

MIFA # 2 Tentative Agreement Summary for Employees in ILLINOIS

April 1st, 2013

Wage Increases and Performance Bonus

1. GENERAL WAGE INCREASES (GWIs)

- **1.25%** retroactive to March 11, 2012
- **2.0%** effective May 5, 2013
- **2.25%** effective May 4, 2014
- **2.0%** effective May 3, 2015

2. Upgrades (*effective as soon as administratively feasible following ratification*)

- **Cable Technician:** upgrade any Cable Technician on payroll as of ratification from wage schedule P4B to wage schedule P5 and new title and responsibilities of Senior Construction Technician (also see Job Title-related Changes, below).
- **Dispatch Clerk:** upgrade any Dispatch Clerk on payroll as of ratification from wage schedule P2 to wage schedule P2B and new title and responsibilities of Dispatch Associate (also see Job Title-related Changes, below).

3. Performance Recognition Plan Bonus (PRP - formerly TPA) – *Rewarding results*

- **PRP Payout Target remains at 4.0%** AND there is now a guaranteed minimum payout of \$600 effective with the payout in 2014; the \$600 minimum payout will be deposited into each employee's Healthcare Reimbursement Account (HRA) to administer and fund the employee's HRA.
- **How PRP works:** Similar to the TPA, the Company determines the bonus components, and their objectives and relative weightings. The Company establishes and communicates the Plan structure (bonus teams, components, objectives, weightings, etc.) no later than March 31 of the Plan Year for which they apply. Payout occurs by March 31 of the next year.

Benefits Changes

1. Active Medical, Dental and Vision Coverage

A. New Comprehensive Medical, Dental & Vision Plan

- NECA Family Medical Care Plan ("FMCP") 16 replaces all existing medical, dental and vision plans, effective as soon as administratively feasible following ratification and no later than 6/1/2013
- NECA FMCP 16 is an IBEW-sponsored health plan, proposed by the IBEW to achieve lower employee premium contributions while maintaining quality healthcare benefits

B. Full-time Employee Medical, Dental & Vision Premium Contributions

- The Company continues to pay a large portion of the premium cost
- Full-time employee premium contributions remain **0%** for the rest of 2013
- Full-time employee premium contributions are **3%** in 2014, **5%** in 2015, and **7%** in 2016
 - If total premium costs increase by more than 7% year over year, the employee is also responsible for any premium cost over that 7% increase. Over the last 5 years, the premiums for the NECA FMCP 16 have, on average, increased 4.2% per year.

C. 10% Tobacco User Premium (*not effective until 1/1/2014*)

- 10% of the full premium cost of single coverage of the medical plan, if a covered employee or covered spouse is a tobacco user

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D. **Wellness Credit** (new; effective 6/1/2013)

- Employees and their spouses who participate in the NECA Family Medical Care Plan 16 are each eligible to receive a \$75 rebate per calendar year if complete annual physical exam with certain biometric measurements taken

E. **Elimination of Spousal Enrollment Surcharge** (effective 6/1/2013)

- The \$480 surcharge for spouses with alternate coverage who enroll in a Frontier plan has been eliminated

F. **Medical Opt-Out Credit**

- The full Opt-Out Credit (employee + any dependents) of \$700 remains unchanged
- The \$350 Spousal Opt-Out Credit has been eliminated, effective 6/1/2013

G. **New Healthcare Reimbursement Account (HRA)** (effective in 2014)

- A Healthcare Reimbursement Account will be established for active non-commissioned employees and funded with a new minimum annual Performance Recognition Plan payout of \$600

H. **Survivor Healthcare Continuation** (effective upon ratification)

- Duration of Survivor Healthcare Continuation is changed from 24 to 18 months and the survivor will make premium contributions at the same contribution levels as active employees

I. **Part-time Employee Medical, Dental and Vision Coverage and Premium Contributions**

- Regular Part-time EEs and dependents are eligible to participate in the NECA FMCP 16 to the extent provided under the Patient Protection and Affordable Care Act (effective 1/1/2014, provides PT eligibility if the employee works 30 hours or more per week)
- Eligible PT EEs must contribute 50% of the applicable premium costs, effective 6/1/2013

2. **Retiree Medical and Retiree Life Benefits**

A. **Retiree Medical & Life Insurance Coverage** (effective upon ratification)

- Retiree Medical benefits for current employees remains as it is currently*
- Retiree Life Insurance for current employees changes from \$10,000 to \$7,500
- New employees do not receive Retiree Medical or Life Insurance coverage**

* *"Current employees" are those hired on or before the ratification date of the tentative agreement*

** *"New employees" are those hired after the ratification date of the tentative agreement*

3. **Pension and 401(k) Benefits**

A. **NO CHANGE to Pension Plan for current* employees**

- Current employees will be provided a one-time option (at a date to be determined after ratification) to opt out of pension coverage ("freeze" their pension) and into the 401(k) plan for new hires. An employee's decision of whether to opt out is completely voluntary – this is an option for the employee, not a requirement.
- Pension Plan coverage for new employees** has been eliminated

