

Memorandum of Understanding

between

SouthWater, Inc.

&

**THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL UNION No. 702**

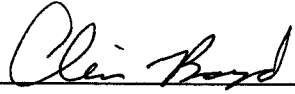
Pursuant to a matter pertaining to the insurance benefit levels and structures contained in the current Collective Bargaining Agreement (CBA) between the above-referenced parties, this Memorandum of Understanding (MOU) intends to outline and document the reasons for changes to the employee's plan during the calendar years 2009 and 2010.

In February, 2009, SouthWater, Inc. Executive Vice-President Chris Boyd approached IBEW Local 702 Business Representative Mark Baker about the increased cost of the then-current medical plan provided by Blue Cross Blue Shield. Discussions were had about the cost-containment provisions spelled out in Article IX, Section 9.01. The parties incorporated a High Deductible Health Plan (HDHP) with a \$2500.00 deductible to be coupled with a Health Reimbursement Account (HRA), administered through Envision, Inc., invoking a \$250 deductible for the employees, then the additional amount would be covered by the Company. Insurance Agent Tom Kenney, K & A Insurance, handled the transition for the parties. In exchange for the Union's willingness to make this mid-year alternations, the Company agreed to reimburse the employees for any premiums they were forced to make under the old plan.

Difficulties throughout the year existed and the parties continued to search for a better solution. Several discussions were had and options explored. It was decided to utilize Aetna as the medical plan provider for the calendar year 2010, incorporating a \$3000.00 deductible, but still coupled with an HRA (administered by Envision, Inc.) and effective deductible of \$250.00 for the employees. Corresponding Short Term Disability, Life Insurance, and Accidental Death & Dismemberment policies were enacted with the lowest cost providers with the contractual amounts in place.

This MOU in no way is intended to committ either Party to a precedent in this specific situation, nor can or should be justified as a past practice. The willingness of the Union to make cost-effective mid-term changes to the plan have been recognized and appreciated, and the promotion of the Company to enact a plan that does not impose a financial hardship on the employees is equally respected. It is the desire and intention of the respective Parties to continue these harmonious relations to the betterment of all.

Agreed:


Chris Boyd, Executive Vice-President Date
SouthWater, Inc. 2/24/10


Mark Baker, Business Representative Date
IBEW Local 702 3/5/10

Local Union No. 702

International
Electrical



Brotherhood
Workers

106 NORTH MONROE STREET

West Frankfort, Illinois

62896



March 5, 2010

Mr. Chris Boyd, Executive Vice-President
Southwater, Southern Illinois Electric Cooperative
P.O. Box 100
7420 U.S. Highway 51 South
Dongola, Illinois 62926

Re: Memorandum of Understanding; Pertaining to the Insurance Benefit levels and structures.

Dear Chris:

Please find enclosed one (1) original signed copy of the above-referenced MOU.

Sincerely,
IBEW Local Union 702
Mark Baker
Mark Baker
Business Representative

MB:an

Enclosure