1245
UTILITY REPORTER
International Brotherhood
Of Electrical Workers
Local 1245, AFL-CIO
April 1994
Vol. XLIII No. 4

Pipeline of Profits
See Page 7

PG&E now preparing displacement notices

Jobs awarded, clerical consolidation begins

Pacific Gas and Electric wrapped up the first phase of its massive Clerical consolidation program April 1 with the awarding of jobs at new regional telephone centers in San Francisco, San Jose, Sacramento and Fresno and the new credit center in Stockton.

Employees opting to exercise their Section 19.9 rights listed their job preferences in priority order prior to March 24. The company then used these lists to begin *filling* approximately 600 fulltime positions now available at the new centers.

The process has created considerable anxiety for Clerical members, in part because there is no sure way for an individual member to know what job he or she will end up with. Even those who exercised their Section 19.9 right cannot be assured they will remain in their new position in subsequent "waves" of Title 19 activity.

However, it appears that the company was able to fill a large majority of the vacancies at the centers through Section 19.9. Accordingly, fewer people will be faced with the unpleasant prospect of taking a job they don't want.

Of the approximately 600 full-time jobs to be filled, company figures indicate fewer than 100 remain vacant. These include 41 full-time service representative positions in Fresno and 21 full-time service representative positions in Sacramento, and a few senior service representative positions at all four locations.

A handful of part-time jobs also remain unfilled at all four telephone centers.

As upsetting as the process has been so far for Clerical members, it could have been far worse.

"There is no good solution to the problems created by the company's decision to consolidate," said Senior As-

See PAGE FIVE

'Cooperation' efforts wasted

PG&E snubs joint committee's findings

A major initiative in labor-management cooperation collapsed in February when PG&E rejected the recommendations of two joint committees established to confront the challenges of technological change.

The committees, established in November of 1992, were charged with investigating technological changes in the workplace and determining how jobs could be restructured to make the most of those changes.

Management and union members on the committees agreed to search for solutions by consensus, rather than traditional bargaining. Solutions jointly-agreed to by the committee were to be forwarded to corporate and union leaders.

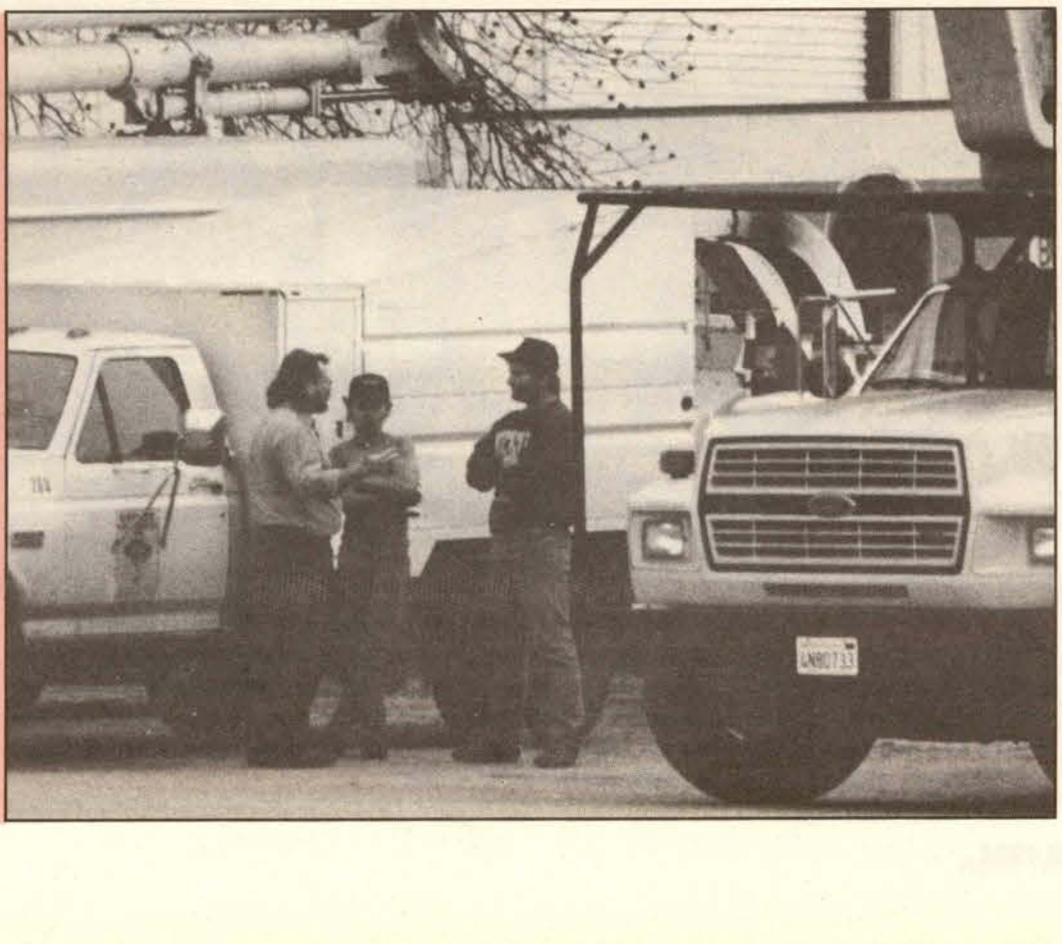
But in the end the company denied the recommendations of its own committee members, and rejected what had been billed as a major initiative in employee involvement.

In all, four separate committees participated in the high-profile project on technological change: Gas Control; Electric Meter; Power Generation; and Telecommunications, Electric Maintenance and Electric T&D.

The first two committees to come up with final recom-

See PAGE TWENTY

ORGANIZING EXPANDED AT UTILITY TREE
Business Rep. Jack Osburn distributed union authorization cards to Utility Tree employees in Marysville last month as Local 1245 continued to expand its campaign to organize the non-union tree trimming contractor. Cards were also handed out to Utility Tree employees in the Stockton division. Story on Page 4.



INSIDE

CALENDAR

April 9
PG&E Regional Stewards Conference
Fresno, Ca.

April 30
PG&E Regional Stewards Conference
Salinas, Ca.

May 14
PG&E Regional Stewards Conference
Concord, Ca.

May 20
Outside Line Pin Dinner
Palm Springs, Ca.

May 21-22
Softball Tourament
Concord, Ca.

May 21
Jack McNally Outside Line Golf Tournament
Palm Springs, Ca.

May 28
Voter Registration Deadline

June 4
PG&E Regional Stewards Conference
Sacramento, Ca.

June 7
California Primary Election
BE SURE TO VOTE!

1245

UTILITY REPORTER

April 1994
Volume XLIII
Number 4
Circulation: 26,100

(510) 933-6060

Business Manager & Executive Editor
Jack McNally
President
Howard Stiefer
Executive Board
Jim McCauley
Ron Blakemore
E. L. "Ed" Mallory
Michael J. Davis
Kathy F. Tindall
Andrew G. Dudley
Treasurer
Chuck Davis
Communications Director
Eric Wolfe

Published monthly at 3063 Citrus Circle, Walnut Creek, California 94598. Official publication of Local Union 1245, International Brotherhood of Electrical Workers, AFL-CIO, P.O. Box 4790, Walnut Creek, CA 94596.

Second Class postage paid at Walnut Creek and at additional mailing offices. USPS No. 654640, ISSN No. 0190-4965.

POSTMASTER: Please send Form 3579, Change of Address, and all correspondence to Utility Reporter, P.O. Box 4790, Walnut Creek, CA 94596.

Single copies 10 cents, subscription $1.20 annually.

Have you moved lately? If so, please send your complete new address and your social security number to the Utility Reporter, P.O. Box 4790, Walnut Creek, CA 94596.

Workers here and abroad

Rolling the union on. . .

☞ **Students Defend Wages:** Massive protests by students last month forced the French government to revoke a decree that waived the minimum wage for people under 25. The decree would have permitted young people to be paid just 30 to 80% of the $1,000 monthly minimum wage. A spokesman for the French government said the decree was the result of a regrettable "misunderstanding."

☞ **Company Spy:** K-Mart's policy of hiring undercover spies to infiltrate the workforce and spy on union activity is the target of a lawsuit, the San Mateo County Labor paper reported. Lewis Hubble, one of the plaintiffs, said that the company spy worked with him on the line, went drinking with him, and even helped him move.

Remember: the deadline for registering to vote in the June 7 primary is May 28.

☞ **Always Attack:** Former union buster Martin Jay Levitt will speak about his unsavory past at Clark Kerr Auditorium, University of California at Berkeley, 7 p.m., on April 20. Levitt now works as a consultant to the labor movement in an effort to bust the union busters. "The only way to bust a union is to lie, distort, manipulate, threaten, and always, alwasy attack," says Levitt. Proceeds benefit UC Labor Center. Call (510) 643-6815.

☞ **Try Panhandling:** The US General Accounting Office says that states are tightening rules to make it harder than ever to collect unemployment benefits. During the last recession, the GAO says only 39% of the unemployed collected benefits, compared to 43% in 1980 and about 50% during earlier recessions.

☞ **Teamsters Walk:** Teamsters this month shut down 22 major trucking companies in a strike protesting the industry's plan to pay part-time workers as little as $9 an hour, compared to the current full-time rate of $16. About 75,000 Teamsters walked off the job, including about 3,000 in the Bay Area.

☞ **Grand *Theft* Auto:** Members of Machinists, Teamsters and other unions have launched a "Stop Grand *Theft* Auto" boycott campaign to protest the refusal of the Northern California chain to sign a decent contract. To show your support, don't patronize Grand Auto stores.

☞ **Cure Sought:** The Diabetes Research Institute officially opened its doors Feb. 23, a medical facility made possible by years of Fathers' Day fund raising by members of Building and Construction Trades unions. The unions hope to speed a cure for the disease.

☞ **No Justice, No Pizza!:** You can win a color TV in the raffle to benefit striking workers at Round Table Pizza. For a $50 book of 25 tickets, send check payable to RFCBS and mail to: Donna Collins, RFCBS, 548-20th St., Oakland, CA 94612 by April 25. Most Round Table workers have no health care benefits, sick leave, vacation days, seniority or scheduling rights, job guarantees, or grievance procedures. Remember: No Justice, No Pizza!

☞ **Art Works:** The Labor Heritage Foundation provides artistic support to union rallies and picket lines around the country, and labor education materials for classrooms. For $35 you can receive their newsletter "Artworks." Call (202) 842-7880.

BOYCOTT DIAMOND WALNUT!
Striking Teamsters continued to maintain a spirited vigil outside the Stockton headquarters of Diamond Walnut to protest that company's inhumane treatment of its employees. Last month Diamond Walnut management accepted an invitation from Secretary of Labor Robert Reich to resume negotiations in Washington, DC with representatives of the 500 striking members of Teamsters Local 601. *(Photo: Eric Wolfe)*

Frustration with incumbents

Union backs City of Redding challengers

Local 1245 has taken its frustration with City of Redding management into the political arena.

The union, which represents employees in the city's Electric Department, endorsed three challengers for seats on the City Council in elections to be held this month. Two of the candidates were also endorsed by the Service Employees union.

Business Representative Jack Osburn said the union believes Council members should be "fair and open-minded in dealing with employees." That is not a description of the City's current leadership, which permitted the last contract negotiations to drag on for nearly two years.

The candidates endorsed by Local 1245 are Phil Reinheimer, Chris Hyers and Michael Fletcher. The union also made financial contributions from its political fund to the candidates' campaigns.

Serving on the committee to evaluate the candidates, in addition to Osburn, were Local 1245 memberes Ray Thomas and Jim Ferguson.

Joining forces to challenge the current City of Redding leadership (above, from left) are political candidates Phil Reinheimer, Chris Hyers, and Michael Fletcher, and Local 1245 members Ray Thomas and Jim Ferguson. Top right: Jim Ferguson presents check to candidate Chris Hyers.

Poker Run cancelled

This year's Day on the *Delta Poker Run* has been cancelled due to logistical problems.

See you next year!

Golf tourney set for Palm Springs

The Jack McNally Outside Line Golf Tournament will be held Saturday, May 21, in Palm Springs, Ca. For information call the Riverside office at (909) 784-7507.

APPOINTMENTS

CITY OF BERKELEY

City of Berkeley Negotiating Committee
Richard Chan
Jim Milstead

CLEAR CREEK COMMUNITY SERVICES DISTRICT

Clear Creek Community Services District Negotiating Committee
Richard Ordway

CITY OF REDDING

City of Redding Maintenance Negotiating Committee
Bill Anderson
Mark Burgon
Steve Mayberry
Dwayne Norman

PLUMAS SIERRA REC

Plumas Sierra REC Negotiating Committee
Gloria Hein
Linda O'Neill
Dan Penry
Tom Stumpf

CONFERENCES AND CONVENTIONS

Congress of California Seniors 17th Annual Convention
Jack Hill
Watie Anthney

A. Philip Randolph Institute California Section 13th Annual Conference
Norma Ricker
Shirley Roberts
Lula Washington

IBEW 9th District Progress Meeting
Howard Stiefer
Jack McNally
Ed Mallory
Dean Gurke
Mike Davis
Darrel Mitchell

California Labor Federation Pre-Primary Election Convention
Jim McCauley
Mike Davis
Ron Blakemore
Eric Wolfe
Howard Stiefer

IBEW Construction Conference
Jack McNally
Art Murray

Joint Southern Conference of Southern California Electrical Workers
Richard Dunkin

1994 Regional Utility Conference
Jack McNally
Howard Stiefer
Kathy Tindall
Jim McCauley
Debbie Mazzanti
Roger Stalcup
Darrel Mitchell
Landis Marttila

CENTRAL LABOR COUNCILS

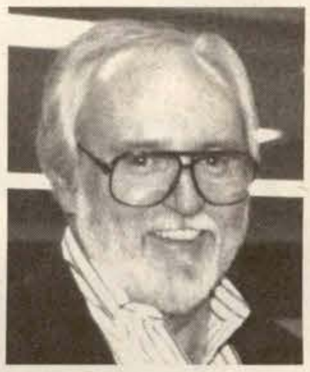
Five Counties Central Labor Council
Ron Cochran

Central Labor Council of Contra Costa County
Ed Caruso

POINT OF VIEW

Sounding the alarm on retail wheeling

Jack McNally, IBEW 1245 Business Manager



Wheeling is a term used to describe transporting electricity over transmission lines. A generating station owner uses a second party's transmission line to "wheel" electricity to a third party.

The National Energy Policy Act of 1992 provides that "wholesale wheeling" can be mandated by the Federal Energy Regulatory Commission (FERC). An example of wholesale wheeling would be an owner of a generating plant using a utility's transmission system to transport the generator's electricity to another utility.

For example, FERC could require the Sacramento Municipal Utility District to make its transmission system available so that Sierra Pacific Power Co. could "wheel" electricity to PG&E or vice verse. The actual sale of electricity would be between PG&E and Sierra Pacific Power--SMUD would merely receive a fee for providing this wheeling service.