B. **MODIFY 401(k) Plan for new employees****

- 401(k) Company Match for new employees is 50% of first 6% contributed by the employee

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- After one year of employment, new employees are also eligible to receive an annual fixed Company contribution of 2% of base pay, provided the new employee is on payroll in a MIFA # 2 position as of 12/31 of that calendar year
- 5-Year tiered vesting schedule for all fixed and matched Company contributions

C. **Modify 401(k) Company Match for current employees*** (effective upon ratification)

- 401(k) Company Match for current employees modified from 82% of first 6% (i.e., 4.92%) to 50% of first 6% of contribution (i.e., 3%)

* *"Current employees" are those hired on or before the ratification date of the tentative agreement*

** *"New employees" are those hired after the ratification date of the tentative agreement*

4. Disability Plans

A. **MODIFY Short Term Disability Benefits** (effective 6/1/2013)

- Full-time employees with one or more years of service remain eligible for STD pay benefits
- NO CHANGE to STD Pay amounts for the first 26 weeks – remains as is in current contract
- Reduce maximum length of STD Pay Benefits from 52 weeks to 26 weeks, with new Company-paid Long Term Disability coverage that begins at the 27th week (see B below)

B. **Modify Long Term Disability Benefits** (effective 6/1/2013)

- **NEW BENEFIT** -- The Company provides and pays for 50% LTD coverage to full-time employees with one or more years of service at no cost to the employee (previously LTD coverage was available, but the entire cost was borne by the employee).
- **Coverage Levels:** 50% of pay with Company-provided coverage, with at least one employee "buy-up" option (for 2013, buy up options of 60% and 67% of pay will be available).
- At initial enrollment any eligibility restrictions will be waived and all employees will be eligible for coverage under the plan
- Approved LTD benefits will begin after exhausting STD/satisfying the 26 week LTD "waiting" period. Employees may request unpaid leave status if their STD benefit is payable for less than 26 weeks.
- **Health Care (Medical, Dental & Life) Continuation while on LTD**
 - Maximum of 29 months continuation (starting from the date on which disability commences), as a "bridge" to Medicare. Employees who go on LTD will make premium contributions at the same contribution levels as active employees. (new)
 - At the 29th month after the original disability date, Company coverage will cease. The employee will be eligible to apply for Medicare, and dependents will be provided a COBRA election.
- **Right of Reinstatement:** During the first 6 months of LTD, employees will have the right to be reinstated to their current position upon "recovery", or if medically restricted, to an available position consistent with their restrictions and qualifications.

5. Other Benefits

A. **Basic Life Insurance**

- Company continues to offer Company-paid basic life insurance for regular full-time employees
- Basic Life Insurance coverage levels will change to a years of service-based formula, effective 6/1/2013

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B. Supplemental Term Life

- Coverage continues to be available; *on a one-time basis, employees can buy Supplemental Insurance of up to five times (5x) pay without having to provide evidence of insurability*

C. Adoption Assistance

- MOA eliminated effective upon ratification

D. Education and Life Long Learning (Tuition Reimbursement) (effective upon ratification)

- Tuition reimbursement plan remains available, with maximum annual payment of \$8,000 unchanged
- Pre-paid feature of the plan has been eliminated, effective upon ratification

E. Domestic Partner Benefits

- Coverage continues to be available

F. Flexible Reimbursement Plan

- Plan continues to be available but has been re-named to "Flexible Spending Account"

Operations-Related Changes

(Most of the items that follow mirror what was also negotiated in MIFA # 1)

1. New Assignment Flexibility Article ("One Tech Out") – a way of operating that makes Frontier more competitive by improving customer service and making our operations more efficient

"One Tech Out" Principle

- When an employee is assigned work within his or her job classification, he or she may also perform, or be assigned to perform, work normally performed by another classification that is needed to complete the entire job so long as he or she has the training, experience, qualifications, and/or equipment needed to safely complete the entire job.
- This is a common sense way to serve our customers and operate a business.
- The Company recognizes that cross-training is the key to implementing "one tech out".

- **Union Notification (required):** When local management plans to implement these principles in a work group, the Local Union will be notified beforehand and management's plans will be discussed.

2. Certification Differentials - New – Frontier will reward its techs for improving their skill sets

- The Company will increase the base hourly wage rate of outside technicians (I&M, Construction) and central office technicians who achieve the following certification(s):

(1) Comp TIA A+	\$0.25 per hour increase
(2) Comp TIA Network +	\$0.25 per hour increase
(3) CCNA	\$0.50 per hour increase

- Additional certifications may be added to this list at the Company's discretion or with the Company's approval. The Union may propose additional certifications on an annual basis and representatives of the Company and Union will meet to discuss those proposed additional certifications.

