collector or MRO that you adulterated or substituted the specimen.
- (b) An Employee with a BAC of 0.02 or greater but less than 0.04 cannot return to work for at least 24 hours, and the Employee will be taken home by supervision or an employee in Security. Two such test results during an Employee's employment at NES, will constitute a positive test. Four such tests during an Employee's employment at NES will constitute two positive tests, and charges for termination will occur.
- (c) An Employee with a test result positive for drugs or a BAC of .04 or greater will be taken off duty without pay. If it is the first policy violation the Employee shall be referred to and shall cooperate with an SAP. An Employee shall receive no pay for the time they are prohibited from working as a result of their positive test or refusal to submit to a test until they meet with an SAP. If it is a second policy violation, the Employee will be suspended pending charges for termination. If an Employee refuses testing, the refusal will be treated as a positive test result.

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- (d) An Employee failing to follow the recommendation of an SAP will be suspended pending charges for termination.
- (e) An Employee failing to satisfactorily complete the recommendation of an SAP will be suspended pending charges for termination.

## **(4) PRE-EMPLOYMENT TESTING**

- (a) All pre-employment physicals will be conducted in accordance with DOT FMCSA regulations.
- (b) Pre-employment drug tests will be required of all NES applicants that are conditionally offered a position. The testing will take place at the time of the pre-employment physical. If the drug test results are positive, the offer of employment will be rescinded. Except for in extenuating circumstances, if an applicant fails to report for a scheduled test, the test will not be rescheduled and the job offer will be rescinded.
- (c) Upon receiving written consent, Staffing may obtain information from an applicant's former employer regarding their participation in an alcohol and drug testing program, the results of any related tests, and any refusals to test within the preceding two years. If the employer's program and the applicant's participation meet DOT requirements, the applicant may be exempted from pre-employment tests.

## **(5) TESTING FOR RECLASSIFICATION AND TRANSFERS**

- (a) An employee in a non-CDL position must successfully pass an alcohol and drug test before being appointed to a CDL position.
- (b) Testing for reclassification and transfers will occur either during an employee's regularly scheduled work hours or immediately before or after these hours.
- (c) If an employee's alcohol or drug test results are positive, the reclassification or transfer will be denied.
- (d) In the event of a positive test result, Safety will be notified, and the Employee will be taken off duty without pay. If it is the first policy violation (positive for drugs or alcohol concentration of .04 or greater) the Employee will be referred to an SAP. If it is a second policy violation (positive for drugs or alcohol concentration of .04 or greater) the Employee will be suspended pending charges for termination. If an Employee refuses testing, the refusal will be treated as a positive test result.

## **(6) POST-ACCIDENT TESTING**

- (a) Safety will arrange for alcohol and drug post-accident testing of Employees who are involved in an Accident.
- (b) An Employee who refuses an alcohol and/or drug test shall be treated as if the Employee had an alcohol test result of 0.04 or greater and/or a positive drug test and shall not be permitted to perform Safety-Sensitive Duties.
- (c) Alcohol tests shall be administered within two hours following the Accident. Attempts to administer the alcohol test shall cease after eight hours following

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the Accident. Safety shall prepare a record stating the reasons why the test was late or not administered.

- (d) An Employee required to take a post-accident alcohol test shall be instructed not to use alcohol until after the test is administered.
- (e) Drug testing must be done as soon as possible, but no later than 32 hours after the accident. Attempts to administer a drug test shall cease after 32 hours following the Accident. Safety shall prepare a record stating the reason(s) the test was not administered.
- (f) In the event of a positive test result, Safety will be notified, and the Employee will be taken off duty without pay. If it is the first policy violation (positive for drugs or alcohol concentration of .04 or greater) the Employee will be referred to an SAP. If it is a second policy violation (positive for drugs or alcohol concentration of .04 or greater) the Employee will be suspended pending charges for termination. If an Employee refuses testing, the refusal will be treated as a positive test result.

## **(7) RANDOM TESTING PROCEDURES**

- (a) Employees are subject to random drug and/or alcohol testing. A scientifically valid random list of Employees will be generated for such testing.
- (b) Testing dates and times shall be unannounced. Random testing will be conducted immediately before, during, or immediately after an Employee's performance of safety sensitive duties.
- (c) The number of random tests for alcohol will be no less than 10% of Employees and the number of random tests for drugs will be no less than 50% of Employees.
  - (i.) Safety will notify the section manager of an impending drug and/or alcohol test and will provide a list of the names including the Employees to be tested, the testing time, and testing location. Managers and/or designated representatives shall keep test information confidential and only notify their Employees immediately before the test.
  - (ii.) If any Employee on the list is absent, the manager will notify Safety and provide an explanation for the Employee's absence. Safety will make arrangements with the manager or their designee to test the Employee at a later date. Managers and/or designated representatives shall keep test information confidential and only notify the absent Employee immediately before the test.
  - (iii.) Employees selected for testing should bring their government-issued form for identification and NES identification card for positive identification. If the Employee does not have their NES identification card, the Employee's supervisor or designee will identify the Employee for the testing facility.
  - (iv.) In the event of a positive test result, Safety will be notified, and the Employee will be taken off duty without pay. If it is the first policy violation (positive for drugs or alcohol concentration of .04 or greater) the Employee will be referred to an SAP. If it is a second policy violation (positive for drugs or alcohol concentration of .04 or greater) the Employee will be suspended pending charges for termination. If an Employee refuses testing, the refusal will be treated as a positive test result.

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## **(8) REASONABLE SUSPICION TESTING**

- (a) A supervisor or trained company official shall recommend an Employee for reasonable suspicion testing if they are believed to be under the influence of alcohol or drugs. If possible, a second trained supervisor's opinion might be considered before recommending a reasonable suspicion test. Reasonable suspicion testing shall be based upon specific articulate observations concerning the appearance, behavior, speech, or body odors of the Employee. Reasonable suspicion testing for alcohol should occur within two hours of identification.
- (b) Written documentation explaining the reasons for testing should be completed on the form required by Safety.
- (c) The functional VP and Safety Manager will verify and approve reasonable suspicion testing.
- (d) The employee's supervisor or lead person should transport the employee to the testing site.
- (e) Reasonable suspicion testing for both drugs and alcohol must be administered during, just preceding, or just after performing safety sensitive functions. If an alcohol test is arranged, it must be administered within two hours of the initial decision to test the Employee. Attempts to administer the alcohol test shall cease after eight hours following the identification of a reasonable suspicion test. Safety shall prepare a record stating the reasons why the test was late or not administered.
- (f) Drug testing must be done as soon as possible, but no later than thirty-two hours after the accident. Attempts to administer a drug test shall cease after thirty-two hours following the Accident. Safety shall prepare a record stating the reason(s) the test was not administered.
- (g) In the event of a positive test result, Safety will be notified, and the Employee will be taken off duty without pay. If it is the first policy violation (positive for drugs or alcohol concentration of .04 or greater) the Employee will be referred to an SAP. If it is a second policy violation (positive for drugs or alcohol concentration of .04 or greater) the Employee will be suspended pending charges for termination. If an Employee refuses testing, the refusal will be treated as a positive test result.

## **(9) RETURN TO DUTY TESTING**

- (a) An Employee shall pass a return-to-duty test(s) before they are able to return to work. An Employee who refuses to submit to a return-to-duty test shall not be permitted to work and will be treated as if the Employee had an additional alcohol test result of 0.04 or greater or a verified positive drug test, and the Employee will be subject to charges for termination.
- (b) If an Employee fails a return-to-duty test(s), the Employee will be subject to charges for termination.

## **(10) FOLLOW-UP TESTING**

- (a) Follow-up testing is required for Employees with positive test results. This testing will consist of at least six unannounced drug and/or alcohol tests in the

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first 12 months following a positive test and may be extended for up to 60 months following an employee's return to duty.

- (b) If an Employee fails or refuses to take a follow-up test, the Employee will be subject to charges for termination.

## **(11) RECORD KEEPING**

- (a) The Safety Manager will maintain pertinent drug and alcohol testing records for the periods specified in the NES Data Classification and Document Retention Policy.
- (b) These records shall be confidential with access limited exclusively to the CPO and CLO-GC and their designees.

## **(12) CONTRACTORS**

- (a) Contractors are responsible for developing and enforcing a drug testing plan in accordance with DOT FMCSA regulations.
- (b) NES shall have the right to review contractors' records to confirm compliance with DOT FMCSA regulations.
- (c) Temporary service personnel assigned to NES for positions covered by DOT FMCSA regulations will be referred by the temporary service agency for pre-assignment drug testing. The temporary service agency shall require a signed agreement between the temporary worker and the temporary service agency to allow drug and alcohol testing in accordance with NES policies and DOT guidelines. The temporary service agency shall provide the agreement to NES.

## **(13) EDUCATION AND TRAINING**

- (a) Training on DOT FMCSA regulations and NES Policy will be provided to Employees and supervisors of Employees.
- (b) Supervisors of Employees will receive a minimum of 60 minutes of training on alcohol misuse and identification and another 60 minutes of training on controlled substance misuse and identification.

## **(14) CONFIDENTIALITY**

- (a) Employees participating in an SAP guided plan must sign a form releasing information to the MRO and the SAP.
- (b) The SAP shall not release information about an Employee's plan and/or test results to anyone except the Safety Manager without the written consent of the Employee, except for the following reasons:
  - (i.) Upon request of the DOT, FMCSA or by other applicable law;
  - (ii.) As part of an accident investigation by DOT, FMCSA, or other regulating body;
  - (iii.) For statistical evaluation (without names); and,
  - (iv.) For training records.

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## 13. Pre-Employment and Employee Physicals

- A. Policy Statement:** As a public utility, the nature of NES operations involves hazardous work with potential for personal injury and property damage. As such, it is imperative that employees meet the physical demands of the job.
- B. Scope:** This Policy applies to employees and applicants.
- C. Terms and Definitions**
- (1) Physical - A broad test to evaluate an employee or applicant's general fitness for a job.
  - (2) Physical Abilities Test (PAT) - A test to determine fitness to perform the duties of a job for which an employee or applicant is applying.
- D. Policy**
- (1) GENERAL PROVISIONS**
- (a) PATs will be based on the criteria assigned for a particular job as certified by an independent organization.
  - (b) External applicants may be required to submit to a pre-employment Physical based upon job requirements.
  - (c) All external applicants are required to obtain a one-year medical DOT certificate if applying for a CDL position. Current employees without a CDL are required to obtain a one-year medical DOT certificate if applying for a CDL position.
  - (d) Both internal and external applicants may be required to take a PAT.
  - (e) An external applicant will not be employed and a current employee who is tentatively selected to fill a vacancy will be disqualified and not appointed if:
    - (i.) They refuse to undergo the Physical with or without a reasonable accommodation and/or the drug test.
    - (ii.) They do not pass the PAT with or without a reasonable accommodation.
  - (f) Employees failing a Physical and/or PAT will not be allowed to retake either test until the job is posted again.

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## 14. Employee Driver's Licenses

- A. **Policy Statement:** Company business necessitates that certain employees possess a Commercial Driver's License or Class D License to perform their job functions. This Policy governs the procedures that these employees shall follow as they relate to CDLs and Class D Licenses.
- B. **Scope:** This Policy applies to employees in jobs requiring either a Class D License or CDL.
- C. **Terms and Definitions:** None
- D. **Policy**

### (1) EXPIRED CDLs

- (a) Employees in jobs requiring a CDL will be allowed time to renew an expired CDL. If, at the end of 40 working days after the expiration of a CDL, the employee has not renewed their license, then the employee shall be subject to charges for termination of employment.
  - (i.) Employees with expired CDLs shall not drive any vehicle for company business.
  - (ii.) Employees with expired CDLs will be allowed to work up to 10 working days after the expiration of a CDL in non-driving roles under the condition that the CDL be renewed within that period.
  - (iii.) If, at the end of 10 working days, the employee has not renewed their license, the employee shall be placed on annual leave or WOP until the employee renews the license, for up to an additional 30 working days.

### (2) EXPIRED CLASS D LICENSES

- (a) Employees with expired Class D licenses shall not drive any vehicle for company business.
- (b) Employees with an expired license may be allowed to work for up to 10 working days in non-driving roles under the condition that the driver's license must be renewed within that period.
- (c) If, at the end of 10 working days, the employee has not renewed their license, the employee shall be placed on annual leave or WOP until the employee renews the license, for up to an additional 30 working days.
- (d) If the license has not been renewed within this period, the employee shall be subject to charges for termination.

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## **(3) SUSPENDED, RESTRICTED, OR REVOKED CDLs**

- (a) Employees with a suspended or revoked CDL will not be allowed to drive any vehicle on company business.
- (b) An employee with a suspended, restricted, or revoked CDL shall notify their manager or functional VP within the 24-hour period following the suspension, restriction, or revocation.
  - (i.) An exception will be made for an employee whose license has been suspended unknowingly due to unpaid parking tickets or traffic citations. In this case, the policy for “Expired License” shall be followed.
- (c) Employees with suspended, restricted, or revoked CDLs will be demoted to a Utility Worker if they are able to obtain a Class D Driver’s License. The specific assignment will be at the discretion of NES. The rate of pay will be established in accordance with current pay practices. If an employee is unable to obtain a valid Driver’s License to operate any vehicles without an interlock system, then efforts will be made to identify an available job vacancy that does not require a Driver’s License that the employee is qualified to perform and does not result in a promotion. Otherwise, an employee shall be subject to charges for termination.

## **(4) DISCIPLINARY ACTION FOR SUSPENDED, RESTRICTED, OR REVOKED CDLs**

- (a) Failure to report a suspended, restricted, or revoked license within 24 hours will result in disciplinary action up to and including termination.
- (b) An employee who knowingly drives a vehicle on company business with a suspended, restricted, or revoked CDL shall be subject to charges for termination regardless of the status of the CDL when the infraction is discovered.
- (c) An employee who has their CDL suspended, restricted, or revoked twice during a 10-year period for 60 days or more each, shall be subject to charges for termination.
- (d) An employee who fails to report any reporting requirements to the State (change of address, conviction of traffic violations, etc.) or NES (convictions or traffic violations) shall be subject to disciplinary action up to and including termination.
- (e) Any employee who has their CDL suspended, restricted, or revoked will be placed on probation for a period of one year.

## **(5) SUSPENDED, RESTRICTED, OR REVOKED CLASS D DRIVER’S LICENSES**

- (a) An employee with a suspended, restricted, or revoked Class D Driver’s License shall notify their manager or functional VP within 24 hours of the suspension, restriction, or revocation.
- (b) An employee with a suspended, restricted, or revoked Class D Driver’s License will not operate any vehicle on company business. An exception will be made for employees with a restricted license and an interlock device if their functional VP

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approves the use of their personal vehicle with the properly operating interlock system. If an employee is in a classification requiring a Class D Driver's License, then efforts will be made to identify an available job vacancy that does not require a driver's license that the employee is qualified to perform and does not result in a promotion. Otherwise, the employee will be subject to charges for termination.

### **(6) DISCIPLINARY ACTION FOR SUSPENDED, RESTRICTED, OR REVOKED CLASS D DRIVER'S LICENSES**

- (a) Failure to report a suspended, restricted, or revoked Class D Driver's License within 24 hours will result in disciplinary action up to and including charges for termination.
- (b) An employee who knowingly drives an NES vehicle on company business with a suspended, restricted, or revoked Class D Driver's License shall be subject to charges for termination regardless of the status of the Class D Driver's License when the infraction is discovered.
- (c) Any employee who is demoted under this Policy shall be placed on probation for a period of one year.

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## 15. Company Property

**A. Policy Statement:** Public service is a public trust, and as such, NES strives to protect its resources and ensure the efficient and secure use of its resources.

**B. Scope:** This Policy applies to employees, contractors, and Board members (“Individuals”).

### **C. Terms and Definitions**

(1) Information - Documentation related to NES business, regardless of format or presentation.

### **D. Policy**

#### **(1) PROTECTION OF INFORMATION**

- (a) Individuals shall take steps to protect Information from unauthorized modification, destruction, or disclosure, whether accidental or intentional.
- (b) Access to Information should be on a need-to-know basis to the smallest subset of authorized users.
- (c) Information that is confidential, contains trade secrets, compromises the security of the electric system upon its release shall be labeled accordingly and is not subject to disclosure by any requesting entity.

#### **(2) PROTECTION OF PROPERTY AND ASSETS**

- (a) Individuals shall exercise due care in the use of NES property and use it for authorized purposes only.
- (b) Individuals shall take appropriate precautions to secure NES assets.
- (c) NES may request that employees return NES property at any time, including but not limited to, IT equipment, identification badges, parking tags, tools, keys, etc. Employees shall comply with all requests.

#### **(3) DISCIPLINARY ACTION**

- (a) Employees violating this Policy may be subject to disciplinary action, up to and including termination.

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## 16. Social Media

**A. Policy Statement:** NES recognizes that inappropriate use of Social Media by employees may mislead customers or the public, harm customers, employees, contractors, or those associated with NES, and/or damage the reputation of the company. This policy implements safeguards to mitigate inappropriate use of Social Media.

**B. Scope:** This Policy applies to employees.

### **C. Terms and Definitions**

- (1) Social Media - Social Media includes various forms of electronic communication that allow users to create and share content, create, and participate in virtual communities, participate, and register for events, share comments, text chat, video chat, and otherwise interact with both known and unknown persons through virtual means. Social Media includes public and private websites where users establish relationships with other users and/or publish user-generated content. Examples include social networking websites such as Facebook, Instagram, Twitter, TikTok, Snapchat, YouTube, and Reddit; instant messaging applications such as Messenger, WhatsApp, and the internal messaging functions on social networking websites; livestreaming applications; internal web logs or “blogs;” and wikis such as Wikipedia. This list is not all-inclusive.
- (2) Public Statements and Activity - Public Statements and Activity include not only material posted on publicly accessible sites, but material that comes to the attention of NES because it has been viewed, reposted, or forwarded.

### **D. Policy**

#### **(1) GENERAL PROVISIONS**

- (a) Employees may not create a Social Media account or website on behalf of NES without the written permission of the VP [CCIOCOIO](#).
- (b) Only those employees approved by Management are authorized to make statements and/or representations on behalf of NES on any Social Media, website, or broadcasting outlet. This includes, but is not limited to radio, television, Web broadcasts, Social Media, and blogs. Violation of these policies with respect to use of official NES websites and Social Media accounts may lead to disciplinary action, up to and including termination.
- (c) Employees may not create a Social Media account using an NES email address.
- (d) Employees may not post or comment on any Social Media sites as a representative of NES unless doing so is an express part of their job duties related to customer service, Corporate Communications, or marketing.

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- (e) Employees shall not disclose on Social Media any confidential, proprietary, or protected information about NES business, policies, operations, employees, customers, contractors, vendors, or any third-party affiliated with NES.
- (f) Employees should not place NES trademarks (including logos) or copyrighted images and materials on personal websites or Social Media accounts.
- (g) If an employee lists or identifies NES as his or her employer on a personal Social Media profile, tags NES in a Social Media post or comment, includes a hyperlink or link to any official NES Social Media page, or otherwise officially links himself or herself to NES on Social Media, the employee's Social Media content will be held to a higher level of scrutiny and may be subject to discipline pursuant to this Policy.
- (h) Employees who list their affiliation with NES in any way on a personal Social Media account or post (such as identifying themselves as an employee of NES or appearing in an NES uniform or otherwise in a context that discloses their affiliation with NES) should make clear that they are not speaking on behalf of NES.
- (i) If an employee receives a request for public information via Social Media, the employee should direct the requestor to the Legal Department to submit an official Public Records request in accordance with the Tennessee Public Records Act and NES Public Records practices.
- (j) NES has many internal channels and options for employees to bring up concerns, grievances, or complaints about workplace issues or terms and conditions of employment, and employees will not be subject to retaliation for bringing up such issues or complaints. NES accordingly encourages employees to address such workplace issues through NES internal channels rather than addressing such issues publicly on Social Media.
- (k) Employees making anonymous posts or posts under fake names that violate this Policy are subject to disciplinary action.

## (2) ENFORCEMENT AND DISCIPLINARY ACTION

- (a) In enforcing this Policy, NES will balance its employees' interest in engaging in free expression with NES's interest in effectively providing an essential service to the public while maintaining a productive and safe work environment for its employees.
- (b) NES reserves the right to monitor and review Public Statements and Activity by NES employees.
- (c) NES may require immediate removal of material that violates this Policy and/or may take disciplinary action against employees who violate this Policy, up to and including termination.
- (d) If NES becomes aware of Social Media activity indicating that an employee has engaged in fraudulent activity towards NES (such as misrepresenting the nature of a workplace injury or the reason the employee needs to miss work), the employee's Social Media activity may be considered as part of NES's investigation

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into whether the employee has committed misconduct warranting disciplinary action or for other relevant purposes such as determining applicable benefits.

- (e) If an employee engages in any Social Media activity that violates any NES Policy (including, but not limited to, making threats toward other employees, engaging in harassing or discriminatory conduct towards NES employees or others, violation of the NES Mutual Respect Policy, insulting customers, disclosing confidential information of NES or NES customers, or being insubordinate or disruptive to operations), the employee may be subject to disciplinary action, up to and including termination.

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## 17. Remote Work

**A. Policy Statement:** Management recognizes that in some instances, Remote Work may be a feasible option for certain employees. This policy clarifies expectations when working remotely to avoid issues that may cause disruption to the workday and/or during virtual meetings.

**B. Scope:** This Policy applies to all NES employees approved for Remote Work.

**C. Terms and Definitions**

**(1) Remote Work:** Remote Work is the practice of employees doing their jobs from a location other than an NES work site or building. Such locations could include an employee's home, a coworking or other shared space, a private office, or any other place outside of NES's work sites or buildings.

**D. Policy**

**(1) GENERAL PROVISIONS**

- (a) Remote Work privileges must be approved in advance by an employee's functional VP. These privileges are not an entitlement and may be granted on a provisional, short-term, or periodic basis. When determining whether an employee can work remotely under this Policy, a VP should consider an employee's responsibilities, job duties, timeliness, professionalism, and integrity. A VP may decline Remote Work if they determine that on-premises work for a particular employee or group of employees is a business necessity or is in NES's best interests.
- (b) The VP, or designee, is encouraged to document Remote Work expectations in writing and share the written expectations with employees working remotely. Employees working remotely may be required to acknowledge the expectations of their Remote Work.
- (c) Remote Work privileges may be rescinded at any time due to business necessity, abuse, or for any other reason deemed appropriate by the employee's functional VP.
- (d) To be eligible and remain eligible for Remote Work, an employee must be able to complete all their job duties and expectations in a remote environment in a similar manner as they would on NES premises.
- (e) An employee's job duties, responsibilities, compensation, benefits, work status, and work schedule will remain the same while working remotely.
- (f) Employees working remotely will remain subject to all NES rules, policies, and procedures.
- (g) Other than equipment or supplies issued by NES to an employee, NES will not be responsible for any equipment, infrastructure, or supply costs associated with an

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employee's Remote Work arrangement. Exceptions may be made for reasonable and necessary out-of-pocket expenses when approved in advance and in writing.

## (2) GENERAL EXPECTATIONS

- (a) Employees working remotely may be subject to monitoring to ensure compliance with this Policy or any other NES rule, policy, or procedure.
- (b) Remote employees are expected to be available and communicative during scheduled work hours. Employees will use their scheduled work time to carry out their job duties. Non-work commitments and activities should be scheduled outside an employee's regular work schedule. Employees are expected to submit absence requests in advance to participate in any non-work commitment in accordance with NES policy.
- (c) Employees working remotely must be accessible by phone, email, and any other form of contact required by supervision (e.g., videoconference with a camera turned on, instant messaging). Employees working remotely should discuss expected response times with their supervisor.
- (d) Employees should seek a quiet and distraction-free working space, to the extent possible.
- (e) Employees are expected to maintain their workspace in a safe manner, free from safety hazards.
- (f) Consumption of alcohol during work hours is never acceptable. Smoking or vaping is not permitted during a video conference.
- (g) Employees working remotely must be located within two hours of NES premises during their regular work schedule. If requested, an employee must report to NES premises within two hours. Exceptions to this Policy may be made in advance with approval of an employee's functional VP.
- (h) Employees may be required to deviate from their remote working agreement to be on NES premises or another work location as required by supervision and/or business necessity. If an employee is unable to accommodate these requirements, their Remote Work arrangement may be rescinded.
- (i) If an employee's ability to work remotely is significantly impacted by a technological complication that cannot be resolved within a reasonable time, the employee will notify their supervisor immediately. The employee's supervisor will then notify their functional VP, and the VP will have the sole discretion to determine whether the employee can continue to work productively at home or should report to their on-site work location.
- (j) Employees may be required to provide an account of their workday to their supervisor, manager, or VP.
- (k) Employees must take all possible measures to ensure the safety and integrity of NES equipment and data stored on NES equipment as required by NES policies.
- (l) Upon termination of a Remote Work arrangement, employees may be required to return NES property. Employees may be liable for damage to NES-owned equipment.

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## **(3) DISCIPLINARY ACTION**

- (a) Violations of this Policy may result in disciplinary action up to and including termination.

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## 18. Use of NES's Technology Resources

- A. Policy Statement:** The use of Technology Resources is an essential element of conducting business at NES. Improper use of these resources may pose a threat to the NES network, its systems, and the information transmitted through the network. This Policy ensures that all Users conduct themselves in a manner that mitigates these threats while using NES's Technology Resources.
- B. Scope:** This Policy applies to employees, contractors, Board members, and visitors using NES's Technology Resources ("Users.")
- C. Terms and Definitions**
- (1) Technology Resources ("Resources") - These include, but are not limited to, computers, cloud PCs, phones, tablets, the data accessed on these devices, and the NES network.
  - (2) Email - NES's system for transmitting messages electronically from one computer user to one or more recipients through a network.
  - (3) IT - The Information Technology Department of NES.
  - (4) VPN - Virtual Private Network
- D. Policy**
- (1) GENERAL PROVISIONS**
- (a) NES retains all ownership of Technology Resources except for personal mobile devices, regardless of whether the User receives reimbursement from NES.
  - (b) Users accessing NES's Technology Resources must act to protect confidential information related to NES operations.
  - (c) Users agree to take reasonable precautions to prevent inadvertent or intentional disclosure, alterations, or destruction of NES's Technology Resources. Users agree to abide by any system security mechanisms that may be in place and not attempt to bypass or disable these mechanisms while using NES's Technology Resources.
  - (d) Users should have no expectation of privacy when using NES's Technology Resources. NES reserves the right to monitor these Resources at any time and without any notice. Additionally, content sent or received over these Resources may be subject to review and disclosure pursuant to the Tennessee Public Records Act.
  - (e) Use of NES's Technology Resources shall be primarily for NES business purposes. Management grants Users the privilege to use these Resources for reasonable and occasional personal use to the extent such use does not interfere with job performance and is not used for non-NES business involving financial gain. Users

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are personally responsible and/or liable for their actions while taking advantage of this privilege.

- (f) Users suspecting security incidents involving NES's Technology Resources shall report them to IT immediately.
- (g) IT may develop its own guidance to protect NES's Technology Resources. Provisions in this Policy will take precedence over any other guidelines established by IT.

## (2) GOVERNANCE OF TECHNOLOGY RESOURCES

- (a) Users shall not access or attempt to gain access to any NES system or information unrelated to the proper execution of their job functions. This includes reading account information and accessing personnel information.
- (b) Users shall not intentionally access inappropriate sites (e.g., pornographic sites, gambling sites) with NES's Technology Resources. Use of NES's Technology Resources shall not be used to transmit content regarded as offensive, discriminatory, sexually explicit, obscene, harassment, or contrary to the NES Mutual Respect Policy or governing laws.
- (c) Users shall not access, download, upload, save, or send any material in violation of any federal, state, and/or local laws or regulations with NES's Technology Resources.
- (d) Users shall not attempt to bypass any web or Internet filtering technology, including through the use of unapproved web proxies, VPNs, or network connections with NES's Technology Resources.
- (e) Users shall not intentionally cause a security breach or disruption of any of NES's Technology Resources. Users shall not intentionally introduce malicious code, including but not limited to, viruses, worms, Trojans, spyware, adware, and key loggers into NES's Technology Resources. Users shall not initiate any port scanning or security scanning of any network resource without prior approval from IT.
- (f) Users shall not send or forward confidential and/or sensitive information unless it serves a business purpose authorized by Management, and the disclosure is required to conduct NES business. Users shall ensure that any transfer of confidential and/or sensitive information is encrypted and protected from unauthorized access.
- (g) Users shall not share, copy, or store authentication data (e.g., passwords, keys, tokens, PINs) outside of NES file systems without the approval of the VP ~~CISO~~-CIO and functional Vice President.
- (h) Users shall not store any NES electronic data outside of NES's Technology Resources and third parties affiliated with NES business.
- (i) Users shall not connect a non-company device to the NES network without NES approval. Guest network access is provided for this need.
- (j) When not on NES premises, Users should not leave NES's Technology Resources unattended or in a non-secured location.

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(k) Users shall not install unapproved software on NES's Technology Resources or intentionally violate any software license agreements.

(l) Users shall not access unapproved cloud-based services on NES's Technology Resources or intentionally violate any cloud-based service agreements.

~~(k)~~(m) Users shall not store any NES data on unapproved cloud-based systems.

~~(l)~~(n) Users should not open unexpected attachments or URLs when using NES's Technology Resources.

~~(m)~~(o) Users shall not intentionally damage or attempt to alter NES's Technology Resources.

~~(n)~~(p) Users shall not disrupt or monitor communications transmitted over NES's Technology Resources without authorization.

(q) When transmitting emails to conduct NES business, Users should only use an @nespower.com email account.

~~(o)~~(r) Users shall only use USB storage devices issued by IT on NES's Technology Resources. Any USB storage device containing sensitive or confidential information shall be encrypted.

## (3) DISCIPLINARY ACTION

(a) Employees violating this Policy may be subject to disciplinary action up to and including termination.

(b) Other users violating this Policy may be subject to the termination of their relationship with NES.