"Retail wheeling" is something very different, and has greater consequences for present-day utilities and their employees. In retail wheeling, a utility could be required to make its transmission system available to a generating plant owner wanting to sell electricity directly to an individual customer.

For example, an Independent Power Producer could negotiate a deal to sell power to a current PG&E customer. Under retail wheeling, PG&E could be required to make its transmission lines available to assist the Independent Power Producer in making that sale.

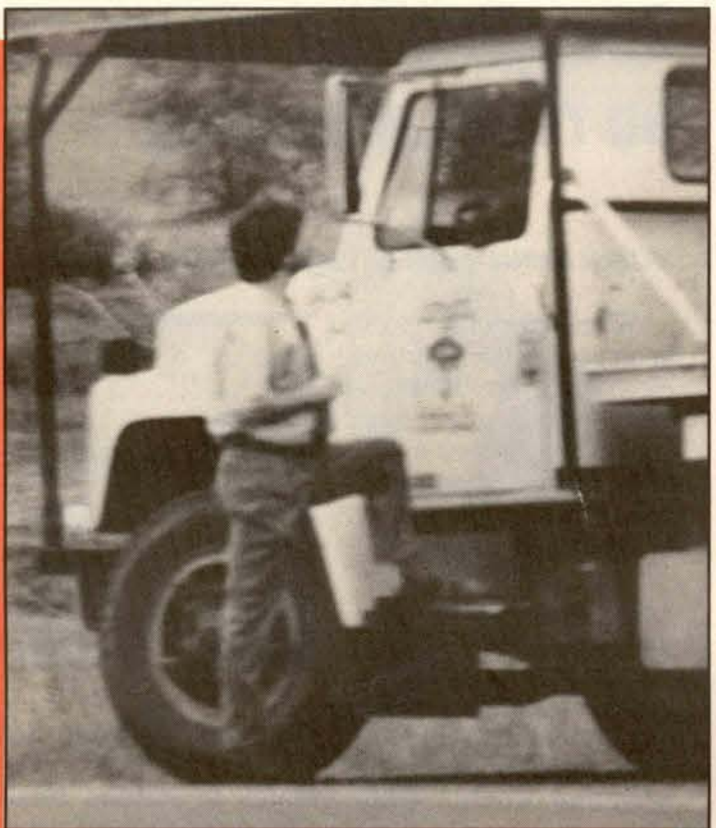
The National Energy Policy Act of 1992 did not empower FERC to authorize retail wheeling. But the Act did empower states to initiate retail wheeling policies. California is one of several states now giving serious consideration to the legalization of retail wheeling.

Under the existing regulatory structure, retail wheeling would be disastrous for the utilities, the *residential ratepayers, and* the utility employees. Big commercial and industrial customers, on the other hand, would love it.

Recently, a broad-based coalition spearheaded by the Natural Resources Defense Council developed a Joint Declaration on the Future of the Electric Utility Industry. The Joint Declaration, which speaks out strongly against retail wheeling, brings together 60 groups from 22 states, representing low-income and consumer advocates, energy-related businesses and public-interest groups, including numerous IBEW utility local unions.

This broad-based organization now faces the challenge of informing the public about the dangers of retail wheeling, and mobilizing political opposition.

Big business will talk a lot in coming months about the benefits of retail wheeling. We need to make sure that the public understands the costs as well.



Local 1245 Communications Director Eric Wolfe discusses union membership with a Utility Tree crew in Stockton Division last month.

Organizers hit Sierra, Stockton Divisions

Union expands Utility Tree campaign

Local 1245 expanded its Utility Tree organizing drive last month with sweeps through the Stockton and Sierra Divisions.

Tree trimmers expressed concern about their economic situation and showed interest in the information packets provided to them by Local 1245 organizers.

The reception in Stockton and Sierra Divisions was in sharp contrast to recent encounters in Dixon, where Utility Tree management personnel attempted to interfere with union organizers at the company gate.

The current organizing drive is the final push in a long-running campaign to bring all tree trimming contractors into the union fold. Utility Tree is the last remaining non-union tree contractor of any consequence working on PG&E property.

The lack of a union at Utility Tree shows up in compensation. Wages at Utility Tree lag behind union contractors in all areas of the company's operation. In the Stockton Division, for example, Utility Tree employees are paid approximately $2 an hour less than their counterparts at union contractors.

Local 1245 members attend a Utility Line Clearance Tree Trimmer Training class at Yuba College in Marysville last month. The class was a joint effort by the college, Local 1245, PG&E, and union contractors Asplundh Tree, Davey Tree and Arbor Tree.

Welcome new IBEW members at Arbor Tree!

Local 1245 welcomes Arbor Tree line clearance tree trimmers to the International Brotherhood of Electrical Workers. Arbor Tree members, some pictured here at unit meetings, are listed below.

Jose Luis Alvarado, Filiberto Bribiescas, Travis Bundy, Jose Bustillos, Braulio Cintora, Michael Clough, Steve Clough, Joseph Clower, Dean Denney, Chris Drinkard, Jeff Edwards, Gerald Edwards, Ray Esquivel, William Farnsworth, Krisman Fleischer, Steven Garza, Pedro Heredia, Ray Hiatt, Brent Holworthy, Jose Jimenez, Max Limones, Jose Lopez, Ernesto Maduena, Alberto Martinez, David McDonald, Armando Medina, Javier Mendiola, Jose Mendoza, Doroteo Morales, Evansto Nararro, Kevin Palamaris, Joseph Phillips, Antonio Ramirez, Miguel Rojas, Narciso Rojas, Felipe Sanchez, Ignacio Sanchez, Juan Sandobal, Ezequiel Sandoval, Michael Sene, Sigfredo Serrano, David Shively, Alfredo Soto, Theodore Speer, Richard Spinola, Paul Strader, Arturo Tovar, Ramon Tovar, Jose Valle, Sergio Valle, Alfonso Vargas, Joseph Waddle, Eric Wieand

Salinas

Hollister

Paso Robles

Tree trimmers are affected by new OSHA rules

The new federal OSHA rules governing safe work procedures on and around power lines have been published.

California, having a state plan, will have six months after May to come into appliance with the new federal regulations.

These rules apply to tree trimming operations.

Of particular interest is a provision that places limitations on work during storm conditions.

The interpretation of these limitations will be worked out in the near future in meetings between Local 1245, other interested parties, and Cal-OSHA.

Asplundh, Davey proposals sought

Negotiations will open soon between Local 1245 and two tree contractors: Asplundh and Davey. Please attend unit meetings and submit proposals for your negotiating committe.

Jobs awarded, clerical consolidation at PG&E begins

From PAGE ONE
sistant Business Manager Darrel Mitchell.

"But the union has insisted all along that the company must use Title 19 as the framework for carrying out consolidation–both to honor seniority and to minimize the disruption to people's lives. This first phase of Title 19 has made it possible for a lot of these jobs to be filled on a voluntary basis, and we think that was worth fighting for," said Mitchell.

The company indicated it will now determine where it has surplus employees or vacant positions, and begin preparing Section 19.2 notification letters and individualized lists of displacement options. A company timetable estimates that Section 19.2 letters will be distributed around April 29.

Employees who are given Section 19.2 notices can elect the severance package, or they can bump into an available position. Assuming that some employees exercise this displacement option, a second wave of displacements will take place, with additional waves possible after that.

In some cases, union members being displaced under the Physical agreement may be moving into Clerical positions, but only after Clerical members have fully exercised their rights to any available positions.

An 18-month job security provision negotiated by the union last fall prevents the company from laying off any Clerical members during the current Title 19 activity.

The company hopes to complete all displacement waves and have all employees physically reporting to their new headquarters by September.

Stay Informed

During this period of transition, the union has urged employees to stay as informed as possible.

Last month, union shop stewards fanned out to headquarters throughout the PG&E system to describe the Section 19.9 procedures and to field questions from Clerical employees.

"I think these meetings helped clear up a lot of misunderstandings about how the Section 19.9 process works, such as which jobs a person had a right to prioritize," said Assistant Business Manager Dorothy Fortier.

"Some members thought these meetings just delayed the process, but I think most members were glad to have a detailed explanation of what is going on."

Local 1245 staff and shop stewards who made presentations on Section 19.9 rights were (standing, from left) Senior Assistant Business Manager Darrel Mitchell, Assistant Business Manager Roger Stalcup, Chris Habecker, Art Garza, Olivia Mercado, John Martinez, Assistant Business Manager Dorothy Fortier; (seated, from left) Donna Ambeau, Business Rep. Enid Bidou, Debra Mazzanti, Elaine Vargas and Leslie Davis.

MONITORING CONSOLIDATION
Meeting at the Local 1245 Walnut Creek office to assess the status of PG&E's clerical consolidation are (from left) Senior Assistant Business Manager Darrel Mitchell, Assistant Business Manager Roger Stalcup, Business Manager Jack McNally, Staff Attorney Tom Dalzell, Business Rep. Ken Ball, and Assistant Business Manager Dorothy Fortier.

AC TRANSIT
Meeting at the Local 1245 office in Walnut Creek to prepare for bargaining with AC Transit are (clockwise, from left) Business Rep. Lula Washington, Assistant Business Manager Perry Zimmerman, and AC Transit employees Lynn Morel, electrician, Dennis Hert, communications tech, and Ed Lim, electric tech.

Karl Brown believed in union

Karl E. Brown, a former PG&E mechanic in Salinas and an active supporter of Local 1245, died last month at the age of 76.

Karl Brown

According to his wife, SeDell, Brown was such an avid union supporter that he became "rather disgusted" when members didn't attend union meetings.

"He'd say you didn't deserve your benefits if you didn't get in there and help," Mrs. Brown recalled.

She said that her husband loved his job, which included working on various power plants in the area as well as shop work in Salinas. On one occasion, Mrs. Brown recalled, she accompanied her husband on a round of visits to power plants as far south as San Luis Obispo.

Brown wasn't timid about his support for the union, his wife recalled.

"He believed in them. He couldn't understand if one of the workers he knew wasn't a member. It's like he wasn't worthy of the job if he wasn't a member. I'm putting it kind of strongly, but he did, too," Mrs. Brown said.

She said he thought it was "foolish to complain" about a problem if you're not going to get involved and do something about it.

Brown is survived by his wife and by his step-son, Don Houg of Salinas.

"He believed in [unions]. He couldn't understand if one of the workers he knew wasn't a member. It's like he wasn't worthy of the job if he wasn't a member. I'm putting it kind of strongly, but he did, too."

Workers Memorial Day: April 28

OSHA reform: putting a proper value on human life

If you had a prize farm animal or show dog you would probably go to some pains to make sure it was not put at risk of injury or disease.

Unfortunately, American workers are not accorded nearly as much respect. The low priority put on workplace health and safety is evident in the simple facts–the facts of life and death.

Each year, 10,000 workers are killed on the job. Another six million are injured or made ill.

Each year the AFL-CIO organizes Workers Memorial Day observances to memorialize the dead and to call for comprehensive reform of federal laws on workplace safety.

And each year these proposed reforms have smashed up against a solid wall of resistance from employers, conservative legislators, and a Republican White House.

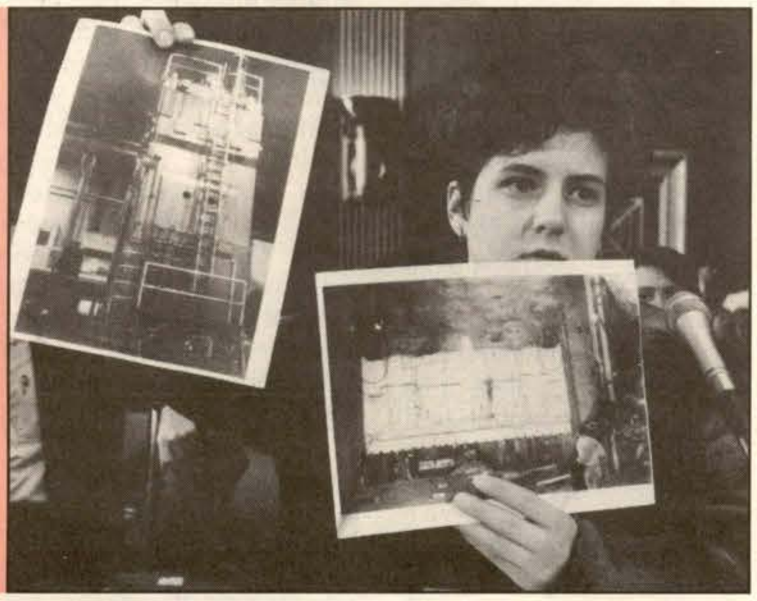
But this year, with a Democrat sitting in the Oval Office, the prospects for reforming the Occupational Safety and Health Act appear to be brightening.

At the February AFL-CIO Executive Council meeting, the Clinton administration's support for OSHA reform was pledged by Vice President Al Gore, Labor Secretary Robert Reich, and Clinton advisor George Stephanopoulos.

The OSHA reform legislation (S. 575 in the Senate, H.R. 1280 in the House) would give workers a voice in their own protection by requiring joint safety and health committees at the workplace. It also would protect workers from getting fired if they blow the whistle on job hazards or refuse to do dangerous work.

In addition, the legislation would address the special hazards of the construction industry and would extend coverage to millions of public employees currently excluded from protection.

DEATH ON THE JOB
At Senate hearings last year on OSHA reform, Lisa Eilar displayed photos of a stamping press at American Bumper Co. that killed her brother, Stephen. He had reported the safety hazard to his supervisor, but was ordered back to work. Stephen Eilar was crushed to death. *(Photo: AFL-CIO)*



"Stop the Carnage"

"We realize that passage of this legislation won't be easy," said AFL-CIO President Lane Kirkland. "The National Association of Manufacturers and the small business lobby are intransigent in their opposition, just as they have been on all other important initiatives to benefit the lives of working Americans."

Kirkland said it was "time to stop the carnage" and fulfill the commitment to a safe job for every working American that was articulated 24 years ago in the original Occupational Safety and Health Act.

Civil rights, environmental, public health and religious organizations have joined organized labor to promote OSHA reform.

The Clinton administration is reportedly putting a high priority on ergonomics, tuberculosis and protection from falls. The administration is planning to propose a $23 million increase in the OSHA budget, with most of it directed toward enforcement.

"In a highly competitive global economy we cannot tolerate the high costs of workplace fatalities, injuries and illnesses," Labor Secretary Reich wrote in letters to Sen. Edward M. Kennedy (D-Mass.) and Rep. William D. Ford (D-Mich.), who head the committees handling the reform legislation. "We must recognize that investment in our workers is the best investment we can all make in our future."

Reich said that empowering workers "to participate in safety and health activities and encouraging employees and management to cooperate to improve the places in which they work" will save lives and tax dollars, and will make government regulation "less burdensome."