3. New Sales and Sales Incentive Article - Generating revenue & growth through sales and sales referrals makes us a stronger Company

- Recognizes that all employees are responsible for promoting and selling the Company's products and services, and to participate in the Company's sales and sales referral plans and programs, during their working hours. Non-commissioned employees will not be subject to discipline based solely on their sales results.
- Recognizes that the Company can offer sales, sales referral, incentive, commission, prize and/or award plans and programs, such as Take the Lead

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4. Standardized Vacation Provisions

- Vacation Cash-Out (*new*): Employees entitled to 3 or more weeks of vacation now have the option to cash-out one week of vacation (full week only) with supervisory approval
- Vacation carryover eliminated (except in limited circumstances); vacation banking eliminated.
- Employees with banked vacation may cash-out up to 40 hours on a one-time basis between 1/2/14 & 3/31/14 (*but only if this TA is ratified on the first vote*)

5. New Article on Frontier’s Uniform Program – Differentiating Frontier from its competitors and promoting a professional-looking workforce our customers and the public recognize and respect

- Moves employees into Frontier’s uniform program, with Company-provided and paid-for shirts, pants, jackets, and hats
- **Employees Receive Additional Items:** On a “one-time” basis, employees can choose two (2) additional jackets or one additional jacket and one set of winter-insulated bib overalls. The period for this selection will be post-ratification (after the program is set up).

6. Job Title-related Changes. See the chart below for changes in titles and consolidation of certain classifications. There were no changes to the Wage Schedules for these titles except for the upgrades noted in page 1.

<u>Current Title/Classification</u>	<u>New Title/Classification</u>
Business Zone Technician I	Sales and Service Technician I
Customer Zone Technician II	Sales and Service Technician II
Cable Technician	Senior Construction Technician
Senior Cable Technician	
Cable Splicer	
Customer Zone Technician I	Network Technician
Transmission Technician	
Switching Support Technician	
Dispatch Clerk	Dispatch Associate
Special Services Clerk	
Lead Dispatch Clerk	

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7. Probationary Period, and Temporary Classifications -- *Standardized and added provisions; special provisions added for ProResource Program*

- Standardized **probationary period** to 7 months; added new provision that the probationary period will be extended to compensate for the length of any absence in excess of five (5) consecutive work days
- Standardized definition of **temporary employee who is not hired through the ProResource Program**: “an employee hired for a limited period of time not to exceed six (6) consecutive months”
- Standardized language on temporary employees who are hired through the **ProResource Program**: total duration of a ProResource temporary employee will not exceed six (6) cumulative months in a calendar year.
- New standardized language on general circumstances for hiring temporary employees through the ProResource Program:
 - “Retirees hired under this program are generally hired to provide training to other employees, to utilize specialized skills or knowledge they possess, to cover increases in the workload which cannot be covered by the regular workforce during scheduled hours, to replace employees who are absent due to illness, disability, vacation, leave of absence, etc., and to cover other similar gaps caused by such things as new employees becoming qualified, a shortage of qualified personnel in the local labor market, or an unexpected and significant number of retirements or resignations over a relatively short period of time.”

8. Compensated Availability/Stand-by

- Significantly improved stand-by pay: now \$20/scheduled day; \$30/non-scheduled day; \$35/holiday
- Added standard updated language regarding an employee’s availability while on standby: Employees assigned to ‘Stand-By’ must be reachable on their Company-provided cell phone and, in situations where cell service may not be available to an employee, the employee must provide the Company with an alternate telephone number where they can be reached.

9. Scheduling & Overtime-related Changes

- “Four-ten” work weeks modified to guarantee 2 consecutive days off & no back-to-back Sats. and Suns.
- Work schedules with non-consecutive days off may now apply to all classifications; the hourly premium for such schedules continues unchanged.
- Overtime pay applies for working non-scheduled time if employee has worked in excess of 8 hours/day or 40 hours/week are worked; for purposes of paying overtime, the following types of time off are treated as time worked: Union business in connection with the handling of grievances and the enforcement of the Agreement; Authorized Holidays and Personal Days; Vacation Time; Jury Duty; Death in the employee’s immediate family; Witness Duty; Voting Time taken pursuant to law, and time off for Military Reserve Training.
- Night differential increased to \$1.25; 10 cent shift premium for being assigned to unselected night shift eliminated
- Overtime meal allowance increased to \$7
- Standby rotated among all qualified employees in workgroup if insufficient volunteers
- (Plant Service Center only): the Day after Thanksgiving has been replaced with an additional floating holiday; however, *at least* 50% of each classification in the plant service center may use a floater to take this day off

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10. New Work Assignment Flexibility Provisions

- Cross-jurisdiction provisions added to cover employees working in Legacy IL property and Legacy working in acquired IL property, with various restrictions and employee protections, seniority reciprocity, and priority consideration for vacancies
- Provisions added to allow re-deployment of Construction and Equipment Installer personnel
- **These provisions do not take effect till both Illinois contracts ratify**

11. Other Changes

- Increased temporary reporting center per diems for 20 – 40 mile band to \$21.50 and for 40 – 60 mile band to \$34.00.
- Standard Employee Discount Language added
- Addition of a recognition clause to the MIFA 1 CBA
- Standard language added on creating new job classifications
- Provision added allowing the Company to require pay by direct deposit if permitted by law
- Stepmother, stepfather, and stepchildren added to the definition of immediate family in bereavement leave provision
- Reimbursement for use of employee's personal vehicle for Company business now follows IRS standard mileage rate.