(c) If a User's violation of this Policy poses a threat to the security of NES's system and/or network, the User's network access will be revoked or restricted until the threat is no longer present.

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## 19. Mobile Devices

**A. Policy Statement:** Mobile Devices are important tools for conducting business at NES. This Policy seeks to protect NES's property and data while using Mobile Devices.

**B. Scope:** This Policy applies to all employees, contractors, and Board members who use mobile devices to conduct NES business ("Users.")

### **C. Terms and Definitions**

- (1) Mobile Device - Smartphones, tablet computers, external hard drives, USB and other file storage devices, and other portable electronics with access to NES's network, data, and/or systems, regardless of whether they are owned by NES or otherwise.
- (2) Personal Mobile Device - A Mobile Device that a User owns and uses for NES business.
- (3) NES-Owned Mobile Device - A Mobile Device given to a User and owned by NES.

### **D. Policy**

#### **(1) PERSONAL MOBILE DEVICES**

- (a) Users should ensure that Personal Mobile Devices use a supported operating system (e.g., Android, iOS, ChromeOS, Windows). Users shall not use "jailbroken" or "rooted" Personal Mobile Devices to conduct NES business.
- (b) Users should store any NES-related passwords in an encrypted password store on Personal Mobile Devices.
- (c) NES requires that when accessing NES data, Users must secure Personal Mobile Devices with a PIN or biometrics.
- (d) When accessing corporate data through an NES-supported application (e.g., Office365), Users should not download or copy any information to the Personal Mobile Device outside of the application.
- (e) To minimize the likelihood of vulnerabilities and breaches on the NES system, Users should download patches to their Personal Mobile Devices as they become available.
- (f) NES does not monitor or access data on Personal Mobile Devices used for NES business.

#### **(2) NES-OWNED MOBILE DEVICES**

- (a) NES reserves the right to monitor, intercept, and review—without any notice—all data and activity transmitted on NES-Owned Mobile Devices. This may include, but is not limited to, the review of outgoing and incoming call activity, voicemail recordings, internet activity, and Users' email accounts. Further, it may include the monitoring, intercepting, accessing, recording, disclosing, inspecting, reviewing, retrieving, and printing of any transaction, message, communication,

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- posting, login, or recording. By using a company-owned Mobile Device, Users consent to this monitoring.
- (b) If applicable, NES will ensure that software and operating systems on NES-Owned Mobile Devices are supported and up to date.
- (c) If applicable, Users shall secure NES-Owned Mobile Devices with a PIN or biometrics.
- (d) Users shall return all NES-Owned Mobile Devices upon request or termination of their relationship with NES.

## **(3) USER REQUIREMENTS AND RESPONSIBILITIES FOR ANY MOBILE DEVICE**

- (a) Users should use secure network connections whenever possible.
- (b) Users should secure their Mobile Devices when not in use to ensure they are protected against unauthorized access.
- (c) Users shall report any lost or stolen Mobile Devices to the NES IT Helpdesk immediately.
- (d) If a User suspects that a breach on a Mobile Device has resulted in unauthorized access to company data, the User shall report the incident to the NES IT Helpdesk immediately.

## **(4) DISCIPLINARY ACTION**

- (a) Employees violating this Policy may be subject to disciplinary action up to and including termination.
- (b) Other users violating this Policy may be subject to the termination of their relationship with NES.

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## 20. Remote Access to the NES Network

A. **Policy Statement:** Remote access to NES's network is essential to conducting efficient business; however, it can pose additional vulnerabilities to the network. This Policy seeks to mitigate these vulnerabilities.

B. **Scope:** This Policy applies to all employees, contractors, and Board members with remote access to the NES network ("Users").

### C. Terms and Definitions

(1) ~~VPN - Virtual Private Network~~ NES-Owned Device - A Device given to a User and owned by NES.

(2) Personal Device - A Device that a User owns and uses for NES business.

(3) VPN - Virtual Private Network

### D. Policy

#### (1) GENERAL PROVISIONS

(a) Users accessing the NES network remotely shall use NES's approved method of connecting to the network by using the corporate VPN with multifactor authentication.

~~(a)~~(b) Users should access the NES network remotely on NES-Owned Devices only. Limited remote access to the NES network on a Personal Device may be approved on a case-by-case basis, as approved by IT.

~~(b)~~(c) Users acknowledge and understand that remote access to the NES network is subject to monitoring and review.

~~(c)~~(d) If a User's remote access use poses a threat to the NES network, their access will be revoked or restricted until the threat has been mitigated.

# CONDUCT

## 21. Generative Artificial Intelligence

**A. Policy Statement:** NES recognizes that Generative Artificial Intelligence is an emerging technology that provides benefits to various work processes companywide. To ensure proper use, protect NES's confidential and sensitive information, and mitigate risks involved with the use of Generative Artificial Intelligence, NES provides the following regarding the use of Generative Artificial Intelligence.

**B. Scope:** This Policy applies to all NES employees and contractors ("Users").

### **C. Terms and Definitions**

(1) Generative Artificial Intelligence (GenAI) - A form of Artificial Intelligence capable of creating content such as text, images, audio, videos, or other data in response to User-produced prompts using generative models that learn patterns from data.

### **D. Policy**

#### **(1) GENERAL PROVISIONS**

- (a) Functional Vice Presidents or their designee will determine the scope and extent of GenAI use.
- (b) IT will establish and maintain a list of approved GenAI platforms.
- (c) Functional Vice Presidents or their designee will submit new GenAI platform proposals to IT for approval. Employees seeking to use an unapproved GenAI platform should consult with their Manager.
- (d) Users shall report any concerns or incidents related to the use of GenAI to their Manager and IT.
- (e) Users understand that GenAI tools are not a substitute for human judgment and are instead a resource to support NES work product.
- (f) Users shall review and validate the information produced by GenAI, ensuring it is free of any copywritten or protected material, before implementing it into any work product.
- (g) Users bear the responsibility for their work product, including any product containing GenAI output, and any consequences that may arise from it.
- (h) Users shall abide by all NES policies and rules when using GenAI.
- (i) Users shall comply with all applicable laws and regulations when using GenAI.

#### **(2) PROHIBITED USE OF GENAI**

- (a) Users are prohibited from knowingly engaging in the following conduct:
  - (i.) Inputting confidential information into any GenAI platform, including any personally identifying information, customer information, social security numbers, state- or government-issued driver license or identification numbers, electronic identification numbers, credit card numbers, tax

# CONDUCT

identification numbers, security or access codes, emergency response plan information, information subject to a non-disclosure agreement, passwords, security authentication mechanisms, information protected by privilege, or any other information that would allow any entity access to confidential and sensitive information.

- (ii.) Using GenAI to make or help make employment decisions in violation of NES Policy or applicable laws and regulations.
- (iii.) Using GenAI for malicious purposes, including bypassing a system, phishing, creating fraudulent content, or impersonating an individual.

## **(3) DISCIPLINARY ACTION**

- (a) Employees violating this Policy may be subject to disciplinary action up to and including termination and/or the revocation of their access to GenAI.
- (b) Contractors violating this Policy may be subject to the termination of their relationship with NES and/or the revocation of their access to GenAI.

# CONDUCT

## 22. Management and Confidential Employees

A. **Policy Statement:** Confidential Employees are employees who are privy to and work on confidential matters on behalf of the company. Oftentimes, Confidential Employees develop and promote management positions regarding employer-employee relations. Confidential Employees, in addition to Management, are held to the highest standards of confidentiality regarding company matters, and this Policy outlines the responsibilities of those employees.

B. **Scope:** This Policy applies to Management and Non-Supervisory Confidential Employees.

### C. Terms and Definitions

(1) Non-Supervisory Confidential Employee - An employee that reports directly to a member of NES Executive Management, an NES attorney, or a professional or administrative position in HR.

### D. Policy

#### (1) GENERAL PROVISIONS

- (a) Management and Non-Supervisory Confidential Employees shall maintain confidentiality regarding private company business, including employee grievances and issues, litigation, and other sensitive matters.
- (b) Management and Non-Supervisory Confidential Employees shall only discuss sensitive company business or information with other employees who are directly working on the matter from the management side, unless the discussions are management-approved and intend to resolve a matter (e.g., an attorney negotiating a settlement with a NESEA attorney).
- (c) Discussions regarding confidential matters are on a need-to-know basis and must serve a business purpose.
- (d) Management and Non-Supervisory Confidential Employees must exercise good judgment and discretion regarding disclosure of sensitive information.
- (e) Management and Non-Supervisory Confidential Employees are not eligible for membership in NESEA.
- (f) Management and Non-Supervisory Confidential Employees shall preserve the integrity of Management's positions by refraining from any involvement in NESEA activity.

#### (2) DISCIPLINE

- (a) Inappropriate disclosure of sensitive and/or confidential information is an ethical violation and may result in discipline up to and including termination.

# REGULATORY

## 1. Americans with Disabilities Act - Title II

**A. Policy Statement:** NES is an employer bound by the directives of the Americans with Disabilities Act (“ADA”). This Policy regulates NES’s ADA obligations as it relates to the public.

**B. Scope:** This Policy applies to the public.

### **C. Terms and Definitions**

(1) ADA Coordinator - The ADA Coordinator is a supervisory employee appointed by the CPO who ensures NES’s compliance with the ADA.

### **D. Policy**

#### **(1) PUBLIC GRIEVANCE PROCEDURES**

- (a) This grievance procedure is established to meet the requirements of the ADA. It may be used by anyone who wishes to file a complaint alleging discrimination on the basis of disability in the provision of services, activities, programs, or benefits by NES.
- (b) A complaint should be in writing and contain information about the alleged discrimination such as name, address, phone number of complainant and location, date, and description of the problem. Alternative means of filing complaints, such as personal interviews or a tape recording of the complaint, will be made available for persons upon request. All complaints should be submitted to the NES ADA Coordinator.
- (c) Within 15 calendar days after receipt of the complaint, the ADA Coordinator will meet with the complainant to discuss the complaint and possible resolutions.
- (d) Within 15 calendar days of the meeting, the ADA Coordinator will respond in writing, and where appropriate, in a format accessible to the complainant.
- (e) If the response by the ADA Coordinator does not satisfactorily resolve the issue, the complainant and/or their designee may appeal the decision within 15 calendar days after receipt of the response of the ADA Coordinator.

# REGULATORY

## 2. Reasonable Accommodation of Disabilities/Pregnancy

**A. Policy Statement:** In accordance with its anti-discrimination policy and to ensure equal employment opportunities to qualified individuals with disabilities, as well as to qualified individuals based on pregnancy, childbirth, and related medical conditions, NES will make reasonable accommodations for the known disability or pregnancy or childbirth-related medical condition of an otherwise qualified applicant or employee, unless undue hardship on the operation of the business, or a direct threat to workplace safety, would result.

**B. Scope:** This Policy applies to applicants and employees (“Individuals”).

### **C. Terms and Definitions**

(1) ADA Coordinator - The ADA Coordinator is a supervisory employee appointed by the CPO who ensures NES’s compliance with the ADA.

### **D. Policy**

#### **(1) GENERAL PROVISIONS**

- (a) Individuals with disabilities or medical conditions who may require a reasonable accommodation to perform their job duties should contact the ADA Coordinator.
- (b) Individuals requesting accommodation under this policy are required to fully cooperate with NES in seeking and evaluating possible accommodations. NES will require verification from a health care provider of both the disability or medical condition and the need for accommodation, and failure to provide requested information may result in denial of an accommodation request. NES will treat health and medical information obtained during this interactive process as confidential and subject to disclosure only to individuals who need to know the information to determine or carry out an accommodation.
- (c) Whether a certain kind of accommodation is possible and reasonable will depend on the specific circumstances, and NES may provide a different accommodation than requested. Accommodations may be temporary in nature and subject to ongoing monitoring, modification, or termination by NES, based on the employee’s job performance, NES’s operational needs, workplace safety issues, or other considerations. NES is not required to modify any position to permanently remove essential job functions.
- (d) Employees will not be subject to discrimination, retaliation, or reprisal of any kind based on requesting an accommodation under this policy.

# REGULATORY

## 3. Equal Opportunity - Title VI

A. **Policy Statement:** This Policy outlines NES's procedures for elevating complaints related to the Civil Rights Act of 1964.

B. **Scope:** This Policy applies to the public and applicants for employment at NES ("Individual").

### C. Terms and Definitions

(1) Title VI Coordinator - The Title VI Coordinator is a supervisory employee appointed by the CPO who ensures NES's compliance with Title VI.

### D. Policy

#### (1) GENERAL PROVISIONS

- (a) No person shall be discriminated against on the grounds of race, color, national origin, or any other barrier to equal employment opportunities nor will be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.
- (b) Should an Individual perceive that they have been subjected to discrimination, the Individual may submit a written complaint to the Title VI Coordinator.
- (c) The Title VI Coordinator and committee members are appointed by the CPO.
- (d) The Title VI Coordinator, in conjunction with the Title VI Committee, will review the complaint and will respond within seven business days. If additional time is needed, the Title VI Coordinator will notify the individual in writing and provide a reason for the delay.
- (e) Should an individual be dissatisfied with the response of the Title VI Coordinator and the Committee, the individual may submit a written appeal to the CPO within 30 days of the Committee's response. The CPO will respond to the individual's appeal within 10 business days.
- (f) Should an individual be dissatisfied with the response of the CPO, the individual may seek a final appeal of the matter by submitting a second written appeal to the CEO. A final response will be conveyed within 7 business days.

# REGULATORY

## 4. Equal Employment Opportunity - Anti Discrimination

- A. Policy Statement:** NES is an equal opportunity employer. An integral part of this policy is to provide equal employment opportunity for all persons and administer hiring, working conditions, benefits and privileges of employment, compensation, training, and promotions, without discrimination because of race, color, religion, national origin, sex, age, veteran status, disability, genetic information, sexual orientation or gender expression or identity. In addition, NES complies with applicable federal, state, and local laws governing nondiscrimination in employment.
- B. Scope:** This policy applies to employees.
- C. Terms and Definitions:** None
- D. Policy**

### (1) REPORTING AND INVESTIGATING COMPLAINTS

- (a) Employees who believe they have been subject to discrimination in violation of this policy should report any such concerns to the CPO in person, or by sending an email to [hrcomplaints@nespower.com](mailto:hrcomplaints@nespower.com).
- (b) Upon submission of a report to the [hrcomplaints@nespower.com](mailto:hrcomplaints@nespower.com) email address, the reporting employee will receive a confirmation email of their submission and separately receive a copy of their report for verification.
- (c) Supervisors with knowledge of possible violations of this Policy, whether from a report received from an employee, personal observation, or otherwise, shall report it to the CPO immediately. Employees who choose to initially report covered matters to NES supervisors should understand that supervisors have an obligation to report the matter to CPO.
- (d) When making reports in person, or as follow up to an initial report received by email, the reporter will be required to submit a signed complaint including details of the incident(s).
- (e) Complaints will be investigated promptly and thoroughly.
- (f) Complaints will be handled as confidentially as possible under the circumstances; however, because of the need to conduct a thorough investigation, and because the rights of other parties may be involved, anonymity of the reporter cannot be assured in every instance.
- (g) Employees retaliating against an individual who in good faith reports or provides information in an investigation will not be tolerated. NES will take necessary steps to protect these individuals from retaliation. Any individual who feels they are being subjected to retaliation based on bringing a complaint or participating in an investigation under this policy should contact the CPO immediately.
- (h) A reporter will be told when an investigation is concluded and the general outcome of the investigation but will not necessarily be told the details of any disciplinary actions against an offender.

# REGULATORY

## **(2) DISCIPLINARY ACTION**

- (a) Individuals found violating this Policy will be subject to disciplinary action up to and including termination.
- (b) Supervisors failing to report instances of harassment or misconduct pursuant to this Policy will be subject to disciplinary action up to and including termination.
- (c) Employees refusing to cooperate in an investigation under this Policy, or intentionally making a false report or providing false information in an investigation conducted under this Policy, may be subject to disciplinary action up to and including termination.
- (d) Employees retaliating against an individual who in good faith reports or provides information in an investigation will be subject to disciplinary action up to and including termination.

# REGULATORY

## 5. Identity Theft Protection

- A. **Policy Statement:** As an entity privy to the sensitive information of its customers, NES recognizes its responsibility to safeguard this information and accordingly abides by applicable provisions of the Fair and Accurate Credit Transaction Act of 2003 (FACT). This Policy outlines relevant procedures to detect, prevent, and mitigate the theft of customers' personal information.
- B. **Scope:** This Policy applies to all employees and contractors with access to Covered Accounts and Identifying Information.

### C. Terms and Definitions

- (1) Covered Accounts - All accounts for which there is a foreseeable risk of Identify Theft, i.e., all customer accounts.
- (2) Identifying Information - Any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including name, social security number, date of birth, official state or government-issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number or address.
- (3) Identity Theft - Identity Theft occurs when someone uses a customer's personal information (i.e., name, social security number, etc.) with the intent of conducting transactions to commit fraud that results in substantial harm or inconvenience to the victim. Identify Theft may include opening deposit accounts with counterfeit checks, establishing credit card accounts, establishing lines of credit, or gaining access to the customer's accounts with the intent of depleting their balances.
- (4) Red Flag - A pattern or a particular specific activity that indicates the possible risk of Identity Theft.
- (5) Service Provider - An entity with which NES has a business relationship, and as part of such relationship, maintains or processes Identifying Information. These entities may include businesses that process electronic bill payments and credit card payments, information technology services, and collections agencies.

### D. Policy

#### (1) GENERAL PROVISIONS

- (a) The [CCIO COIO](#) will be responsible for the administration of this Policy.
- (b) Employees and contractors will be trained in protecting Identifying Information annually.
- (c) Employees and contractors handling customer accounts will be trained in detecting and reporting Red Flags when working with customer accounts.
- (d) Employees and contractors with access to Identifying Information may sign a confidentiality agreement binding them to the proper and lawful use of Identifying Information every year.

# REGULATORY

- (e) The ~~CCIO-COIO~~ will ensure that reasonable safeguards are in place for NES's Service Providers that provide the same or a greater level of protection for customer information.
- (f) The ~~CCIO-COIO~~ shall be responsible for promulgating a written internal procedure document for its employees and contractors regarding the mitigation of Identify Theft and the identification of Red Flags as required by FACT.

## (2) IDENTITY THEFT PREVENTION COMMITTEE

- (a) The Identify Theft Prevention Committee will meet annually and will include representation from Accounting, IT, Customer Relations, HR, Legal, and Facilities and Security. The VP ~~CCIO-COIO~~ leads the Committee.
- (b) The Committee will consider potential revisions to this Policy and any related internal procedure documents annually. If deemed necessary by the ~~CCIOCOIO~~, material changes to the Policy will be brought to the attention of, and reviewed by, Executive Management and/or the Board.
- (c) The ~~CCIO-COIO~~ will prepare and present an annual report to the Board that includes a review of this Policy, including its execution and effectiveness over the year, the current risk level of Identity Theft of customer information, potential changes to the Policy and other operational practices for implementation that will further the goal of protecting Identifying information, and a list of instances of Identity Theft of customers.
- (d) The ~~CCIO-COIO~~ shall keep records of Committee meetings reflecting the dates and topics discussed and also maintain a file with copies of past annual reports prepared under this Policy.

## (3) SAFEGUARDS TO PREVENT IDENTITY THEFT

- (a) Employees and contractors assisting a person with opening an account shall verify the identity of the person opening the account in accordance with the internal procedures established by the ~~CCIOCOIO~~.
- (b) Employees and contractors shall not provide any Identifying Information to any person. Employees and contractors may provide Identifying Information to a customer only after the identity of the customer has been confirmed, either by providing certain Identifying Information that would only be known to the customer as reflected in the customer's account, as well as the last four digits of the customer's social security number, or presenting a valid government-issued photo identification in person. Exceptions to this verification may be approved by the ~~CCIO-COIO~~ only.
- (c) NES will monitor transactions and verify the validity of change of address requests for existing accounts.
- (d) If an employee or contractor processing an account receives a consumer report that indicates an information discrepancy, NES shall delay providing service or information to the person requesting the account until they provide in-person verification.
- (e) If there are an unusually high number of inquiries on a particular account, employees and contractors identifying the inquiries on such account shall report the activity to the appropriate supervisor for further review and inquiry.

## REGULATORY

- (f) Employees and contractors handling customer information shall report to their supervisor any documents that appear to have been altered or forged by a person when attempting to establish or access an account. Employees and contractors shall immediately report to their supervisor any instance in which a customer presents an invalid or forged identification for the purpose of obtaining access to account information.
- (g) Employees and contractors handling customer information shall report to their supervisor any presentation of suspicious information made by a person when attempting to establish or access an account. This may include inconsistent information, fraudulent information, fictitious or invalid information, or duplicitous information associated with another customer or account.
- (h) Employees and contractors handling customer information shall report to their supervisor any other types of suspicious activity made by a purported customer.
- (i) Employees and contractors shall also have an obligation to report to their supervisor any suspicious activity perpetrated by an NES employee or contractor that may lead to Identity Theft.
- (j) Any supervisory employee receiving reports under this section shall report them to NES Security.

#### (4) REPORTING IDENTITY THEFT

- (a) Employees and contractors suspecting or identifying an instance of Identity Theft affecting a customer shall report it to the CCIO-COIO immediately. The CCIO-COIO shall be responsible for ensuring that NES fulfills its obligations under FACT.
- (b) If NES discovers that any of its customers have become victims of Identity Theft, NES shall take appropriate steps to mitigate the impacts of such Identity Theft. These steps may include, but are not limited to:
  - (i.) Monitoring an account for evidence of Identity Theft
  - (ii.) Notifying the customer
  - (iii.) Changing any passwords, security codes or other security devices that permit access to an account
  - (iv.) Reopening an account with a new account number
  - (v.) Closing an existing account
  - (vi.) Not attempting to collect on an account or not selling a Covered Account to a debt collector
  - (vii.) Notifying law enforcement, as appropriate
  - (viii.) Putting a stop payment on any outstanding deposit refund checks
  - (ix.) Putting a hold on any new deposit refund checks
  - (x.) Determining that no response is warranted under the particular circumstances.

# REGULATORY

## 6. Workers' Compensation

- A. **Policy Statement:** NES maintains compliance with Tennessee Workers' Compensation Law to address injuries occurring in the course and scope of NES employment. This Policy outlines some of the rights and obligations of employees as they relate to workplace injuries.
- B. **Scope:** This Policy applies to all employees.
- C. **Terms and Definitions:** None
- D. **Policy**

### (1) REPORTING INJURIES AND ILLNESSES

- (a) Employees shall report all injuries and illnesses to their supervisor and to the NES Dispensary immediately. Reports shall be made during the same shift as the injury or illness, unless it is an emergency. In emergencies, an injured employee shall go to the nearest emergency room and notify their supervisor and the NES Dispensary as soon as possible.
- (b) After being made aware of an employee's injury or illness, the employee's supervisor shall immediately commence an incident investigation and submit a report with their findings to [safety@nespower.com](mailto:safety@nespower.com).
- (c) Injured employees shall complete and submit an Employee Notice of Injury Form within 24 hours following an injury or illness unless the injury or illness makes it impossible to do so. Supervisors shall confirm that the injured employee has completed and submitted the Employee Notice of Injury Form to the NES Nurse.
- (d) NES will provide necessary medical treatment for injuries and illnesses occurring within the course and scope of NES employment. When medical treatment is necessary, the NES Nurse will provide an injured employee with a panel of three physicians from which the employee may select one for medical treatment. NES is not responsible for any medical treatment from a non-panel physician.

### (2) INJURED EMPLOYEE EXPECTATIONS

- (a) Employees are expected to attend all medical appointments provided by their authorized treating physician. Noncompliance with a treating physician's course of treatment may result in discontinuation of benefits until compliance resumes.
- (b) Employees are expected to notify their supervisor and the NES Nurse of their upcoming medical appointments within 24 hours after they are scheduled.
- (c) Employees will provide the NES Nurse will all records related to their medical visits within 24 hours after receiving them.

# REGULATORY

## **(3) CLOSURE OF WORKERS' COMPENSATION CLAIMS**

- (a) When an employee reaches maximum medical improvement and receives an impairment rating from their treating physician, an employee may be entitled to a workers' compensation settlement through the Tennessee Bureau of Workers' Compensation. The Legal Department administers these settlements and will notify an employee if they are entitled to a settlement.

# REGULATORY

## 7. Public Records

**A. Policy Statement:** NES provides economical and efficient access to Public Records as provided under the Tennessee Public Records Act (TPRA) and outlined in this Policy.

**B. Scope:** This Policy applies to employees and members of the public.

### C. Terms and Definitions

- (1) Public Records - All documents, papers, letters, maps, books, photographs, microfilms, electronic data processing files and output, films, sound recordings, or other material, regardless of physical form or characteristics, made or received pursuant to law or ordinance or in connection with the transaction of official business by any governmental agency.
- (2) Public Records Request Coordinator ("PRRC") - The NES employee(s) with the responsibility of ensuring public record requests are routed to the appropriate Records Custodian and are fulfilled in accordance with the TPRA. The Public Records Request Coordinator may also be a Records Custodian.
- (3) Records Custodian - The office, official, or employee lawfully responsible for the direct custody and care of a Public Record. The Records Custodian is not necessarily the original preparer or producer of the record.
- (4) Requestor - A person seeking access to a public record, whether it is for inspection or duplication.

### D. Policy

#### (1) GENERAL PROVISIONS

- (a) The TPRA provides that NES's Records shall, at all times during business hours, be open for personal inspection by any citizen of Tennessee, and those in charge of the Records shall not refuse such right of inspection to any citizen, unless otherwise provided by state law.
- (b) NES shall timely and efficiently provide access and assistance to persons requesting to view or receive copies of Public Records.
- (c) No provision in this Policy shall be used to hinder access to open Public Records. However, the integrity and organization of Public Records, as well as the efficient and safe operation of NES, shall be protected as provided by law.
- (d) Concerns about this Policy should be addressed to the NES Legal Department.
- (e) This Policy is available for inspection and duplication in the Visitor Lobby of the NES Main Building.
- (f) This Policy will be reviewed every two years.
- (g) This Policy applies to all departments of NES.

# REGULATORY

## (2) REQUESTING ACCESS TO PUBLIC RECORDS

- (a) Public Record requests shall be made to the PRRC in order to ensure Public Record requests are routed to the appropriate Records Custodian and fulfilled in a timely manner. Requestors may submit a Public Records Request Form to NES from Monday through Friday, between the hours of 8:30 AM and 4:30 PM to:

Public Records Coordinator  
c/o NES Legal Department  
1214 Church Street  
Nashville TN 37246  
Phone: (615) 747-3701  
Email: publicrecords@nespower.com

- (b) The NES Public Records Request Form will be used for Public Records requests. When requesting copies, the Requestor must fill out the form and submit it to the PRRC. When requesting the inspection of Public Records, the Requestor will be asked to fill out the form. If the Requestor refuses to complete the Public Records Request Form, an NES employee will complete the form for the Requestor.
- (c) Proof of Tennessee citizenship by presentation of a valid Tennessee driver's license (or alternative acceptable form of ID) is required as a condition to inspect or receive copies of Public Records.

## (3) RESPONDING TO PUBLIC RECORD REQUESTS

- (a) The PRRC will review requests and make an initial determination of the following:
  - (i.) If the Requestor provided evidence of Tennessee citizenship;
  - (ii.) If the records requested are described with sufficient specificity to identify them; and
  - (iii.) If NES is the custodian of the records.
- (b) Within seven business days, the PRRC will acknowledge receipt of the request and take any of the following appropriate action(s):
  - (i.) Advise the Requestor of this Policy and the elections made regarding:
    - 1. Proof of Tennessee citizenship;
    - 2. Form(s) required for copies;
    - 3. Fees (and labor threshold and waivers, if applicable); and
    - 4. Aggregation of multiple or frequent requests.
  - (ii.) If appropriate, deny the request in writing using the Public Records Request Response Form, providing the appropriate ground such as one of the following:
    - 1. The Requestor is not, or has not presented evidence of being, a Tennessee citizen.
    - 2. The request lacks specificity.

# REGULATORY

3. An exemption makes the record not subject to disclosure under the TPRA.
4. NES is not the custodian of the requested records.
5. The records do not exist.
- (iii.) If necessary, send the Requestor a Records Response Form advising the Requestor that more time is necessary to determine whether the requested records exist; to search for, retrieve, or otherwise gain access to records; to determine whether the records are open; to redact records; or for other similar reasons.
- (iv.) If appropriate, contact the Requestor to see if the request can be narrowed.
- (v.) If the requested records are in the custody of a different governmental entity, and the PRRC knows the correct governmental entity, advise the Requestor of the correct governmental entity and PRRC for the entity, if known.
- (vi.) Produce the requested Public Records, with redactions, as necessary.
- (c) If a request is significantly large, the PRRC may, in its discretion, choose to fulfill the request in segments. If the PRRC does so, it will provide the Requestor with a date of completion for the first segment. The PRRC shall provide the Requestor with a date of completion for each subsequent segment after the preceding segment is reviewed/received by the Requestor. If a record contains confidential information or information that is not open for public inspection, the PRRC will prepare a redacted copy prior to providing access and provide the Requestor with the basis for the redaction.

## **(4) INSPECTION OF RECORDS**

- (a) There will be no charge for inspection of open Public Records.
- (b) The location for inspection of records will be determined by the PRRC.
- (c) Under reasonable circumstances, the PRRC may require an appointment for inspection or may require inspection of records at an alternate location.

## **(5) COPIES OF RECORDS**

- (a) The PRRC will promptly respond to a Public Records request for copies in the most economic and efficient manner practicable.
- (b) Copies will be available for pickup at a location specified by the PRRC.
- (c) Upon payment for postage, copies will be delivered to the Requestor's home address by the United States Postal Service.
- (d) A Requestor will not be allowed to make copies of records with personal equipment.

## **(6) FEES, CHARGES, AND PROCEDURES FOR BILLING AND PAYMENT**

- (a) Fees and charges will not be used to hinder access to Public Records.