The overall rate of occupational injuries and illnesses is at its highest level in 13 years. The increase in 1992 was the fastest growth in injuries and illnesses since the passage of the original Occupational Safety and Health Act in 1970.

With momentum building for OSHA reform, perhaps the 1994 Workers Memorial Day will mean new hope for the living as well as remembrances of the slain.

And perhaps it will be the year that America begins valuing the lives of workers as highly as prize pigs and show dogs.

Let the fight go on...

"I want you to pledge yourselves...to stand as one solid army against the foes of human labor. Think of the thousands who are killed every year and there is no redress for it. We will fight until the mines are made secure and human life valued more than props. Look things in the face. Don't fear a governor; don't fear anybody...You are the biggest part of the population in the state. You create its wealth, so I say let the fight go on; if nobody else will keep on, I will."

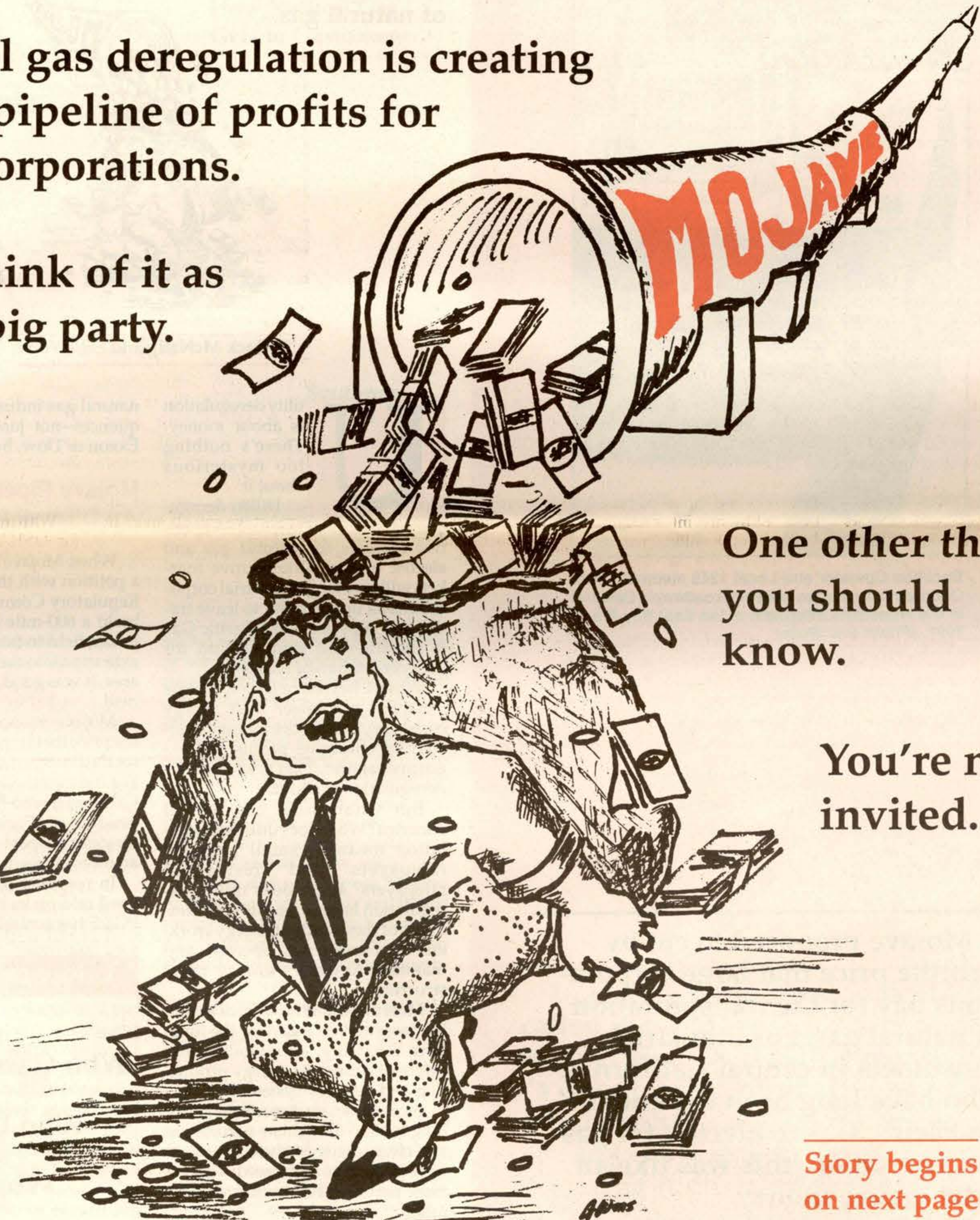
Mother Jones, at age 83, to United Mine Workers convention, September 16, 1913

The AFL-CIO is asking the US Post Office to honor labor organizer Mary "Mother" Jones (1830-1930) with a postage stamp. Letters of support can be sent to: Postmaster General, US Postal Service, Washington, DC 20260.

The Profit Pipeline

Natural gas deregulation is creating a new pipeline of profits for large corporations.

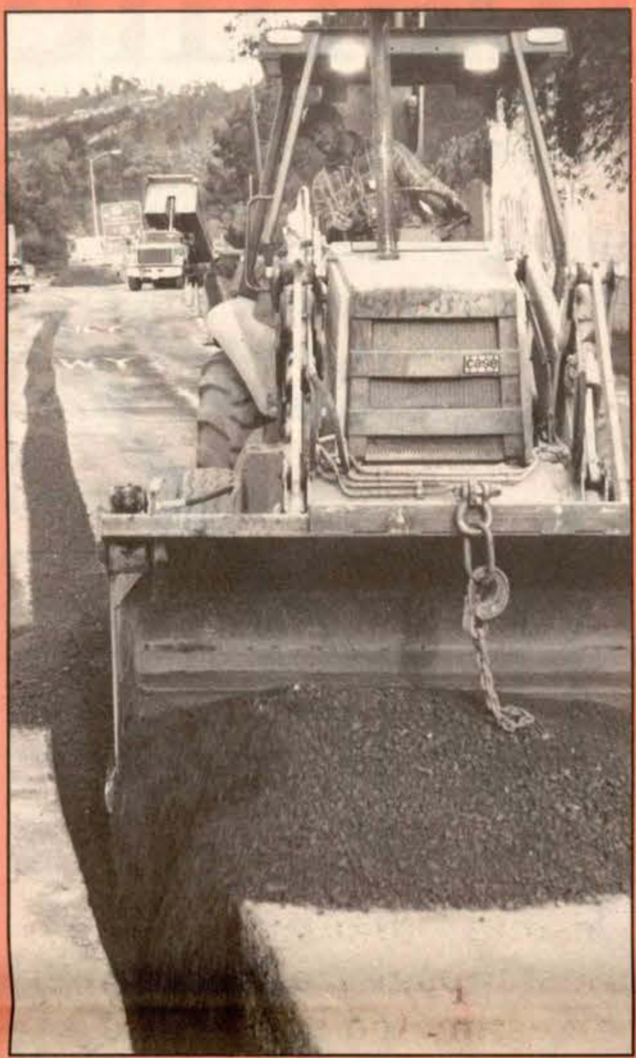
Think of it as a big party.



One other thing you should know.

You're not invited.

Story begins on next page



Backhoe Operator and Local 1245 member Louis Odom covers new gas main on Broadway in Oakland in the immediate aftermath of the East Bay fire of 1991. *(Photo: Eric Wolfe)*

The Profit Pipeline

How big business is going to benefit from the deregulation of natural gas.

And you're not.

By Jack McNally and Eric Wolfe

Utility deregulation is about money. There's nothing too mysterious about it.

Utility deregulation is designed to create competitive markets for natural gas and electric energy. Competitive markets will give large industrial corporations an opportunity to leave traditional suppliers--like Pacific Gas & Electric--and shop around for cheaper sources of energy.

When Chevron or Exxon or Dow Chemical can lower their energy costs, they have more money available for corporate profits and executive salaries. That is what utility deregulation is about.

But what about the rest of America? What does utility deregulation mean to small business ratepayers and residential ratepayers? What does utility deregulation have in store for the hundreds of thousands of energy workers who construct, operate, and maintain America's energy infrastructure?

Most importantly, what does utility deregulation mean for the long-term reliability, affordability, and safety of America's energy production and delivery systems?

Incredibly, in America's headlong rush to deregulate natural gas and electric energy, these questions have not been addressed. For the most part they have not even been asked.

So we will ask them here.

This month, in Part 3 of an ongoing series, the Utility Reporter examines the deregulation of the natural gas industry and its consequences--not just for Chevron or Exxon or Dow, but for America.

Mojave proposed to cut by half the price that large corporations pay for the transportation of natural gas. For industrial consumers in central California, who have long been dependent on Pacific Gas & Electric for gas transportation, this was like an offer of free money.

Mojave Pipeline: An Offer of Free Money

When Mojave Pipeline Co. filed a petition with the Federal Energy Regulatory Commission (FERC) to build a 600-mile gas pipeline from Bakersfield to Sacramento, with an extension into the San Francisco Bay area, it was good news for big business.

Mojave proposed to cut by half the price that large corporations pay for the transportation of natural gas. For industrial consumers in central California, who have long been dependent on Pacific Gas & Electric for gas transportation, this was like an offer of free money.

In response to Mojave's threatened raid on its biggest customers, PG&E has scrambled to cut its own

Utility Deregulation

Who Gains

Who Loses

Who Decides

?

Part 3 in a Series

price for delivering gas. The result: large industrial users are now paying less for gas, even though Mojave hasn't laid a single foot of pipe.

Corporations say that lower natural gas prices will help them become more competitive. Among those who are in such desperate need to improve their competitive standing are Dow Chemical, America's 41st richest corporation, Chevron, America's 19th richest corporation, and Exxon, the nation's second richest corporation.

Their gain comes at the expense of virtually everyone else. When big users extract price concessions from a local utility like PG&E, or leave the utility's system altogether, the utility's revenues drop.

There are three basic ways that a local utility can respond: raise rates for other customers, reduce internal costs, or cut profits.

Cutting profits is the least-appealing course of action for most companies. Profits drive America's economic system. Profitable companies attract investors, unprofitable ones do not.

That leaves two options: raise rates for other customers, or reduce internal costs--including labor costs. California's major gas utilities, including PG&E, are now pursuing both these options.

Southern California Gas: Workers Under Seige

At Southern California Gas (SoCal), the Los Angeles-based gas utility, unionized workers are already under seige.

Last year SoCal announced its intention to put out for bid *the entire workload* of 16 classifications, including meter reading, warehouse, and locate and mark functions. The company took the position that unionized employees, to keep their jobs, would have to lower their wages to match the lowest outside bidder.

Another SoCal proposal suggested that the company wants to eradicate the union from the property altogether.

"They demanded the right in any classification to contract out to prevent overtime," said Sam Weinstein, research director for Utility Workers Union of America, which represents SoCal employees. As the workforce shrinks through normal attrition, Weinstein said, the company could claim the right to replace the departing employees with contract workers rather than assigning the work as overtime to regular employees.

"That clearly could be used to move the bargaining unit off [the property] over a period of time," said Weinstein.

Despite a dramatic one-day work stoppage last September by an estimated 90% of the unionized workforce, SoCal did not retreat from its proposals for contracting out. To drive its point home, the company unilaterally discontinued the arbitration process, payroll deduction of union dues, and contractual provisions for union security.

"Challenges in the marketplace," a company document explained, "require us to be competitive with outside suppliers of certain services."

The union, its back to the wall, finally capitulated. Last month UWUA Local 132 agreed to virtually all of So-Cal's demands.

The lesson could not be more clear. As competition begins to squeeze California's gas utilities, those utilities are going to squeeze their workers.

Reducing Costs, Reducing Service

Competition is often portrayed as an engine of efficiency in American society--a way of making producers bring the highest quality products and services to market at the lowest possible cost.

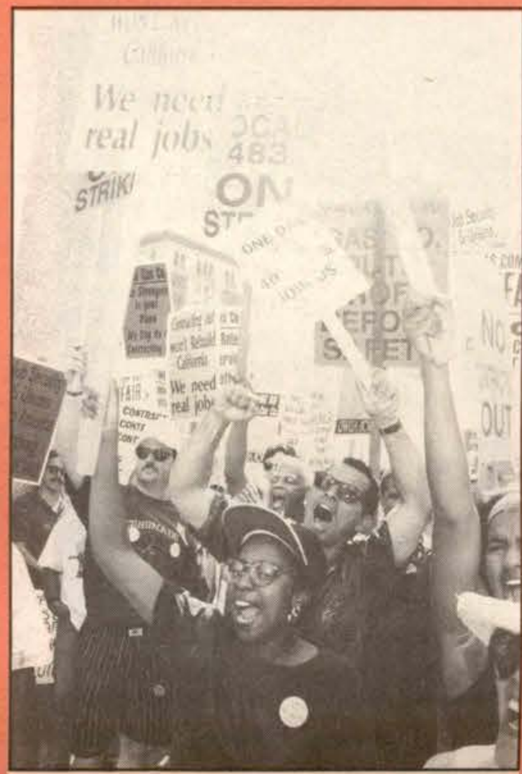
Competitive markets in natural gas will indeed bring lower prices for industrial users, and possibly better service as well. But competitive markets will probably force utilities to downgrade service quality for most customers.

On the front lines will be the poorest residential customers, who will simply be priced out of the market. For customers whose gas is shut off, the drop in service quality is 100%.

The closing of local payment offices, a cost-cutting measure already underway by utilities throughout California, also tends to hurt the poorest customers: recent immigrants, the elderly, single mothers, and others who may have difficulty obtaining or affording a checking account.

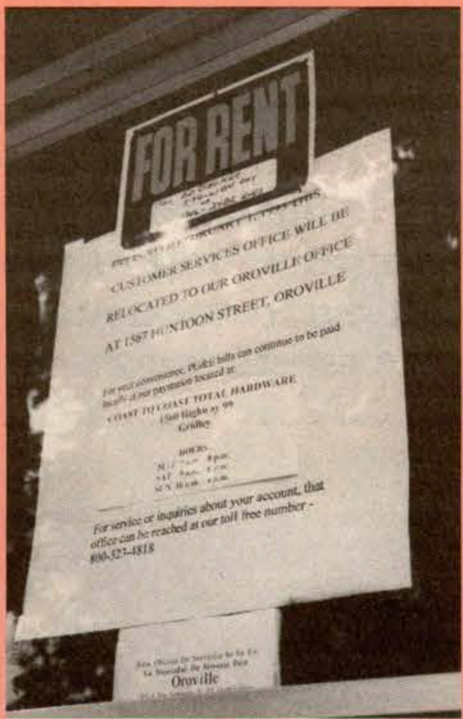
But poor people aren't the only ones whose service will suffer. Main-

See NEXT PAGE



Despite a dramatic one-day work stoppage last September by an estimated 90% of the unionized workforce, SoCal did not retreat from its proposals for contracting out.

