

WAGE & SALARY POLICY
PEDERNALES ELECTRIC COOPERATIVE, INC

Board Adopted: April 21, 1997, Reaffirmed March 15, 1999
Board Amended: May 15, 2006; July 17, 2006; December 20, 2010;
November 19, 2012

PURPOSE

The purpose of the Pedernales Electric Cooperative (PEC) Wage & Salary Policy is to:

- Establish guidelines for managing PEC's pay practices;
- Maintain fair and competitive salary ranges consistent with PEC's economic requirements;
- Attract and retain qualified employees by maintaining a salary structure that is competitive with the external job market;
- Promote internal equity and consistency across diverse Cooperative functions; and
- Provide the foundation for a performance-based pay system.

The Board of Directors, therefore, adopts this Wage & Salary Policy and Wage Scale.

POLICY

- A. It is PEC's policy to maintain a compensation structure consistent with its Equal Employment Opportunity/Affirmative Action program and other Cooperative requirements.

- B. It is PEC's policy to compensate employees according to the nature of the job, required qualifications, training and experience, individual performance, the financial resources of the organization, and other relevant factors.

- C. It is PEC's policy to pay competitive wages based on the market value of similar jobs in the power distribution industry, while maintaining fiscal control of salary growth. To achieve this goal PEC has established and will conduct periodic reviews of its pay ranges compared to those in various salary surveys.

- D. PEC employees shall be classified as regular full-time, part-time, or temporary. Each employee shall be designated either as non-exempt or as exempt from the minimum wage and overtime pay provisions of the Fair Labor Standards Act. Therefore, all non-exempt employees will be entitled to pay at the minimum of time and one-half for all hours worked in excess of forty hours per week.

- E. Upon adoption of this Wage & Salary Policy:
 1. All employees will be assigned a title corresponding to the PEC Employee Classification Plan.

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2. All employees will be paid within the pay grade established for his/her job classification under the PEC Wage Scale. Any employee whose salary exceeds the established maximum of the pay grade as a result of a market review will be frozen at their current salary until such time as the pay range for that grade level exceeds the employee's pay or the employee is promoted to a classification in a higher pay grade.
 3. Newly hired employee's pay shall be set at least at the minimum value of the pay grade to which the position has been allocated according to the Wage Scale, but pay shall not exceed the mid point for the pay grade without advance approval from the Human Resources Manager and Department Executive Manager.
- F. Expansion, reduction, or reorganization which may result in the creation of new jobs, or significant changes to existing jobs, should be recorded through the job evaluation process and allocated to the proper pay grade with the approval of the CEO.
- G. Each employee's job performance shall be evaluated at least once each year. Adjustments in pay for promotion and merit are to be made in recognition of exemplary or superior performance as recommended by the employee's supervisor and manager in accordance with guidelines established by the CEO.
- H. The Human Resources Manager and Department Executive Manager shall establish minimum time requirements for promotions for jobs with normal progression.
- I. The CEO shall continue to evaluate economic factors affecting the Cooperative and its employees and take such action as warranted and feasible.

Nothing in this policy shall limit the Cooperative in exercising its management functions, including, but not limited to, directing the work force, discipline, and discharge. The Cooperative reserves the right to amend, modify, and delete provisions of this and all other policies and procedures of the Cooperative.

This Policy, as amended on November 19, 2012, supersedes all previous policies and memoranda concerning the subject matter.