## REGULATORY

- (b) The PRRC will provide Requestors with an itemized estimate of the charges prior to producing copies of records when anticipated charges exceed \$50. The PRRC may require pre-payment of such charges before producing requested records. If the PRRC determines that the estimated charges for producing copies of the requested records are nominal, the fees may be waived at the discretion of the PRRC.
- (c) Fees and charges are as follows:
  - (i.) \$0.15 per page for letter- and legal-size black and white copies.
  - (ii.) \$0.50 per page for letter- and legal-size color copies.
  - (iii.) For other sizes of pages, NES will determine an appropriate price at the time of the request.
  - (iv.) Labor when time exceeds one hour, assessed at the minimum hourly rate of the NES personnel engaged in the production of the required records.
  - (v.) If an outside vendor is used, the actual costs assessed by the vendor.
  - (vi.) For all requests for copies that require any programming, specialized delivery, outsourcing, or other actions that incur expenses, NES shall require the Requestor to bear those expenses.
- (d) Payment is to be made payable to Nashville Electric Service by personal check or cashier's check.
- (e) Payment in advance may be required when costs are estimated to exceed \$50.

### **(7) AGGREGATION OF FREQUENT AND MULTIPLE REQUESTS**

- (a) NES will aggregate record requests in accordance with the Frequent and Multiple Request Policy promulgated by the Tennessee Office of Open Records Counsel when more than four requests are received within a calendar month.
- (b) The PRRC is responsible for making the determination that was a group of individuals are working in concert. The PRRC must inform the individuals that they have been deemed to be working in concert and that they have the right to appeal the decision to the Office of Open Records Counsel.

# APPENDIX A - ACRONYM GUIDE/TERMS

CCIO	Chief <del>Customer</del> <u>Operations &amp;</u> Innovation Officer
CDL	Commercial Driver License
CEO	Chief Executive Officer
CFO	<u>Vice President</u> - Chief Financial Officer
CISO	<u>Vice President</u> - Chief Information <del>Security</del> Officer
DOT	Department of Transportation
EVP	Executive Vice President
HR	Human Resources
Management	Supervisors and above.
NERC	North American Electric Reliability Corporation
NESEA	Nashville Electric Services Employee Association
SEIU	Service Employees International Union
TVA	Tennessee Valley Authority
VP	Vice President
CLO-GC	Vice President - Chief Legal Officer & General Counsel
CPO	Vice President - Chief People Officer
WOP	Without Pay

# APPENDIX B - ORDER OF PRECEDENCE - RELATED DOCUMENTS

*This is not an exhaustive list and are provided as examples to supplement the Order of Precedence statement.*

## OTHER BOARD-APPROVED POLICIES

- Procurement and Materials Management Policies
- Customer Relations Policy
- Schedule of Rules and Regulations

## ORGANIZATIONAL POLICIES APPROVED BY THE CEO

- Safety Manual
- Operating Memoranda
- Employee Assistance Program Guidelines
- Aid-to-Education Program Guidelines

## DEPARTMENTAL POLICIES APPROVED BY A FUNCTIONAL VP FOR THEIR DEPARTMENT

- Vegetation Management Policy
- Lighting Guidelines
- Interview Committee Guidelines

# APPENDIX C - REVISION TABLE

REVISION DATE	SECTION REVISED	REVISION DESCRIPTION	DATE REVISED
Previous Editions	All	Original Approved	10/1/70
		Second Edition Approved	12/21/94
		Revised	2/25/98
		Revised	1/27/99
		Revised	2/24/99
		Revised	6/30/99
		Revised	10/27/99
		Revised	2/23/00
		Revised	4/26/00
		Revised	10/25/00
		Revised	12/20/00
		Revised	4/25/01
		Revised	4/19/02
		Corrected	9/25/02
		Revised	12/18/02
		Revised	4/23/03
		Revised	6/25/03
		Revised	9/24/03
		Revised	2/25/04
		Revised	3/24/04
		Revised	5/20/04
		Revised	9/22/04
		Revised	10/25/04
		Revised	11/24/04
		Revised	12/15/04
		Revised	1/27/05
		Revised	11/23/05
		Revised	2/28/07
		Revised	5/23/07
		Revised	9/23/07
		Revised	10/24/07
		Revised	3/26/08
		Revised	8/27/08
		Revised	10/22/08
		Revised	11/26/08
		Revised	1/1/10
		Revised	4/22/15
		Revised	6/24/15
		Revised	7/22/15
		Revised	8/26/15
		Revised	10/28/15
		Revised	2/24/16
		Revised	6/22/16
		Revised	1/23/16

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	Revised	2/22/20
	Revised	11/25/20
	Revised	1/27/21
	Revised	3/24/21
	Revised	4/28/21
	Revised	6/23/21
	Revised	9/23/21
	Revised	10/27/21
	Revised	4/27/22
	Revised	8/24/22
	Third Edition Approved	4/24/24
	Revised	9/25/24
	Revised	3/26/25
	Revised	7/23/25

**BYLAWS  
OF THE  
ELECTRIC POWER BOARD  
OF THE  
METROPOLITAN GOVERNMENT OF  
NASHVILLE AND DAVIDSON COUNTY**

**NASHVILLE, TENNESSEE**

**APPROVED 7-23-2025**

**ARTICLE I**  
**ORGANIZATION**

**SECTION I**

Item 1. The Electric Power Board of the Metropolitan Government of Nashville and Davidson County consists of the five statutory members, General Manager, and such other officers, agents, and employees as may from time to time be employed in the conduct and operation of the electric distribution system of the Metropolitan Government of Nashville and Davidson County.

Item 2. For purposes of organization, the designation “Electric Power Board of the Metropolitan Government of Nashville and Davidson County” shall, unless use or context otherwise require, be construed to mean and shall refer to the statutory Board of four members and the Chair.

Item 3. “Nashville Electric Service” shall be used to designate and refer to the business and operation of the Board and all officers and employees, other than those officers specifically provided for by statute, to wit: General Manager, Secretary, Treasurer, and their assistants from time to time appointed, who are officials of the Board in their respective capacities.

Item 4. The term “General Manager” as set forth in Articles 42 and 43 of Appendix III of the Metropolitan Charter shall hereinafter be referred to and designated as “President & Chief Executive Officer,” and the person holding the designated position shall have the same duties and responsibilities as set forth by the Charter and these Bylaws.

The term “Assistant General Manager,” as set forth in Articles 42 and 43 of Appendix III of the Metropolitan Charter, shall hereinafter be referred to and designated as “Executive Vice President ~~- Chief Operations & Innovation Officer - & Chief Engineer~~”; the person holding the designated position shall have the same duties and responsibilities as set forth by the Charter and these Bylaws.

None of the above positions in this Item being designated as President or Vice President in-lieu-of General Manager and Assistant General Manager, and none of said persons filling these positions, shall be deemed or considered as under the provisions of civil service in the selection process to fill the position but shall be entitled to all sick, disability, retirement, and similar benefits provided for other employees of the Electric Power Board.

## SECTION II

Item 1. The Board, by majority vote, may create (and dissolve) committees of the Board determined to be necessary to gain a better understanding of certain functions and issues of Nashville Electric Service.

The Board adopts the following committees:

1. Audit and Ethics Committee;
2. Finance & Operations Committee;
3. Employee Relations Committee; and
5. Legal Services Committee.

Item 2. All five Board members shall serve as members of all committees of the Board. One of the Board members shall be appointed by the Chair to act as the committee chair. The Secretary of the Board shall be responsible for calling meetings, filing required reports, and the recording of minutes.

Committees may invite other staff support to attend meetings and may seek input from employees and/or the public if deemed beneficial. Any person desiring to appear before a committee shall submit a request to the Secretary in writing not less than five days prior to the committee meeting setting out the details of the matter. The Chair of the committee or, in the absence of the Chair, the Vice-Chair will determine when such a requested item or appearance will be placed on the agenda and in what position. When any such item is placed on the agenda, a person will be allowed a reasonable time, not to exceed five minutes, to speak on the subject of such item. However, if one Board member objects to placing the matter on the agenda or permitting the person to speak, the person will not be permitted to address the

committee. The committee may recommend that the matter be considered by the Board or make no recommendation on the matter.

A majority of the members shall constitute a quorum.

Item 3. The organization and responsibilities of each committee are as follows:

Audit & Ethics Committee - The Audit & Ethics Committee shall consist of the five members of the Board. The Chief Financial Officer shall serve as an ex officio member of the committee. The Vice President ~~-Chief Legal Officer~~ & General Counsel and the lead senior manager on the Outsourced Internal Audit engagement shall have direct and unrestricted access to the Chair of the Audit & Ethics Committee or to a designated Board committee member.

The Audit & Ethics Committee should have at least one member who is defined as a financial expert by Section 407 of the Sarbanes-Oxley Act and possesses the following skills: understands financial statements; can assess accounting for estimates, reserves, and accruals; has experience in preparing or analyzing financial statements; and understands internal controls.

The Audit & Ethics Committee will review and accept the annual audit plan, review proposals for outside auditors, receive reports of internal and external audits and management responses, advise the Board as to the adequacies of management's responses and make recommendations as appropriate.

The Audit & Ethics Committee shall have authority to direct the Outsourced Internal Audit Firm to investigate reports of inefficiency, impropriety, and illegal activity. The Audit & Ethics Committee will cause to be investigated any impedance of full disclosure of documents and access to employees during any audit.

For ethics matters involving the Board and employees, the Audit & Ethics Committee shall consider requests by employees or Board members concerning exemptions, clarification, or modification of the Ethics policy and related disclosure statements adopted by the Board.

The Audit & Ethics Committee shall review the Conflict of Interest Statements filed each year after they have been reviewed by the Vice President - ~~Chief Legal Officer~~ & General Counsel and the Controls and Compliance Manager. The Committee will review reported allegations involving ethical violations by a Board member and the full Board shall take appropriate action.

Finance & Operations Committee – The Finance & Operations Committee shall consist of the five members of the Board. The President & Chief Executive Officer, the Executive Vice President - ~~Chief Operations & Innovation Officer & Chief Engineer~~, and the Chief Financial Officer shall serve as ex officio members of the committee. The Finance & Operations Committee will review and recommend changes to policies, plans, and budgets affecting the financial health and operational stability of NES.

Employee Relations Committee - The Employee Relations Committee shall consist of the five members of the Board. ~~The Vice President – Human Resources~~ Vice President - Chief People Officer and Corporate Services shall serve as an ex officio member of the committee. The Employee Relations Committee will review and recommend changes to policies affecting employee benefits, compensation, work rules, performance, and training.

Legal Services Committee - The Legal Services Committee shall be comprised of all Board members; the Vice President - ~~Chief Legal Officer~~ & General Counsel shall serve as an ex officio member. The Legal Committee will review any and all legal matters that the President & Chief Executive Officer and/or Vice President - ~~Chief Legal Officer~~ & General Counsel bring to the attention of the committee.

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### SECTION III

Item 1. The exclusive management and control of the operation of the electric power plant and of the distribution system of the Metropolitan Government of Nashville and Davidson County is vested in the Electric Power Board of the Metropolitan Government of

Nashville and Davidson County, with authority to engage, determine the number of, and fix the duties of all employees and with the further right to delegate to the President & Chief Executive Officer, by it selected, such power and authority as it might deem necessary and proper in addition to, but not in conflict with, applicable statutes.

Item 2. The term of office and compensation to be paid the President & Chief Executive Officer shall be fixed by the Board pursuant to the requirements and provisions of these Bylaws and in conformity with the statute.

Item 3. The terms of employment and compensation to be paid all subordinates, agents, representatives, and employees, and all discharges, terminations, layoffs, and grants of leave or other benefits, including pensions, shall be subject to the civil service and pension provisions of Article 43 of the Charter of the Metropolitan Government of Nashville and Davidson County and amendments thereto having application to such employees and shall be in accordance with the formal Classification Plan, Pay Plan, and Rules of the Electric Employees' Civil Service and Pension Board ("Civil Service Rules") as now established and provided for and as may be amended or revised from time to time.

Item 4. No compensation in addition to that prescribed by statute shall be paid to any member of the Board.

Item 5. Trips or travel by a member of the Board in the discharge of official duties or in the conduct of official business must have prior approval of a majority of the Board, unless made at the request of the President & Chief Executive Officer. Board-related travel expenses incurred by a Board member shall be approved by the Chair or Vice-Chair. All payments and/or reimbursements, cash advancements, and filing of expense statements shall be in accordance with NES policy. Any expense, except travel expense, incurred by members of the Board in the discharge of official duties or in the conduct of official business shall be submitted prior to such cost being incurred to the Board for approval.

Item 6. The Electric Power Board shall indemnify the members of the Electric Power Board and Electric Employees' Civil Service and Pension Board, the President & Chief

Executive Officer and vice presidents, and the Secretaries of the Electric Power Board and Electric Employees' Civil Service and Pension Board from any liability for damages arising out of the performance of their official duties and while engaged in the course of their employment or discharge or attempted discharge of their official duties. The Electric Power Board is authorized and required to provide legal counsel for the Electric Employees' Civil Service and Pension Board and named officers to defend any claims and to indemnify them from any judgment rendered against them or any one of them, provided, however, that such indemnity shall not extend to any judgment for punitive damages unless such punitive damages are included in the coverage of any insurance policy issued to the Electric Power Board and even though such amount may be within any deductible. Such indemnity shall not extend to any judgment for damages arising out of any willful wrongdoing as such term has been construed or will be construed in the statutes of the State of Tennessee providing for indemnity to officials or employees of municipal governments.

It is the intent of the Board that, for any suit for which there is insurance coverage for the Electric Power Board under any comprehensive general liability insurance policy or any other policy of insurance providing coverage for the Electric Power Board, its officers and employees, said members of the Electric Employees' Civil Service and Pension Board will be indemnified for any self-insured or deductible portion. In any suit for which there is no insurance and no immunity or qualified immunity, members of the Electric Power Board and named officers, and the Electric Employees' Civil Service and Pension Board shall be indemnified from any judgment rendered against them or any one of them arising out of the performance of their official duties while engaged in the course of their employment or discharge or attempted discharge of their official duties, except said indemnity shall not extend to any judgment for punitive damages or damages arising out of any willful wrongdoing by any such Board member or office claiming indemnity.

It is not the intent of the Board to waive any immunity that the Board or other officers would otherwise have or to provide protection for any amounts above the limits set in the

Resolution of the Board applicable to claims under the Tennessee Governmental Tort Liability Act.

Item 7. The Electric Power Board shall indemnify the employees of the Board from any liability or damages arising out of the performance of their official duties and while engaged in the course of their employment or discharge or attempted discharge of their official duties, provided, however, that this indemnification shall not be in excess of the amounts established for governmental entities in Tennessee Code Annotated Section 29-20-403 and the limits on the per person and total amount of the accident amount shall be the same as set forth by Tennessee Code Annotated Section 29-20-403. This indemnification is of no force and effect if the act or omission was willful, criminal, or performed for personal financial gain by the employee. Such indemnity shall not extend to any judgment for punitive damages.

It is the intent of the Board that, for any suit for which there is insurance coverage for the Electric Power Board under any comprehensive general liability insurance policy or any other policy of insurance providing coverage for the Electric Power Board, its officers and employees, said employees will be indemnified for any self-insured or deductible portion not to exceed the limits set by Tennessee Code Annotated Section 29-20-403. In any suit for which there is no insurance and no immunity or qualified immunity, employees shall be indemnified from any judgment rendered against them or any one of them arising out of the performance of their official duties while engaged in the course of their employment or discharge or attempted discharge of their official duties to the limits set by Tennessee Code Annotated Section 29-20-403, except said indemnity shall not extend to any judgment for punitive damages or damages arising out of any act that was willful, malicious, criminal, or performed for personal financial gain.

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## **ARTICLE II**

### **MEETINGS**

#### **SECTION I**

Item 1. The fiscal year governing operations and conduct of the business of the Board is fixed at July 1 through June 30 of each year. The first fiscal year shall be from commencement of operations of the business of the Board through June 30, 1940.

Item 2. An annual meeting of the Board shall be held in July, immediately following the Regular Meeting of the Electric Employees' Civil Service and Pension Board, at the principal business office of the Board - Nashville Electric Service - at which time there shall be submitted to the Board a complete and detailed report of the preceding year's operations.

Item 3. In obedience to the provisions of the statute, public meetings of the Board shall be held at least monthly at the principal business office of the Board - Nashville Electric Service. Meetings shall be held on the fourth Wednesday of each month, except for the December meeting which shall be held on the third Wednesday. Changes in the day and/or place of holding such meetings may be made, but only upon notice, which shall be given one week in advance by one insertion in a local newspaper published in Nashville, Davidson County, Tennessee, which notice shall state the former day and/or place of meeting and the day and/or place to which the meeting has been changed.

Item 4. For all meetings of the Board, except special meetings as provided for in Item 7 of this Section, there shall be an agenda prepared for the meeting and transmitted to each Board member at least two (2) days prior to the date of the meeting. This agenda will cover all matters to be considered by the Board. Anyone, other than the Board or the President & Chief Executive Officer, desiring to have an item on the Board's agenda for consideration, shall submit a request to the Secretary in writing not less than five (5) days prior to the meeting setting out details of the matter. The Chair, or Vice-Chair in his/her absence, will determine when such requested item will be placed on the agenda and in what position. When any such item is placed on the agenda, one person will be allowed a reasonable time, not to exceed five

minutes, to speak on the subject of such item provided there is unanimous approval by the members of the Board. Matters considered by the Board at Special Meetings, as provided for in Item 7, shall be limited to those matters stated in the call of the meeting.

Item 5. A Nashville Electric Service customer may request to speak and offer comments during any regular meeting of the Electric Power Board. The first five customers properly requesting to speak will be permitted to provide comments during the public comment period of the meeting. To request to speak, customers must contact the Secretary to the Electric Power Board three days in advance of the meeting; a customer's request must contain the customer's name, their service address, and the matter on which they request to be heard. All speakers during the public comment period are limited to three minutes.

Item 6. No later than the public meeting held in the month of June of each year, there shall be submitted to the Board for consideration all proposed estimates and budgets to cover the next succeeding fiscal year.

Item 7. Special meetings of the Board shall be called by the Secretary or Assistant Secretary at such time and place as may be fixed and determined by the Chair or upon the written request of any two members of the Board, and notice of such meetings shall be given all members. Such notice shall be in writing and shall be sufficient if sent to the designated mailing address of each Board member, stating the purpose for which the meeting is called. Copies of notices of special meetings shall be sent to the daily newspaper in Nashville at the same time as they are sent to Board members.

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## SECTION II

Item 1. At the annual and monthly public meetings of the Board, any business may be transacted which is properly brought before the meeting. At special meetings, only such business may be transacted as is included in the call or of which notice is given the members.

Item 2. At all meetings, three members of the Board shall constitute a quorum for the transaction of business, and all questions before the meeting shall be determined by a majority vote of those present.

Item 3. If a quorum fail to attend any annual or public meeting, those members who do attend may adjourn from time to time until such time as the meeting shall be legally constituted to transact business; at the adjourned meeting, all such business may be transacted as could have been transacted under these Bylaws at the meeting at which adjournment was had.

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### SECTION III

Item 1. The Chair shall preside at all meetings of the Board except that in the Chair's absence the Vice-Chair may preside. If neither the Chair nor the Vice-Chair is present and a quorum is had, the members shall elect a temporary Chair to preside at any such meeting.

Item 2. The Secretary of the Board shall, by virtue of the office, be Secretary at all meetings except that the Assistant Secretary may attend all meetings and perform the usual and customary duties of the regular Secretary. Should both the Secretary and Assistant Secretary fail to attend, a temporary Secretary shall be appointed by the presiding officer, and the person so appointed shall perform all the usual and customary duties of the regular Secretary.

Item 3. Board members may participate in meetings by electronic means in exceptional circumstances, provided:

- a. A physical quorum of at least three (3) members is present at the principal business office of the Board for the duration of the meeting.
- b. Any Board member participating by electronic means must utilize the official communications medium/protocol designated by the Board. The communications medium/protocol must audibly and visually broadcast any non-present Board member to all individuals physically in attendance at the meeting.

- c. Any Board member desiring to participate by electronic means must notify the Secretary and the Board Chair at least five (5) days prior to the meeting. The Board Chair is empowered to resolve any issues relating to a Board member's participation by electronic means.

Board members participating by electronic means may deliberate and vote on matters before the Board, except that Board members participating by electronic means may not deliberate or vote on administrative/quasi-judicial matters, including appeals from Administrative Law Judge recommendations, grievances, charges, and procurement appeals.

Item 4. The proceedings of all meetings of the Board shall be conducted in an orderly manner without distraction or interference and shall be accurately kept by the Secretary, shall be attested by the officer keeping the proceedings, and shall be verified and signed by the Chair of the meeting. The Minutes of all Board meetings shall be kept in permanent volumes, well-bound, and shall constitute a permanent record of the Board.

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#### SECTION IV

Item 1. The Board will hold hearings in accordance Article 43(11) of Appendix III of the Metropolitan Charter to address a charge against any employee or a complaint of any civil service employee in connection with his or her employment. The Board may hear the matter directly or may refer the matter to an administrative law judge for a hearing.

Item 2. In determining whether complaints relating to employee performance appraisals are just (as stated in Article 43(11)), the Board will not review complaints regarding performance appraisals with respect to the subjective evaluation of the employee's work by the individual supervisors and managers who direct and/or supervise the day-to-day work of the employee except as noted below in Item 3.

Item 3. Complaints about performance appraisals may be heard by the Board when the employee offers with the complaint information that the Board, within its discretion, determines is sufficient, if true, to at least set forth a prima facie case that:

1. A characteristic protected by state or federal law was a motivating factor in the appraisal given; or
2. There are factual errors with respect to objective performance measurement(s) upon which a supervisor relied to evaluate the employee's performance that impacted the overall performance rating of the employee.

Item 4. Employee complaints regarding performance appraisals that do not fall into the above categories should be addressed through communication with the supervisor or manager, outside of the grievance process.

### **ARTICLE III**

#### **OFFICERS**

##### **SECTION I**

Item 1. The statutory officers of the Board consist of a Chair, Vice-Chair, Secretary, Treasurer, General Manager (President & Chief Executive Officer), and Vice President - Chief Legal Officer & General Counsel. The Board will elect a Chair and Vice-Chair from its members at the annual meeting by a majority vote. The Board member serving the fifth year of his/her term will be elected Chair, and the Board member serving the fourth year of his/her term will be elected Vice-Chair, unless the Board provides otherwise by a majority vote. The newly-elected Chair and Vice-Chair shall take office at the next official meeting of the Board.

Item 2. In its discretion, the Board may combine the offices of Secretary and Treasurer and/or the assistants of either office. The Chief Financial Officer shall serve as Secretary-Treasurer unless the Board affirmatively votes otherwise.

Item 3. The Board may appoint assistants to all officers, other than the Chair and Vice-Chair, as required to properly transact and conduct the business of the Board. Assistants to any officer shall only have such authority and perform the duties as prescribed by the Board, but may also exercise all authority given or had by the officers to whom they are made assistants if the Board confers such authority.

Item 4. Terms of office for all officers not prescribed by statute or the civil service provisions shall be automatically renewed unless terminated, changed, or fixed in duration by the Board.

Item 5. The Board may abolish any office at any time, other than those specifically provided by the Charter.

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## SECTION II

The President & Chief Executive Officer, Secretary, Treasurer, their assistants, and all others who by virtue of their office or under direction of the Board, are responsible for funds or property of the Board or the Metropolitan Government of Nashville and Davidson County shall be required to execute good and sufficient bonds in a manner prescribed by the Board.

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## SECTION III

Item 1. The Chair of the Board, in addition to those duties prescribed by statute, shall preside at all meetings of the Board and be an ex officio member of all committees and other administrative groups appointed by the Board. The Chair shall have general administrative and executive charge of the business of the Board, subject to its supervision and control, and shall ensure the proper execution of all resolutions and orders of the Board.. Subject to the supervision of the Board, the Chair shall have charge of the operations and business of the Board within the limits of the Charter and the resolutions and orders of the Board. The Chair shall also have control over the conduct and operation of the electric plant and distribution system. The Chair shall make reports as to the discharge of duties and the conduct of the business as prescribed by the Board. The Chair shall sign all agreements, contracts, transfers, and conveyances as required by the statute or as authorized by the Board, except to the extent that such right is delegated to the President & Chief Executive Officer or other official by statute or appropriate action of the Board.

Item 2. The Vice-Chair shall have and exercise all of the authority of the Chair when he/she is not available or is unable, fails, or refuses to act and discharge the duties of the office.

Item 3. The Secretary shall keep the minutes of all meetings of the Board, attend to the serving of all notices required by statute or these Bylaws, and attest the minutes of all meetings unless such duties are assigned to the Assistant Secretary. The Secretary shall attend all meetings of the Board, and attest all agreements, contracts, transfers, and conveyances of property except for those that the President & Chief Executive Officer is authorized to execute

under Board supervision. The Secretary shall be charged with the preparation and timely filing of the financial statements of the Board as provided for by statute, the filing of all such statements with the Mayor and Clerk of the Metropolitan Council, and the publication of said statements.

Item 4. The Treasurer shall receive and have custody of all funds payable to the Board relating to the operation and conduct of its business. The Treasurer is also responsible for the safekeeping and proper deposit of all funds in conformity with applicable statutes and the orders and resolutions of the Board. The Treasurer shall have custody of all securities, evidences of indebtedness due the Board, and records necessary or proper to acquaint the Board with such matters and enable the Board to obtain accurate data and information with reference thereto. The Treasurer shall make such reports as may be required and have such other and further duties as prescribed by the Board.

Item 5. The President & Chief Executive Officer, under supervision of the Board and the Chair, as prescribed in these Bylaws, shall have charge of all actual construction and immediate management and operation of the electric plant, distribution system, and properties and operations of the Board, and the enforcement and execution of all rules, regulations, programs, plans, and decisions of the Board. The President & Chief Executive Officer shall countersign all checks drawn on Board funds and be responsible for the filing of all reports that the Secretary is required to prepare, furnish, or file on behalf of the Board.

The President & Chief Executive Officer is authorized and the Board delegates unto the President & Chief Executive Officer the authority to select, choose, or appoint persons to the following positions: Executive Vice President ~~- Chief Operations & Innovation Officer & Chief Engineer~~; Vice President ~~-~~ Chief Financial Officer; ~~+~~ Vice President ~~-~~ Operations ~~(Transmission & Distribution)~~; Vice President - Operations (Engineering); Vice President - Operations (Power System Operations); Vice President ~~-~~ Customer Services; Vice President ~~-~~ Chief Information ~~Security~~ Officer; Vice President ~~-~~ Human Resources and Corporate

~~Services~~Chief People Officer; Vice President - Grid Transformation & Project Management;

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and, with the approval of the Board, Vice President - Chief Legal Officer & General Counsel.

The President & Chief Executive Officer is further authorized and the Board delegates unto the President & Chief Executive Officer the authority to set the salaries of these Vice Presidents within the limits set by the Board.

The President & Chief Executive Officer is further authorized and the Board delegates unto the President & Chief Executive Officer the right and authority to suspend and discipline these Vice Presidents.

The Board authorizes the President & Chief Executive Officer to bring charges to dismiss the aforesaid Vice Presidents, but does not delegate the right to dismiss any employee and expressly retains this authority pursuant to the procedures as set forth by the Charter and the Civil Service Rules.

Item 6. The Vice President - Chief Legal Officer & General Counsel shall have general charge and supervision of the legal work in connection with the operation and conduct of the Board's affairs and shall perform all other acts and services of a legal nature as may be required by the Board. The Vice President - Chief Legal Officer & General Counsel is also in charge of governmental affairs and represents the Board in lobbying activities.

The Vice President - Chief Legal Officer & General Counsel is also a part of Management and under the supervision of the President & Chief Executive Officer regarding management of administrative oversight, performance appraisals, Civil Service Rules, and the pay plan of other Civil Service employees. To the extent the Vice President - Chief Legal Officer & General Counsel is engaged in legal work in connection with the operation or conduct of Board affairs delegated to the President & Chief Executive Officer, then immediate supervision is under the President & Chief Executive Officer. However, to the extent the

Vice President -Chief Legal Officer & General Counsel is engaged in other services of a legal nature required by the Board and in matters of equitable conflict or those that should be brought to the attention of the Board, then supervisory authority is by the Board.

#### **ARTICLE IV**

##### **GENERAL PROVISIONS – APPROVALS – ACCOUNTS**

###### **SECTION I**

Item 1. All contracts, agreements, transfers, and conveyances (“contracts”) shall be made and all properties acquired, held, owned, and transferred in the name of the Metropolitan Government of Nashville and Davidson County. All contracts must be approved for form and legality by the Vice President - Chief Legal Officer & General Counsel. Except as set forth in this article, all contracts are signed by the President & Chief Executive Officer, and attested by the Secretary or Assistant Secretary of the Board.

Item 2. The Board must approve contracts exceeding \$250,000, unless identified below.

Item 3. The Board delegates to the Chair or Vice Chair of the Board the authority to approve and execute the following:

1. Contracts which the President & Chief Executive Officer is authorized to make and involve the purchase or disposition of property not directly used in connection with active operations of the business of the Board.
2. Power contracts with retail customers, the terms of which comply with the TVA Power Contract, amendments, and rate schedules previously approved by the Board, other than those power contracts the execution of which is delegated to an engineering manager, as described below in this Article.
3. Contracts with third parties such as contractors, equipment distributors, and/or retail customers in which the funding is reimbursable under Board-approved TVA programs.

Item 4. The Board delegates to the President & Chief Executive Officer the authority to approve and execute the following:

1. Amendments or modifications to board-approved contracts that do not increase the contract not-to-exceed amount, modify the duration of the contract, substantially reduce the scope of services provided, or materially alter the risk to the organization.
2. Contracts involving \$250,000 or less.
3. Amendments or modifications to board-approved contracts involving only a name change resulting from the purchase or merger of the original company.
4. Contracts with Metro, State, or Federal governmental agencies involving relocation of electric distribution facilities.
5. Standard infrastructure use agreements or pole attachment agreements, other than those contracts impacting NES's infrastructure on a system-wide basis.
6. Increases in compensation paid to subordinate employees in accordance with the Pay Plan.