(Photos courtesy of UWUA Local 132)



Sign announces closure of PG&E customer service office.

From PAGE NINE

tenance cutbacks will leave almost everyone more vulnerable to service disruptions. Clerical cutbacks mean customers will wait longer to get assistance over the telephone.

At SoCal, for example, "what used to be a maximum of a minute or two wait is now 10 to 15 minutes to get hold of somebody--even if you have a leak," said Weinstein, the Utility Workers researcher.

Poor telephone response time is thus not merely a service quality issue. It is a safety issue.

And it's not the only one.

Gambling with Customers' Lives

Until recently, it was SoCal policy to automatically shut off gas service when someone moved out of a residence. It was the surest way to prevent unattended gas appliances from triggering explosions.

But SoCal no longer exercises that level of caution. According to Weinstein, the company now leaves services on. That way SoCal doesn't have to pay someone to go to the residence, turn the service back on, and relight pilots on the appliances.

That amounts to gambling with customers' lives.

Those service visits gave SoCal employees an opportunity to conduct routine safety checks of gas lines and gas appliances. Fewer visits means that leaky appliances go longer without being detected--if they are detected at all.

And what if a departing resident disconnects an appliance and leaves the gas blowing? Or jury-rigs a plug that later blows out?

The gas explosion that ripped apart a New Jersey apartment complex last month, killing one and injuring 100, is a graphic reminder of natural gas's deadly potential. In the dentist's chair, gas is a laughing matter. In our homes, it is not.

Utility regulators have traditionally regarded public safety as a fundamental value. With the coming of competitive markets, safety becomes just another cost factor.

This trend is not limited to SoCal territory. PG&E is now looking at extending the period of time for leaving gas on in vacant residences and reducing the frequency of safety inspections.

Who're You Going to Call When Disaster Strikes?

The issue of public safety becomes especially acute in the event of a disaster.

During the East Bay fire of 1991, PG&E was able to immediately deploy a well-trained workforce with a deep working knowledge of the area.

Gas servicepersons raced ahead of the flames to turn off gas services. Electric troublemen made their way through burning neighborhoods, locating switches that would allow them to route power to water pumping stations while keeping fire areas de-energized.

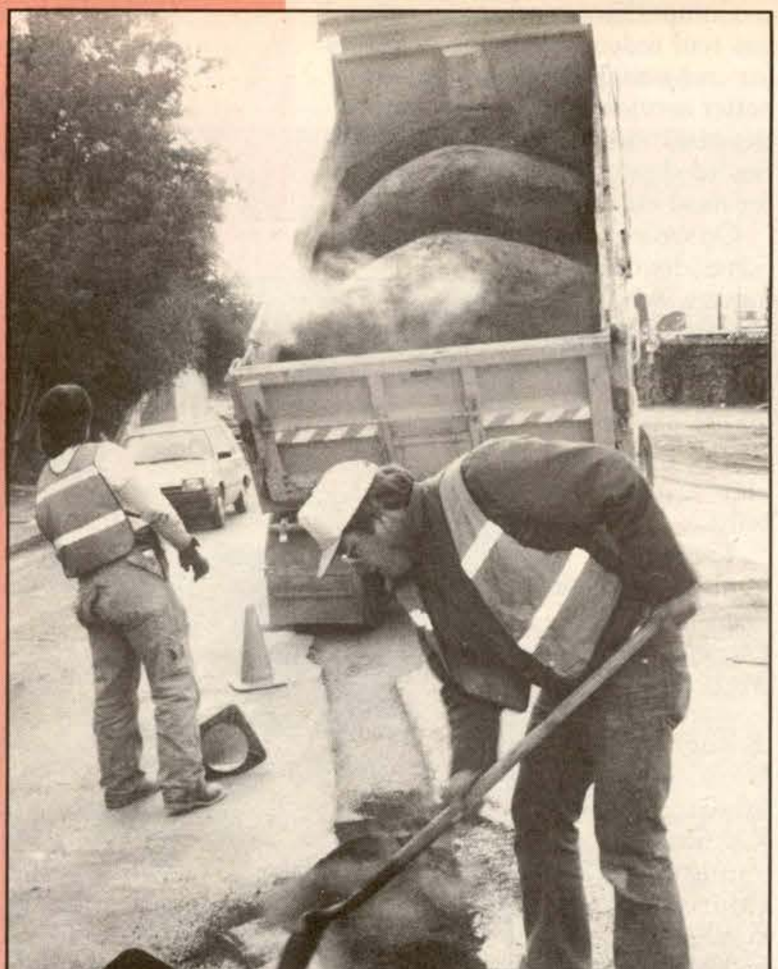
Even before the fire was fully under control, seasoned PG&E crews were installing new gas mains and putting up new electric poles.

Likewise, during this year's earthquake disaster in Los Angeles, SoCal was able to immediately mobilize an experienced workforce.

Meter readers were deployed to the affected areas and began walking the streets to determine which services were on and to identify leaks. It's questionable whether contractors could organize and carry out an emergency effort of such broad scope.

SoCal's system of local storerooms insured that gas workers could get to equipment and supplies, despite widespread road damage. It's doubtful that such a system would remain intact if a large part of SoCal's work were farmed out to contractors.

During the East Bay fire of 1991, PG&E was able to immediately deploy a well-trained workforce with a deep working knowledge of the area. Even before the fire was fully under control, seasoned PG&E crews were installing new gas mains and putting up new electric poles.



Local 1245 members Will McCauley (left) and Jim McCauley install an Oakland gas main after the East Bay fire.

There is also reason to doubt whether low-wage contract employees--with weaker ties to the local community than career utility employees--would even report for dangerous work during emergencies.

Duplicated Infrastructure, Squandered Resources

Compromised safety, service cutbacks, workers under attack: Is this what Americans really want?

Hardly. What most Americans want when they light the burner is for the gas to be there. They want it to be safe, they want it to be reliable, and they want it to be priced fairly.

How is that best accomplished?

A competitive market may be the best solution if you're talking about efficient production of breakfast cereal or swimsuits. Producers compete for customers by keeping quality up and holding prices down.

But a competitive market makes less sense for natural gas service.

First, competitive markets are not sufficiently reliable. By their very nature, markets are unpredictable. A disruption of the nation's swimsuit supply would be inconvenient. A disruption of gas supply would have far more serious consequences.

Second, when dealing with basic infrastructure, competitive markets tend to be wasteful, not efficient.

The Mojave extension is a case in point. The project will cost nearly $500 million, but there is no credible evidence that the gas is needed. Duplication of existing pipeline infrastructure wastes society's resources and exposes the natural environment to harm for no purpose.

Mojave doesn't demonstrate the efficiency of market forces. It demonstrates that market forces can sometimes lead to great waste.

The Regulatory Compact and the "Duty to Serve"

The inefficiency of the market is one factor that gave rise to regulation in the first place.

Competition between the railroad robber barons in the 19th century led to enormous waste and contributed to severe economic depressions. Well over a century ago, Americans began to call for the regulation of basic industries.

These popular concerns laid the foundation for much of President Roosevelt's New Deal legislation, including the Natural Gas Act of 1938 which regulated gas transmission and distribution.

This arrangement came to be known as the "regulatory compact." It worked like this:

The people, through their representatives, would grant a monopoly franchise to a private investor-owned utility to distribute gas in a certain community or communities. In exchange for monopoly control of that market, the utility accepted a "duty to serve" the public and submitted to the authority of a public agency, which regulated rates and quality of service.

For decades, through this regulatory compact, the American people seemed to have a firm grip on the nation's natural gas resources. But our grip was not as firm as it seemed.

In the 1970s, we discovered we were at the mercy of those who controlled the gas at the source: the producer.

Producers, Pipelines, and Local Utilities

Producers, one of three basic components to the natural gas industry, are at the beginning of the chain. They locate and extract natural gas from the earth.

The **pipeline companies** gather gas from the producers' wells and transport it to various markets around the country. Until recently, pipeline companies generally operated as private carriers--they bought gas wholesale from producers and then sold it retail to local utilities.

The **local utilities** acquire gas from the pipeline and distribute it to industrial, commercial and residen-

See NEXT PAGE

There is reason to doubt whether low-wage contract employees--with weaker ties to the local community than career utility employees--would even report for dangerous work during emergencies.

Local 1245 gas crew foreman Randy Silva guides the backhoe operator during recent installation of service to a home rebuilt after the East Bay fire. *(Photo: Eric Wolfe)*

Local 1245 Miscellaneous Equipment Operator Ed Kappadahl works on PG&E's long-term project to replace gas lines in San Francisco. *(Photo: Eric Wolfe)*

State regulators permitted local utilities to incorporate reasonable labor costs into their rates, which strengthened the hand of labor in negotiating good wages, benefits, training programs and job standards. This, in turn, helped utilities build and retain highly-skilled, stable workforces.

The result? Safe, reliable, high-quality service for the public.

Regulation made it possible.

From PAGE ELEVEN

tial customers.

The Natural Gas Act of 1938 empowered the public to regulate two segments of the industry. Local utilities came under the jurisdiction of state agencies, like the California Public Utilities Commission. Interstate pipeline activity came under the authority of the federal government, which currently exercises that authority through the Federal Energy Regulatory Commission (FERC).

However, the 1938 Act failed to deal with producers. Private, unregulated control of such a fundamentally important resource gave producers great economic power.

Concern that producers were profitting unfairly at the public's expense gave rise to a landmark Supreme Court decision in 1954. That decision (*Phillips Petroleum vs. Wisconsin*) authorized the federal government to control the price of gas at the "wellhead"--the point where producers bring gas out of the ground.

Regulation: It Worked

Regulation worked.

The people were getting gas at reasonable prices. Pipelines were making money transporting gas. Local utilities were making money distributing gas.

State regulators permitted local utilities to incorporate reasonable labor costs into their rates, which strengthened the hand of labor in negotiating good wages, benefits, training programs and job standards. This, in turn, helped utilities build and retain highly-skilled, stable workforces.

The result? Safe, reliable, high-quality energy service for the public.

This was no small achievement. Regulation made it possible.

But not everyone was happy. The federal cap on wellhead prices kept producers from making money off of interstate gas sales--or at least not as much money as they thought they should make.

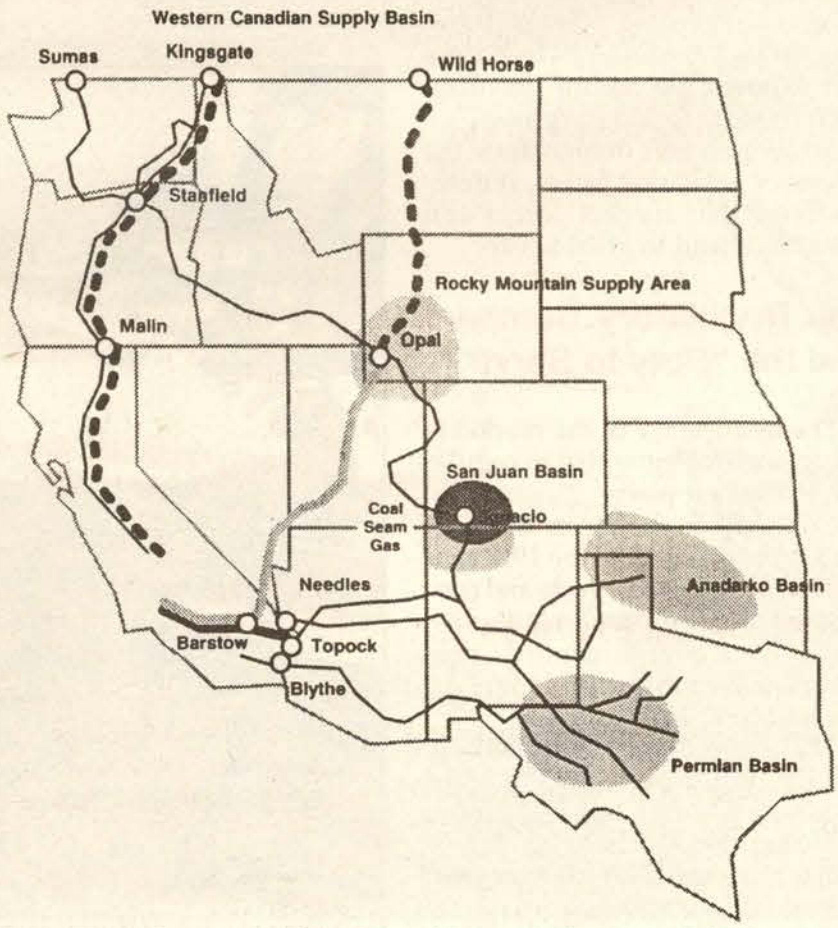
Unlike the local utilities, producers had no "duty to serve" the public. When they got an opportunity to break free of federal control over wellhead prices, they seized it.

Gas Producers Cap Wells, Create Artificial Shortage

That opportunity came in the wake of the 1973 Arab oil embargo, which prompted huge increases in the price of oil.

Before the embargo, cheap oil had been an important source of fuel for electric generating plants. After the price of oil shot up, natural gas became an attractive alternative.

But rather than sell at the federally-mandated wellhead price,



How Natural Gas Gets to California

Gas Crew Foreman Andy Dakopolos (left) and Utility Worker John Tiemeyer, both Local 1245 members at PG&E, install half-inch gas line and electric conduit to newly-rebuilt residences in Hiller Highlands, an area ravaged by the 1991 East Bay fire. *(Photo: Eric Wolfe)*

The end of wellhead price controls gave the deregulation gang a horse to ride. And they've been riding it hard ever since...

Producers were the first to exploit deregulation to make large profits at the public's expense. But others were lining up for their turn.

many gas producers stopped drilling new wells and capped existing wells. There was plenty of gas in the ground, and producers left it there--creating an artificial shortage.

In the absence of any regulatory framework to compel production, the only way to get the gas moving was to provide financial incentives to producers. Congress provided those incentives in 1978 by passing the Natural Gas Policy Act, which partially deregulated the price of gas at the wellhead.

Some will argue that public regulation was responsible for the natural gas shortage, that the federal lid on wellhead prices discouraged production.

But one could just as easily say that a *lack* of public regulation led to the gas shortage. The public certainly would not have tolerated any attempt by a local utility to withhold gas--the utility had a "duty to serve." But the public had no meaningful control over production, and is now losing its influence over transmission and distribution as well.

The end of wellhead price controls gave the deregulation gang a horse to ride. And they've been riding it hard ever since.

Going Whichever Way Big Business Pushes

The lifting of wellhead price regulation succeeded in stimulating new production. Natural gas "shortages" began to ease in the 1980s--and producers profitted handsomely from the higher prices.

But the sudden increase in wellhead prices had another effect: it greatly destabilized the rest of the natural gas industry going into the 1980s. Someone would now have to devise a game plan for guiding the industry back to stability.

That someone was the Reagan administration, and their game plan was called deregulation. For the most part that translated into a policy of going whichever way big business pushed them.

