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**FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.**

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**GENERAL POLICY No. 608**  
**SUBJECT: COMPENSATION ADMINISTRATION:**

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**I. PURPOSE:**

It is in the best interest of both the Cooperative and its employees to fairly compensate its workforce for the value of the work provided. It is the Cooperative's intention to use a compensation system that will determine the current market value of a position based on the skills, knowledge and behaviors required of a fully competent employee. The system used will be objective and nondiscriminatory in theory, application, and practice. The Cooperative has determined this can best be accomplished by using a system recommended by the CEO/General Manager and approved by the Board of Directors.

**II. POLICY:**

The Cooperative is committed to providing a working environment which stimulates employees to perform their tasks with the highest integrity, quality, and effectiveness, both as individuals and team members. It shall be the policy of the Cooperative to maintain an economically sound systematic compensation plan that will:

- A. Establish wages and salaries that will attract and retain qualified personnel and encourage their superior performance, growth, and development.
- B. Provide each employee with an assurance that his/her pay compares fairly with compensation paid for other positions having similar duties and responsibilities both within the Cooperative and with other similar organizations.
- C. Assure both management and employees that performance will be

appraised systematically, fairly, and in a consistent manner, and that each employee will be provided with the advice, counsel, assistance, and training needed to enable him or her to develop, improve, and advance within the organization within demonstrated capabilities.

**III. COMPENSATION PLAN CRITERIA:**

- A. The compensation system will price positions to market by using local, regional, national, and industry specific survey data.
- B. National compensation utility survey data, supplied by the National Rural Electric Cooperative Association (NRECA), will be the primary data source but may be supplemented with additional surveys or other compensation data; in addition, the Cooperative may include survey data for more specialized positions (for example, information systems, marketing, hydroelectric); and will address significant market differences due to geographical location.
- C. The system will evaluate external equity, which is the relative marketplace job worth of every Cooperative job directly comparable to similar jobs in our industry, factored for general economic variances and adjusted to reflect the local economic marketplace.
- D. The system will evaluate internal equity, which is the relative worth of each Cooperative job when comparing the required level of job competencies, formal training and experience, responsibility, and accountability of one job to another and arranging all jobs in a formal job grading structure.
- E. Professional support and consultation will be available to evaluate the compensation system and provide ongoing assistance in the administration of the program.
- F. The compensation system must be flexible enough to ensure that the Cooperative is able to recruit and retain a highly qualified workforce, while providing the structure necessary to effectively manage the overall

compensation program.

**IV. PROVISIONS:**

The following procedures and conditions shall apply to the provisions of this policy.

- A. A job description will be created and maintained for each Cooperative position based on actual responsibilities, duties and essential functions required to perform the job.
- B. In accordance with the provision of the Fair Labor Standards Act (FLSA) each position will be categorized as either:
  - 1. Exempt – Salaried. These are positions that meet the definition of exempt, as set forth in the FLSA, and are therefore exempted from the provision of the act and not eligible for overtime.
  - 2. Nonexempt – Hourly. These positions are defined as nonexempt as set forth in the provision of FLSA and are therefore eligible for overtime compensation under the act.
- C. Each Cooperative position, with the exception of the CEO/General Manger, shall be assigned (by virtue of the job description) to a job grade within the compensation structure.
  - 1. Any employee under a Union Contract will receive the pay negotiated under that contract.
  - 2. Non-union employees shall be assigned a wage or salary within the range of their job grade, reflective of experience and competence in their position.
  - 3. Adjustments may be made to the pay rates of non-union employees within 60 days after the arrival of NRECA National Compensation Survey each year.
- D. Each employee shall be given full information regarding the FLSA

designation, position title, job description, and job grade to which he/she is assigned.

- E. If an employee is temporarily assigned to a lower graded position for the convenience of the Cooperative, he/she shall continue to be paid at his/her regular rate of pay not to exceed six months.
- F. Each employee shall have an annual performance evaluation given by the immediate supervisor and reviewed with the department manager and CEO/General Manager to provide:
  - 1. The basis of evaluating the employee's competence in their position and professional contribution to the Cooperative.
  - 2. Determination of specialized or ongoing training needs for employee growth.
  - 3. Continued accuracy of job description in relationship to work actually performed.
- G. In order to assess competency and assist in employee development, new employees will receive performance evaluations at the completion of three (3) months of employment and again at six (6) months. A new employee in an evaluation period may be assigned a pay level lower than the minimum for the position job grade.
- H. Employees of the Cooperative who are fulfilling an evaluation period in a new position will also receive a performance evaluation at the completion of three (3) and six (6) months. An employee fulfilling an evaluation period in a new position may be assigned a pay level lower than the minimum for the position job grade.
- I. When the duties of a position are substantially changed, it is the responsibility of the immediate supervisor to request a re-evaluation of the position. Such request shall be directed to the HR Manager through the appropriate department manager. Upon approval of the CEO/General

Manager, the HR Manager, will work with the department manager and the employee to update the job description. The HR Manager will arrange for determination of the appropriate job grade for the position. The job description, position title and job grade must be approved by the CEO/General Manager.

- J. This plan shall be administered in such a manner that each employee can recognize his or her position is being evaluated objectively, and his or her performance is appraised fairly.
- K. The CEO/General Manager may award bonuses to an employee or employees not to exceed the board approved budgeted amounts for payroll/bonuses in any given calendar year. The CEO/General Manager with assistance from the department managers and supervisors will determine the nominations and bonus amounts.
- L. Temporary, student, intern, or casual employees are not covered under this compensation plan. Compensation for such employees shall be determined on an individual basis depending on experience and skills needed to perform the job. The rate of pay will be decided by the HR and Department Manager with the approval of the CEO/General Manager.


**V. Responsibility:**

- A. The Board of Directors shall set the compensation rate for the General Manager based on available industry and market survey data.
- B. The CEO/General Manager shall be responsible for the administration of this plan for all staff and for making recommendations on necessary or required changes to the policy.
- C. The CEO/General Manager shall ensure salary ranges are updated annually, that all individual jobs are market priced at least once every five years, and that pay equity adjustments are administered in a fair and equitable manner.

**VI. Primacy of Policy**

This Policy supersedes any existing policy that may be in conflict with the provisions of this policy.

APPROVED BY THE BOARD OF DIRECTORS

  
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Doug Schmier, President

DATE APPROVED: May 29, 1996

DATE REVISED: March 27, 2017

November 18, 2019