In the absence of the President & Chief Executive Officer, when the President & Chief Executive Officer is unable to act, or when delegated by the President & Chief Executive Officer, the Executive Vice President ~~- Chief Operations & Innovation Officer- & Chief Engineer~~ will have the same authority as the President & Chief Executive Officer unless otherwise prescribed by the Board.

Item 5. In the event of an emergency or natural disaster, the President & Chief Executive Officer and Executive Vice President ~~- Chief Operations & Innovation Officer- & Chief Engineer~~, jointly, are authorized to make emergency expenditures up to \$500,000 subject to the following conditions:

1. It is determined that an emergency or natural disaster exists, swift and immediate action is necessary, and the convening of the Electric Power Board is impractical or impossible.
2. The President & Chief Executive Officer shall report on the use of emergency funds at the next Board meeting following the emergency and at each subsequent Board

meeting thereafter until there is a full and complete accounting of emergency expenditures.

Item 6. To provide a means of allowing uninterrupted progress on Board-approved business, the President & Chief Executive Officer and Executive Vice President ~~- Chief Operations & Innovation Officer -& Chief Engineer~~, jointly, are authorized to approve increases of Board-approved contracts and commitments up to \$500,000 when a need arises before the next scheduled Board meeting. All such increases, the reasons for invoking these increases, the actions taken in making said increases, and its associated expenditures must be reported to the Board at its next regular meeting. Circumstances requiring such action would include:

1. Construction or repair change orders because of the discovery of unexpected conditions or the imposition of a reasonably unanticipated codes requirement where work would have to stop until the next Board meeting.
2. Legal matters that would require additional work or impose a time constraint to proceed before the Board would meet again.
3. Maintenance contracts where a current repair will cause the authorized amount to be exceeded and the repair is needed before the Board meets again.

Item 7. The Board delegates to the Executive Vice President ~~- Chief Operations & Innovation Officer, the Vice President of Operations (Engineering), -& Chief Engineer~~ or to a manager in the Engineering Department the authority to approve and execute the following contracts:

1. Contracts entered into pursuant to TVA energy efficiency, renewable energy, and demand response programs/requirements, including heat pump loans, in-home energy evaluations, Green Power Providers, and Peak Saver agreements.
2. Contracts with developers for system expansion with or without aid in construction requirements if the contract is developed in accordance with Board-approved customer service policies.

3. Power contracts for service less than 5,000 kW (GSA Schedules 1, 2 and 3), provided the terms of the agreement comply with the TVA Power Contract, amendments, and rate schedules approved by the Board.

4. Contracts for private outdoor lights.

Delegation of the execution of the above contracts is conditioned upon the utilization of a standard agreement, which has been approved for form and legality by the Vice President - Chief Legal Officer & General Counsel.

Item 8. The Procurement Manager is authorized to sign all purchase orders and may delegate to Procurement Supervisors the authority to sign purchase orders under \$10,000. Purchase requisitions, invoices, petty cash vouchers, and check requests must be approved at the following levels:

<u>Levels of Authorization</u>	<u>Dollar Amount</u>
Supervisors	up to \$5,000
Managers	up to \$9,999.99
Vice Presidents	up to \$24,999.99
CEO and EVP	up to \$250,000
EPB	over \$250,000

When purchase orders for personal property involving more than \$250,000 are approved by the Board, the Procurement Manager is authorized and empowered to certify the Board's approval by appropriate words placed upon such purchase orders, the date of the Board's approval, and his/her signature affixed.

## SECTION II

Item 1. Customer Service Representatives may adjust customers' accounts for late charges, billing errors, returned check charges, and turn-on fees, when warranted, and not in excess of \$25. Adjustments in excess of \$25 will require the same level of approval as defined above.

Item 2. Section Managers and Vice Presidents may approve deposit refunds, overpayment of accounts, payroll-related items, service-connected medical bills, Metro Water Department bills and deposits collected, payments for heat pump installations, and other energy-related activities, which are reimbursable by TVA.

Item 3. The President & Chief Executive Officer, Vice Presidents, or Section Managers, where applicable, may approve payments to companies for utility services including make-ready work, excess height, and sacrificed life as long as there are approved contracts for such services. Vice Presidents may also approve payments for postage and sales tax as required.

Item 4. Checks drawn on revenues or other funds of the Board shall be signed and counter-signed by two of the following officers: the President & Chief Executive Officer, the Executive Vice President ~~- Chief Operations & Innovation Officer & Chief Engineer~~, the Vice President & Chief Financial Officer, or the Corporate Controller. In the absence of the President & Chief Executive Officer, Executive Vice President ~~- & Chief Financial Officer~~, ~~Chief Operations & Innovation Officer~~, ~~Vice President & Chief Financial Officer~~, and Corporate Controller, the Board may designate a substitute. Checks shall be in such form as is or may be prescribed by the Board. Properly authorized disbursements below \$50,000 and payroll-related checks, such as payroll deposits and withholdings, may be signed with a facsimile plate or electronically printed on all checks. All disbursements except for payroll must be supported by contract, invoice, or other support verifying the validity of the expenditures.

Item 5. In order to be valid, all bills, notes, bonds, mortgages, and other charges placed upon the property of the Board shall be signed by the Chair or Vice-Chair of the Board and attested by the Secretary or Assistant Secretary.

Item 6. Checks, bills, notes, and other evidences of indebtedness due the Board may be payable to Nashville Electric Service and all such checks, bills, notes, and other evidences

of indebtedness, whether payable to Nashville Electric Service or payable to the Board, shall be endorsed and deposited in the authorized depository of the Board.

Item 7. The President & Chief Executive Officer and the Vice President & Chief Financial Officer, with the approval of the Vice President ~~- Chief Legal Officer~~ & General Counsel, are authorized to sell, assign, and dispose of any and all stocks, bonds, and other financial instruments received by or for payment of debts owed to Nashville Electric Service and/or the Board. This authorization is subject to limitations set forth in Article III, Section III of the Bylaws.

### SECTION III

Item 1. All funds of the Board shall be deposited, kept, and maintained in such depository or depositories as the Board designates by motion, rule, or regulation. All funds shall be deposited in the name of the Metropolitan Government of Nashville and Davidson County with any particular or special designation as the Board may determine necessary, proper, convenient, and/or consistent with the Charter of the Metropolitan Government of Nashville and Davidson County, Tennessee, and ordinances of the Metropolitan Government of Nashville and Davidson County authorizing issuance of Revenue Bonds for purchase of the properties of the Board.

Item 2. Notwithstanding the foregoing provisions, special accounts may be established by the President & Chief Executive Officer to implement the administration of any employee benefit plan or program adopted by the Board. The administrator of such a plan operating under contract with the Board is delegated authority to sign checks against such special account.

Item 3. All other provisions hereof to the contrary are amended to conform herewith.

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### SECTION IV

Item 1. The Board will not use its external auditing firm to provide any non-audit services contemporaneously with an audit, which includes: (1) bookkeeping or other services related to the accounting records or financial statements of the audit client; (2) financial information systems design and implementation; (3) appraisal or valuation services, fairness opinions, or contribution-in-kind reports; (4) actuarial services; (5) internal audit outsourcing services; (6) management functions or human resources; (7) broker or dealer, investment adviser, or investment banking services; (8) legal services and expert services unrelated to the audit; and (9) any other service that the Board determines is impermissible.

**ARTICLE V**  
**ORDER OF BUSINESS**

**SECTION I**

Item 1. The order of business at all meetings, other than special meetings of the Board, shall be as follows:

1. Reading and approval of minutes.
2. Reports of officers and committees.
3. Recommendations.
4. Disposition of all matters relating to employees and personnel (Civil Service and Pension Board).
5. Adjournment.

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**ARTICLE VI**  
**AMENDMENTS**

**SECTION I**

Item 1. These Bylaws may be modified, altered, amended, increased, or diminished by affirmative vote of a majority of the members of the entire Board at any properly constituted meeting, provided such action is specified in the given agenda therefor.

The foregoing is a true and correct copy of the Bylaws of the Electric Power Board of the Metropolitan Government of Nashville and Davidson County, as originally adopted September 27, 1939, with all amendments and revisions approved by the Electric Power Board through July 26, 2023.

Attest:

\_\_\_\_\_  
Secretary

THE ELECTRIC EMPLOYEES' CIVIL SERVICE AND PENSION BOARD  
NASHVILLE ELECTRIC SERVICE  
RULES  
FOR EMPLOYEES OF NASHVILLE ELECTRIC SERVICE

Revised: ~~5/28/2025~~[7/23/2025](#)

## **FOREWORD**

The following Rules for employees of the Electric Power Board, referred to herein as Nashville Electric Service, were adopted for carrying out the provisions, objectives, and purposes of Article 43 of Appendix III of the Metro Nashville City Charter, hereinafter referred to as the Act or Charter.

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## **1.0 DEFINITIONS**

<b><u>Act</u></b>	Article 43, Chapter 246, Private Acts, 1947, also referred to as Charter (Appendix III, Metro Nashville City Charter).
<b><u>Applicant</u></b>	A person who has applied for a posted position.
<b><u>Appointment</u></b>	The selection of a person to fill a position.
<b><u>Base Pay</u></b>	Wages paid in a specific period of time (hourly rate x 80 hours based on bi-weekly payroll intervals).
<b><u>Board</u></b>	The Electric Employees' Civil Service and Pension Board. (Wherever reference to the Power Board is intended, the full title "Electric Power Board" will be used.)
<b><u>Candidate</u></b>	An applicant who meets the requirements for a vacant position.
<b><u>Certification</u></b>	The process used to rank qualified internal Candidates for a posted position.
<b><u>Charges</u></b>	A request to the Board that an employee be discharged.
<b><u>Charter</u></b>	Article 43, Chapter 246, Private Acts, 1947, (Appendix III of the Metro Nashville City Charter).
<b><u>Civil Service Eligible List</u></b>	A list of Civil Service Applicants who satisfy the minimum requirements for a posted position.
<b><u>Civil Service Status</u></b>	Successful completion of the initial six-month probationary period from the date of appointment.
<b><u>Co-op/Intern Employee</u></b>	A non-civil service person employed to perform the duties of a position for a predetermined time period.
<b><u>Demotion</u></b>	A move from a job in a higher pay grade to a lower pay grade
<b><u>Department</u></b>	The organizational division that is led by a vice president.
<b><u>Employee, Regular</u></b>	
<b><u>Civil Service</u></b>	A person who has satisfactorily completed six months of service in a full- time position or part- time position. This does not include anyone working through a Temporary Staffing Service firm.
<b><u>Employee, Part- Time</u></b>	A person employed to perform the duties of a position which is less than full-time and designated to be part-time.

<b><u>Employee, Temporary</u></b>	A person employed to perform the duties of a temporary position for a defined duration.
<b><u>Lateral Transfer</u></b>	A request by a Civil Service Employee to move from one Department to another Department into a posted position in the same training classification or fully-related job classification.
<b><u>Non-Civil Service Eligible List</u></b>	A list of Non-Civil Service Applicants who satisfy the minimum qualifications for a posted position and have been identified as Candidates to advance in the selection process.
<b><u>Performance Appraisals</u></b>	The method by which an employee's job performance is evaluated and documented.
<b><u>Probationary Employee</u></b>	A full- time employee who has not received Civil Service status.
<b><u>Promotion</u></b>	A move from a lower pay grade to a higher pay grade
<b><u>Appointment</u></b>	An offer and acceptance to an entry-level professional position when the individual meets all of the requirements for appointment to the position except completion of the last year of the required education
<b><u>Reassignment</u></b>	A position and/or employee moved from one area within a Department to another while retaining the same job title.
<b><u>Reclassification</u></b>	A move from one job classification to another.
<b><u>Resignation</u></b>	Means the separation from employment at the employee's request.
<b><u>Section</u></b>	The organizational unit that is led by a manager.
<b><u>Seniority</u></b>	The length of service for Civil Service Employees.
<b><u>Service Ratings</u></b>	Service Ratings, as the term is used in the Charter, means Performance Appraisals.

## **2.0 COVERED EMPLOYEES**

These Rules will apply uniformly to all employees of Nashville Electric Service except:

- 2.01** Members of the Electric Power Board are excluded from these Rules and from benefit plans of Nashville Electric Service.
- 2.02** The President ~~and~~ & Chief Executive Officer and Vice Presidents are excluded from these Rules but are entitled to the benefit plans of Nashville Electric Service.
- 2.03** Part-time, co-op students; summer workers and intern employees are excluded from these Rules except as specifically noted in the text.

### **3.0 JOB CLASSIFICATIONS**

#### **3.01 Job Descriptions**

- 3.011** All jobs will be described in writing. These job descriptions will include responsibilities and duties, education, and experience requirements, and any licensing or certification.
- 3.012** Job descriptions will be used:
- A. To establish pay grades for each job classification,
  - B. As an aid in developing employee training programs, and
  - C. As a source of information for job postings.
- 3.013** Job descriptions will be revised as changes are made in the responsibilities and duties, authority, and other requirements. Job descriptions will be approved up through the Vice President level. Concerns arising from revisions to job descriptions may be appealed to the Employee Relations Committee, or successor committee after discussions with department management. The grievance procedure is also available.

## **4.0 PAY ADMINISTRATION**

Pay grades will be assigned to each job classification.

**4.001** Employees will be paid within the range of pay assigned to their respective job classifications unless prescribed otherwise by Board approved rules, policies or provisions.

**4.002** Pay grades will be reviewed annually and will be adjusted periodically

### **4.01 General Provisions**

Employees will be paid in accordance with the following guidelines:

- 4.010 Wage increases for eligible nonsupervisory employees will be based on the CPI Annual Average\* plus one half-percent with a 2% minimum and 4.5% maximum beginning the first pay period in July beginning 2022 through 2024. (\*The previous year December 31st Annual Average used to determine the wage adjustments will be the greater of the Consumer Price Index for all Urban Consumers (CPI-U) or Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The Annual Average will be confirmed by the on-line publication for the Bureau of Labor Statistics and taken from the area that reports the unadjusted seasonal CPI measures. The increase in 2020 and 2021 were 2.5% and 2%.)
- 4.011 An employee will be paid at least the minimum but not more than the maximum of the pay grade assigned to his/her job classification, unless otherwise approved by the Board.
- 4.012 The starting rate for a new employee will be based on the employee's qualifications including previous work experience and competitive practices
- 4.013 Pay increases for eligible nonsupervisory employees with an acceptable performance evaluation will be administered with the step pay plan no more frequent than every six-months (1040 hours). This timeframe will be extended if the employee has over 160 hours of sick leave, without pay, or disability leave/ pay within the six-month period.
- 4.014 Pay increases for supervisory/managerial and confidential employees will be administered in accordance with a merit/ pay-for- performance system.
- 4.015 Pay increases for nonsupervisory employees will be administered in accordance with the step increases and six-month intervals. Pay increases for reclassified nonsupervisory employees will be administered as follows:

- Except in training classification, an employee reclassified to a position with a higher grade will receive the next higher pay step that exceeds by at least four percent the employee's current rate of pay or the entrance rate of the new classification, whichever is greater.

-With the exception of a disciplinary demotion or a disciplinary reclassification as cited in 5.01H of these rules, Civil Service employees who will receive a pay reduction as a result of reclassification to a training/ apprentice classification will receive 7.5% more pay than merited based on their experience and training that directly relates to the training program of the new position. Such employees will be placed on an appropriate step that does not exceed the rate earned prior to the appointment. In addition, such employees will not be advanced to, or receive the pay rate of, the fully-related job until after all of the training/apprentice program has been completed.

In non-professional jobs, if an employee is not satisfactorily progressing through the training/apprentice program due to unsatisfactory performance overall that is supported by a performance rating less than good or failure to obtain appropriate credentials within the established or approved extended timeframe of the position, the employee is not eligible for a step increase.

An employee in a training/ apprentice program classification cannot be temporarily placed in the fully related position and paid out of class.

- An employee reclassified to a leadership position with a higher grade, will receive a pay step (not to exceed maximum) that exceeds those employees in the lower classification within the same job family.

**4.016** If an eligible non-supervisory employee is assigned to a nonsupervisory job classification and is temporarily transferred by his/her supervisory to another non-supervisory classification because of a vacant or anticipated vacant job, such employee shall receive at the beginning of the first full workday in the higher paying job and until reassigned to regular responsibilities a 2.5% rate increase.

**4.017** Temporary working out of classification pay will not be made for non-supervisory assignments within professional job families, e.g. Accountants, Engineers, etc.

**4.018** If an eligible non-supervisory employee is temporarily transferred by his/her supervisory to a supervisory classification because of a vacant or anticipated vacant job, such employee shall receive, at the beginning of the first full workday in the higher paying job, a five percent salary increase or the minimum of the pay grade of the job to which he/she is temporarily transferred, whichever is greater. Employees who replace the next level of supervision outside of normal shift hours will receive out-of-class pay for overtime worked.

**4.019** Employees appointed to interim assignments in accordance with Rule 5.052 shall receive a five percent salary increase for productive time spent in the interim position.

**4.02      Rate of Pay for Overtime Work**

Field superintendents, managers, and above receive a guaranteed salary for any and all hours worked in a work week. Supervisors and Planner Coordinators will receive overtime for hours worked in excess of what is covered in their guaranteed salary as outlined below. All employees, below supervisory level will receive compensation for authorized overtime work required to properly maintain service to customers of Nashville Electric Service as outlined below.

**4.021** For employees below supervisory level, overtime, except Sundays and holidays, which (1) has been previously scheduled, or (2) which is a continuation of regularly scheduled hours shall be paid for at the rate of one and one-half.

**4.022** For all employees below supervisory level, hours worked immediately following continuous duty of sixteen (16) hours will be paid double time.

**4.023** Supervisors below the level of manager/field superintendent will be paid a guaranteed salary to compensate them for any and all hours worked up to and including forty-five (45) in a workweek. Supervisors below the level of manager/field superintendent are eligible to receive compensation for authorized overtime work for hours work beyond forty-five (45) each workweek.

**4.024** Emergency work is defined as unscheduled work outside an employee's regular work shift necessary to correct conditions on the electric system hazardous to persons or property and/or necessary to maintain or restore service to customers. Any work for which an employee is "called out" after having been released from the normal or scheduled work period will be considered emergency work. Restoration of service during scheduled overtime where restoration of service is the employee's normal duty will not be considered as emergency work, unless the emergency work is of such magnitude as to require additional emergency service or line crews to be called

out or transferred from scheduled overtime work to emergency work.

Any employee called for emergency work to be performed on premises under NES's control occurring outside of his/her regularly scheduled work hours or workweek shall be paid a minimum of two (2) hours of double time, regardless of actual time worked. If the reporting time for emergency work is less than two (2) hours before an employee's regularly scheduled work, the employee will be paid double time for the difference between the reporting time for emergency work and the start of the regularly scheduled work.

Any employee called for emergency work that can be done from a remote location occurring outside of his/her regularly scheduled work hours or work week shall be a paid minimum of thirty (30) minutes of double time, regardless of actual time worked. If the reporting time for emergency work is less than thirty (30) minutes before an employee's regularly scheduled work, the employee will be paid double time for the difference between the reporting time for emergency work and the start of the regularly scheduled work.

- 4.026** Supervisors below the level of manager/field superintendent are eligible for overtime compensation outside of their regular shift in recognition of going above and beyond their regular duties for emergency call-out work, work on Sundays or holidays, or for service restoration.
- 4.027** Overtime worked on Sundays and holidays and overtime for which an employee has been called out or held for emergency work, at other than his/her regularly assigned hours, will be paid double time.
- 4.028** The pay of an employee called out for emergency work shall commence thirty (30) minutes prior to the time he/she reports for work. However, this thirty (30) minutes, pay will not be added to the minimum provided in (4.026) of this subsection.
- 4.029** The equivalent overtime rate for employees shall be computed by the following formula:
- Non-Supervisory Overtime Rate = Hourly Rate x 1.5 or 2
- Supervisory Overtime Rate = Annual Salary / 2,080 x 1.5 or 2
- 4.030** Employees may elect not to work overtime provided adequate resources are available to meet minimum NES requirements. In such cases, declined overtime will be credited as time worked for record keeping purposes.

- 4.031** Authorization for overtime work must be approved by the Vice President or designee. Overtime work will be kept to a minimum.

**4.03 Compensatory Time**

- 4.032** In lieu of overtime pay, an employee eligible for overtime under NES's policies may elect for compensatory time off. An employee must notify the supervisor before leaving work that compensatory time is desired, or the employee will be paid.
- 4.033** Up to 120 hours of compensatory time may be accumulated and taken from January 1 through November 30.
- 4.034** Compensatory time must be scheduled in advance and will be granted at the time desired by employees whenever business conditions permit.
- 4.035** All compensatory time must be used or paid for by December 31 of each year. Compensatory accrual cannot occur from December 1 to December 31 of each year. Cash payments will not be made before December 1 of each year except in cases of termination or promotion of an employee to a position that is ineligible for compensatory time accruals. Payment will be based upon the pay rate immediately prior to termination or promotion. After a payment for compensatory time has been made, any additional overtime earned will be paid. Year-end compensatory time payments will be based on the pay rate at the time of the payment.

**5.0 PERSONNEL SELECTION AND PLACEMENT**

**5.01 Equal Employment Opportunity**

- 5.011** Equal employment opportunity and Affirmative Action will be considered in all policies and procedures regarding recruiting, staffing, compensation, benefits, discipline, training and any other employment related practices. NES will not fail or refuse to hire, promote or discharge any individual because of such individual's race, religion, creed, gender, gender identity, sexual orientation, national origin, color, age, and/or disability. All employment policies, when in conflict with legislation, will be superseded by the relevant statutes, laws, or regulations. Nothing in this rule is intended to require NES to hire or promote an individual who does not possess the necessary bona fide occupational qualification to perform the job requirements.

**5.02 Advertising**

**5.021** Anticipated position vacancies may be advertised and filled as approved by departmental Vice President. In extenuating circumstances, projected vacancies may be filled for up to 90 days before the incumbent leaves NES. All postings shall state that qualified applicants will receive consideration without regard to age, race, color, religion, sex, or national origin.

**5.022** Existing and anticipated job openings shall remain posted for a period of not less than ten (10) workdays where there is not a valid eligible list. For positions with existing eligible lists, notices shall remain posted for a period of not less than five (5) workdays.

**5.023** Applications are only accepted for posted positions.

### **5.03 Examinations**

**5.031** Applicants may be required to take examinations and tests which measure or predict an applicant's ability to satisfactorily perform the specific duties of a job.

**5.032** Any test used for either employment or subsequent placement purposes will comply with the EEOC's Guidelines on Employment Selection Procedures.

**5.033** Based on the job assignment, except for office/ administrative positions, persons may be required to satisfactorily complete a physical examination in addition to drug screening prior to employment.

### **5.04 Certification and Eligible Lists**

#### **5.041 Certification:**

- A. Certification will be based on the qualifications of applicants in relation to the requirements of the posted position. The Staffing and Employee Relations Section will screen applicants to ensure they have met the minimum qualifications for the position.
- B. When qualified Civil Service Candidates exist for a posted position, the names of those Candidates will be arranged on a Civil Service Eligible List in the order of their overall score. The rank of Candidates on the Civil Service Eligible List will be based on "Internal Candidate Factors": Performance Appraisals, Seniority, and safety.
- C. In the course of establishing a Non- Civil Service Eligible List, the basis for placement on a Non- Civil Service Eligible

List may be determined by one or more of the following: applications, resumes, references, oral interviews, related experience, written examinations and tests, education, or any other pertinent data.

- D. NES may create both a Civil Service Eligible List and a Non-Civil Service Eligible List for any posted/vacant position with the approval of the Department vice president and the Vice President ~~of Human Resources~~ Chief People Officer.
- E. Civil Service Applicants will be notified of the results of the certification for the position in which they applied.
- F. The ~~Vice President of Human Resources~~ Vice President - Chief People Officer will serve as chief examiner of the application process and may secure such assistance as may be required.
- G. The ~~Vice President of Human Resources~~ Vice President - Chief People Officer or designee will submit eligible lists to the President & CEO within a reasonable time after the closing date for postings.

#### 5.042

##### **Removal from Eligible Lists:**

- A. The ~~Vice President of Human Resources~~ Vice President - Chief People Officer or designee may remove the name of any Candidate from an eligible list if it is determined that a false statement was made on the application or other employment documents, and/or if reports received from former employers, background checks, drug screenings, physical examinations, or reference checks are unsatisfactory.
- B. The names of eligible Candidates, who have been certified and offered positions and fail to accept the offer, may be removed from an eligible list at the discretion of the ~~Vice President of Human Resources~~ Vice President - Chief People Officer or designee.
- C. The President & CEO may order names removed if in the best interest of Nashville Electric Service.

#### 5.043

##### **Invalidation of Eligible Lists:**

- A. If the President & CEO considers a Civil Service Eligible List to be inadequate, it may be rescinded. In such event, those Candidates on the affected eligible list shall be notified

and advised that they may reapply when there is another opening for that position.

- B. If at any time three names or fewer remain on an eligible list, the list will be considered exhausted, unless the Department vice president and the ~~Vice President of Human Resources~~ Vice President - Chief People Officer agree that that the list should remain valid. In the event that a list is considered exhausted, a notice of a vacancy in that position will be advertised should an opening exist.
- C. Eligible lists will normally be kept active for a period of four (4) months.

## 5.05

### Appointments

#### **5.051 Candidate Evaluation and Selection:**

- A. Employees requesting lateral transfers listed below will be given consideration along with Candidates on an eligible list:
  - requests to move from one Department to another Department in the same training classification,
  - requests to move to a training classification from the job's fully related position, and
  - requests to move from one Department to another Department in the same fully related classification.

The hiring supervisor may either select from the lateral transfer list before considering Candidates on an eligible list or select from the lateral transfer and/or eligible list after giving equal consideration to all Candidates.

- B. The top ten Candidates on a Civil Service Eligible List will be interviewed for the vacancy.
- C. Should one of the top ten Candidates have a scoring gap that cannot be overcome by a perfect interview score, the Candidate may elect to discontinue their candidacy in the selection process. The Candidate will be removed from consideration for the position, and the ranking of the remaining Candidates will remain unaffected.
- D. Should one of the top ten Candidates be removed, for any other reason, the ranking of the remaining Candidates will be adjusted accordingly.

- E. Candidates on the Civil Service Eligible List and/or Candidates on the Non-Civil Service Eligible List will be objectively evaluated on “Common Evaluation Factors”: the interview, testing and assessments, additional relevant certifications, additional relevant education, additional relevant training, and additional relevant experience.
- F. If only Candidates on a Civil Service Eligible List are considered for a posted position, the highest-evaluated Candidate, considering both Internal Candidate Factors and Common Evaluation Factors, will be selected.
- G. If there is a Civil Service Eligible List and a Non-Civil Service Eligible List for a posted position, the selection should be based on the Common Evaluation Factors to allow internal and external Candidates to be objectively compared to one another. In the event that the highest-evaluated internal Candidate and the highest-evaluated external Candidate receive the same score, the internal Candidate should be selected.
- H. When there is a Non-Civil Service Eligible List only, the hiring supervisor may select a candidate other than the highest-evaluated external candidate, subject to approval by the ~~Vice President of Human Resources~~Vice President - Chief People Officer and the Department vice president. If the Department vice president is also the hiring supervisor, the selection shall be subject to approval by the ~~Vice President of Human Resources~~Vice President - Chief People Officer only. The ~~Vice President of Human Resources~~Vice President - Chief People Officer may require documentation from the hiring supervisor substantiating the selection.
- I. The selected Candidate may have to satisfactorily complete a physical examination and meet other relevant requirements depending on the nature of the job.
- J. At the request of a Civil Service Candidate, management will offer an explanation of why the Candidate was not selected and provide suggestions on how the non-selected Candidate may gain more favorable consideration for the next posting/position upon request.
- K. Provisional appointments may be made to competitively recruit new graduates when it is in the best interest of Nashville Electric Service.

- L. A demotion or reclassification as a result of a disciplinary or performance action does not require a job to be posted nor a certification to be completed. Unless otherwise specified by the President ~~and &~~ CEO, the employee's new pay rate in the new classification will be the closest pay step within the new classification that does not exceed the rate earned prior to the demotion or reclassification.

#### **5.052 Limited and Interim Assignments**

- A. When NES undertakes a company-wide initiative that results in vacated supervisory positions, or as designated by the President & CEO, Management may post limited positions or make interim appointments to supervisory positions to ensure that the business needs of NES are met. The President & CEO will advise the Board of a decision to designate a project as a company-wide initiative, thereby necessitating the use of the rules in this section.
1. Posted Limited Positions - When in the best interest of NES, a job description may be created for a limited position. The job description should set forth the anticipated duration for the limited assignment. The position will be advertised; employees will be certified and selected from an eligible list. The selected employee will be compensated in accordance with the pay plan and the pay grade established for that position.
  2. Appointed Interim Assignments – With the approval of the Vice President ~~– Human Resources & Corporate Services~~ Chief People Officer and the President & CEO, the responsible vice president may make an appointment for an interim assignment. The selected employee will be entitled to a five percent salary increase for productive time spent in the interim position. The employee's official job title during the interim assignment does not change; the employee does not receive certification credit for time spent in the interim assignment.
- B. Miscellaneous Provisions:
1. This rule for limited and interim assignments applies only to supervisory positions.

2. Employees on limited or interim assignments are eligible for promotional opportunities during the limited or interim assignment.
3. At any time during the limited or interim assignment, the CEO may return an employee to their position held prior to the assignment. At the conclusion of the limited or interim assignment, the employee is returned to the position they held prior to the assignment—or to the position to which they were promoted during the assignment—at a rate of pay consistent with NES policies and practice.