Oil and gas producers in particular had enormous influence over the Federal Energy Regulatory Commission. In 1983, FERC issued Order 380, which had the effect of funneling large new sums of money to natural gas producers. It worked like this:

See NEXT PAGE

Local 1245 Equipment Operator Maurice Williams (left) and Fieldman Ronnie Caldwell at work in Hiller Highlands. *(Photo: Eric Wolfe)*

(Photo courtesy of PG&E)

In 1985, the Federal Energy Regulatory Commission made it a lot easier to build new pipelines. No longer would it be necessary to demonstrate that a new pipeline was in the public interest. FERC's attitude was: If somebody thinks they can make a buck building a pipeline, let them try.

Shortly after FERC's action, the Mojave Pipeline Co. proposed to extend a pipeline into southern California.

From PAGE THIRTEEN

Pipelines in that era held long-term contracts to buy from producers. These contracts contained "take or pay" provisions that required the pipelines to make a minimum payment for gas regardless of whether the pipeline actually took the gas.

At the same time, pipelines had long-term contracts with utilities that required a utility to pay the pipeline a "minimum bill" regardless of whether the utility actually took the gas.

Fearful of shortages, and wanting to make sure they could meet their contractual obligations to local utilities, pipelines contracted with producers for massive quantities of gas in the late 1970s and early 1980s.

Then along came FERC Order 380, a decision that had the producers' fingerprints all over it.

Order 380 removed the obligation of local utilities to pay a "minimum bill" to pipelines for gas. Utilities and large industrial customers were now free to "shop" for gas from other pipelines.

But Order 380 did not remove the "take or pay" obligation that required pipelines to pay producers for huge volumes of gas, whether they took the gas or not.

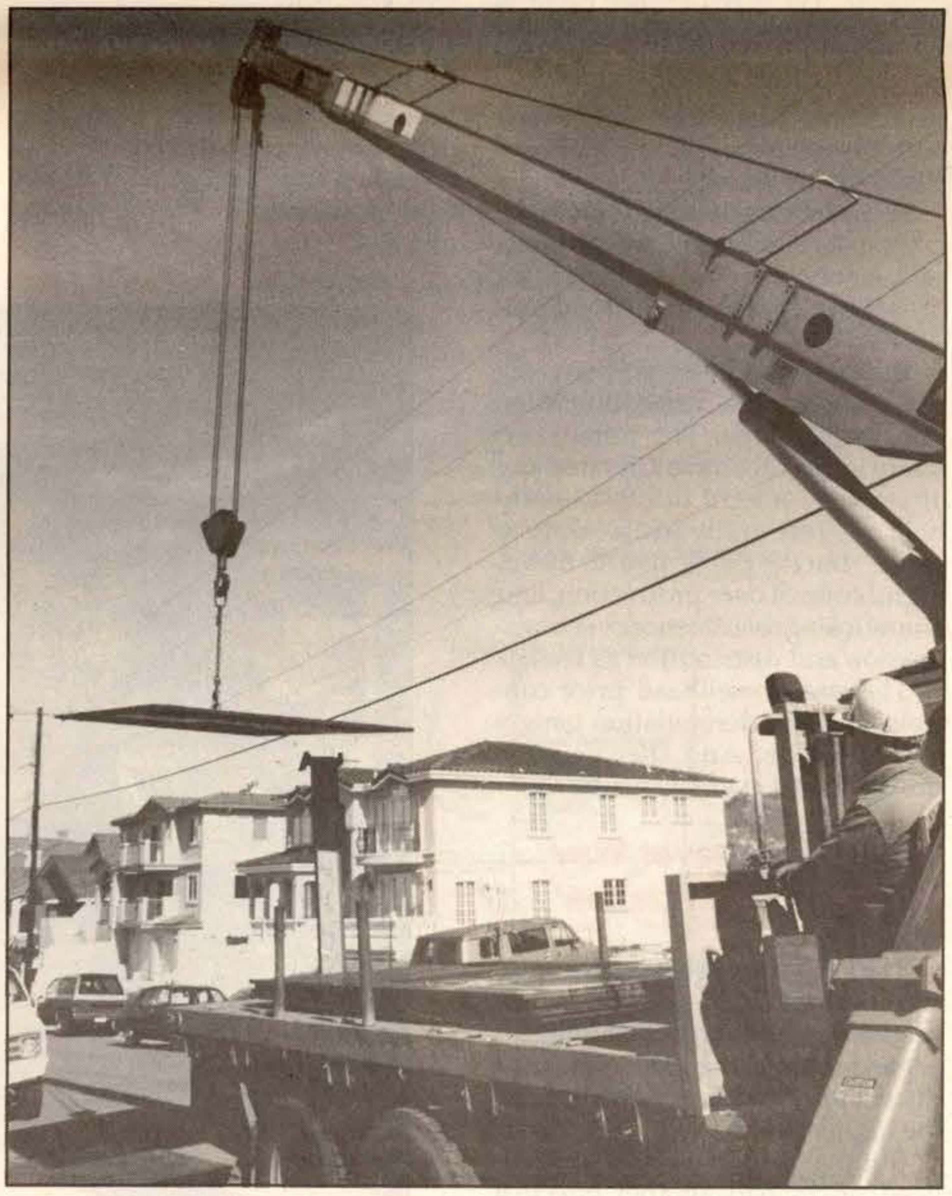
As industry analyst Michael B. Day recently observed, pipelines had no choice but to litigate or negotiate their way out of these obligations to producers, resulting in "the payment of billions of dollars of take-or-pay settlements to producers across the country."

Pipelines serving California had to pay producers *over $200 million* in such settlements. Three-fourths of that amount was eventually passed on to local California utilities, and then to the utilities' customers.

Special Treatment for Industrial Customers

Producers were the first to exploit deregulation to make large profits at the public's expense. Now others began lining up for their turn.

High natural gas prices were pinching all consumers, large and small. But large industrial consumers were the ones with the clout, and they began to demand special treatment.



Heavy Equipment Operator Don Johnson, a union member since 1966, assists the installation of new services in the Oakland hills. Here he covers a "bell hole" with a heavy steel plate. *(Photo: Eric Wolfe)*

In 1985 FERC issued Order 486, which basically forced pipeline companies to open their pipelines to anyone wanting to transport gas.

Order 486 also made it a lot easier to build new pipelines. No longer would it be necessary to demonstrate that a new pipeline was in the public interest. FERC's new attitude was: If somebody thinks they can make a buck building a pipeline, let them try.

With Order 486, California was suddenly thrust into the middle of the deregulation controversy.

Up to 1985, FERC had no jurisdiction over pipelines in California. Local utilities received their gas at the California border and transportation was regulated by the California Public Utilities Commission (CPUC).

Order 486 suddenly made it conceivable--in fact, inevitable--that someone would try to extend a pipeline into California and start taking away big customers from local utilities.

Shortly after FERC issued Order 486, the Mojave Pipeline Co. proposed to extend one of its pipelines into southern California to provide gas for "enhanced oil recovery" operations. (See box at right.)

FERC approved the request, over the objections of the CPUC, which argued that the pipeline should be under state, not federal, jurisdiction.

By 1988 the CPUC decided additional transportation capacity to southern California was probably needed and dropped its opposition to Mojave's Bakersfield project.

The pipeline to Bakersfield was built. Mojave's foot was in the door.

"No Credible Evidence the Pipeline is Needed"

Now Mojave wants to extend its pipeline from Bakersfield to Sacramento and the San Francisco Bay area.

Spending nearly a half-billion dollars on a new pipeline might make sense if the region were facing a shortage of supply. But it is not.

"There's no credible evidence that the pipeline is needed on a physical basis," said Jim Florio, an attorney and natural gas specialist for the consumer group Toward Utility Rate Normalization (TURN). He said the recently-completed PG&E pipeline assures ample supplies of Canadian natural gas to California.

Since there is no demonstrable need for the pipeline, the deregulation gang offers a more philosophical justification. They say the Mojave pipeline is a form of legitimate competition--the marketplace in action.

A Tonya Harding Approach to Competition

But this approach to competition is about as legitimate as Tonya Harding's.

What makes this competition unfair is the absence of any "duty to serve" constraints on Mojave.

PG&E's "duty to serve" requires it to maintain an enormous gas distribution infrastructure. To meet its obligation to its California customers, PG&E has put in place nearly 40,000 miles of gas transmission and distribution lines.

In addition, PG&E is required to meet a variety of special responsibilities mandated by the California Legislature. These include low income ratepayer assistance, various conservation programs, and women/minority/disabled veteran business enterprise programs.

To enter this market, Mojave must make a substantial investment in pipeline construction. After that, however, Mojave's overhead sinks to virtually zero because it has no "duty to serve" anyone.

Low overhead will mean lower prices. PG&E's biggest customers can reap the benefits of this "competition" by switching to Mojave, leaving PG&E's remaining customers to pay the upkeep on PG&E's entire system. That tab will come to more than $325 million, according to Paul MacAvoy, dean of Yale University's School of Organization and Management and a consultant to PG&E.

Small Consumers Receive No Benefit

Proponents of deregulation claim that small consumers will also be

See NEXT PAGE

Who's Who

CPUC: California Public Utilities Commission

FERC: Federal Energy Regulatory Commission

IBEW: International Brotherhood of Electrical Workers

PG&E: Pacific Gas & Electric Co.

SoCal: Southern California Gas Co.

TURN: Toward Utility Rate Normalization

UWUA: Utility Workers Union of America

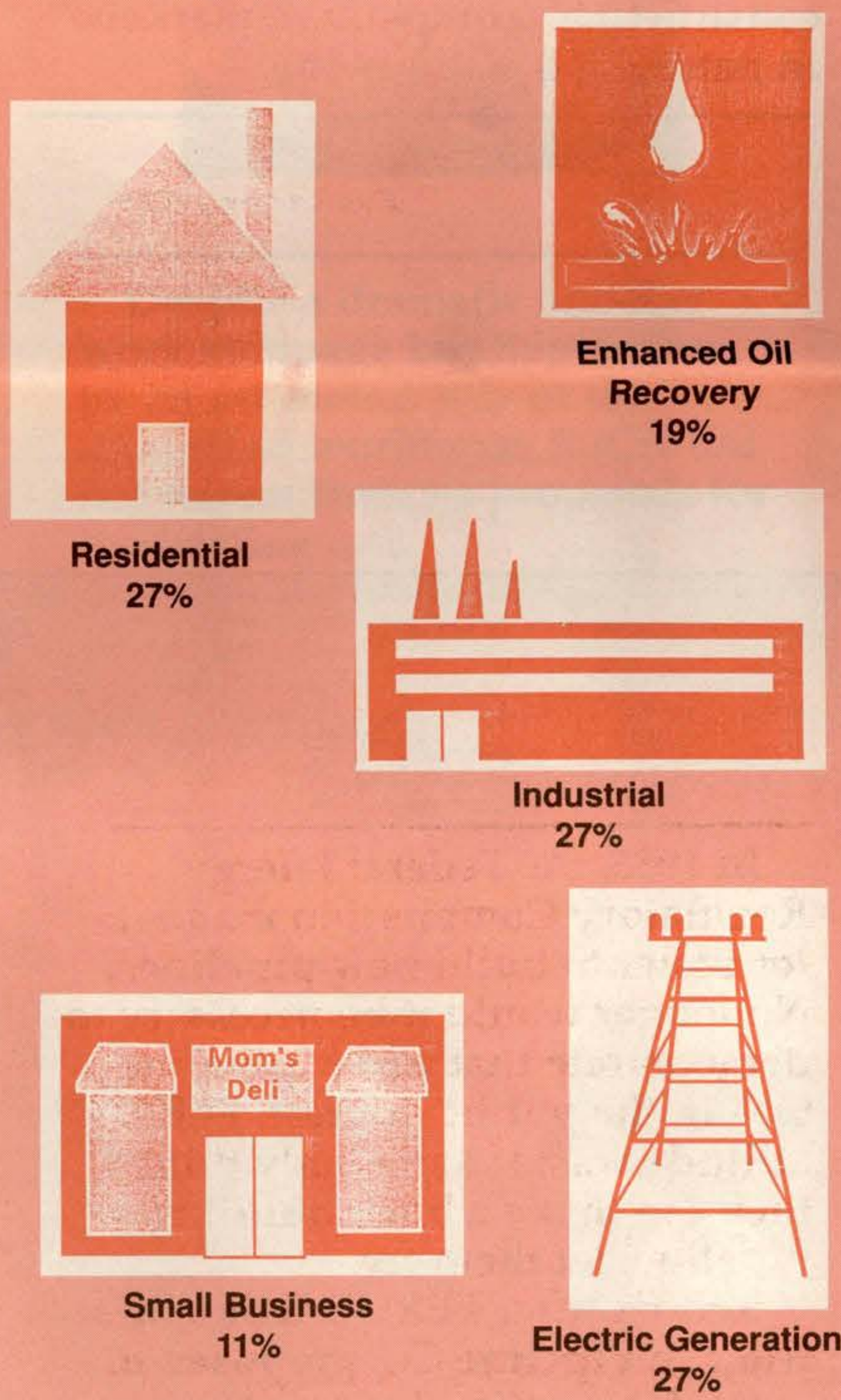
Enhanced Oil Recovery (EOR) Gives Mojave a Foot in the Door

Enhanced Oil Recovery (EOR) is a steam injection technology used to extract heavy crude oil from the ground.

Development of EOR operations has been tied to increased use of natural gas as fuel for producing steam in cogeneration projects. About 19% of all natural gas consumption in California now goes to EOR.

The increased demand for gas resulting from EOR, coupled with the lifting of federal regulations on pipeline construction, provided Mojave Pipeline Co. an opportunity to build a pipeline into southern California, which it eventually did.

With its foot in the door, Mojave now seeks to extend the pipeline to Sacramento and the San Francisco Bay area.



Natural Gas Consumption in California
(Percentage of Total Gas Used in California)

One of the last obstacles to the Mojave project is the continuing jurisdictional battle between FERC and the CPUC.

The CPUC has argued that the Mojave extension to Sacramento is a California matter--even more so than the original Mojave line into Bakersfield.

FERC, on the other hand, sees Mojave as an important building block in its grand design of constructing "competitive markets" in natural gas nationwide.

From PAGE FIFTEEN

able to participate in "competitive markets" for natural gas.

Imagine a world, they say, in which all the natural gas services now bundled up in a single utility are "unbundled" and available on the open market. Imagine a world where individual consumers can choose among multiple suppliers of gas, multiple suppliers of pipeline transportation, and multiple suppliers of storage.

OK, let's imagine such a world, with a little help from Richard J. Pierce, Jr., professor of law at Columbia University.

To secure a supply of gas, Pierce observes in the Yale Journal on Regulation, the consumer would first have to evaulate each of the potential suppliers. Are the companies honest and competent? Do they have the assets needed to fulfill their contractual commitments?

Next, Pierce explains, the consumer would have to negotiate contracts with each supplier and make certain that the suppliers were fully committed to providing the quality of service needed. Contractual commitments would have to be well-coordinated to complement each other.

"Finally," Pierce concludes, "the consumer must interact frequently with each supplier under the terms of the several contracts to obtain coordinated performance."

Ask yourself: Is that how you want to spend *your* Saturday afternoons?

Risky Assumptions, Bankrupt Brokers

Well wait a minute, the deregulation gang says. Individual consumers don't have to deal with all these suppliers because there will be market intermediaries--brokers--to do your negotiating for you.

Brokers can "rebundle" gas supply, transportation and storage for groups of individual consumers, and theoretically come up with a package that saves consumers' money.

But don't take off for that Saturday afternoon shopping trip or golf game just yet. As a participant in the competitive market, you're going to have to keep an eye on your broker.

Are your broker's contractual commitments credible? Is the broker competent? Is he, she, or they honest?

Professor Pierce warns that the new business of brokering gas contains a mix of players, including some who "operate out of phone booths and rely on extremely risky assumptions about the behavior of gas markets."

"Some small volume consumers who buy rebundled service from an intermediary may derive net benefits," Pierce writes, "but many will wake up one morning to discover that, instead of gas service, they have ... an absent or bankrupt intermediary."

He continues:

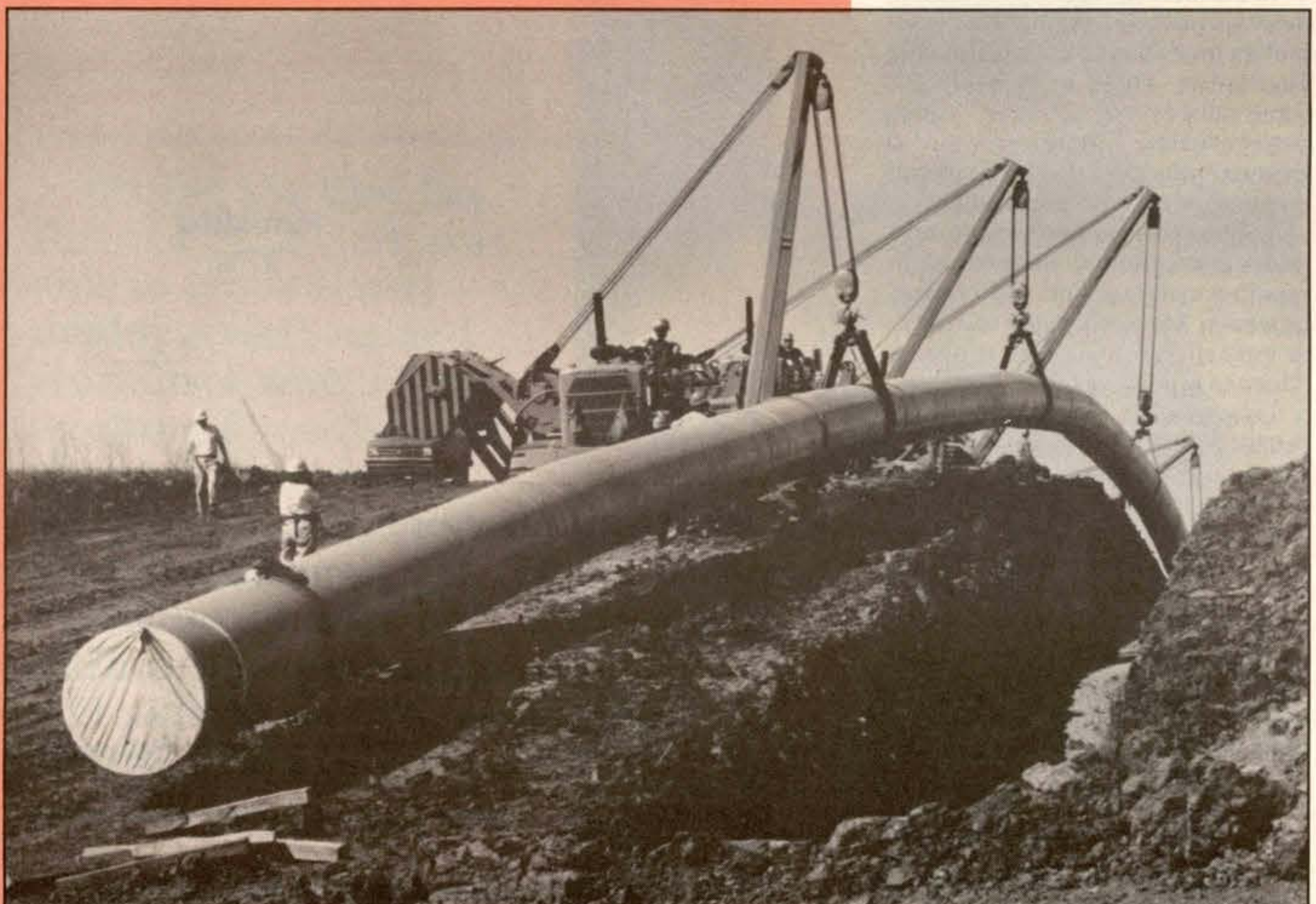
"The costs of unbundled service swamp the benefits not only for residential and small commercial consumers, but also for most institutional consumers, like schools and hospitals, and for many industrial consumers."

Imagine a world in which only the largest corporations get a great deal on gas and everyone else picks up the tab. That's the world that the Mojave extension will bring closer to reality.

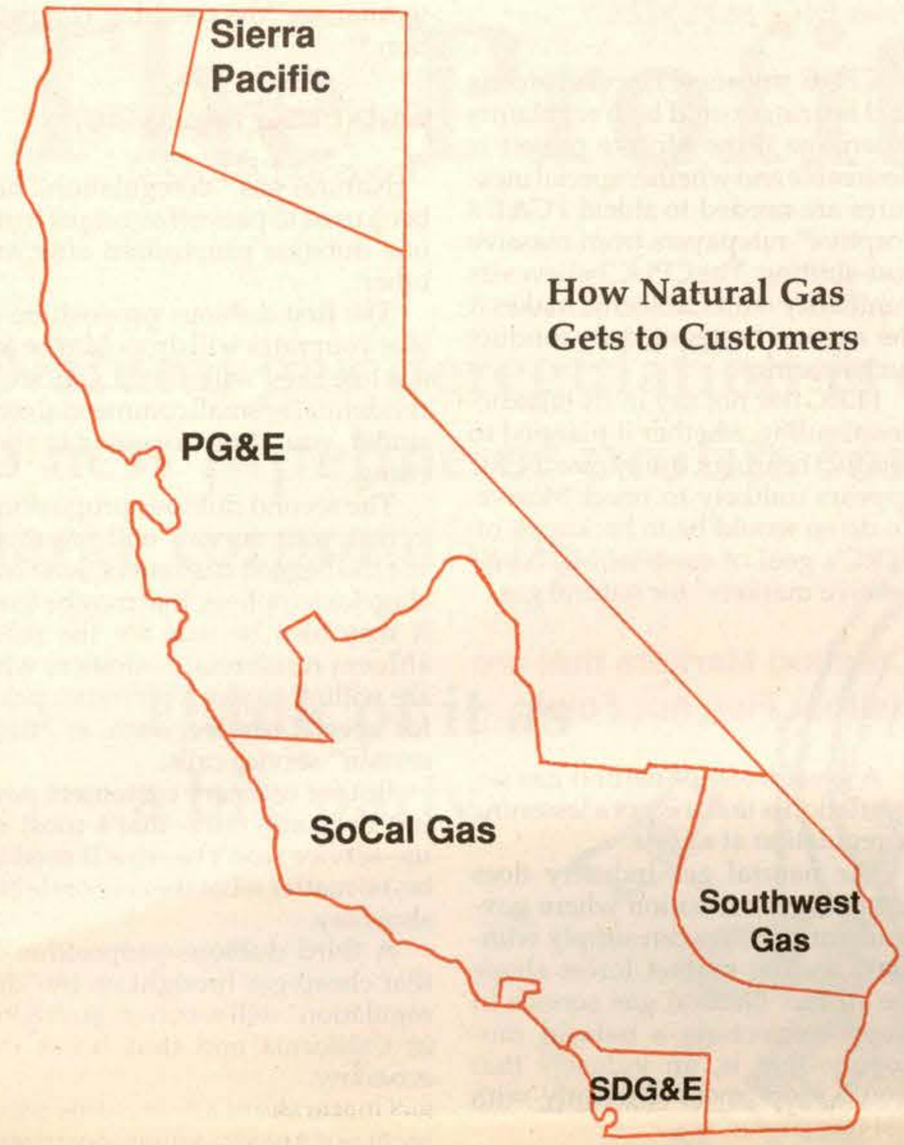
Local 1245 Supports CPUC Jurisdiction

One of the last obstacles to the Mojave project is the continuing jurisdictional battle between FERC and the CPUC.

The CPUC has argued that the Mojave extension to Sacramento is a California matter--even more so than the original Mojave line into Bakersfield. The extension is entirely within California's borders and therefore, the CPUC maintains,



The new Pacific Gas Transmission (PG&E/PGT) pipeline from Canada. *(Photo courtesy of Pacific Gas Transmission)*



How Natural Gas Gets to Customers

should be under state jurisdiction.

FERC, on the other hand, sees Mojave as an important building block in its grand design of constructing "competitive markets" in natural gas nationwide.

Following hearings in December, several interested parties submitted written testimony in an effort to persuade FERC to leave the CPUC in charge. These parties were PG&E, Local 1245, the Washington DC office of the IBEW, and TURN.

The IBEW testified that the large industrial users who would benefit from Mojave were "motivated by a bottom-line mentality that has already resulted in an almost total abandonment of the social and patriotic responsibilities once thought to be part of corporate citizenship."

"This type of action is no different than that of those corporations that have moved their plants from state to state to gain tax and labor cost advantages or those that have outsourced production to foreign countries. All of this is done in the name of profit without regard for the social degradation caused by such decisions," the IBEW testified.

Local 1245 called the Mojave project "unfair competition" and said it would be "a classic example of what the US economy has seen too much of already--new low-wage jobs replacing high-wage, high-skill jobs."

PG&E's testimony noted that if Mojave "is successful in its cherry picking venture, all residential and commercial users of natural gas in the PG&E service area, and all remaining large industrial customers will be at risk of higher rates."

TURN did not oppose Mojave outright, but joined IBEW and PG&E in supporting CPUC jurisdiction and called for hearings in California to examine the issue at greater length.

FERC Retains Authority, Promises "Prompt" Action on Mojave Project

But FERC was unswayed.

In February, FERC ruled that it alone has jurisdiction over the Mojave extension. Furthermore, FERC said it intends to rule "promptly" on Mojave's application to build the extension. PG&E and CPUC recently requested FERC to reconsider its jurisdictional rul-

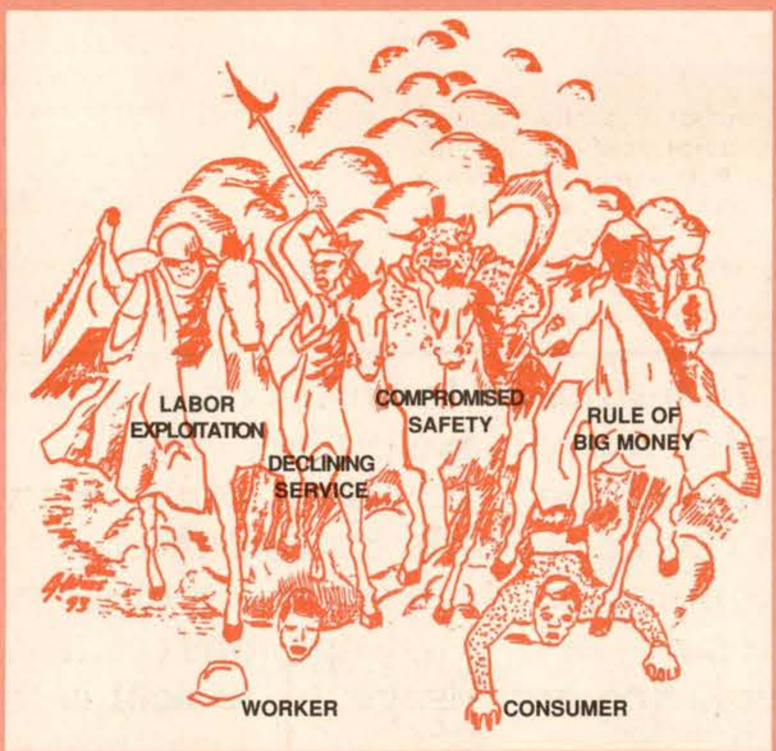
See NEXT PAGE

In testimony to FERC, Local 1245 called the Mojave project "unfair competition" and said it would be "a classic example of what the US economy has seen too much of already--new low-wage jobs replacing high-wage, high-skill jobs."

Natural gas "deregulation" has been used to pass off as gospel truth one dubious proposition after another.

The most dubious proposition of all is that natural gas deregulation has anything at all to do with a lessening of regulation. It does not.

Utility deregulation is about money. Big companies are trying to figure out how to get more money out of your pocket and into their's.



Four Horsemen of Deregulation

From PAGE SEVENTEEN

ing.

CPUC attorney Harvey Morris said hearings could help regulators determine if the Mojave project is desireable and whether special measures are needed to shield PG&E's "captive" ratepayers from massive cost-shifting. The CPUC believes its familiarity with California makes it the agency best-suited to conduct such hearings.

FERC did not say in its jurisdictional ruling whether it planned to conduct hearings. In any case, FERC appears unlikely to reject Mojave. To do so would be to backtrack on FERC's goal of establishing "competitive markets" for natural gas.

Creating Markets that are Neither Fish nor Fowl

A great irony of natural gas deregulation is that it is not a lessening of regulation at all.

The natural gas industry does not present a situation where government agencies can simply withdraw and let market forces shape the future. Natural gas service in many respects is a natural monopoly--that is, an industry that would work most efficiently with just one player.

Trying to construct market mechanisms and graft them onto the existing reality is an exceedingly difficult undertaking. You might succeed in creating a system that has some competitive features, but is wholly unable to *sustain* effective competition without continued and massive regulatory intervention.

Paul MacAvoy, Daniel Spulber and Bruce Stangle, writing in the Yale Journal on Regulation, ask whether deregulation "will achieve the benefits of market competition or will create instead imperfect markets that are neither fish nor fowl, markets that are less efficient than if they were either fully regulated or fully competitive."

The results of attempting to design such a system, they warn, could be "costly duplication" of pipeline facilities, "higher prices for consumers, and paradoxically, an increase in regulation as policymakers seek to 'manage' the resulting competition."

Dubious Propositions

Natural gas "deregulation" has been used to pass off as gospel truth one dubious proposition after another.

The first dubious proposition is that your rates will drop. Maybe for a while they will. But if you are a residential or small commercial consumer, your rates are going to start rising.