### **5.053 Internship Program**

- A. Management, with the approval of the President ~~and~~ & CEO, may appoint individuals to a vacant position after successful completion of a one-year NES approved internship program. The vacancy must be in the same department as the internship. The vacancy will not be posted.

## **5.06 Nepotism (Relatives)**

No employee will be permitted to work under the direct or indirect supervision of a relative. Within six months after the effective date that the supervision commences, the supervised relative or the supervising relative must apply for and be appointed to a position not having such supervisory relationship. Unless within the six-month period the supervisory relationship ceases to exist, the supervised relative will be laid off and placed on the re-employment list. For purposes of this Rule:

**5.061** A relative is defined as a spouse, child, grandchild, parent, grandparent, sibling, in-law (any kinship by marriage), and any step relation to the above.

**5.062** A direct or indirect supervisory relationship exists when an individual occupying a supervisory position has a relative in a Department which reports directly or indirectly to him/her; i.e. a supervisor is in the relative's chain of command.

**5.063** Indirect supervisory relationships that were in existence on or before June 21, 1995, will be grandfathered.

Effective July 1, 2002, no two relatives will be allowed to work in the same Section excluding those situations that were previously grandfathered. For purposes of this Rule, a Section shall be defined as a work unit that reports to a Manager. (Any position within the NES organization that includes "Manager" in the job title is considered a Manager.)

Effective January 1, 2003, any unsolicited attempt to influence the condition of an applicant will result in the applicant's disqualification, and appropriate employee

disciplinary action shall be taken should the employee attempt to interfere. Any unsolicited attempt to influence and consideration of a relative employed at NES will result in disciplinary action, if appropriate, of the employee who attempts to interfere.

No employee should participate in decisions concerning the employment of relatives, or attempt to influence the work of a relative who is also an NES employee.

#### **5.07 Oath of Allegiance**

All new employees shall read and sign the Oath of Allegiance before they can be employed. All employees are expected to, comply with the Oath. The Oath of Allegiance is as follows:

I \_\_\_\_\_, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution and Laws of the State of Tennessee, against all enemies, foreign and domestic; that I will bear true faith and allegiance to the United States and the State of Tennessee; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of my position.

And I do further swear (or affirm) that I do not advocate the overthrow of the Government of the United States, or State of Tennessee, by force or violence; and that so long as I am an employee of the Electric Power Board, I will not advocate the over throw of the Government of the United States, or State of Tennessee by force or violence.

Signature of Employee (or Applicant)

State of Tennessee  
Country of Davidson

Subscribed and sworn to before me this day \_\_\_\_ , 20 \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

#### **5.08 Probation Period**

**5.081** Full-time/ Part-time employees shall not be deemed Civil Service employees until:

A. the end of a satisfactory six-month probation period, and

- B. the employee has been so advised that the probation period has satisfactorily been completed.

**5.082** Employees failing to complete a satisfactory probation period will be terminated

**5.083** During the six-month probationary period, Probationary Employees are not eligible to apply for posted positions.

**5.084** Within a 45-working day test period, based on a 5-day work week, following transfer or reclassification, an employee may elect to return, or may be returned if not progressing satisfactorily, to his/her former position at his/her former rate of pay. In such event, any employee who has been transferred or reclassified because of the initial appointment shall be returned to his/ her former position. Persons who may have been hired to fill positions created by said transfer and reclassification are subject to being terminated.

**5.085** Employees who are appointed into a position requiring a Commercial Driver's License (CDL) must obtain their CDL within the first six months of appointment. Otherwise, employee will be returned to their former classification or terminated.

**5.086** Non- professional trainees and apprentices, if not progressing satisfactorily at any time during the training period, can be reclassified to their former classifications at their former grade and step, terminated, or demoted for documented unsatisfactory performance.

## **6.0 PERSONNEL POLICIES**

### **6.01 Work Schedules**

**6.011** Work schedules, hours of work, and assignment of employees to particular shifts and work sites will be made by Nashville Electric Service to meet operating needs and render essential services to the public. Except for supervision, NES seniority will be used in assigning employees' work schedules. A minimum of 24 hours notice will be given when work hours are changed, emergency work excluded.

**6.012** A regular scheduled shift is defined as: the specified days of the week and specified hours of those days the employee would normally work, as selected by seniority. Employees may be temporarily assigned to a different shift for purposes of training; when returning from an extended absence where there was no shift assignment; or to address unacceptable employee performance and/or behavior.

**6.013** Employees will be given a minimum of two days off each week. These days, unless otherwise specified, will be Saturday and Sunday.

**6.014** The workweek for employees will extend from 12:01 am on Friday through 12:00 am (midnight) on the following Thursday.

**6.02** **Observance of Authorized Holidays**

**6.021** Twelve holidays are observed by Nashville Electric Service employees, as follows:

New Year's Day	January 1
Martin Luther King's Birthday	Third Monday in January
Good Friday	Friday before Easter
Memorial Day	Last Monday in May
Juneteenth	June 19
Independence Day	July 4
Labor Day	First Monday in September
Thanksgiving Day	Fourth Thursday in November
Day after Thanksgiving	Day after Thanksgiving
Christmas Eve	December 24
Christmas Day	December 25
Personal Holiday	Varies

The personal holiday is available provided the employee is employed as of 12/31 of the preceding year. It must be taken in full eight-hour increments and if not used, cannot be carried over to the following year.

**6.022** When an authorized holiday falls on Sunday, it will be observed on the following Monday. When an authorized holiday falls on Saturday, it will be observed on the preceding Friday. If a holiday falls on any day other than Saturday or Sunday and it is the employee's regular day off, the holiday will be observed either the workday immediately preceding or next following the holiday as designated by the employee's Functional Vice President or designee to the President ~~and~~ & CEO.

**6.023** Insofar as service requirements permit, all employees (except absentees) shall be excused from work without loss of pay on authorized holidays.

**6.024** The term "absentee" as used in paragraph 6.023 is defined as:

- A. Any employee who is requested to work but does not report for required work on a holiday, unless such absence is approved in advance, or
- B. Any employee who is absent without leave from work either the day before or the day following his/her designated holiday, or
- C. Any employee who is on approved Leave without Pay for more than the full pay period in which the holiday is included.

### **6.03      Personnel Record**

Personnel files will be maintained on employee and may be reviewed upon written request by the employee. A time will be established for an appropriate manager, or designee, to review the file with the employee. While employees may make notes when reviewing their files, it is expressly understood that the files will not be removed from the Records area.

An employee should assure that home address, marital status, education, skills, abilities and knowledge, and phone number are current.

### **6.04      Performance Appraisal**

Service ratings will be conducted to appraise the work of each employee.

- 6.041**      An appraisal of each employee's performance will be made at least annually.
- 6.042**      Each employee will be rated by his/her immediate supervisor and the rating will be reviewed by at least the next level of supervision.
- 6.043**      These ratings will be given consideration in promotions, pay increases, layoffs, and disciplinary action.
- 6.044**      In order that the performance ratings may be of real value both to the employee and Nashville Electric Service, it is important that supervisors recognize the importance of rating employees fairly and consistently.

### **6.05      Loyalty and Efficiency**

It is required that all persons accepting employment perform loyal and efficient work and services; that they use their best efforts to protect the property of Nashville Electric Service and its interests and cooperate in promoting and advancing its welfare at all times; that they strive to render the best possible service to the public including work assignments under emergency conditions; and that they comply with all operating and safety rules affecting their work.

**6.06**

**Political Activities**

- 6.061** No employee may participate in any political activity while on the Board's time or on Board property.
- 6.062** No employee of the Board shall use his/her position of employment to solicit any contribution, to sell tickets or procure any money from other persons including other employees of the Board. Nor shall an employee of the Board use his/her position to give or promise any person an office, employment or anything of value in exchange for political support, and/ or vote with any person, persons or cause.
- 6.063** Participating in a political campaign or at the polls in their capacity as an employee of the Board is prohibited.

**6.07**

**Harassment**

- 6.071** Any form of harassment of another employee, particularly as it relates to the other employee's race, color, religion, sex, national origin, age or handicap, where such conduct could reasonably be expected to interfere with such employee's work performance or create for the employee an intimidating, hostile or offensive place to work, will not be tolerated. For example, unwelcomed sexual advances or request for sexual favors or vulgar or obscene words or gestures are a form of sexual harassment. Racial slurs and epithets are a form of racial harassment.
- 6.072** Any individual who reasonably believes that a violation has occurred should report the incident to the [Vice President of Human Resources](#) [Vice President - Chief People Officer](#) or Designee.
- 6.073** A confidential investigation will be made promptly. The complaining individual will be advised of the results of such investigation. If that investigation reveals that a supervisor or employee has committed a violation, appropriate action will be taken, up to and including discharge.

A Mutual Respect Policy is included in the Policy Manual.

**6.08**

**Service Recognition Awards**

In recognition of continuous service, all regular, full-time employee are entitled to service awards at the end of one year of service, at the end of five years of service, and at five-year increments thereafter.

**6.09**

**Restoration of Prior NES Service**

Prior service will be restored to employees with broken service as set forth below:

- 6.091 Prior full-time service will be restored on the date of re-employment, provided the length of the prior service exceeds the length of the break in service.
- 6.092 Service will be restored for seniority, retirement and annual leave purposes.
- 6.093 Service will be restored in increments of whole years.
- 6.094 Employee who made contributions to the pension plan, and received contributions upon termination must repay their contributions in order to have prior service restored for pension purposes.

**6.10 Pension Service Purchase**

Employees will be allowed to purchase service credits in the NES pension plan provided the employee pays the full cost for this benefit advantage and associated actuarial costs.

**6.11 Cooperative Education Work Service Credit**

Employees will receive credit for NES Cooperative Education experience on a basis of each three months of Cooperative Education experience equal to one month of service credit. Other temporary periods such as summer work and interns are not tied to NES job descriptions, not full-time assignments, and are not impacted by this rule.

## **7.0 GRIEVANCES, COMPLAINTS, & DISCIPLINARY ACTION**

**7.01 Grievance Procedure**

Any employee who has a complaint or grievance shall have the right, to discuss the complaint or grievance with his/her immediate supervisor and to take the other steps set forth below. The employee shall have the right to have one representative (may be NESEA Representative for those who are members or any employee for those nonmembers) or his/her choosing present at each stage of the grievance procedure.

This grievance procedure is promulgated to give employees an opportunity to express themselves and to allow supervisory/managerial personnel to take prompt action, whenever appropriate.

Every employee shall have the right to present his/her complaint or grievance free from fear, interference, restraint, discrimination, coercion, or reprisal.

Any employee bringing the grievance, or called as a witness, as well as the representative (may be NESEA Representative for those who are members or any employee for those nonmembers) officially involved in the handling of a grievance, will be considered on official business during his/ her normal work hours.

All hearings, investigations, settlements, or complaints and grievances shall be processed during working hours, whenever possible. Should such hearings and investigations extend beyond the regular working hours for the Department, or the employee's normal work hours, additional compensation shall not be provided for such time. All complaints and grievances shall be settled promptly and in accordance with the provisions of these procedures, and there shall not be any undue interruption, interference, or work stoppage, which would curtail the processing of essential services.

## **7.02**

### **Grievance Steps**

The steps to be followed in addressing a grievance are set forth below. If at any time management fails to meet the deadlines stated for responding to the grievance an additional five working days will be added to the time allowed the employee for advancing the grievance to the next stage of this process. However, by mutual agreement between the employee and management, additional response time may be allotted at any stage of a grievance if it is likely that the additional time agreed upon will result in the resolution of the grievance.

### **First Grievance Procedural Stage**

The first stage begins when the written grievance is hand delivered to the immediate supervisor within thirty (30) workdays after the event which is the basis for the grievance. There will be a face-to-face discussion on the grievance during this stage. The employee may select one representative (may be NESEA Representative for those who are members or any employee for those nonmembers) to assist with the grievance. The employee will obtain supervision's dated signature on the grievance to support a timely filing. The supervisor/ manager will also send a copy of the signed grievance to the Employee Relations Manager. It shall be the manager level employee's responsibility to promptly consider and take action, if action is appropriate. The manager level employee will communicate a written decision to the employee within ten workdays after receipt of the grievance and send a copy of the response to the Employee Relations Manager. If no response is received within the specified timeframe, the employee shall consider the lack of a response as a negative decision and proceed to the next stage.

### **Second Grievance Procedural Stage**

If the grievance is not satisfactorily resolved in Stage 1, the employee, along with one representative (may be NESEA Representative for those who are members or any employee for those nonmembers) selected by the employee shall hand deliver the written grievance to the next level of supervision within ten (10) workdays. After the decision rendered in Stage 1. There will be a face-to-face discussion on

the grievance at this stage. The employee will obtain the dated signature of the Vice President/ Director on the grievance to support a timely filing. The next level of supervision will consider the grievance, along with any statements or other information the grievant desires to present, and shall communicate a decision in writing to the employee within ten (10) workdays after receipt of the grievance. If no response is received within the specified timeframe, the employee shall consider the lack of a response as a negative decision and proceed to the next stage.

### **Third Grievance Procedural Stage**

In the event the employee is dissatisfied with the decision rendered in Stage 2, the written grievance and the decision rendered shall be submitted to the President & CEO or designee by the grievant and any two representatives (may be NESEA Representatives for those who are members or any employees for those nonmembers) selected by the employee within five (5) workdays after the decision rendered in Stage 2. A fact-to-face discussion on the grievance will take place at this stage. The President ~~and~~ & CEO may interview the employee(s) to resolve the grievance. The President & CEO shall consider the written grievance, along with any additional information submitted by the grievant, and shall communicate a decision in writing to the employee within seven (7) workdays after receipt of the grievance. If the employee is not satisfied with the response from the President ~~and~~ & CEO, the employee may request the Power Board to set a hearing.

### **Fourth Grievance Procedural Stage**

In the event the employee is dissatisfied with the decision rendered in Stage 3, the written grievance may be submitted to the Civil Service and Pension Board through the ~~Vice President of Human Resources~~ [Vice President - Chief People Officer](#), and said employee, in addition to himself, may be represented by any two persons of his/her own choosing, including a non-employee of Nashville Electric Service. The request to appear before the Board shall be communicated in writing to the ~~Vice President of Human Resources~~ [Vice President - Chief People Officer](#) within seven (7) workdays after receipt of the decision in Stage 3. The employee will obtain the dated signature of the Manager, Vice President/ Direct Report to the President & CEO or ~~Vice President of Human Resources~~ [Vice President - Chief People Officer](#) on the written request to support a timely filing.

## **7.03**

### **Absence Without Leave**

- 7.031** In cases of personal sickness, accident, or other conditions necessitating absence from duty which cannot be arranged in advance, employees are required to report such absence to their supervisor as soon as is reasonably possible.
- 7.032** After three (3) days absence without report and without satisfactory explanation for such absence, the President may declare the employee's position vacant and proceed to fill such vacancy.

**7.033** Any unreported absence without satisfactory explanation may result in disciplinary action up to and including discharge.

**7.04** **Disciplinary Action**

Disciplinary action up to and including demotion or discharge may be taken for insubordination, improper conduct, inefficient work performance, habitual tardiness, absenteeism, or for other causes when it is determined to be in the best interest of Nashville Electric Service. Discharge may occur only after charges have been filed and a hearing before the board.

**7.05** **Charges**

Charges and complaints may be preferred against any employee of Nashville Electric Service by any person, except a member of the Board.

**7.051** Complaints and charges shall be signed by the complainant and filed in writing with the ~~Vice President of Human Resources~~Vice President - Chief People Officer and shall include the specific reasons for the charges. Formal charges against an employee must be filed within fifteen (15) working days after the conclusion of a timely investigation by supervision to determine if grounds are reasonable to file said charges.

**7.052** The written statement shall also contain the names of witnesses who have knowledge of the facts in order that subpoenas may be issued for attendance at hearings.

**7.053** The Board will consider charges and set a date for the hearing.

**7.054** A copy of the charges will be furnished the accused employee at least fifteen (15) days prior to the hearing.

**7.055** The accused shall be requested to advise the ~~Vice President of Human Resources~~Vice President - Chief People Officer in writing within seven (7) days of receipt of the notice of hearing whether or not he/she wishes to appear before the Board in person and answer such charges and, at the same time, shall furnish the ~~Vice President of Human Resources~~Vice President - Chief People Officer with the names of all persons he/she wishes to testify in his/her behalf in order that subpoenas may be issued.

**7.06** **Suspension**

Employees may be suspended without pay, as follows:

- 7.061** Upon charges being preferred against any employee, such employee in the discretion of the President & CEO, may be suspended pending disposition of said charge.
- 7.062** For disciplinary reasons, the President & CEO may, but not more than twice in any twelve (12) months, temporarily suspend an employee for a period not to exceed ten (10) calendar days without filing charges against such employee.
- 7.063** If the offense is other than a minor one, charges may be filed with the Board in accordance with these Rules.
- 7.064** In each instance in which an employee is temporarily suspended, the President & CEO shall furnish the ~~Vice President of Human Resources~~Vice President - Chief People Officer with a written statement of the offense or offenses and the disciplinary action taken. The same shall be filed with the employee's personnel record.
- 7.065** Employees are entitled to a due process meeting prior to any suspension without pay.
- Part-time, co-op students, summer workers, interns, probationary employees, or any other non-civil service employee may be discharged without charges being filed or hearings.

## **7.07 Subpoenas**

The Board may issue subpoenas for the purpose of investigating the conduct of any employee.

- 7.071** The attendance of witnesses and the production of books, papers, and other documentary evidence may be ordered.
- 7.072** The Board may punish by contempt proceedings any person failing or refusing to answer or obey said summons to give or produce testimony. Such punishment shall not exceed fifty dollars (\$50.00).

## **7.08 Trial of Charges and Hearings**

Upon being advised that an appeal of the President ~~and~~& CEO's grievance decision or charges against an employee has been filed, the Board shall:

- A. Decide procedural and preliminary motions and matter, including whether to hear the case or refer the case to an Administrative Law Judge for hearing.
- B. Set a date for hearing by the board, or

- C. Refer the matter to an Administrative Law Judge designated by the Board for hearing.

The Secretary of the Civil Service and Pension Board shall serve notice of the Board's decision on each of the parties, including Nashville Electric Service Employee Association (NESEA) and the Administrative Law

7.081

**Selection of Administrative Law Judge**

- A. There shall be created a law judge panel consisting of five (5) members. These panel members shall be chosen by Management and NESEA for a period of one (1) to five (5) year terms, and shall be approved by the Board.
- B. In addition to the aforementioned law judge panel, the Board may contract with the State of Tennessee Department of State Administrative Procedures Division ("Department of State") to use the administrative law judges of the Department of State.
- C. When a matter is to be heard by an ALJ, the following procedures will be followed:
  - 1. The ~~general counsel~~[Vice President - Chief Legal Officer & General Counsel](#) will contact the parties and assist them in choosing an ALJ from the panel to hear the case.
  - 2. If the Board chooses to refer the matter to the Department of State, the ~~general counsel~~[Vice President - Chief Legal Officer & General Counsel](#) shall notify the Department.
  - 3. The secretary will certify the record before the Board to the Department of State or the chosen ALJ.
  - 4. The ALJ will contact the parties and set a pre-hearing conference, if desired, and set a date for hearing and dispose of any pending preliminary matters.
  - 5. If the ALJ is from the law judge panel, the ~~general counsel~~[Vice President - Chief Legal Officer & General Counsel](#) will supply a court reporter for the hearing and proceedings before the ALJ. If the ALJ is from the Department of State, the Department shall furnish the court reporter.

**7.082**

**Hearings**

Hearings before the Board or the Administrative Law Judge will be conducted in an informal manner with a presentation of all material facts, so that a fair, equitable, and impartial decision may be made:

- A. The Chairman of the Board or the Administrative Law Judge will maintain orderly procedure and restrict the hearings to evidence and testimony relevant to the charges or complaints.
- B. If the complainant fails to appear in person and/or the employee, after signifying his/her desire to appear before the Board or the Administrative Law Judge, fails to do so, the Board or the Administrative Law Judge may at its discretion proceed forthwith to investigate and determine the case. Adjournment may be made by the Board or Administrative Law Judge if the complainant or employee submits in writing to the Secretary on or before the date set for the hearing an acceptable reason for his/ her absence.
- C. If the Board does not refer the matter, each party shall at least seven (7) days prior to the hearing date file with the Secretary a statement of position, setting forth the issues involved, a brief statement of relevant acts, the relief sought, and an argument in support of the of the party's position. A copy of relevant facts, the relief sought, and an argument in support of the party's position. A copy of the statement shall be served on the other party. At the hearing, each party shall have the right to present evidence, cross- examine opposing witnesses and submit such further oral or written arguments as the Board may request or allow.

After the Board has announced its decision in the case, the Secretary shall promptly serve on each of the parties a summary of the Board's decision. The Board's formal findings and conclusions shall, when approved by it, become a part of the Record in the case.

**7.083**

**Hearing before the Administrative Law Judge**

The Administrative Law Judge to who reference is made:

- A. Shall promptly serve notice on each of the parties of the date, time and place of the hearing, preferably after reaching agreement with the parties;
- B. May hold a pre-hearing conference to obtain stipulations, to identify exhibits and witnesses and to specify the issues involved (If held, a pre-hearing order shall be prepared and made a part of the Record);

- C. Shall have and may exercise generally powers of the Board in conducting hearings and do all acts and take all measures necessary or proper for the efficient performance of his/her duties under the reference directive;
- D. Shall cause a Record to be made of the evidence offered at the hearing; and
- E. Shall after the conclusion of the hearing and submission of such briefs or statements as he/she may request, prepare and file with the Secretary of the Board a Report with recommended findings and conclusions, together with the Record of the hearing.

The Secretary of the Board shall serve a copy of the Administrative Law Judge's Report on each of the parties and shall certify the date and manner of service.

**7.084**

**Appeal to Board**

A party who objects to the Administrative Law Judge's Report shall within fifteen (15) days of the Secretary's service certification date file with the Secretary and serve on the other party a Notice of Appeal. If a Notice of Appeal is not filed within the specified period, the Board will decide the case, based on the Record and the Administrative Law Judge's Report.

**7.085      Board Action**

The Board may adopt, modify, or reverse, in whole or in part, the recommendations in the Administrative Law Judge's Report, or may remand the matter for the taking of such additional evidence and reporting thereon, as the Board deems necessary.

**7.086      Parties-Service**

- A. The parties to a proceeding involving an appeal of the President ~~and~~ & CEO's grievance decision or the preferring of charges against an employee shall be the President ~~and~~ & CEO on the one hand and the other employee or employees who have appealed or against whom charges have been preferred. If the employee is represented by NESEA or NESEA intervenes, then NESEA is considered a party to all proceedings.
- B. Service under the foregoing rule shall be made upon a party or his/her attorney, by delivering a copy to him/her of the document to be served or mailing it to him/her at his/ her last known address. Delivery means handing it to the party or his/her attorney; or leaving it at his/her office; or leaving it at his/her dwelling house or usual place of abode with some person of suitable age and discretion then residing therein. Service by mail is complete upon mailing.
- C. Secretary is the Secretary of the Electric Employees' Civil Service and Pension Board.
- D. Board is the Electric Employees' Civil Service and Pension Board.

**7.09      Right to Appeal**

Any employee has the right to appeal from decisions of the Board.

**7.091**      Any Board decision that affects an employee's wage or terms and/or conditions of employment, and has not previously been challenged in accordance with the Rules may be appealed directly to the Board. A written summary of the appeal must be presented to the Secretary of the Civil Service Board within 30 work days of the Board's decision.

**7.092**      Appeals must be filed in the Chancery or Circuit Court of Davidson County within 60 days after the Board's final decision.

**7.093** Appeals are governed by TCA-27-9-114 and TCA 4-5-322, and Appendix III, Article 43, Section 11 of the Metropolitan Charter

## 8.0 LEAVES OF ABSENCE

### 8.01 Annual Leave with Pay

- 8.011** Annual Leave with pay will be granted to regular employees for vacations, death, illness in the family or other emergencies, and for personal business, upon request by the employee and approval of the supervisor.
- 8.012** Annual Leave will be paid at an employee's regular straight-time rate. Regarding exempt employees, annual leave will be based on an assumption of 2,080 hours in a work year.
- 8.013** New employees will not be granted paid annual leave until the six months' probation period has ended unless approved by the Functional Vice President.
- 8.014** Annual leave accrual will begin the first month in which an employee is scheduled to work every workday during the calendar month. Leave accrual for each subsequent month of service will be based upon continuous service of at least 16 work days. The actual accrual rates are as follows:

<u>Length Of Service</u>	<u>Monthly</u>	<u>Annual Accrual</u>	<u>Total</u>
1- 4 years	1 day	-	12 days
5 - 9 years	1.25 days	-	15 days
10- 14 years	1.25 days	2 days	17 days
15-19 years	1.50 days	2 days	20 days
20- 24 years	1.75 days	2 days	23 days
25 years or greater	2 days	2 days	26 days

- 8.015** Annual leave must be approved in advance and will be granted at the time desired by employees whenever business conditions permit.
- 8.016** Annual leave may be allowed to accumulate from one year to another up to a maximum of thirty (30) days, provided; however, any employee whose annual leave balance (days carried over) at the beginning of a calendar year, added to the anticipated accrual for that year, totals fifteen (15) or more days, shall be required to take a

- minimum of ten (10) days during that particular calendar year. Further, any part of this ten (10) days not taken will be forfeited.
- 8.017** Employees on service-connected leave or collecting disability benefits may be permitted to carry over any part of their accumulated annual leave with approval of the Functional Vice President/ Direct Report to the President & CEO.
- 8.018** Up to 25 days' unused annual leave may be converted to Sickness Benefits each year after taking at least ten (10) days Annual Leave.
- 8.019** With the approval of the Functional Vice President/ Direct Report to the President & CEO, an advance of annual leave up to five (5) days may be granted to any employee if requested by the employee to meet a need other than for vacation purposes.
- 8.110** When an employee terminates for any reason, he/she shall be paid for any accumulated earned and unused annual leave.

**8.02      Bereavement Leave**

- 8.021** One (1) day of bereavement leave will be granted to employees without loss of pay due to the death of a sister-in-law, brother-in-law, son-in-law, daughter-in-law, grandparent, stepchild who has lived in the employee's home for at least one year, or stepparent, if employee lived in the household as a child for at least one year.
- 8.022** Proof of relationship will be investigated as needed.
- 8.023** Four (4) days' bereavement leave will be granted to employees without loss of pay due to the death of a spouse, child, parent, sister, brother, mother-in-law, father-in-law, grandchild, or a relative or dependent living in the employee's home.
- 8.024** An additional day of bereavement leave will be provided in each of the above categories for an employee who attends a funeral or memorial service which is conducted more than 150 miles from the employee's residence.

**8.03      Leave for Jury Service**

Employees required to serve as jurors or called as witnesses in any Court will be granted leave for such service without loss of pay.

**8.04      Maternity Leave**

- 8.041** In order to qualify for Maternity Leave, an employee must have been employed by Nashville Electric Service for at least twelve (12) consecutive months and be a full-time employee.
- 8.042** An employee is required to give at least three (3) months advance notice to the ~~Vice President of Human Resources~~Vice President - Chief People Officer of an employee's anticipated date of departure for Maternity Leave, the length of anticipated leave, and an employee's intention to return to full-time NES employment at the end of such leave. However, if an employee is prevented from giving a three (3) months advance notice because of a medical emergency which requires an employee's leave to begin earlier than anticipated, then that employee's rights and benefits will not be forfeited.
- 8.043** Employees who are prevented from giving three (3) month's advance notice because the notice of adoption was received less than three (3) months in advance will not cause employees to forfeit their rights and benefits for failing to give such notice within the designated time period.
- 8.044** For all employees who meet the foregoing conditions, Nashville Electric Service will allow up to four (4) months of Maternity Leave for adoption, pregnancy, childbirth and nursing the infant, where applicable. As it relates to adoption, the four (4) month period shall begin at the time an employee receives custody of a child.
- 8.045** This leave shall run concurrently with FMLA leave and employee will have the option of using their accrued annual or sick leave for any part of the four (4) month period. Also, employees must comply with paragraph 8.048 below in order to qualify for non-service connected disability benefits.
- 8.046** Upon return to work following Maternity Leave, Nashville Electric Service will restore employees to their previous or a similar position with the same status, salary, and seniority as on the date of their departure.
- 8.047** Should NES discover that employees have utilized the period of Maternity Leave to pursue other employment opportunities or that employees have worked part-time or full-time for another employer, then NES will not reinstate those employees. If the conditions in either this paragraph or those in Paragraph 8.045 dealing with the inability to fill the job temporarily are found to apply, NES will provide employees with written notice that they will not be reinstated.

- 8.048** After exhausting accumulated sickness benefits, Nonservice-connected Disability benefits shall be paid until an employee's physician certifies that an employee is capable of returning to work, disability pay will cease and an employee may use Leave Without Pay until the date an employee's leave of absence ends.

## **8.05 Family and Medical Leave**

The Family and Medical Leave Act requires that NES provide up to twelve (12) weeks of unpaid leave for the birth of a child, the adoption of a child or foster care placement, to care for a spouse, child, or parent with a serious health condition, or when a serious health condition makes an employee unable to work. Concurrent to FMLA leave, employees may elect to use their accrued leave or take the leave on an unpaid basis.

If both spouses are employed by NES, the combined leave is limited to 12 weeks for the birth of a child, the adoption of a child or foster care placement, or to care for a parent with a serious health condition. However, if the leave is requested because of the illness of a child or the other spouse, or a parent is an active-duty member of the military, each is entitled to 12 weeks leave.

Employees may donate accrued annual and/or sick leave to other employees who have exhausted all accrued annual and sick leave and are facing medical emergencies affecting themselves or family members. Any donated leave will be transferred and used as sick leave and shall run concurrently with FMLA leave. An employee may donate no more than 240 hours per calendar year and must maintain a minimum balance of 160 hours of annual and/or sick leave each time they donate leave. All other leave benefits shall remain unaffected when donating accrued annual and/or sick leave.