The second dubious proposition is that your service will improve. For the biggest customers, who can shop for suppliers, that may be true. It may also be true for the most affluent residential customers who are willing to pay a premium price for special service, such as "time certain" service calls.

But for ordinary customers paying ordinary rates--that's most of us--service won't be what it used to be, no matter what the corporate big shots say.

A third dubious proposition is that cheap gas brought on by "deregulation" will retain corporations in California and thus boost the economy.

Corporations advance this argument as if it were a self-evident truth, but empirical evidence is harder to come by. However, there is growing evidence that deregulation will degrade the living standards of unionized energy workers throughout the state, further draining wages directly out of the California economy.

The most dubious proposition of all is that natural gas deregulation has anything at all to do with a lessening of regulation. It does not.

Utility deregulation is about money. Big companies are trying to figure out how to get more money out of your pocket and into their's.

If they can do it with less government, they'll do it with less government. If they can do it with more government, they'll do it with more government.

Either way, they don't give a damn about the longterm consequences for California's energy providers or energy consumers.

Coming Soon

In Part 4 of this series on Utility Deregulation, the Utility Reporter will look at current efforts to create "competitive markets" in electric power and the potentially devastating impact it could have on California energy workers and consumers.

IBEW Local 1245

Retirees Corner

San Jose retirees attend Seniors Congress

The San Jose Chapter of the Local 1245 Retirees Club sent two official delegates to the Congress of California Seniors in March.

Jack Hill and Watie Anthney represented the Club at the three-day gathering in Sacramento. Orv Owen attended in an unofficial capacity. They discussed the Congress at the March meeting of the Retirees Club.

Passing Clinton's plan is important because it lays the legal framework for states to enact their own plans--like the Single Payer initiative in California.

A priority topic at the Congress was the current effort to put a Single Payer health plan on the California ballot for voter approval. Delegates to the Congress heard arguments for and against the initiative.

Dr. Vishu Lingappa of the California Physicians Alliance spoke in favor of the initiative, as did Jonathan Lawniczac of the National Council of Senior Citizens. Also favoring a Single Payer approach was Graham Clarkson, a medical doctor who has served as a consultant to the World Bank and the World Health Organization.

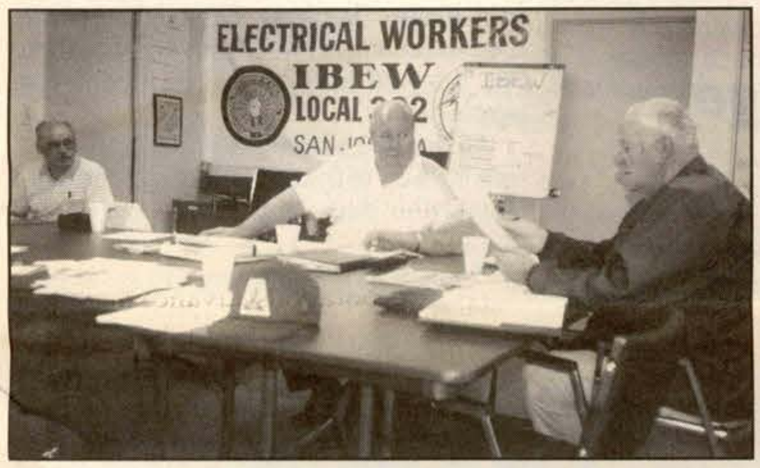
San Jose Chapter members (from left) Watie Anthney, vice president, Percy Rome, recording secretary, and Jack Hill.

Speaking against the initiative was Sue McClure of the Business Roundtable.

Members of the San Jose Chapter used their March meeting as an occasion to sign the Singe Payer initiative petition.

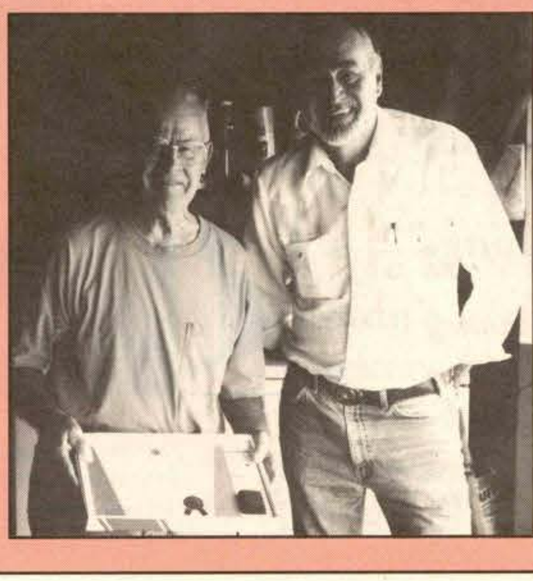
Orv Owen said Chapter members tended to favor the Single Payer plan over President Clinton's proposed Managed Competition plan. But Owen noted that passage of the Clinton plan is important because it lays the legal framework for individual states to enact their own plans–like the current Single Payer initiative in California.

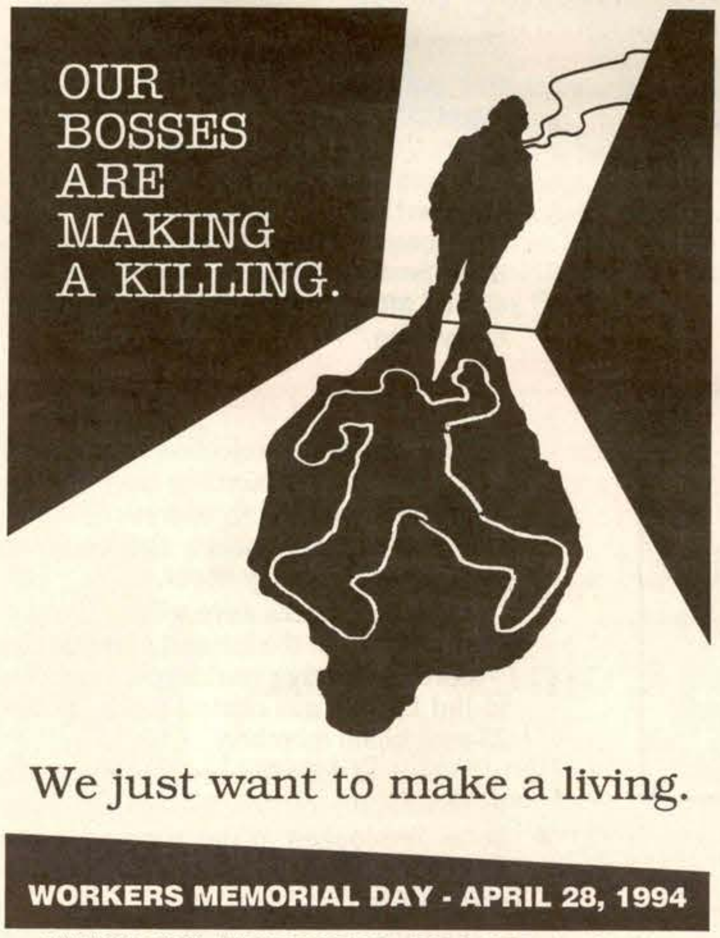
The San Jose Chapter has targeted a new possible constituency for membership in the Club: former bargaining unit members who went into management before retiring.



San Jose Chapter members (from left) Irv Penny, Orville Owen and Richard Murphy, president *(Photos: Dean Gurke)*

Two retired members recently honored for 50 years of service are Marion Bennun and Martin Kutz, both now living in Grants Pass, Oregon. Making the presentations on behalf of Local 1245 was Local 659 Assistant Business Manager Ray Marvin.





MIKE KONOPACKI - HUCK/KONOPACKI LABOR CARTOONS - APRIL 1994

Medicare equity needed

The federal government should force Medicare to pay elderly Americans' doctor bills more equitably, Rep. Ron Wyden (D-Ore.) declared last month.

Wyden, chairman of the House Small Business Committee's subcommittee on regulation, suggested the government should consider fining insurers who wrongly deny claims.

Fixing Medicare's huge geographic disparities is vital, not only for senior citizens but also for national health care reform, said Wyden. His comments came at a hearing in which government auditors described how the 34 private insurance companies that process Medicare claims individually decide what they will cover.

A chest X-ray to look for lung cancer, for example, is 500 times more likely to be covered in South Carolina than Illinois.

Nine percent of the 119 million Medicare claims rejected last year stemmed from insurance clerks overruling doctors and saying the treatments were not medically necessary.

Remember: the deadline for registering to vote in the June 7 primary is May 28.

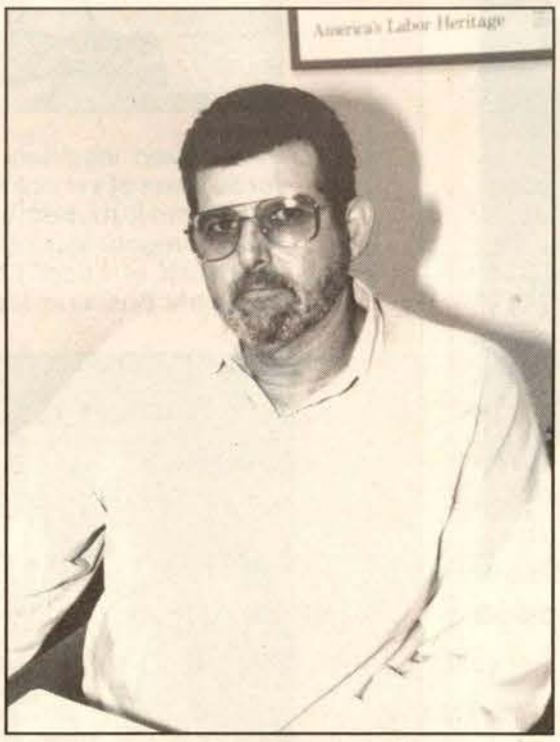
"We had mutual goals. It was just a matter of agreeing on how to get there."

Jim Elling,
Gas Control Technician

The company's rejection of the package is particularly puzzling since the recommendations directly address efficiency and productivity--issues the company claims to care deeply about.

"We were led to believe that something was really going to come out of these negotiations because the company saw where there were problems...and they wanted to address them. The agreement that we came to after over five months of actually negotiating, we ... were all in agreement on everything."

Bob Flanary
Gas Control Technician



Joint technology recommendations snubbed by PG&E

From PAGE ONE

mendations were Gas Control and Electric Meter. Local 1245 leaders accepted the recommendations. Company management did not.

Union members serving on the committees were flabbergasted. Members of the Gas Control committee shared their views with the Utility Reporter shortly after learning that the company had rejected the joint recommendations.

Dan Kelly, a gas control mechanic and 22-year union member, said he felt good about the committee's efforts, but saddened by the final outcome.

"I'm saddened also for the company," said Kelly, "because I felt [the recommended changes] would have helped them out, it would have helped us all out very much."

All that remains of the effort, Kelly said, "is a little bit of friction, and an uncertainty about who does what and where we're going."

"I just feel we bargained in good faith and they didn't act in good faith," said Bob Flanary, a gas control technician and 28-year union member. "They're acting unfairly."

Flanary recalled that when the committee first began to meet, someone on the management side assured the members that the committee had the power to bring about genuine change.

"We were led to believe that something was really going to come out of these negotiations because the company saw where there were problems–how technology was changing–and they wanted to address them. We started from there. The agreement that we came to after over five months of actually negotiating, we all signed off and were all in agreement on everything."

Efficiency and Productivity

The company's rejection of the package is particularly puzzling since the recommendations directly address efficiency and productivity–issues the company claims to care deeply about.

Union members were willing to make compromises in the interest of fashioning a more productive workforce, according to Jim Lynn, a gas control mechanic and 23-year union member.

"We gave the company more flexibility by broadening job descriptions, job definitions. We looked at the apprentice program in several different classifications and revised that," Lynn said.

Flanary said the company, in the end, refused to go along with proposed changes in the job definitions of Gas Transmission Technicians and Measure and Control Mechanics. Top management also rejected small wage increases in a variety of classifications that had been jointly agreed upon by the committee.

The quibbling over money was especially galling to the union members because the proposed wage adjustments were extremely modest–averaging 2.7% overall in Gas Control–and had been jointly agreed to.

Lynn defended the proposed wage adjustments, noting that employees have "continually gone to schools to learn new equipment, new devices and ways of doing business" in an effort to be more productive. "They've increased the scope of our job a lot."

Company Credibility Undermined

The collapse of the technology project brings into serious question the credibility of PG&E's commitment to employee involvement. The technology committees began with high hopes and strong commitment from management and labor alike.

Lynn said union members saw the committee as "a chance for us to be empowered, to be part of the decision-making process."

"I felt it was like a true team," said Kelly. "We were making real good headway to get production in a more efficient and faster way, and everybody involved would be better off for it."

"We had mutual goals. It was just a matter of agreeing on how to get there," said Jim Elling, a gas control technician and 25-year union member.

Ultimately, with a lot of hard work, the committee members got there–to no avail. The experience has left a bitter taste.

Lynn said he would be "much more guarded" about showing his hand in future dealings with the company.

"Because I think that's what we did. We showed our hand, put it all out on the table, agreed to the issue, and then were betrayed by the company."

"Cutting Back in the Wrong Places"

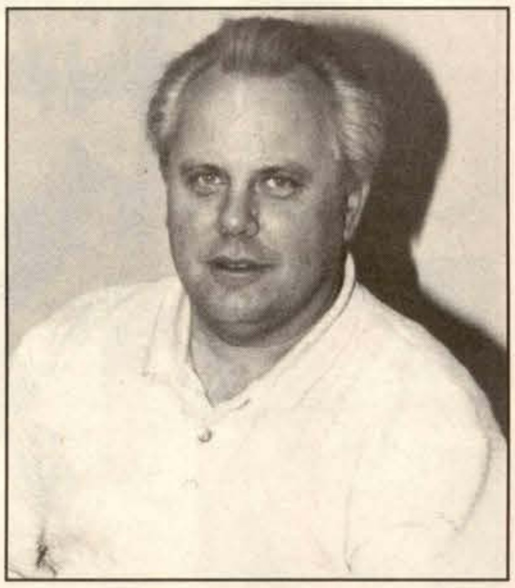
Bob Stewart, a gas control mechanic and 32-year union member, said the experience had convinced him that labor-management efforts of this sort were simply "the company's way to infiltrate the troops and find out what they can get away with."