## **8.06 Military Leave Benefits and General Provisions**

- 8.061** Pursuant to the Uniformed Services Employment and Reemployment Act of 1994 (USERRA) Nashville Electric Service (NES) grants employees up to five years of Military Leave of Absence for service in the uniformed services. Service in the uniformed services includes:

- Active duty
- Active duty for training
- Initial active duty for training
- Inactive duty for training
- Full-time National Guard Duty

- Absence from work for an examination to determine a person's fitness for any of the above forms of service
- Funeral honors duty by National Guard or reserve members
- Any other category designed by the President of the United States in time of war or national emergency service.

**8.062****Paid Military Leave:**

- A. Pursuant to the Tennessee Code, employees will receive up to 20 working days or 160 hours of paid Military Leave each year. If the Tennessee governor declares an emergency resulting in an employee's continued Military Leave, NES will provide additional days of paid Military Leave.
- B. Employees volunteering for military service longer than 20 working days (160 hours) are eligible to for partial supplemental pay. Partial supplemental pay is the difference between the employee's NES straight time base pay and all military pay received, up to \$1,000 per month. NES provides partial supplemental pay for up to an additional 160 consecutive days after an employee exhausts his/her 20 working days of paid Military Leave.
- C. Employees called to military service (involuntary service) longer than 20 working days (160 hours) are eligible for full supplemental pay, which is the difference between the employee's straight time base pay and all military pay received. NES provides full supplemental pay for up to an additional 160 consecutive after an employee exhausts his/her 20 working days of paid Military Leave. In extraordinary circumstances, the President & CEO or designee may authorize an extension of full supplemental pay for up to an additional 180 consecutive days.
- D. NES will disburse partial or full supplemental pay after the employee returns to work. To receive any supplemental pay, the employee must provide an official military document or letter reflecting all military pay received during military service to the Compensation and Benefits Section within sixty (60) days of reinstatement. No supplemental pay will be issued until all required documentation is completed.

**8.063****Use of Accrued Leave:**

- A. An employee may elect to use some or all accrued annual leave, the floating holiday, and/or compensatory time, in conjunction with Military Leave
- B. If an employee exhausts his/her 20 working days of paid Military Leave, said employee may also use up to five (5) days each year in conjunction with Military Leave.

- C. When Military Leave extends through the end of a calendar year, any annual leave balance will be carried over to the next year
- D. An unused floating holiday will be forfeited at the end of the calendar year.
- E. The use leave transfer in conjunction with Military Leave is not permitted.

#### **8.064**

##### Benefits during Military Leave:

- A. For the 30 calendar days of Military Leave, the employee's medical, dental, and vision coverage will remain in effect. All applicable premiums will be applied in advance or on their due dates.
- B. When Military Leave extends beyond the 30 calendar days, the employee may elect to continue medical, dental, and vision coverage at the COBRA continuation rate for the next 23 months or until the day after the period that an employee is eligible to apply for reinstatement, whichever period is less. If health coverage terminates during military service, NES will not impose an exclusion or waiting period when the employee is reinstated, except with respect to the coverage of any illness or injury incurred or aggravated during the military service.

Dependent and spouse life insurance will remain in effect as long as applicable premiums are satisfied.

An employee's personal life insurance will be restored upon reinstatement.

Regarding retirement benefits, employees reinstated after Military Leave will be treated as not having incurred a break in service with NES.

- C. An employee will accrue annual and sick leave while on Military Leave.

#### **8.065**

##### Reinstatement following Military Leave:

- A. An employee returning from Military Leave will be placed in a position equal or comparable to the position previously held, provided the employee can perform the essential functions of the job.

- B. An employee in an apprenticeship or training classification prior to Military Leave will be required to complete the apprenticeship/training program upon reinstatement.
- C. An employee who enters military service during the employee's probationary six-month period will be reinstated into a position equal to or comparable to the position previously held provided the individual can perform the essential functions of the job. The employee will be required to complete remainder of the probationary period upon reinstatement.
- D, NES will furnish any training necessary to update the returning employee's work skills if needed.

## **8.07**

### **Military Leave Administration**

#### **8.071** Notification prior to Military

- A. Unless precluded by military necessity, employees must notify the Compensation & Benefits Section in advance, either orally or in writing, of their intent to use Military Leave.
- B. The employee seeking Military Leave must provide the following to the Compensation and Benefits Section: a completed Application for Military Leave, a copy of the official Military Orders and all required documentation regarding compensation and benefits while on Military Leave.

#### **8.072** Notification following Military Leave:

- A. Upon return from Military Leave, the employee must notify the Compensation and Benefits Section of the employee's intent to return to employment by submitting a "Return from Military Leave" form.
- B. In order to receive paid Military Leave, the employee must provide a Certificate of Attendance or similar document verifying the employee's Military Leave signed by military supervisor in charge.
- C. When an employee enters active military service during a war or national emergency, a Certificate of Attendance is not required for paid military leave purposes.

**8.073** Time Limits for Reinstatement:

An employee granted Military Leave must apply for reinstatement, as stated above, based on the duration of Military Leave as follows:

- A. If the period of military service is less than 31 calendar days, an employee must apply for reinstatement no later than the beginning of the first full regularly scheduled work period on the first full calendar day following the completion of the military service and the expiration of eight hours after a period allowing for the transportation of the employee from the place of military service to the person's residence.
- B. If the period of military service is more than 30 calendar days but less than 181 calendar days the employee must apply for reinstatement no later than 14 calendar days after military service is completed.
- C. If the period of military service is 181 calendar days or more, the employee must apply for reinstatement no later than 90 calendar days after military service is completed.
- D. In exceptional circumstances, the President & CEO may waive these requirements for reinstatement.

**8.074** Seniority Rights:

Employees returning from military service are entitled to the seniority and associated rights and benefits they would have attained had they remained continuously employed. Returning employees are also afforded an opportunity to participate in any new benefit programs added while on Military Leave.

**8.08** **General Leave Provisions**

**8.081** An employee becoming sick or disabled while gainfully employed by any person, business or contractor other than Nashville Electric Service, or becoming sick or disabled as a result of such employment will not be granted any Annual Leave, Sickness Benefits, Disability Pay, or any other leave with pay during the period of such sickness or disability.

**8.082** Except as otherwise provided under "Leaves of Absence":

A manager may grant up to three (3) working days of leave without pay in any twelve (12) month period. A Vice President may grant up to ten (10) working days of leave without pay in any twelve (12) month period. Any absence from work without pay for more than ten (10) working days requires the approval of the President & CEO. The President & CEO may grant absence from work without pay up to thirty (30) working days.

The approval for absence from work without pay may not exceed more than thirty (30) working days in any twelve (12) month period, without the approval of the Civil Service and Pension Board.

This rule does not apply to employees on the disability waiting period, Employee Assistance Program (“EAP”) leave, military leave, Family and Medical Leave Act (“FMLA”) or any other leave granted by statutes or regulations.

#### **8.09      Administrative Leave**

The President ~~and~~ & Chief Executive Officer may place an employee on paid Administrative leave when it is in the best interest of NES. Employees placed on paid Administrative Leave will surrender their employee identification, all company property, and access to all NES buildings.

### **9.0    TERMINATIONS**

#### **9.01      Resignations and Retirements**

An employee who resigns or retires is expected to give his/her supervisor at least two weeks’ notice in order that proper provisions may be made for filling the position.

**9.011**      The supervisor will transmit a written notice of resignation to both Staffing and Employee Relations and the Compensation and Benefits Section. The request to retire should be sent to the Compensation and Benefits Sections.

**9.012**      Failure on the part of the employee to give two weeks notice will be cause for entering “Released with Prejudice” on the employee’s personnel record.

**9.013**      Before being given a release and final payment for services, the supervisor/ manager will retrieve the employees’ identification cards, tools, and other property of Nashville Electric Service and advise the Vice President and the President & CEO if such property

is not returned and the reason therefore. A copy of this report will be sent to the Staffing and Employee Relations Office and will be included in the employee's personnel file.

## **9.02      Layoff**

When it is necessary to reduce the working forces of Nashville Electric Service because of lack of work or other reason, full consideration will be given to employees' performance ratings, skills, length of service, and other factors as well as the operating needs of Nashville Electric Service. Employees separated through no fault of their own will be placed on the re-employment list.

## **9.03      Dismissals**

Disciplinary action up to and including discharge may be taken for insubordination, improper conduct, inefficient work performance, habitual tardiness, absenteeism, or for other causes when it is determined to be in the best interest of Nashville Electric Service. Discharge may occur only after charges have been filed a hearing before the Board.

# **10.0    EMPLOYEE WELFARE**

## **NES RETIREMENT PLANS**

### **10.01      NES Retirement Plan- Defined Benefit Plan**

Defined Benefit Plan – For employees hired before July 1, 2012:

- 10.011**      This benefit is provided at no cost to eligible employees.
- 10.012**      Full-time active employees become eligible under the Plan on their initial date of employment provided they have not then attained their 65<sup>th</sup> birthday. Employees become fully vested under the retirement plan after completing five years of service.
- 10.013**      A normal pension is when an employee retires on or after the Normal Retirement Date and has completed at least five years of service. The Normal Retirement Date will be the first day of the month following or on the employee's 65<sup>th</sup> birthday. Early retirement options are available.
- 10.014**      An early unreduced pension is when an employee retires and is age 52.5-64 and the sum of the age plus years of service is equal to at least 80, i.e. "rule of 80".

- 10.015** Benefits at retirement are based on two percent per year multiplied by the employee's years of service (up to 35 years) and average pay received during the 36 consecutive months of highest base pay.
- 10.016** Employees who have attained age 52.5, and completed at least 15 years of service may have accrued unused sick leave applied in the retirement calculation.
- 10.018** Employees retiring under the plan are eligible for a partial lump sum distribution (up to 50% of the employee's retirement benefit), which will reduce the monthly pension benefit.

## **10.02**

### **NES Retirement Plan – Defined Contribution 401 (a) Plan**

Defined Contribution 401(a) Plan – for employee hired after July 1, 2012, or for employees not vested as of July 1, 2012, who made a one-time election into the 401(a) Plan:

- 10.021** This benefit is provided at no cost to eligible employees.
- 10.022** Full-time active employees become eligible under the Plan on the first day of the month after completing six continuous months of employment provided, they have not attained their 65<sup>th</sup> birthday. Employees become fully vested under the retirement plan after completing five years of service. Participation in the plan is limited to 40 years.
- 10.023** The Normal Retirement Date is the date on which a participant reaches age 65 and has completed at least five years of service.
- 10.024** Benefits at retirement are based on contributions made to the plan by NES and allocated to a participant, plus or minus net investment income or loss on contributions.
- 10.025** Employee who have attained age 55 and completed at least 15 years of service may "sell back" their accumulated sick leave at a certain fraction of their current hourly rate of pay at retirement.
- 10.026** Employees will be provided a summary of the plan and may examine the plan document in the Compensation & Benefits Section.

NES has established procedures for filing of claims for benefits and the appeal of an initial adverse determination

for both retirement plans. Details are provided in each of the Retirement Plan documents.

### **10.03      Group Life Insurance**

**10.031**      Full-time active employees will be eligible for group life insurance on their date of employment or promotion to a supervisory/ managerial position as follows:

Supervisory employees  
3 1/2 times annual salary

Nonsupervisory employees  
31/2 times annual salary

Premiums for contributory amounts will be collected through payroll deduction.

**10.032**      New employees who do not elect the group life insurance plan as outlined above within 31 days will be insured for \$10,000 of noncontributory group insurance. An employee promoted to a supervisory position who does not elect the group life insurance as outlined above will be entitled to retain the amount held prior to becoming a supervisor.

**10.033**      The amounts of insurance as provided in paragraph 10.032 above shall continue unchanged unless the employee elects within five years from date of employment to participate in the contributory insurance program, in which event, the employee must provide evidence of insurability at his/ her own experience.

**10.034**      A portion of the life insurance as outlined in in paragraphs 10.031 or 10.032 above will be continued after retirement provided the sum of the age plus years is equal to at least 70.

**10.035**      An employee may elect, at retirement, to provide \$10,000 of noncontributory life insurance coverage for his/ her spouse.

**10.036**      An employee who is participating in the contributory insurance program may elect to provide life insurance coverage for his/her spouse and eligible dependent children.

- 10.037** Employees will be provided a summary of the plan and may examine the plan document in the Compensation & Benefits Section.

**10.04** **Medical Benefit Plan**

- 10.041** Full-time active employees and eligible dependents will be included under the Medical Plan on their initial employment date.
- 10.042** Part- time active employees who work a minimum of 20 hours per week, 50 weeks per year, will also be eligible under the Medical Benefit Plan.
- 10.043** Nashville Electric Service pays a majority of the premium cost for employees, retirees, dependents and survivors.
- 10.044** Medical benefits may continue after retirement for both retiree and eligible dependents. NES pays a portion of the premium for retirees and dependents. Effective January 1, 2006, retirees/ survivors, reaching age 65, that are eligible for Medicare Part A and B coverage, shall enroll in and maintain Medicare Part A and B as primary coverage in order to be eligible for NES medical coverage. However, he/she will not pay a NES premium for NES premium for NES secondary coverage. NES retirees/ survivors who were age 65 or older on January 1, 2006, are grandfathered from the Medicare mandate and receive individual medical coverage without a premium payment. Spouses, who were age 65 or older on January 1, 2006, are grandfathered from the Medicare mandate and receive individual medical coverage without a premium payment. Spouses, who were age 65 or older on January 1, 2006, are grandfathered from the Medicare mandate; however, if they do not maintain Medicare coverage, the premium for individual NES coverage must be paid in order to maintain the spouse's medical coverage through the NES plan.
- 10.045** Employees will be provided a summary of the plan and may examine the plan document in the Compensation & Benefits Section.

**10.05** **Dental Benefit Plan**

- 10.051** Full-time and Part-time active employees and eligible dependents will be included under the Dental Plan on their initial employment date.
- 10.052** The Plan covers preventive and restorative service.

**10.053** Nashville Electric Service currently pays a portion of the Cost for employees, retirees, dependents and survivors.

**10.054** Employees will be provided a summary of the plan and may examine the plan document in the Compensation & Benefits Section.

**10.06**      **Vision Benefit Plan**

**10.061** Full-time and Part-time active employees and eligible dependents will be included under the Vision Plan on their initial employment date.

**10.062** Nashville Electric Service currently pays a portion of the cost for employees, retirees, dependents and survivors.

**10.063** Employees will be provided a summary of the plan and may examine the plan document in the Compensation & Benefits Section.

**10.07**      **Survivors' Benefits**  
**FOR EMPLOYEES IN THE DEFINED BENEFIT RETIREMENT PLAN:**

**10.071** Coverage for full-time active employees begins on their initial employment date.

**10.072** Dependents eligible for Survivor's benefits include the employee's surviving spouse while unmarried children under 19 years of age; unmarried children under 23 years of age who remains in school; and unmarried children over 19 who became disabled before reaching the age at which benefits would otherwise terminate. Surviving spouses of NES employees killed in the line of duty shall continue to receive Survivor's benefits after remarriage.

**10.073** The amount payable monthly to an eligible spouse is 35 percent of the employee's average salary for the highest 36 consecutive months' base pay or 50 percent of the retiree's pension, whichever is greater (if applicable). The amount payable for an eligible child is \$750 per month, plus any percentage increase granted to NES survivors after December 31, 2005. The maximum number of eligible children per family to receive this benefit is three. Benefits are payable to eligible dependents whether the death of the employee occurs prior to or after retirement.

- 10.074** The accumulated sick leave of an employee who loses his/her life as a result of an accident arising out of and in the course of employment will be paid to the employee's survivors as defined in the Survivor's Plan. Employees will be provided a summary of the plan and may examine the plan document in the Compensation & Benefits Section.

**FOR EMPLOYEES IN THE DEFINE CONTRIBUTION 401 (A) RETIREMENT PLAN:**

- 10.075** If a participant dies while employed by NES, he or she will automatically become vested in his or her account. The employee may choose a beneficiary to receive the vested interest in the Plan in the event of death. If the employee is married, his or her spouse will automatically be the beneficiary unless the spouse consents in writing, witnessed by a notary public or plan representative, to the designation of another.
- 10.076** Employees will be provided a summary of the plan and may examine the plan document in the Compensation & Benefits Section.

**10.08      Employee Assistance Program**

NES provides confidential assessments, counseling, referral services, and treatment for employees, retirees, survivors, and their dependents for issues such as, but not limited to, family and relationship problems, financial difficulties, and psychological well-being.

## **10.09      Deferred Compensation Program**

Full-time active employees are eligible to participate in the 457 Deferred Compensation Plan on their initial employment date. The Plan allows an employee to make pre-tax contributions. NES matches as employee's contributions, dollar for dollar, up to three percent of their annual base earnings. Employees will be provided a summary of the plan and may examine the plan document in the Compensation & Benefits Section.

## **10.10      Sick Leave**

Sick leave resulting from physical or mental ailments or bodily injuries, not arising out of and in the course of employment, will be granted with pay to full-time active employees prior to retirement as follows:

- 10.101**      Sick leave accrual will begin the first month in which an employee is scheduled to work every workday during the calendar month. Leave for each subsequent month of service will be based on continuous service of at least 16 workdays with fulltime pay. The accrual rate is one day per month.
- 10.102**      Employees who have not accumulated sufficient sick leave to cover a period of sickness or temporary disability may elect to use any accumulate annual leave due them.
- 10.103**      Reasonable advances may be made on future sick leave by the Functional Vice President/ Direct Report to the President & CEO where it is reasonably expected that the employee will return to work in the near future.
- 10.104**      A doctor's statement showing the expected duration may be required by the supervisor to be considered excused sick leave. A specified amount of unexcused sick leave will be allowed in any rolling six-month period. Additionally, there is a specified amount of unexcused sick leave that will be allowed during an employee's performance appraisal year.
- 10.105**      In the event of extended or recurrent illness and after ten years' service credit and after using all accumulated sick leave and annual leave, the Board may grant additional sick leave with pay upon application for additional leave by the employee and upon recommendation of the President & CEO.
- 10.106**      Employees shall notify their supervisors promptly in cases where they are unable to report for work and shall give the best estimate

possible of the time they expect to be away from work. In the event that the employee is unable to personally communicate with his/her supervisor, he/she shall make every reasonable effort to have someone make a report for him/her. Failure to report promptly may result in loss of sick leave or other disciplinary action.

- 10.107** An employee will be entitled to additional annual or sick leave in the 12-month period following the anniversary date of the employee's last use of sick leave, if the employee has used no sick leave during the periods preceding such anniversary date, as follows:

<u>Months without Use</u>	<u>Amount</u>
12	1 day
24	2 days
36	3 days

- 10.108** An employee will be permitted to utilize sick leave so as to give care to any person for who the employee is a caregiver on the same terms and conditions as exist for current sick leave use. Extended usage after three (3) days will come under the provisions of the Family Medical Leave Act (FMLA).

## **10.11 Workers' Compensation Law**

This benefit is self-insured pursuant to the Workers' Compensation Law of the State of Tennessee. Compensation payments will be at least equal to that provided for by the Workers' Compensation Law.

- 10.111** NES will cover reasonable and necessary medical expenses for an injury occurring in the course and scope of an employee's employment with NES.

- 10.112** Death Benefits – Service- Connected Injury- When a compensable workplace injury results in the death of an employee, NES will provide wage replacement benefits and burial expenses in accordance with Tennessee Workers' Compensation Law.

## **10.12 Disability Benefits-Service-Connected Injury or Illness**

- 10.121** Regular full-time active employees sustaining a service-connected injury or illness will be placed in a waiting period of 120 calendar days from the date of their disability before their enrollment into the Service-Connected Disability Plan. During this waiting period, an employee will receive 85% of their base compensation. Upon the expiration of the waiting period, the employee will be enrolled into the Service-Connected Disability Plan. Under this Plan, an

employee will receive 70% of their base compensation for eight months. If, after eight months, the employee remains disabled as a result of a service-connected injury, they will be paid ~~Total Temporary~~ Total Disability (TTD) or ~~Total Temporary~~ Partial Disability (TPD) benefits in accordance with Tennessee Workers' Compensation Law until death, retirement eligibility, their return to work, or as otherwise dictated by Tennessee Workers' Compensation Law, whichever is sooner. TTD and TPD benefits under the Plan are not subject to the maximum total benefit prescribed by Law.

- 10.122** An employee who returns to work shall retain the classification held prior to the injury, if within 20 working days of return to work the employee is able to perform all the duties of the classification. An employee who is unable to perform the duties of his/her classification will be reclassified to another position for which he/she is certifiable and will retain in the new classification his/her rate of pay at the time of the injury. If, however, the maximum rate of pay for the new classification is less than the employee's rate at the time of the injury, the employee shall receive an adjusted rate as follows: 80% of the difference between his/her pay rate as of the date of injury and the new job maximum. Such adjusted rate shall not be subject to any general wage increase until such time as by reason of such increases the maximum rate of pay in the new classification reaches or exceeds the employee's adjusted rate.
- 10.123** In accordance with Tennessee Workers' Compensation Law, NES may adjust an employee's disability benefit for other employment obtained during the pendency of their service-connected illness or injury.
- 10.124** An employee who sustains a service-connected injury prior to attaining Civil Service status shall be entitled to the service-connected benefits provided herein up to a maximum of six months from date of injury. Thereafter, such employee will receive benefits in the amount for the period provided in the Workers' Compensation Law.
- 10.125** A "Service-Connected Injury" arises primarily out of and in the course and scope of employment as defined by Tennessee Workers' Compensation Law.
- 10.126** No compensation shall be allowed for an injury or death due to the employee's willful misconduct or intentional self-inflicted injury, or due to intoxication, or willful failure or refusal to use a safety appliance or perform a duty required by law.

- 10.127 If an employee does not engage in any employment or such employment is solely with NES, an employee's normal salary or wage will be considered increased or decreased by the amount, if any, of the general wage adjustment affecting the classification and pay step in which the employee worked at the time of the injury.

**10.13 Disability Benefits-Nonservice-Connected Illness or Injury**

- 10.131 A regular full-time active employee who is disabled must satisfy a Waiting Period of 90 days or bank of sick days, whichever is longer, prior to collecting disability benefits. Accumulated annual leave will be retained. If an employee does not have 90 days of accumulated sick leave, 85 percent of base pay will be paid to the employee for the remainder of the 90-day period, provided the employee has been continuously disable for 30 consecutive days. After the Waiting Period, disability benefits will be paid in accordance with the schedule below:

85% of base compensation for three months

60% of base compensation thereafter

- 10.132 In the event an employee is engaged in any type of employment, his/her disability compensation shall be reduced to an amount which when added to his/her earned income will equal 75 percent of his/her normal salary or wage at the time disability benefits began.

- 10.133 "Illness" will include pregnancy when it has been medically determined that by reason of pregnancy and employee is physically incapable of performing her job duties.

**THE EXPLANATIONS OF EMPLOYEE BENEFITS IN THIS SECTION ARE NOT INTENDED TO BE COMPLETE DESCRIPTIONS. ADDITIONAL EXPLANATIONS ARE CONTAINED IN BENEFIT PLAN SUMMARIES AND/OR FORMAL PLAN DOCUMENTS AVAILABLE IN THE BENEFITS SECTION. THE PLAN DOCUMENTS SHALL PREVAIL SHOULD THERE BE ANY CONFLICT.**

**10.14 General Provisions**

- 10.141 If an employee sustains a Service-Connected injury and has been released to return to work with temporary physical restrictions, NES will make reasonable efforts to return the employee to work within these temporary physical restrictions when purposeful work is available ("Modified or Alternate Duty"). Modified or Alternate Duty will be limited to 90 calendar days and will be at the discretion of the Safety Manager or their designee. 30-day extension(s) may be granted if medical circumstances warrant and at the discretion of the Safety Manager or their designee. If an employee is on Modified or

Alternate Duty, they will receive their regular pay. If an employee exhausts their Modified or Alternate Duty assignment and has not been released to full duty, an employee will be placed in a waiting period for an additional 120 calendar days before their enrollment into the Service-Connected Disability Plan. Employees refusing Modified or Alternate Duty may be subject to disciplinary action up to and including termination.

- 10.142** An employee who becomes sick or disabled while on leave without pay when such leave period exceeds one full pay period or while suspended without pay for cause, will not be eligible for sickness or disability compensation.
- 10.143** Failure to comply with these Rules, to refuse to allow reasonable physical examinations or investigations, to furnish information required by Nashville Electric Service as to employment, earnings, or physical condition, or the furnishing of false information, will be grounds for charges against an employee and the Board upon a finding of fact that such charges are substantiated may discontinue sickness or disability benefits, terminate the employee, or take whatever action it deems appropriate.
- 10.144** An employee becoming disabled as a result of employment other than by Nashville Electric Service will not be granted any sickness or disability benefits during the period of such disability.
- 10.145** An employee placed on disability status will not accumulate sickness benefits or annual leave while on disability nor shall he/she be entitled to payment for such benefits accumulated prior to being placed on disability unless the employee returns to work for Nashville Electric Service. Also, an employee who is receiving disability pay equal to his/her full normal salary or wage is not entitled to payment for sickness or annual leave.
- 10.146** Scheduled rate increases becoming due while an employee is collecting sickness or disability benefits will be resumed after the employee returns to work and demonstrates that services are satisfactory and at the recommendation of supervision.
- 10.147** When a legally qualified physician has given an opinion as to the necessity or lack of necessity for further or continuous treatment of a service-connected or nonservice connected injury or illness, or as to the ability or inability of an employee to perform the duties of the job, either Nashville Electric Service or the employee shall have the right to have a reexamination of the employee made by a legally qualified physician selected and paid by the party seeking review of the initial opinion. For non-service-connected injuries or illnesses,

if the opinion so obtained differs from the original opinion, the two physicians giving such reports will be requested jointly to designate an impartial legally qualified physician who shall examine the employee and the opinions previously given and then give his/her opinion on the matter in dispute. In any cases where two opinions confirm each other, the opinions will be accepted by Nashville Electric Service and the employee as determinative of the matter in dispute. The expenses of the impartial physician shall be shared equally by the Nashville Electric Service and the employee. In addition, an employee may be sent for a medical evaluation at any time.

**10.148** An employee in the Defined Benefit Plan will receive service-connected or nonservice-connected disability benefits until the earlier of his/her death, his/her normal retirement date (the first of the month following his/her 65<sup>th</sup> birthday), or his/her early retirement date **1)** The first of the month following that in which he/she has completed 30 years of credited service under the Retirement Plan and has attained the age of 60 or more; **2)** The first of the month following that in which he/she has reached the minimum age of 55 and his/her age plus credited service equal 85, thereafter the employee will be entitled to such retirement benefits as are provided under the Defined Benefit Retirement Plan.

**10.149** An employee in the Defined Contribution 401(a) Plan will receive service-connected or nonservice-connected disability benefits until the earlier of his/her death, attains age 60, or credited with 40 years of participation; thereafter, the employees will be entitled to such retirement benefits as are provided under the Defined Contribution 401(a) Retirement Plan.

## **10.15 Evidence of Sickness or Disability**

**10.151** In order that employees receive compensation during sickness or disability, they will be required to present satisfactory evidence of inability to work by reason of illness or injury. This may include functional capacity examinations for service-connected injuries and illnesses, as required Employees shall permit such reasonable examinations and inquiries by NES or its designated physicians and agents as may be necessary in order to ascertain the employee's condition, and employees will be expected to cooperate by following such advice and directions.

**10.152** Employees who abuse sickness and disability privileges or deliberately make or cause to be made false or misleading statements or claims may be subject to loss of such benefits and other disciplinary action up to and including discharge.

## **10.16 Deceased Employee's Final Pay**

**10.161** A deceased employee's final payment—inclusive of accrued annual leave and compensatory time—will be paid to the designated beneficiary. If an employee did not designate a beneficiary, the payment will be paid to the surviving spouse of the deceased employee, but if none, then to the surviving children. If the child(ren) entitled to a deceased employee's final pay is a minor, then the payment shall be paid to the guardian or custodian for the minor's benefit. If a payment exceeds \$10,000, the excess shall be paid to the personal representative or as otherwise ordered by a court.

## **10.17 Company Aid to Education**

**10.171** The Company Aid to Education Program is managed by the Employee Training and Development Section. Employees may be reimbursed for taking courses to keep abreast of changing technologies, methodologies, and disciplines or to prepare for other positions at NES. Guidelines regarding reimbursement are provided by the Employee Training & Development Section.

## **10.18 Wellness Activities**

**10.181** NES may sponsor wellness activities, including teams and organized activities for the physical well-being and belonging of its employees. Human Resources coordinates the oversight and funding of these activities.

**10.182** NES provides annual reimbursement of membership fees toward approved health and fitness facilities with appropriate documentation that the employee has used a facility for the required number of days during a period of 12 consecutive months. The reimbursement is limited to \$4,500 per 12-month period and is provided as follows:

130 visits per year for 50% reimbursement

156 visits per year for 75% reimbursement

182 visits per year for 100% reimbursement

## **11. AMENDMENTS TO THE RULES AND CONFLICT**

### **11.01 Amendments to the Rules**

The Board may attend these Rules whenever necessary to comply with the provisions of the Act and meet changing operating needs of Nashville Electric Service.

**11.02**

**Conflict**

It is intended that the foregoing Rules comply in every respect with the provision of the Legislative Act. Where any conflict exists, the provisions of the Act shall prevail.

## 12. ADDENDUM TO THE RULES FOR SPECIAL SHIFTS

### GLOSSARY OF TERMS SPECIFIC TO SPECIAL SHIFTS

**Bank Leave** Hours that can be accrued and used like annual leave in lieu of pay for authorized holidays that do not fall on Friday, Saturday, or Sunday for 3 days 12-hour shift workers.

**Designated Holiday** Observed company holiday as indicated in Section 6.022.

All provisions in the preceding Rules are in force unless noted otherwise in this section. This section of the Rules pertains to special shifts as designated by Management in the Transmission & Distribution Operations Department, Construction & Maintenance Operations, or other departments that may implement special shifts of Nashville Electric Service. Management reserves the right to modify the staffing of these shifts as deemed appropriate.