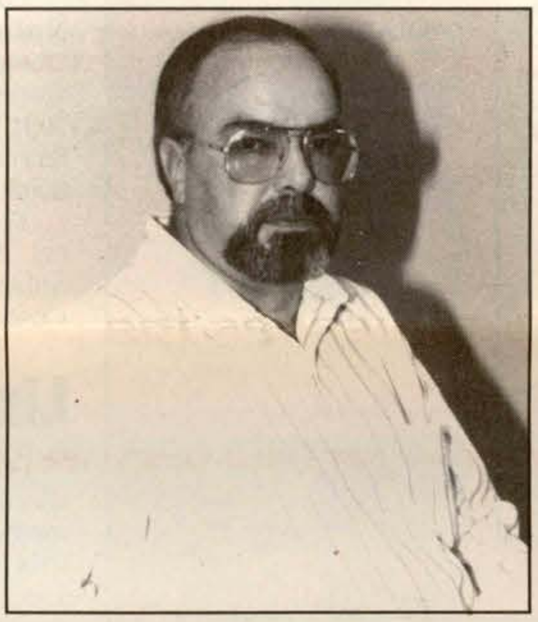
"The company makes efforts to give us little incentives, like PIP checks, and their little programs like Employee Involvement, trying to improve the workforce–where we strive for productivity. But when it comes to something like this, where they actually can make us more productive by giving us a little pride in our jobs and letting us earn a living...they cut back," Stewart said.

"They're cutting back in the wrong places. We don't need their PIP checks, we don't need any of their little programs. We just need to do our job for a good rate of pay and go home and be with our families," he said.

"I'm saddened also for the company, because I felt [the recommended changes] would have helped them out. It would have helped us all out very much."

Dan Kelly,
Gas Control Mechanic



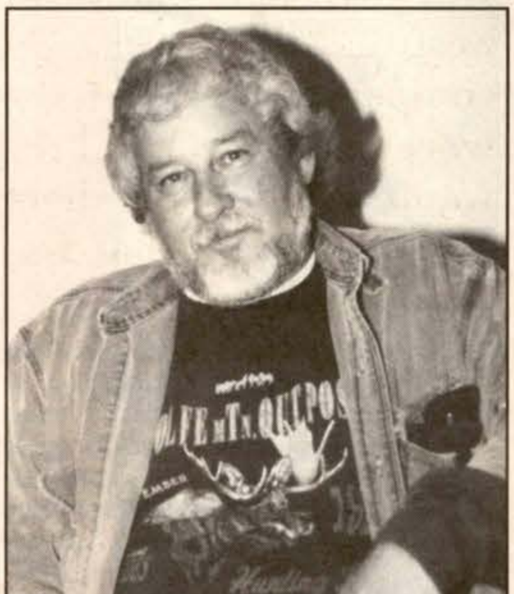


"I would be much more guarded about showing my hand. Because I think that's what we did. We showed out hand, put it all out on the table, agreed to the issue, and then were betrayed by the company."

Jim Lynn,
Gas Control Mechanic

"The company makes efforts to give us little incentives, like PIP checks, and their little programs like Employee Involvement.... But when it comes to something like this, where they actually can make us more productive by giving us a little pride in our jobs and letting us earn a living...they cut back."

Bob Stewart,
Gas Control Mechanic

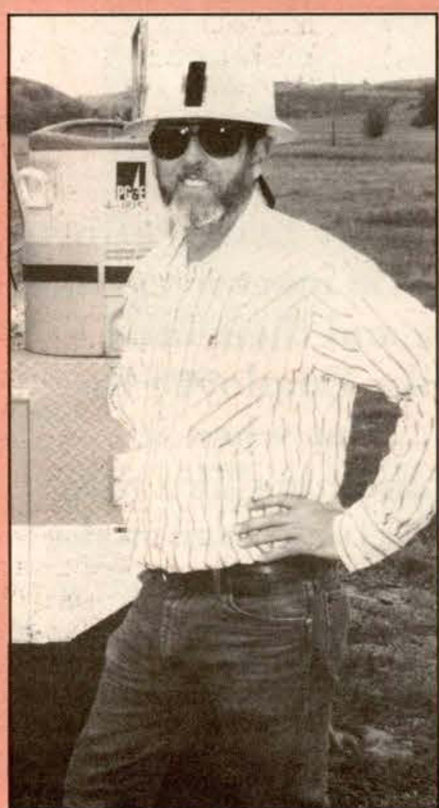


Spring Valley

Pat McCartney (left) and Dan Meyn

A PG&E crew consisting of Dave Turnes, Pat McCartney, Dan Meyn and Dennis Murch installs new SCADA-operated line recloser last month near Spring Valley, Ca.

Dennis Murch



Dave Turnes, foreman and steward

Former PG&E employees can rejoin credit union

Any former PG&E employee who was a member of the Pacific Service Employees Credit Union (PSECU) can now rejoin.

In the past, members who left PG&E were required to give up their membership in PSECU. That requirement was recently rescinded by the PSECU Board of Directors.

To apply for a loan from PSECU, call or stop by a Pacific Service Employees Credit Union office or see a field representative in your area for an application.

Be sure to fill out the application and payroll deduction card completely. Submit a copy of your most recent paystub with the application and payroll deduction card.

A purchase order or appraisal must be submitted with an application for collateral-secured loans. The additional forms necessary for real estate loans are available at the Credit Union.

APRI meets in Sacramento

Local 1245 members Norma Ricker, Thelma Dixon, Danny Jackson and Dorothy Fortier attended the 1994 Western Regional Conference of the A. Philip Randolph Institute in Sacramento.

They represented four local APRI chapters: Napa-Solano, Alameda, Contra Costa and Sacramento.

Workshops included a history of the Institute (for new members), health care reform, mid-term elections, AIDS education, and community development and pensions.

Delegates reported on their individual chapters' voter registration and get-out-the-vote campaigns.

Lineman Rodeo scheduled

Local 1245 , Pacific Gas & Electric Co., and the Sacramento Municipal Utility District will sponsor the 1994 Lineman and Equipment Rodeo and Equipment and Tool Fair June 10 and 11.

The event will take place at the PG&E Livermore Training Facility on 7205 National Drive in Livermore. The 1994 event is the fourth annual rodeo sponsored by Local 1245.

The rodeo begins Saturday, June 11, with registration starting at 7:00 a.m. All events begin at 8:30 a.m.

The Tool and Equipment Fair begins Friday, June 10 at 9:00 a.m and continues through Saturday. Over 125 equipment and tool vendors will be displaying the latest technology in the utility industry.

For information on lineman events, pleae contact Brian Perron at (415) 973-1277 or John Parks at (510) 606-2538.

For information on equipment and commercial vehicle events, contact Leon Rondeau at (510) 606-2558.

Entry forms can be sent to Linda Marshall, c/o PG&E Livermore Construction and Training Facility, 7205 National Drive, Livermore, CA 94550.

Gene Wallace retirement party

A party honoring Business Representative Gene Wallace will be held June 4.

Wallace retired from the Local 1245 staff in January.

The party for Gene will immediately follow the June 4 PG&E Regional Stewards Conference in Sacramento.

Watch the Utility Reporter for details.

Elections are just the beginning

Unions have their work cut out in the 'new' South Africa

By Eric Wolfe

This month's elections in South Africa, the first in which all races are permitted to participate, are of historic importance.

Future generations may remember South Africa as the last nation in history that systematically excluded, based strictly on race, a group of people from the political process. Nelson Mandela, once the most visible victim of the system of apartheid and a rallying point for democratic resistance, will almost certainly be elected president.

Political violence, of course, could derail the entire election process. But even if voting goes as planned, this alone will not transform the economic institutions that have kept South Africa's black majority population in grinding poverty.

It will take a shrewd and united labor movement.

Deep Inequities Remain

Organized labor has already played a key role in the struggle for justice in South Africa.

Under apartheid, the leading black political organizations were banned. This had the effect of channeling black resistance into social institutions, primarily labor unions and the church.

This month's elections will give the black majority their first taste of formal political power. But the inequities of apartheid are deeply entrenched in the South African economy, and will not vanish with the election of Mandela.

Blacks begin this new chapter with inferior access to key services and resources: education, housing, and even basic amenities like electricity.

Workers–for the most part black–will be expected to labor hard for paltry wages (when jobs are available at all), while their bosses–for the most part white–will continue to accrue great wealth. Labor unions will have much to do.

But at least they know who their enemies are.

The apartheid system was sustained in part by global corporations, which well understood the connection between low wages and high profits. South Africa's labor movement, against great odds, mounted heroic campaigns to organize global resistance to these predatory corporations. South African trade unionists persuaded the AFL-CIO, for example, to support a boycott of the Shell oil company.

IMF Poses Obstacles

As the "Mandela era" begins, global capital will still have to be reckoned with. The big corporations that profited from South Africa's low-wage black workforce will do all they can to prevent a large increase in their labor costs. Key lending institutions like the International Monetary Fund (IMF) will also pose obstacles to a restructuring of South African society along more equitable lines.

The IMF is an important source of development capital for nation's around the world. Typically, as a condition for lending money, the IMF requires the recipient nation to impose harsh "austerity measures." In other words, keeping a lid on wages and social programs–but not on profits.

According to Lybon Mabasa, deputy secretary general of the Azanian People's Organization (AZAPO), the IMF is planning to use its economic leverage to extract a commitment from the new South Africa government to pay its international debts. However, those debts were incurred by the old regime, which used the borrowed money to carry out its brutal and systematic exploitation of the black population.

"Apartheid Debts"

In a recent interview with the Utility Reporter, Mabasa called the debts "apartheid debts." He said that requiring a new, democratic government to repay those debts is tantamount to saying that "the oppressed should pay for their own oppression."

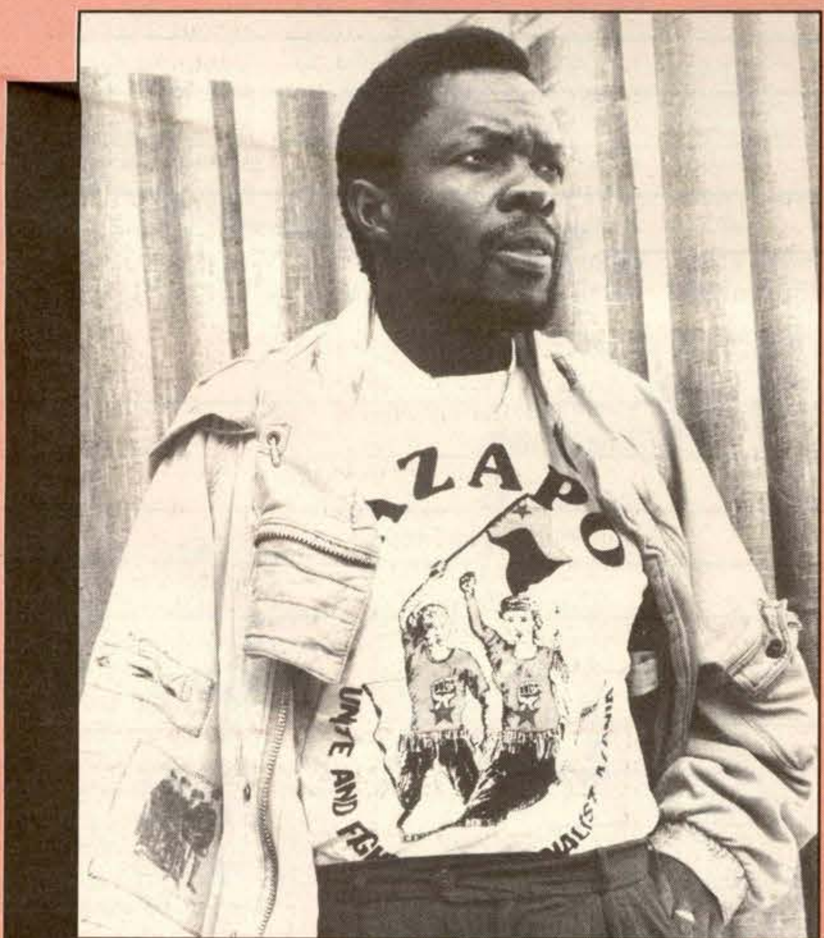
The IMF took the position that "there should be no increase in the budget of South Africa for the next seven years, and 30% of every annual budget will go to debt repayment," said Mabasa. "What it means is that people are going to lose their jobs, there's going to be great devastation of the economy in South Africa."

Which means things could get very ugly, just when much of the world is expecting–or at least hoping–that South Africa's prospects are brightening.

In the wake of the battle over the North American Free Trade Agreement, many union members in America are just now coming to realize something that South Africa's workers have understood for a long time:

Whether you are a worker in South Africa or a worker in the United States, your economic fate is not tied just to your immediate employer. It is tied to the political regime that governs your nation, and it is tied to a global economy where organized business holds tremendous power and organized labor holds very little.

Unionist says IMF policies promote starvation



Lybon Mabasa *(Photo: Eric Wolfe)*

Lybon Mabasa, deputy secretary general of the Azanian People's Organization (AZAPO), was a member of an international labor delegation that met with officials of the International Monetary Fund (IMF) in Washington DC on Feb.7 to protest IMF policies.

"Almost everywhere in the world there is agreement that the IMF policies result in the dislocation of nations, result in the destruction of labor codes, result in mass layoffs, privatization and, on the other hand, the promotion of hunger, poverty and war," says Mabasa.

"We felt the world community of working people's organizations needed to tell the IMF: 'We know these are your policies. And we as working people of the world are telling you to stop what you are doing.' "

According to Mabasa, IMF policies promote the lowering of monthly wages in Mozambique (a neighbor of South Africa) to just 14 US dollars. Mabasa says the labor federation in Mozambique calculates that minimum food requirements for a person in Mozambique require 50 US dollars per month.

"So the IMF deliberately supports starvation," Mabasa says.

Hear Ye! Hear Ye!

SEVENTEENTH ANNUAL SLOW PITCH SOFTBALL TOURNAMENT

IBEW LOCAL UNION 1245

Saturday, May 21 & (if necessary) Sunday, May 22, 1993
Willow Pass Park, Concord, California

Four Divisions

- Women's
- Coed (Minimum 3 women on field)
- Men's "D"
- 35 & Older (Minimum 5, 35 or older on field)

Family Members Eligible!

Women Encouraged to Participate!

Individual Trophies for the 1st Place Teams

Team Trophies for 1st, 2nd, & 3rd in all Divisions

Winner of "D" Division to Advance to State Industrial Championship

$155 Entry Fee Due No Later Than May 13, 1994

For More Information, Contact:
Ed Caruso
(510) 933-6060

USSA Umpires Provided

Local Union 1245's 17th Annual Slow Pitch Softball Tournament
May 21 and (if necessary) May 22, 1993

Team Name: ____________________

1993 Team Name: ____________________

Manager's Name: ____________________

Address: ____________________

City , State & Zip: ____________________

Home Phone: ____________________ Work Phone:

Please Print:

1. ______	11. ______
2. ______	12. ______
3. ______	13. ______
4. ______	14. ______
5. ______	15. ______
6. ______	
7. ______	Men's D
8. ______	Coed
9. ______	Women's
10. ______	35 & Older
	(Circle One)

Entry Fee: $155
Final Deadline: May 13, 1994, 5 p.m. at Local 1245 Headquarters in Walnut Creek
Make Checks Payable to: Ed Caruso
P.O. Box 4790
Walnut Creek, CA 94596