#### 12.01 Workday

For purposes of leave, leave accruals, and leave of absence unless otherwise noted, workdays are equivalent to eight (8) hours.

#### 12.02 Workweek for (3) Days 12-Hour Shift

The workweek for all employees working the 3 day, 12-hour shift, which will consist of Friday, Saturday, and Sunday. Employees not exempt under the FLSA working the 3 day, 12-hour shift will receive 40 hours of pay.

Supervisors below the level of manager/field superintendent who are regularly scheduled for three 12-hour shifts are paid a guaranteed salary each workweek to cover any and all hours worked up to and including forty-one (41) each workweek.

#### 12.03 Overtime Eligibility

Employees not exempt under the FLSA working 3 day, 12-hour shifts will be paid for authorized overtime after 12 hours per day. For purposes of overtime (Sunday), the seventh day for 3 days 12-hour shift workers will be Thursday.

Supervisors below the level of manager/field superintendent working 3 day, 12-hour shifts are paid a guaranteed salary each workweek to cover any and all hours worked up to and including forty-one (41) each workweek. Supervisors below the level of manager/field superintendent working 3 day, 12-hour shifts, are eligible to receive compensation for authorized overtime work for hours worked beyond forty-one (41) each workweek.

Employees not exempt under the FLSA working 4 days 10-hour shifts will be paid for authorized overtime after 10 hours per day.

Supervisors below the level of manager/field superintendent working 4 day, 10-hour shifts are paid a guaranteed salary each workweek to cover an and all hours worked up to and including forty-five (45) each workweek. Supervisors below the level of manager/field superintendent working 4 day, 10-hour shifts are eligible to receive compensation for authorized overtime work for hours worked beyond forty-five (45) each workweek.

**12.04      Meal Allowances for Overtime Worked**

Meal allowances will be given to employees working overtime on the 3 days 12-hour shift after being held over to work one (1) hour beyond their normal 12-hour work time.

Meal allowances will be given to employees working overtime on the 4 days 10-hour shift after being held over to work two (2) hours beyond their normal 10-hour work time.

**12.05      Shift Differential**

Employees working the 3 day, 12-hour shifts will not be eligible to receive shift differential pay.

Non-supervisory employees working the 4 day, 10-hour shifts will be eligible to receive shift differential pay.

**12.06      Annual and Sick Leave**

Employees who are on 3 days 12-hour shifts will be charged annual leave, sick leave, floating holiday, or compensatory time for 13.25 hours for each workday not worked, with incremental periods being prorated based on 13.25 hours of leave. An employee who does not work any hours during the workweek will be charged 40 hours of annual or sick leave.

Employees who are on the 4 days 10-hour shift will be charged 10 hours for each workday not worked.

In order for shifts to be staffed as appropriate, employees are required to request annual leave 24 hours in advance and compensatory time 72 hours in advance.

**Holidays**

Actual holidays (New Year's Day, Juneteenth, July 4<sup>th</sup>, Christmas Eve and Christmas Day) falling on Friday, Saturday, or Sunday will be holidays for employees working the 3 day 12-hour shift schedule. Employees who work these holidays will receive 8 hours of holiday pay and overtime for hours worked on the holiday. Employees who receive holiday pay for working the actual holiday cannot receive holiday pay for working the NES designated holiday.

Employees working the 3 days 12-hour shift that worked the actual holiday of Friday, Saturday, or Sunday will not be allowed to work on the NES designated holiday (Monday or Thursday) unless all other employees at the location decline to work on the NES designated holiday. These employees will be scheduled to work the NES designated holiday on Fridays at their normal rate of pay.

For employees working the 3 days 12-hour shift schedule, if a holiday falls on Friday, Saturday, or Sunday and the employee does not work, the employee will receive 8 hours of holiday pay and will be charged 5.25 hours of annual leave, bank leave, or compensatory time in order to account for the entire shift. If the employee works the holiday, the employee will receive eight (8) hours of holiday pay and overtime for the hours worked.

The employee's floating holiday will be handled in the same manner as other holidays that fall on the employee's workday as described above.

Employees working the 3 days 12-hour shift schedule must select one of the two options prior to the beginning of the calendar year or prior to the shift assignment, whichever occurs first:

- 1) For fixed holidays that fall on the employees' off days (Monday, Tuesday, Wednesday, and Thursday) a floating leave bank will be established at the beginning of the calendar year or when the employee moves to the 3 days 12-hour shift. This leave must be taken on a use or lose basis during the calendar year. If the employee moves to another shift, terminates, or any other event that removes the employee from the 3 days 12-hour shift, bank leave taken but not accrued will be deducted from other leave if available, excluding sick leave, or the employee will be charged without pay. If the employee has not used accrued floating leave at the time of changing shifts, the employee may choose to have floating leave applied to annual leave or receive payment.
- 2) The employee may choose to be paid 8 hours holiday pay during the pay period for which a NES holiday occurs on Monday, Tuesday, Wednesday, or Thursday.

For employees working the 4 days 10-hour shift, during the pay period that includes a holiday, the employee's work schedule will revert to a 5 day 8-hour shift. If agreed

upon by the manager and employee, the employee could continue the 4 days 10-hour shift and be charged 2 hours of annual leave or compensatory time on the holiday or would be allowed to work the additional 2 hours on another workday(s) during the same pay week. When an employee chooses to work the 2 additional hours on another workday(s), overtime pay, and meal allowances would not apply for those additional hours. For employees working the 4 days 10-hour shift, if the authorized holiday falls on the employee's regular day off, the employee may be allowed to take off another workday within the same workweek as the scheduled off day. Employees will be charged with two hours of annual leave, compensatory time, or work the two additional hours on another workday(s) during the same pay week. For employees choosing to work the two additional hours, overtime pay, and meal allowances will not apply for those additional hours. Personal business leave is not available for this purpose. This change of off day may be available in so far as operational requirements permit with advance approval by the manager.

#### **12.08      Scheduling 3 days 12-hour Shift Employees on Holidays**

For purposes of 3 days 12-hour shifts holiday staffing (Friday, Saturday, and Sunday), employees normally assigned to the 3 days 12-hour shift schedule will have preference to staff these holidays.

#### **12.09      Bereavement Leave**

Employees working the 3 days 12-hours shift will receive eight (8) hours for each funeral day granted by the established Rules. One day of bereavement leave will be administered in the same manner as Annual and Sick leave above.

Employees working the 3 days 12-hour shift taking one day of bereavement leave will receive eight (8) hours of funeral leave and will be required to use annual or compensatory time to make up the remaining 5.25 hours for the 12-hour workday.

Employees working the 4 days 10-hour shift taking one day of bereavement leave will receive eight (8) hours of bereavement leave and will be required to use annual or compensatory time to make up the remaining two (2) hours for the 10-hour workday.

For bereavement leave involving multiple days, shift workers can apply total hours of funeral leave applicable toward their work schedule hours with any remaining hours not worked being supplemented with annual leave or compensatory time.

#### **12.10      Personal Leave**

There are instances where it is necessary for an employee to be absent from work because of personal business that cannot be handled or addressed outside of regular working hours. Less than four hours of personal business may be approved by supervision during a workday for shift workers, if warranted.

#### **12.11      Jury Duty and Training Opportunities**

Shift employees who are selected to serve on jury duty or participate in training classes will revert to a 5 day 8-hour shift. In cases of Jury Duty, it is required that the employee provide notice to their supervisor no less than 2 weeks prior to jury service.

**12.12      Exchanging of Shifts**

Employees can exchange shifts with another employee upon approval of supervision and must be for the entire pay period. No changes to holiday options as discussed in Section 12.07 may be made mid- year unless the employee has a permanent shift schedule shift.

**12.13      Suspension Time as Disciplinary Action**

Employees will remain on his/her regular shift schedule and receive suspension based on 8- hour workday. Employees on 3 days 12-hour shifts may work the remaining hours or be charged annual leave, bank leave, or compensatory time for 5.25 hours to be off the entire workday.

Employees on 4 days 10-hour shifts may work the remaining hours or be charged annual leave or compensatory time for 2.0 hours to be off the entire workday.

**12.14      Timeframes and Provisions in NES Documents**

There are various provisions of the Civil Service Rules, NES Policy Manual, Summary Plan Documents, Agreements, and other documents that indicate time frames in areas such as length of job postings, grievance procedures, charges being filed, notices being given to supervision on request for leave, appeals, suspensions, sick leave abuse, ALJ appeals, bereavement leave, etc. These timeframes will be based on the regular five (5) day business workweek unless otherwise stated.

## Cultural Transformational Journey

## **HUMAN RESOURCES / CORPORATE SERVICES WORKFORCE UPDATE**

July 23, 2025

Below are section updates within the HR and Corporate Services Department:

### **Training Section**

New PA Training started the week of July 14<sup>th</sup>.

### **Staffing and Employee Relations**

As of July 8, NES has 912 employees. This includes 152 female employees and 760 male employees.

### **Compensation & Benefits**

Compensation & Benefits processed across the board increases for employees not eligible for merit increase and closed the bidding process for the healthcare third party administrator. Compensation and Benefits began reviewing four bids.

### **Safety**

Safety section held Gloving and Cover Up training.

### **Facilities & Security**

Facilities and Security is continuing work on the parking deck, breakroom furniture has been ordered for the centers, elevator surveys have been completed, and chargers have been installed for EV Infrastructure.

## Miscellaneous

## Adjournment of Civil Service Meeting

Reconvene to ratify actions taken by Civil Service Board

## Adjournment of Electric Power Board Meeting

## Annual Meeting of the Electric Power Board

## Election of Chair and Vice-Chair

## Discussion of Committee Assignments

## Report on Twelve Months' Operations

## **PRESIDENT'S REPORT ON OPERATIONS FISCAL YEAR ENDING JUNE 30, 2025**

Customers across Nashville continue to count on NES to deliver safe, reliable, and affordable power—expectations we take seriously every single day. Over the past year, our coworkers have once again demonstrated an unwavering commitment to service, even in the face of severe weather events and industry-wide challenges. In addition to meeting day-to-day operational needs, we've strengthened our focus on long-term investments in sustainability, infrastructure, and community programs that make a lasting difference. From expanding clean energy resources to improving energy efficiency in over 1,800 customer homes, NES continues to align innovation with impact.

Much of what we do at NES is visible in times of crisis, like the multi-day April storm response that restored power to more than 60,500. But what often goes unseen are the countless hours our employees spend upgrading critical infrastructure, improving system resilience, and making sure we're ready for the future. Whether it's completing a full renovation of the Control Room, modernizing substations, implementing new customer service systems, or launching training programs for future leaders, these efforts enhance both the customer experience and our operational strength. We also launched a new reliability improvement initiative to proactively strengthen circuits and improve service for all customers. The following is a collection of Fiscal Year 2025 accomplishments from across the organization—each one a testament to the dedication, expertise, and service excellence that drive NES forward.

### **System Reliability & Storm Response**

- Completed a full renovation and modernization of the 23-year-old Control Room.
- Responded to the April 5–8 storm, restoring power to more than 60,500 customers and replacing 71 broken poles. One-sixth of downtown lost power due to lightning damage to three of four Central North Network feeders. This was the largest event since the Dec. 2023 tornado and the first managed from the renovated Control Room.
- T&D Operations responded to 16 storms this fiscal year, impacting 358,999 customers.
- Launched C&M Storm Response training to improve emergency preparedness.
- Created a Distribution Reliability Improvement Program to target underperforming circuits through a coordinated, cross-functional approach.

### **Infrastructure Upgrades & Capital Improvements**

- Completed approximately \$4.8 million in substation capital improvements.
- T&D completed an estimated \$72 million in capital improvements, including installation of 3,100+ poles, 1,600 transformers, 732,000 feet of primary wire, and 478,000 feet of secondary wire (overhead and underground).
- Installed 1,675 residential underground services, completed 4,946 secondary ditch inspections, and installed 11,615 new residential meters.
- Installed 4 fiber hubs and approximately 21,000 feet of fiber from Central HMI to the hubs, plus 28,000 feet of 15kV primary cable supporting the Central Substation project.
- Upgraded major infrastructure, including renovations to the System Control Center and modernization of Elevators 3, 5, and 7.
- Closed the Massman Drive location, relocating all workstations and IT equipment.

- Completed the Central Fuel Infrastructure project and EV charging infrastructure installation.
- Began Customer Parking Deck renovations and completed first-floor HVAC upgrades.
- Designed and furnished new office space for the Encompass Center of Excellence and Accounting.
- Reached 50% completion of the Metro LED streetlight conversion plan with 30,000+ installations and smart meter controls.
- Completed South 2nd Avenue road and sidewalk renovation project (vault relocations) in coordination with Metro Water Services and MDHA.
- Successfully completed Vanderbilt's Highland indoor substation—NES' fourth 69kV gas-insulated switchgear (GIS).
- The Central Substation project remains on time and on budget; Phase I will be energized in July 2025.

### **Clean Energy, Sustainability & Partnerships**

- Entered a 30-year Power Purchase Agreement (PPA) with Silicon Ranch-Magnolia for 160 MW of solar, projected to save \$9.5M annually.
- Signed a Flexibility Option Power Purchase Agreement (FOPPA) with TVA to purchase this generation output.
- Reduced purchased power costs by \$2.1M through Peak Load Management and received a \$22.9M credit via TVA's Long-Term Partnership.
- Supported the DOE ARCHER project (community resilience), including tornado simulation exercises, grid modeling, and microgrid planning in North Nashville.
- Received the TVA Environmental Project of the Year Award for ARCHER work.
- Awarded the APPA Smart Energy Provider (SEP) designation for commitment to energy efficiency and sustainability.
- Completed an Electric Vehicle Adoption Study & Forecast for NES' 20-year system plan.

### **Customer Programs & Community Impact**

- Donated \$1.4M to the Home Uplift program, matched by TVA, to fund \$9,858 in average energy efficiency upgrades for 1,800+ homes.
- Customers contributed \$1.7M through NES' Power of Change program, with 80% participation.
- Bill assistance initiatives (Project Help, Community Care) provided \$2.0M in aid to 3,187 households.
- Supported 62 community nonprofits.

### **Customer Communications & Engagement**

- Completed 804 media touchpoints on key issues (outages, bills, weather events, customer programs).
- Gained 431 new Instagram followers, reaching 373,583 unique users through 293 posts.
- Gained 1,439 new followers on X (formerly Twitter), and 1,628 on Facebook.
- Published 111 stories on the Power News platform.

- Created and shared Lineman Appreciation Day and TVPPA Rodeo videos (82,752 views).
- Launched a new Home Uplift awareness campaign, resulting in:
  - 126% increase in NEShelps.com visits
  - 400 avg. visits per social media ad
  - 47,604 opened campaign email
  - 106,000+ social media impressions
  - 15% increase in Home Uplift applications

## **Customer Experience & Technology**

- Successfully implemented Oracle's Customer to Meter (C2M) system for all end users, supported by an integrated communications campaign (emails, bill inserts, social media, Power News).
- Launched new functionality in Genesys Workforce Management, allowing shift and vacation bidding.
- Analyzed and implemented TVA's October 2024 rate changes for customer accuracy.
- Recovered \$208,000 in revenue from stopped meter and miscellaneous analyses.
- Handled 2.1 million customer calls and assisted 28,858 walk-in customers.
- Achieved all system reliability targets for FY25 (99.9836% availability).
- Installed 12,900+ meters for new customers; capital cost \$13M from NES, \$14.5M from developers (total \$27.5M).

## **Operations & Supply Chain**

- Procured \$351M in goods and services across 2,955 purchase orders.
- Lowered out-of-stock rates from 2.9% to 1.7%.
- Recovered \$1.25M from scrap and surplus materials.
- Successfully managed supply chain disruptions to maintain timely delivery of critical materials.
- Organized and hosted the annual LPPC Supply Chain Working Meeting.

## **Finance & Legal**

- Collected \$2.5M from prior FEMA disaster claims.
- Recovered \$1.2M in claims for damaged NES property; resolved 600 filed claims.
- Completed \$3M insurance claim for December 2023 tornado damage.
- Achieved clean financial statement audits.
- Completed the financial planning cycle, maintaining metrics to support NES' strong bond rating.
- Implemented a Grants Policy outlining NES personnel roles and responsibilities.
- Drafted/approved 424 contracts; represented NES in 11 litigation cases and 600+ customer-related claims.
- Settled 13 workers' comp cases; represented management in 2 grievances and 2 EEOC cases.

## **Training & Workforce Development**

- Launched NES UpSkill U, an online training platform for all employees.
- Implemented the second cohort of the ELI leadership program, including DISC workshops.
- Delivered Supervisor Training Modules 1 & 2 online (HR, compliance, procurement, budgeting, etc.).
- Supported Encompass system rollout with instructor-led and online training.
- Conducted Certified Safety Coordinator training for 26 employees.
- Hosted company-wide engagement events: Second Sundae Monday, Thankful Thursday, Everyone Matters May.
- Advanced the NES Operations Internship Program with Metro Nashville Public Schools (5 interns on track to complete year two).
- Promoted 6 interns to Lineman Apprentices and onboarded 6 new interns for next year.
- T&D Journeymen and Apprentices won top honors at the 2025 TN Valley Lineman's Rodeo.

## **Human Resources & Internal Development**

- Filled 63 internal job placements and hired 48 new employees.
- Represented NES at 29 career fairs across Nashville and local colleges.
- Initiated TimeClock Plus workforce management system implementation.
- Selected Voya as new recordkeeper for 457 and 401a plans.
- Finalized a 5-year MOU through Collaborative Conferencing to enhance wages and retirement.
- Developed and issued an RFP for a new Third Party Administrator.
- Deployed iPads to Engineering staff for mobile access to tools like C2M, Ellipse, and ESRI Field Maps.

## **Recognition & Compliance**

- Successfully completed the first-ever on-site NERC/SERC audit for Critical Infrastructure Protection.
- Prepared for and passed a second on-site SERC CIP audit.
- Received the Universal Public Purchasing Certification Council's Excellence in Achievement Award for the 17th consecutive year (100% staff certification).
- Received the Silver Diversity Award (Public Service Sector) from the Nashville Bar Association.

## **MANAGEMENT'S DISCUSSION OF FINANCIAL OPERATIONS FISCAL 2025**

The following information constitutes the annual report of the Electric Power Board of the Metropolitan Government of Nashville and Davidson County (the Board) as required by the Charter. Such information is unaudited. There may be additional adjustments and will be reclassifications of balances that cause the results to differ from the audited financial statements that will be subsequently presented to the Board. The summary footnotes disclose the significant accounting policies used in the preparation of the financial statements. More detailed footnotes will be presented with the audited financial statements.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Board's financial statements, which are comprised of the basic financial statements and the notes to the financial statements. The Board is comprised of a single enterprise fund that also reports fiduciary funds for certain of its employee benefit plans.

### **Basic Financial Statements**

The statements of net position present information on all of the Board's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial position.

The statements of revenues, expenses, and changes in net position present information showing how the Board's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., purchased power and earned but unused vacation leave).

The statement of cash flows presents changes in cash and cash equivalents, resulting from operating, financing, and investing activities. This statement presents cash receipts and cash disbursements information, without consideration for the earnings event, when an obligation arises, or depreciation of capital assets.

### **Summary of Changes in Net Position**

Net position may serve, over time, as a useful indicator of the Board's financial position. In the case of the Board, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.18 billion at June 30, 2025. This represents an increase of \$100.7 million over the previous year, all of which is attributable to operations.

The largest portion of the Board's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The Board uses these capital assets to provide service. Consequently, these assets are not available to liquidate liabilities or for other spending.

An additional portion of the Board's net position represents resources that are subject to external restrictions on how they may be used. These restrictions include bond proceeds to be used for construction projects, reserve funds for debt services required by bond covenants, and amounts held in escrow as required by contracts for on-going construction of the electric system.

### **Liquidity and Capital Resources**

The Board has sufficient debt capacity and a strong financial position. Therefore, the tax-exempt bond market is expected to be a future source of liquidity to supplement cash flows from operations.

The Board's financial goals are intended to maintain its strong credit ratings. Such goals provide a signal to the Board as to the adequacy of the rate charged to customers for funding ongoing cash flows from operations. NES had \$494.1 million in Cash and Investments in the General Fund, \$11.7 million in the Bond Principal and Interest Fund, and \$156.5 million in the Construction Fund. General Fund Cash and Investments has increased \$33.8 million since July 1, 2024. NES' capital appropriations and expenditures budget is \$255.2 million, of which \$212.3 million has been spent year to date.

### **Debt Administration**

The Board has outstanding bonds payable of \$729.7 million at June 30, 2025 compared to \$777.0 million at June 30, 2024. The decrease is the result of scheduled principal debt payments of \$36.9 million and amortization of premiums of \$10.4 million.

The Board's financing cost may be impacted by short-term and long-term debt ratings assigned by independent rating agencies. Debt ratings are based, in significant part, on the Board's performance as measured by certain credit measures such as cash targets and debt coverage ratios. The Board's internal debt coverage ratio for the 12 months ended June 30, 2025 was 3.7 to 1.0. The Board continues to exceed its goal of not less than 2.0 times debt service.

The Board's revenue bonds are rated AA- by Standard & Poor's, AA+ by Fitch, and Aa1 by Moody's. The outlook on all ratings is stable.

**STATEMENTS OF NET POSITION (\$000 omitted)**

	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u></b>		
<b>CURRENT ASSETS</b>	\$766,465	\$706,756
<b>INVESTMENT OF RESTRICTED FUNDS</b>	169,323	258,481
<b>UTILITY PLANT, NET</b>	1,586,720	1,473,099
<b>ENERGY CONSERVATION PROGRAMS' NOTES</b>	3	23
<b>OTHER NONCURRENT ASSETS</b>	<u>43,002</u>	<u>46,353</u>
<b>TOTAL ASSETS</b>	<u>2,565,513</u>	<u>2,484,712</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>13,750</u>	<u>16,592</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$2,579,263</u>	<u>\$2,501,304</u>
<b><u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u></b>		
<b>CURRENT LIABILITIES</b>	\$284,935	\$263,968
<b>LONG-TERM DEBT</b>	730,378	779,391
<b>NET PENSION LIABILITY</b>	200,608	191,477
<b>NET OPEB LIABILITY</b>	59,631	110,306
<b>OTHER NONCURRENT LIABILITIES</b>		
Payable to TVA – energy conservation programs	3	25
Other	<u>13,648</u>	<u>13,550</u>
<b>TOTAL OTHER NONCURRENT LIABILITIES</b>	<u>13,651</u>	<u>13,575</u>
<b>TOTAL LIABILITIES</b>	<u>1,289,203</u>	<u>1,358,717</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>114,110</u>	<u>67,310</u>
<b>NET POSITION</b>	<u>1,175,950</u>	<u>1,075,277</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$2,579,263</u>	<u>\$2,501,304</u>

**Operations****Summary Revenue & Expense Data  
(\$000 omitted)**

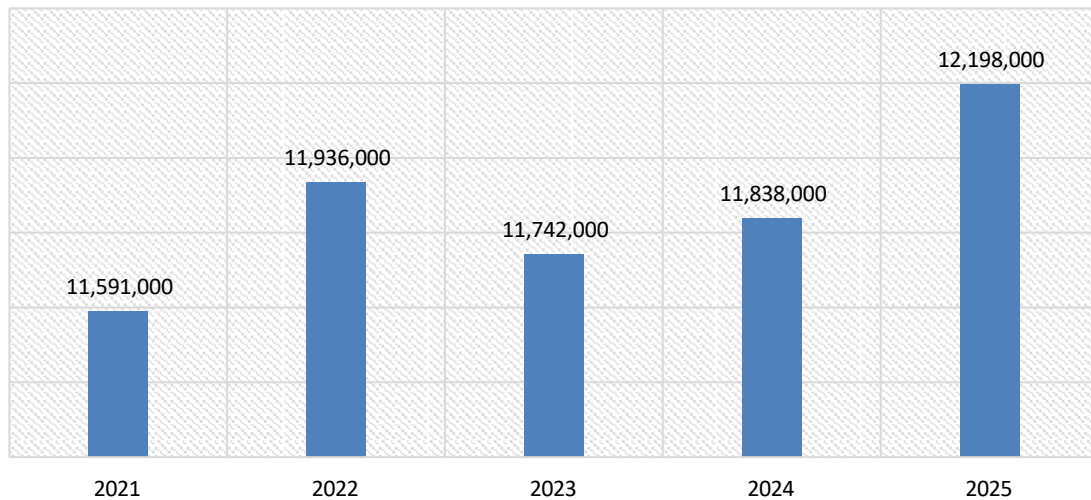
	<b>Year Ended June 30,</b>		<b>Net Position</b>
	<b>2025</b>	<b>2024</b>	<b>Effect</b>
Operating Revenues	\$1,583,692	\$1,472,711	\$ 110,981
Purchased Power	<u>(1,085,315)</u>	<u>(995,556)</u>	<u>(89,759)</u>
Margin	498,377	477,155	21,222
Operating Expenses	(276,472)	(245,657)	(30,815)
Depreciation and Taxes	(138,703)	(125,431)	(13,272)
Interest and Other Income	38,571	40,947	(2,376)
Interest Expense	<u>(21,100)</u>	<u>(20,744)</u>	<u>(356)</u>
Increase in Net Assets	<u>\$ 100,673</u>	<u>\$ 126,270</u>	<u>\$ (25,597)</u>

**2025 and 2024 Results of Operations**

*Operating Revenues.* Operating revenues increased by \$111.0 million, or 7.5 percent, when compared to 2024. Total electric sales increased by \$112.7 million, or 7.8 percent, when compared to 2024. The average realized rate on electric sales was \$0.1277 compared to \$0.1221 per kilowatt-hour in 2024, which was a 4.6 percent increase. The increase in the realized rate on electric sales was due to a higher TVA Fuel Cost Adjustment as well as TVA's October 2024 wholesale rate adjustment which increased retail rates by approximately 2.6 percent. Megawatt-hours sold in 2025 increased by 3.0 percent when compared to 2024. Weather plays an important part in determining revenue for any year. The impact of weather is reflected in the comparison of degree-days from one period to the next. Degree-days represent the difference between the weather's average daily temperatures minus 65 degrees. Temperatures above 65 degrees are considered cooling degree-days; temperatures below 65 degrees are considered heating degree-days. Total cooling degree-days were 2,185 compared to 2,158 in 2024. Total heating degree-days were 2,888 compared to 2,773 in 2024. Total heating and cooling degree-days were 5,059 compared to 4,931 in 2024, or an increase of approximately 2.6 percent.

Total number of active customers as of June 30, 2025 increased by 2.7 percent when compared to 2024. Revenue in Excess of Net Bills (Late Charges) decreased by \$1.0 million, and Rentals of Electric Property (such as pole attachments, dark fiber, and distribution equipment charges) increased by \$0.4 million.

### **Megawatt Hours Sold**



*Non-operating Revenues.* Interest Income was \$30.8 million compared to \$31.7 million in 2024. The average rate of return on the cash and investments for the General Fund was 4.87 percent in 2025 compared to 5.68 percent in 2024. The average investable balance of the cash and investments for the General Fund was \$442.9 million in 2025 compared to \$447.6 million in 2024, a decrease of 1.1 percent. Interest income from the bond funds was \$5.0 million in fiscal year 2025 compared to \$6.3 million in fiscal year 2024.

*Operating Expenses.* The Board purchases all of its power from TVA under an all-requirements contract that had an initial term of 20 years. Beginning on December 19, 1989, and on each subsequent anniversary thereafter, the contract was automatically extended for an additional one-year period. The contract was subject to earlier termination by either party on not less than 10 years prior written notice. Effective September 2019, NES entered into a new wholesale power contract with TVA that extended the contract termination notice from 10 years to 20 years. The contract includes a partnership credit equal to 3.1 percent of wholesale standard service demand, non-fuel energy and grid access charge. Purchased power was \$1.09 billion for the period compared to \$995.6 million last year. The average wholesale cost on purchased power was \$0.0867 per kilowatt-hour in 2025 compared to \$0.0813 in 2024. Megawatt-hours purchased were 12.5 million in 2025 compared to 12.2 million in 2024.

Distribution expenses for the period were \$112.6 million compared to \$107.2 million last year. This is an increase of \$5.4 million or 5.0 percent. The change is primarily attributable to an increase in the following expense categories: supervision and engineering, \$1.9 million; operation and maintenance (O&M) – underground lines, \$1.6 million; emergency services, \$1.5 million; O&M – miscellaneous expense, \$0.9 million; and O&M – meters, \$0.8 million. The increase was offset by a decrease in the following expense categories: O&M – overhead lines, \$0.8 million; and O&M – streetlight and signal system, \$0.6 million.

Customer Accounts expenses for the period were \$32.4 million compared to \$30.9 million last year. This is an increase of \$1.5 million or 4.8 percent. The change is primarily attributable to an increase in the following expense categories: customer orders and services, \$1.5 million; data processing, \$1.2 million; and customer records and collection, \$0.8 million. The increase was offset by a decrease in the following expense category: uncollectible accounts accrual, \$2.2 million.

Customer Service and Information expenses for the period were \$6.2 million compared to \$5.5 million last year. This is an increase of \$0.7 million or 12.5 percent.

Administrative and General expenses for the period were \$125.3 million compared to \$102.1 million last year. This is an increase of \$23.2 million or 22.8 percent. The change is primarily attributable to an increase in the following expense categories: employee pensions, \$33.7 million; data processing, \$2.0 million; administrative and general salaries, \$0.9 million; and donations, \$0.6 million. The increase was offset by a decrease in the following expense categories: employee health insurance, \$9.1 million; allocated overhead, \$3.7 million; and injuries and damages, \$1.4 million.

Depreciation and Amortization and Taxes and Equivalents were \$99.8 million and \$38.9 million, respectively, for 2025, compared to \$89.1 million and \$36.4 million, respectively, for 2024. The increase in depreciation and amortization was the result of the \$149.4 million increase (net of retirements) in the depreciable utility plant assets in service. Tax equivalents consist primarily of payments in-lieu-of taxes to the Metropolitan Government and the surrounding counties. Such payments are calculated based on a prescribed formula that takes into consideration utility plant asset value and the average of the Board's last three years' operating margin. The increase in payments in-lieu-of taxes was primarily the result of an increase in the taxable base of assets primarily in the Metro tax districts, an increase in the average gross margin, and an increase in the tax rates of the Metropolitan Government.

The table below shows the major classifications of expense that are included in operating expenses for the years presented. All amounts include adjustments for costs allocated to capital projects, such as labor, benefits, and certain information technology costs.

**Major Classifications of Expense  
Net of Amounts Capitalized  
(\$000 Omitted)**

<u>Description</u>	<u>Fiscal 2025</u>	<u>Fiscal 2024</u>	<u>Increase (Decrease)</u>	<u>Fiscal 2023</u>	<u>Increase (Decrease)</u>
Total Labor	\$92,584	\$86,696	6.8%	\$84,000	3.2%
Benefits	76,381	56,071	36.2%	64,552	(13.1%)
Outside Services - IT	34,333	30,888	11.2%	30,393	1.6%
Outside Services - Other	24,476	22,593	8.3%	23,529	(4.0%)
Civic Involvement	1,727	1,100	57.0%	1,589	(30.7%)
Contract Tree & Grass	14,298	13,882	3.0%	21,280	(34.8%)
Accrual for Uncollectible Accounts	903	3,104	(70.9%)	1,115	178.4%
Injury & Damages	789	1,203	(34.4%)	3,295	(63.5%)
Professional Fees	2,244	2,906	(22.8%)	2,438	19.2%
Materials & Supplies	3,849	4,294	(10.4%)	3,855	11.4%
Other	<u>24,889</u>	<u>22,920</u>	8.6%	<u>22,067</u>	3.9%
	<u>\$276,473</u>	<u>\$245,657</u>	12.5%	<u>\$258,113</u>	(4.8%)

**2025 and 2024 Expense**

The Board's total operating expenses increased 12.5 percent from June 30, 2024 to June 30, 2025. The increase in labor was due to cost-of-living and merit adjustments and greater storm labor. Benefits increased primarily due to increased Retirement and Survivors expenses, offset by decreased Other Post-Employment Benefits. The increase in Retirement and Survivors is primarily due to a COLA adjustment for retirees. The decrease in Other Post-Employment Benefits is primarily attributed to a lower actuarial assumption and a favorable market performance.

Outside Services - Information Technology increased due to vendor rate increases. Outside Services - Other increased due to greater training rate for overflow call center and temporary services, offset by lower streetlight maintenance and storm contractors. Civic Involvement increased due to higher community care contributions. Contract Tree & Grass increased due to significantly higher than average planning and trimming costs for several large circuits completed in FY25. Accrual for uncollectible accounts decreased due to recovery of receivables previously reserved as uncollectible. Injury & Damages decreased due to fewer settlements. Professional fees decreased due to lower financial and legal services. Materials and Supplies decreased primarily due to higher material oncost credit for capitalized materials and lower material usage. Other category contains a wide array of smaller expense types whose individual fluctuations were immaterial.

Operating expense increases over the prior year primarily included retirement and survivors, \$28.3 million; outside services other, \$1.9 million and civic involvement, \$0.6 million. Operating expense decreases primarily included other post-employment benefits, \$6.8 million; accrual for uncollectible accounts, \$2.2 million; service-connected medical, \$0.7 million; professional fees \$0.7 million and medical, \$0.6 million.

Taxes increased due to increases in the taxable asset base for Metro. Depreciation increased primarily due to amortization of C2M. Interest income decreased due to lower interest rates. Other non-operating income decreased primarily due to FEMA reimbursements and higher Power of Change funding in the prior year.

### **Budgetary Highlights**

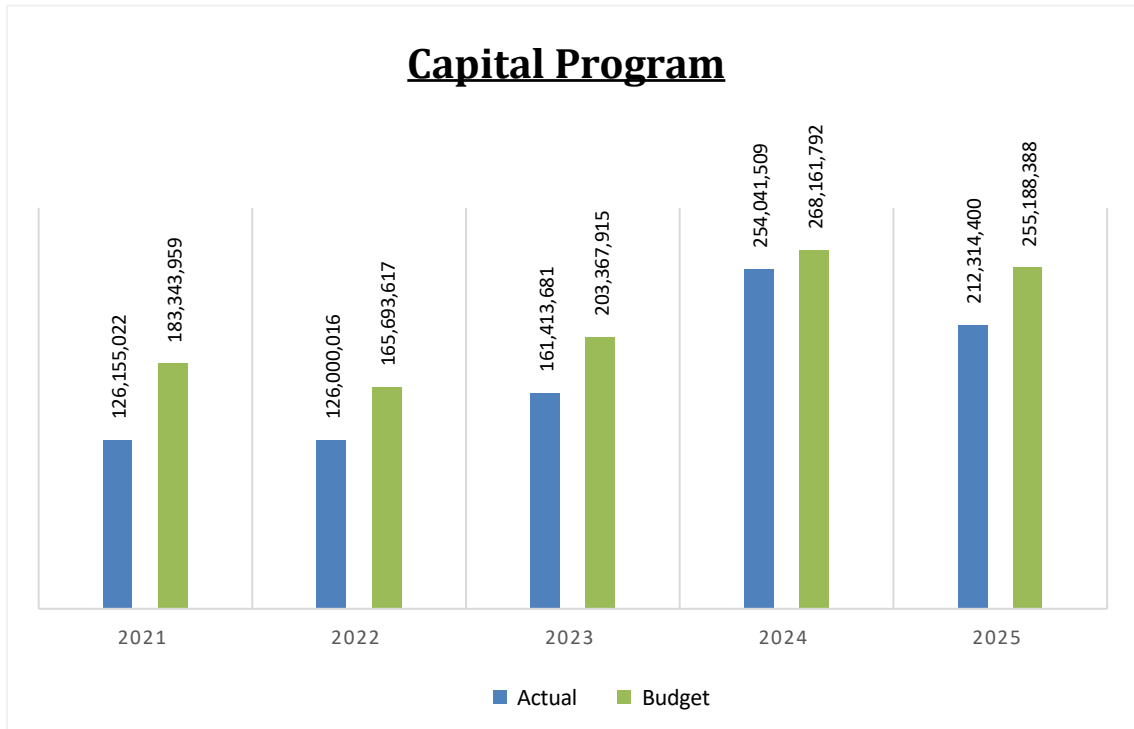
The Board approves an Operating and Capital Budget each fiscal year. The chart below highlights the approved budgets as compared to the actual results for Fiscal Year 2025.

<i><b>Year Ended June 30, 2025 (\$000 omitted)</b></i>			
	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
Operating Revenues	\$ 1,494,327	\$ 1,583,692	\$ 89,365
Purchased Power	(1,032,774)	(1,085,315)	(52,541)
Margin	461,553	498,377	36,824
Operating Expenses	(271,998)	(276,472)	(4,474)
Depreciation and Taxes	(138,407)	(138,703)	(296)
Interest Income	29,475	30,753	1,278
Other Non-Operating Income	1,884	7,818	5,934
Interest Expense	(18,079)	(21,100)	(3,021)
Increase in Net Assets	\$ 64,428	\$ 100,673	\$ 36,245
Capital Expenditures	\$ 255,188	\$ 212,314	\$ (42,874)

The Board's increase in net assets was \$36.2 million more than its budget of \$64.4 million. The increase resulted from greater operating revenue, \$89.4 million; greater other non-operating income, \$5.9 million; greater interest income, \$1.3 million and lower depreciation, \$1.2 million, offset by greater purchased power costs, \$52.5 million; greater operating expenses, \$4.5 million; greater interest expense, \$3.0 million and greater taxes, \$1.5 million.

## Capital Assets

The following chart illustrates the capital expenditures compared to the capital budget for the last five years.



The Board's transmission and distribution facilities serve most of the 533 square miles located within the boundaries of the Metropolitan Government of Nashville and Davidson County, Tennessee. The Board serves an additional 167 square miles located in portions of the adjacent counties of Cheatham, Rutherford, Robertson, Sumner, Wilson, and Williamson. Such facilities require significant annual capital and maintenance expenditures. The Board's target is to have the capital expenditures funded from cash flows from operations and approximately forty-five percent with proceeds from tax exempt bonds. The Board's investment in utility plant, less accumulated depreciation, at June 30, 2025 was \$1.6 billion compared to \$1.5 billion at June 30, 2024. Major projects during fiscal year 2025 included \$46.7 million in equipment and facilities; \$45.4 million in planned system construction – capacity; \$33.5 million in meters and distribution transformers; \$28.4 million in planned system construction – asset management; \$19.2 million in lighting systems; \$18.2 million in unplanned replacements; and \$14.9 million in new business.

Respectfully submitted,

David Frankenberg  
Chief Financial Officer

**ELECTRIC POWER BOARD OF THE METROPOLITAN  
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
STATEMENTS OF NET POSITION  
June 30, 2025**

**CURRENT ASSETS AND ACCRUED ASSETS**

CASH AND CASH EQUIVALENTS (ELECTRIC FUND)	\$493,817,019
INVESTMENTS (ELECTRIC FUND)	250,000
MISC WORKING FUNDS	33,473
ACCOUNTS RECEIVABLE - ELECTRIC	180,909,009
ACCOUNTS RECEIVABLE - OTHER	16,174,505
LESS: ALLOWANCE FOR DOUBTFUL ACCTS	(709,250)
NET ACCOUNTS RECEIVABLE	196,374,264
MATERIALS AND SUPPLIES	58,865,597
PREPAYMENTS & OTHER MISC. CURRENT ASSETS	11,063,480
ACCRUED INTEREST RECEIVABLE	509,054
SHORT-TERM LEASE RECEIVABLES	5,552,093
<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>766,464,980</b>

**RESTRICTED FUNDS**

CASH AND CASH EQUIVALENTS (BOND FUNDS)	156,481,396
OTHER INVESTMENTS (BOND FUNDS)	11,685,659
CASH AND CASH EQUIVALENTS (OTHER)	1,156,036
<b>TOTAL RESTRICTED FUNDS</b>	<b>169,323,091</b>

**PLANT ACCOUNTS**

ELECTRIC PLANT IN SERVICE	2,346,174,091
CONSTRUCTION WORK IN PROGRESS	184,726,485
GROSS PLANT	2,530,900,576
LESS: ACCUM DEPRECIATION	(944,180,449)
<b>NET PLANT VALUE</b>	<b>1,586,720,127</b>

**OTHER NON-CURRENT ASSETS**

ENERGY CONSERVATION LOANS	2,747
OTHER LONG-TERM RECEIVABLES	2,010,861
REGULATORY ASSETS, NET	38,231,035
LONG-TERM LEASE RECEIVABLES	2,760,367
<b>TOTAL OTHER NON-CURRENT ASSETS</b>	<b>43,005,010</b>
<b>TOTAL ASSETS</b>	<b>2,565,513,208</b>

**DEFERRED OUTFLOWS OF RESOURCES**

DEFERRED AMOUNT ON REFUNDING OF DEBT	4,080,855
DIFF BETWEEN PROJECTED & ACTUAL PENSION EARNINGS	-
DIFF BETWEEN PROJECTED & ACTUAL PENSION EXPERIENCE	8,752,343
DIFF BETWEEN PROJECTED & ACTUAL OPEB EARNINGS	-
DIFF BETWEEN PROJECTED & ACTUAL OPEB EXPERIENCE	916,230
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>13,749,428</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,579,262,636</b>

**ELECTRIC POWER BOARD OF THE METROPOLITAN  
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
STATEMENTS OF NET POSITION  
June 30, 2025**

CURRENT AND ACCRUED LIABILITIES

ACCOUNTS PAYABLE	\$237,658,186
INTEREST ACCRUED ON LONG-TERM DEBT/BONDS	4,010,326
CUSTOMER DEPOSITS	25,022,815
ACCRUED TAX EQUIVALENTS	5
ACCRUED ANNUAL LEAVE	14,591,816
OTHER CURRENT AND ACCRUED LIABILITIES	3,652,159
<b>TOTAL CURRENT AND ACCRUED LIABILITIES</b>	<b>284,935,307</b>

LONG-TERM DEBT

ELECTRIC SYSTEM REVENUE BONDS	642,355,000
UNAMORTIZED PREMIUM (DISCOUNT) ON DEBT	87,323,665
LONG-TERM LEASE AND OTHER LIABILITIES	698,732
TVA ADVANCES	3,090
<b>TOTAL LONG-TERM DEBT</b>	<b>730,380,487</b>

NET PENSION LIABILITY	200,607,893
NET OPEB LIABILITY	59,630,660
CUSTOMER ADVANCES FOR CONSTRUCTION	(15,767)
CONTRIBUTIONS IN AID TO CONSTRUCTION	13,456,170
ASSET RETIREMENT OBLIGATIONS	107,702
RESERVE FOR INJURIES AND DAMAGES	100,000
<b>TOTAL LIABILITIES</b>	<b>1,289,202,452</b>

DEFERRED INFLOWS OF RESOURCES

DEFERRED REVENUES	-
DEFERRED AMOUNT ON REFUNDING OF DEBT	7,135,317
DIFF BETWEEN PROJECTED & ACTUAL PENSION EARNINGS	37,706,137
DIFF BETWEEN EXPECTED & ACTUAL PENSION EXPERIENCE	1,991,521
DIFF BETWEEN PROJECTED & ACTUAL OPEB EARNINGS	15,561,606
DIFF BETWEEN EXPECTED & ACTUAL OPEB EXPERIENCE	48,232,414
DEFERRED INFLOW LEASE RECEIVABLES	3,483,091
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>114,110,086</b>

<b>NET POSITION (USED FOR CONTINGENCIES, PLANT CONSTRUCTION &amp; RETIREMENT OF BONDS)</b>	<b>1,175,950,098</b>
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<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; NET POSITION</b>	<b>2,579,262,636</b>
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**ELECTRIC POWER BOARD OF THE METROPOLITAN  
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR FISCAL YEAR TO DATE ENDING June 30, 2025**

OPERATING REVENUES

RESIDENTIAL OR DOMESTIC	\$723,430,904
SMALL COMMERCIAL	130,519,566
LARGE COMMERCIAL & INDUSTRIAL	678,389,637
STREET & HIGHWAY LIGHTING	25,623,185
<b>TOTAL ELECTRIC SALES</b>	<b>1,557,963,292</b>

OTHER REVENUES

REV IN EXCESS OF NET BILLS	4,543,608
RENTALS OF ELEC PROPERTY	13,694,895
MISC SERVICE REVENUE	7,468,135
OTHER ELECTRIC REVENUES	21,169
<b>TOTAL OTHER REVENUES</b>	<b>25,727,807</b>

**TOTAL OPERATING REVENUES**

**1,583,691,099**

OPERATING REVENUE DEDUCTIONS

PURCHASED POWER	1,085,315,025
DISTRIBUTION EXPENSE	112,580,180
CUSTOMER ACCOUNTS EXPENSE	32,366,078
CUSTOMER SERVICE & INFO	6,218,071
SALES EXPENSE	-
ADMIN & GENERAL EXPENSE	125,308,353
<b>TOTAL OPERATING EXPENSE</b>	<b>1,361,787,707</b>

ACCRUED DEPRECIATION AND AMORTIZATION

99,828,855

AMORT OF ACQUISITION ADJ

-

TAXES AND EQUIVALENTS

38,874,294

**TOTAL OPER REV DEDUCTIONS**

**1,500,490,856**

**GROSS OPERATING INCOME**

**83,200,243**

INTEREST INCOME

30,753,037

OTHER NON-OPER INCOME

7,817,817

**GROSS INCOME**

**121,771,097**

INCOME DEDUCTIONS

INTEREST ON LONG-TERM DEBT	33,694,581
DEBT (PREMIUM)/DEFERRED REFUND EXP	(10,552,805)
OTHER INTEREST EXPENSE	929,275
OTHER DEDUCTIONS	-
(PROFIT) LOSS ON SALE OF FIXED ASSETS	-
INTEREST CHARGED TO CONSTRUCTION	(2,973,477)
<b>TOTAL INC DEDUCTIONS</b>	<b>21,097,574</b>

**CHANGE IN NET POSITION**

**100,673,523**

**NET POSITION, BEGINNING OF PERIOD**

**1,075,276,575**

**NET POSITION, END OF PERIOD**

**\$1,175,950,098**

**ELECTRIC POWER BOARD OF THE METROPOLITAN  
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
STATEMENT OF CASH FLOWS  
YEAR TO DATE ENDING JUNE 2025**

<u>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>	
OPERATING INCOME (LOSS)	\$100,673,523
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
DEPRECIATION AND AMORTIZATION	\$104,177,316
ACCRETION & AMORTIZATION OF LONG-TERM DEBT, NET	(9,758,827)
AMORTIZATION OF DEFERRED PENSION EARNINGS	(14,117,230)
AMORTIZATION OF DEFERRED PENSION EXPERIENCE	14,101,268
AMORTIZATION OF DEFERRED OPEB EARNINGS	(5,180,688)
AMORTIZATION OF DEFERRED OPEB EXPERIENCE	(15,717,286)
(GAIN) LOSS ON SALE OF UTILITY PLANT	(3,900)
CHANGES IN ASSETS & LIABILITIES:	
ACCOUNTS RECEIVABLE	(15,060,141)
INTEREST RECEIVABLE	415,429
MATERIALS AND SUPPLIES	(9,075,651)
OTHER CURRENT ASSETS	(600,905)
ENERGY CONSERVATION LOANS	20,525
OTHER NONCURRENT ASSETS, NET	(2,042,999)
ACCOUNTS PAYABLE	19,940,959
INTEREST PAYABLE	(230,281)
CUSTOMER DEPOSITS	541,347
OTHER CURRENT LIABILITIES	2,895,592
TVA ADVANCES-ENERGY PROGRAMS	(22,195)
NET PENSION LIABILITY	9,131,188
DEFERRED PENSION EARNINGS	43,961,441
DEFERRED PENSION EXPERIENCE	(17,504,685)
NET OPEB LIABILITY	(50,675,577)
DEFERRED OPEB EARNINGS	16,985,496
DEFERRED OPEB EXPERIENCE	27,914,705
DEFERRED LEASE INFLOW	(1,556,941)
OTHER NONCURRENT LIABILITIES	(1,075,640)
TOTAL ADJUSTMENTS	97,462,320
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>198,135,843</b>
<u>CASH FLOWS PROVIDED BY (USED IN) PLANT &amp; INVESTING ACTIVITIES</u>	
ACQUISITION OF UTILITY PLANT	(195,211,250)
PLANT REMOVAL COSTS	(20,354,937)
SALVAGE RECEIVED FROM PLANT RETIREMENTS	1,448,211
PROCEEDS FROM DISPOSAL OF UTILITY PLANT	8,803
CONTRIBUTIONS IN AID OF CONSTRUCTION	(381,237)
NET (INCREASE) DECREASE-SPECIAL FUNDS & GENERAL INVESTMENTS	89,548,598
<b>NET CASH PROVIDED BY (USED IN) PLANT &amp; INVEST ACTIVITIES</b>	<b>(124,941,812)</b>
<u>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES</u>	
PROCEEDS FROM ISSUE OF LONG-TERM DEBT	-
PAYMENT OF LONG-TERM DEBT	(36,845,000)
CASH RECEIVED FROM LEASING ACTIVITY	1,531,013
CASH PAID FOR LEASING & SBITA ACTIVITY	(4,037,929)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(39,351,916)</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; SHORT-TERM INVESTMENTS</b>	<b>33,842,115</b>
CASH & SHORT-TERM INVESTMENTS AT BEGINNING OF PERIOD	460,008,378
CASH & SHORT-TERM INVESTMENTS AT END OF PERIOD	\$493,850,493

**Notes to Financial Statements**  
**Year Ended June 30, 2025**

***Summary of Significant Accounting Policies***

The financial statements of the Electric Power Board of the Metropolitan Government of Nashville and Davidson County (the Board) have been prepared in conformity with generally accepted accounting principles. The Board generally maintains its accounts in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) using the economic measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The significant accounting policies followed by the Board are outlined below.

***Utility plant*** is stated at original cost. Such costs include applicable general and administrative costs and payroll-related costs such as pensions, taxes, and other fringe benefits related to plant construction. Costs of depreciable retired utility plant plus removal costs, less salvage, are charged to accumulated depreciation.

Maintenance and repairs, including the cost of renewals of minor property, are charged to maintenance expense accounts. Replacements of property are charged to utility plant accounts.

***Leases and Leasing Activity***

Leases are contracts that convey control of the right to use another entity's nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction without transfer of ownership of the asset. The lease term is the period of time where there is a noncallable right to use the underlying asset.

For lessor contracts, lease receivables and deferred inflows of resources are reported at present value using NES' incremental borrowing rate. Lease receivables are reported in Short-term Lease Receivables in Current Assets for the current portion and Long-term Lease Receivables for the long-term portion on the Statements of Net Position. The amortization of the discount for lessor contracts is recorded as Accrued Interest Receivable in Current Assets on the Statements of Net Position with the offset to Interest Income on the Statements of Revenue, Expenses and Changes in Net Position.

For lessee contracts, lease assets and liabilities are reported at present value using NES' incremental borrowing rate. Lease assets are reported in Electric Plant, and lease liabilities are reported in Other Current and Accrued Liabilities for the current portion and Long-term Lease and Other Liabilities for the long-term portion on the Statements of Net Position. The amortization for the discount for lessee contracts is reported in Other Current and Accrued Liabilities on the Statements of Net Position with the charges to Other Interest Expense on the Statements of Revenue, Expenses and Changes in Net Position.

***Contributions in Aid of Construction (CIAC)*** – Payments are received from customers and TVA for construction costs primarily relating to the expansion or improvement of the capabilities of the electric system. FERC guidelines are followed in recording CIAC, which direct the reduction of utility plant assets by the amount of contributions received and earned toward the construction of utility plant.

***Cash and Investments*** (including restricted assets) – Investments consist primarily of short-term U.S. Government securities or mortgage-backed securities from agencies chartered by Congress. Cash equivalents include investments with an original maturity of three months or less. All investments are recorded at fair value.

***Materials and supplies*** are stated at weighted average cost, which approximates actual cost.

***Regulatory Assets*** are related to Allowance for Funds Used During Construction (AFUDC) and implementation costs for Subscription-Based Information Technology Arrangements (SBITAs). AFUDC are amortized over the weighted average life of the capital projects that determined the amount of AFUDC. SBITA implementation costs are amortized over a seven-year period. Such amounts will be recovered through future rates.

***Compensated absences*** represent the liability for employees' accumulated vacation days. The general policy of the Board permits the accumulation, within certain limitations, of unused annual leave days.

***Revenues*** are recognized from residential, commercial, and industrial customers' meters read on a monthly cycle basis. Service that has been rendered from the latest date of each meter-reading cycle to month end is estimated and accrued as unbilled revenue receivable. In addition to a base rate, the Board collects a fuel charge for certain fuel costs that are a pass-through from the Tennessee Valley Authority (TVA). The fuel charges are a pass through. The Board also collects sales tax from a majority of its customers. Revenues are presented net of sales tax.

The Board purchases electric power from TVA. Retail energy sales are on a cycle billing basis, whereas wholesale energy and demand units are on a calendar month basis. The difference respective to times meters are read and billed causes a monthly misalignment between retail and wholesale units and with the respective retail revenue and purchased power costs. Annually at June 30, the Board estimates and records the amount of unbilled retail revenue, effectively recording twelve calendar months of both revenue and expense.

***Cash flows*** For purposes of reporting cash flows, cash and cash equivalents include cash, commercial paper, U.S. Treasury Bills and certificates of deposit with an original maturity of three months or less.

### *New Accounting Standards Adopted*

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). This standard updates the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements for GASB 101 are effective for fiscal years beginning after December 15, 2023. The adoption had no impact on the financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB 102). This Statement concludes that State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event associated with a concentration or constraint that could cause the substantial impact has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The adoption had no impact on the financial statements.

### ***Recent Accounting Pronouncements***

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements (GASB 103). This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not

provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers. This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

In September 2024, GASB issued Statement No. 104, Disclosure of Certain Capital Assets (GASB 104). This Statement concludes that state and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Recess to annual meeting of the Board of Trustees for OPEB

## Annual Meeting of the Board of Trustees for Other Post-Employment Benefits Trust

**MINUTES OF THE ANNUAL MEETING OF THE  
BOARD OF TRUSTEES FOR OTHER POST-EMPLOYMENT BENEFITS TRUST  
HELD JULY 24, 2024**

The annual meeting of the Board of Trustees for Other Post-Employment Benefits (OPEB) Trusts was held on Wednesday, July 24, 2024.

Board Members Present: Anne Davis, Casey Santos, Clifton Harris and Michael Vandenberg (virtually).

Officers Present: Teresa Broyles-Aplin, Laura Smith, David Frankenberg, Don Hill and Dr. Trish Holliday.

The Other Post-Employment Benefits (OPEB) Trust meeting was called to order at 9:26 a.m.

**MINUTES**

Upon motion by Member McCabe and seconded by Member Santos, the minutes from the meeting held July 26, 2023, were deemed approved with five ayes and zero nays.

**REPORT ON THE BOARD OF TRUSTEES REGARDING ACTIONS TAKEN DURING THE YEAR THAT IMPACT THE NES OTHER POST-EMPLOYMENT BENEFITS TRUST**

David Frankenberg reported that each year, the Board of Trustees of the trust fund for the Nashville Electric Service Post-Employment Medical and Life Insurance Plan (the Plan) must hold a meeting to review the activities impacting the trust fund. The approvals of the funding for the trust were the most significant action items impacting the trust fund.

He reported that the trust fund balance increased \$40.1 million for the plan year. The balance was \$237.1 million on March 31, 2024. However, the unfunded accrued liability has continued to decrease and was \$115.8 million as of March 2024 compared to \$134.4 million in March of 2023.

The trust fund must be audited each year and the audited financial submitted to the Comptroller of the State of Tennessee. Mr. Frankenberg noted that the audit for the 2024 plan year is in progress.

**ADJOURNMENT**

The meeting adjourned at approximately 9:29 a.m.

Approved,

Attest:

Chair

Secretary

**REPORT TO THE BOARD OF TRUSTEES ON ACTIONS TAKEN DURING  
THE YEAR THAT IMPACT THE TRUST FUND FOR THE NASHVILLE  
ELECTRIC SERVICE POST-EMPLOYMENT MEDICAL  
AND LIFE INSURANCE PLAN**

Nashville Electric Service (NES) recognizes the benefit expense for post-employment benefits other than pensions (OPEB) over the service period of its employees. NES established a trust fund as a funding vehicle for these benefits during fiscal 2008. Each year, the Board of Trustees of the trust fund for the Nashville Electric Service Post-Employment Medical and Life Insurance Plan (the Plan) must hold a meeting to review the activities impacting the trust fund. The Board approved an asset allocation for the OPEB trust investments that is the same as the asset allocation for the pension trust assets. The asset allocation continues to mirror the pension trust. The OPEB Annual Report for the years ending March 31 is prepared following the requirements of GASB Statement 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

The approvals of the funding for the trust were the most significant action items impacting the trust fund. In June 2024, the Electric Power Board approved funding the Actuarially Determined Contribution (ADC) of \$23.4 million for the plan year ending March 31, 2025. The full amount of the Actuarially Determined Contribution was paid into the trust fund during plan year ending March 31, 2025. During this same period, approximately \$16.6 million of benefits and related costs (net of rebates) were recognized by the trust. In June 2025, the Electric Power Board approved funding the ADC of \$21.7 million for the plan year ending March 31, 2026.

The trust fund balance increased \$25.1 million for the plan year. The balance was \$262.2 million at March 31, 2025. However, the unfunded accrued liability has continued to decrease and was \$81.0 million as of March 2025 compared to \$115.8 million in March of 2024. The decrease is primarily the result of improvements in the obligation due to an increase in assets due to scheduled contributions, recognition of gains on plan assets, and lower medical costs than actuarially predicted. These decreases were offset by an expected increase in liabilities due to interest and benefit accrual and unfavorable changes in plan demographics and pharmacy claim costs from those actuarially predicted. The plan also experienced assumption changes to rates of retirement, disability, participation, trend (medical inflation) and salaries which further decreased unfunded accrued liability.

For the NES fiscal year 2025, NES contributed \$23.0 million to the trust. This amount is prorated based on 9 months of ADC from Plan year 2025 and 3 months of ADC from Plan year 2026, as required by accounting standards for plan sponsors. The budgeted contribution for fiscal 2026 is \$21.7 million. The projected ADC is included in each year of the five-year financial model that was reviewed by the Board during the annual budget approval process.

The trust fund asset balance was \$283.8 million as of June 30, 2025, up \$21.6 million from March of 2025. The increase was a result of improving investment returns in the market.

The Board is charged with the responsibility of approving reimbursements from the trust fund. The State guidelines make reference to examining certified documentation of the claims and expenses that are eligible for reimbursement as part of the approval process for each quarterly reimbursement. The Board has delegated this detailed review and approval to the Chief Financial Officer and those responsibilities have been appropriately managed throughout the fiscal year. For the year ended June 30, 2025, NES paid out \$16.2 million of net benefits and related expenses on behalf of the OPEB trust. All qualifying OPEB benefit payments are subsequently reimbursed to NES from this trust. Reimbursements of approximately \$20.5 million (net of medical rebates) were received by NES from the trust during fiscal 2025.

The trust fund must be audited each year and the audited financial submitted to the Comptroller of the State of Tennessee. PwC completed the audit for the March 31, 2024 year end in October of 2024. The audit for the 2025 plan year is in progress.

## Adjournment of Trustee Meeting

Reconvene Annual Meeting to ratify actions taken by the Board of Trustees  
for Other Post-Employment Benefits Trust

## Adjournment of Annual Meeting