Confronting the High Cost of Living

Pacific Gas & Electric has a problem: in some parts of its service territory the cost of living—especially the cost of housing—has far outstripped the wages the company pays. For PG&E, the explosive rise in the cost of living is a problem of employee recruitment and retention. But for PG&E employees, particularly in the San Francisco Bay Area, the problem is much more personal: many can’t afford to live where they work. In this issue of the Utility Reporter, we look at the high cost-of-living problem, and the union’s efforts to confront it.

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Union organizes 3 units at Modesto Irrigation

After decades of bargaining under the IBEW banner, employees of Modesto Irrigation District finally made it official this fall by electing Local 1245 as the exclusive bargaining agent for the District’s three major employee groups.

In state-supervised representation elections conducted Nov. 30, Administrative, Technical and Clerical employees cast 64 votes for Local 1245, 17 cast votes for AFSCME Local 10, and 17 voted for no representation. In separate voting on the same day, the Professional and Supervisory employees cast 26 votes for Local 1245 and 15 voted for no representation, while AFSCME’s vote count totaled zero.

The District voluntarily recognized Local 1245 as the bargaining representative for the Utility and Maintenance Group on Oct. 21, after the union presented cards demonstrating support by a majority of the 231 employees in that bargaining unit.

The representation elections amounted to a vote of confidence in Local 1245, which has negotiated contracts on behalf of District employees for years but has never been recognized as the exclusive bargaining agent. Up until now, the District has recognized Local 1245 only as an “employee organization,” a status it also conferred on Local 10 of the American Federation of State, County and Municipal Employees.

As an “employee organization,” each union was entitled to negotiate on behalf of its members. But from

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Happy New Year.

With this issue of the Utility Reporter, I hope to foster a respectful and productive debate between our members on this question: Should members in high cost-of-living areas receive some sort of pay premium that reflects the high cost of housing where they live? (See Page 11).

This is a potentially divisive issue. It has the potential to pit member against member, generally along coast-inland lines. I don't see division as inevitable, though.

For one reason, there are valid arguments to be made on both sides of this issue. On the one hand, the argument that a job's duties, demands, and risks should drive the wage where the job is performed is a compelling argument and one that we have accepted for 50 years. On the other hand, the argument that a lineman in San Jose has a mortgage that is three times higher than a lineman in Yuba City for the same house is not an argument that can be ignored.

Whichever side of this issue you are on, I urge you to think about the valid arguments raised by the other side. If you respect the opinion of your union brother or sister, we can disagree without dividing ourselves.

Another reason that this debate does not need to be divisive is the fact that there is mobility between the high and low cost-of-housing areas. Many of our members in low cost-of-housing areas are refugees from the high cost-of-housing areas. They have experienced both sides of the equation, and are uniquely qualified to see both sides of the debate.

The last reason that this debate need not divide us is practical. If we let it divide us, we risk the second shoe dropping—after divide comes conquer. As much as we might want a take-no-prisoners approach to debating this issue, we would be foolish to go down this path.

I ask that you read this month’s article on the Cost-of-Living Committee and its work. I ask that you think carefully about the facts and positions described in the article. I ask that you talk about this issue with your fellow workers.

Most importantly, I ask that you take the time to write us with your analysis and opinion.

This is not an issue that will go away. The gap in housing prices continues to grow, and our members in high cost-of-living areas will continue raising this issue. We can’t avoid it just because it is potentially divisive.

I have confidence in the ability of our membership to tackle a tough issue like this in a productive manner that respects the opinions of those within the union who disagree with them.

I look forward to reading your comments.
On the Internet:
www.ibew1245.com

On the PG&E Intranet:
Under ‘My Stuff,’ Select ‘IBEW’
Line Clearance Tree Trimmers honored for service to union

Gathering to honor Tree Trimmer members for their 2004 Service Awards are, from left: Davey Tree Crew Foreman Jack Harris, 35-year award; Ray Thomas, Senior Business Representative; Davey Tree Crew Foreman Jessie Chandler, 25-year award; Unit 4419 (Redding) Chairman John Shepherd and Unit Recorder Virgil O'Neal.

Union Tree Trimming – For Quality Work!
IBEW Local 1245 and Merrill Lynch Present

Retirement Planning Seminars

How To Retire Successfully!

Topics Include:
Can I afford to retire?
Prior to retirement, how should I invest my 401K?
What is the appropriate spousal option percentage to take from my pension?
How does an IRA Rollover work?
Should I use my vacation or save it?
What happens to my retirement if I go on LTD?
How can I draw money from my IRA at any age free from penalty?

Full Buffet breakfast, lunch or dinner at all seminars.

Monterey
Thursday, January 20
Dinner: 6:30 - 8:30 pm
Portola Plaza
2 Portola Plaza
Monterey, CA

Redding
Saturday, January 22
Breakfast: 8:00 - 10:00 am
Red Lion Inn
1830 Hilltop Drive
Redding, CA

San Luis Obispo
Saturday, January 22
Breakfast: 8:30 - 10:30 am
Madonna Inn
100 Madonna Road
San Luis Obispo, CA

Chico
Saturday, January 22
Lunch: 12:30 - 2:30 pm
Holiday Inn
685 Manzanita Court
Chico, CA

San Mateo
Wednesday, January 26
Dinner: 6:30 - 8:30 pm
Marriott
1770 South Amphlett Blvd.
San Mateo, CA

San Jose
Saturday, January 29
Breakfast: 8:30 - 10:30 am
Hilton
300 Almaden Blvd.
San Jose, CA

Stockton
Saturday, January 29
Breakfast: 8:30 - 10:30 am
Radisson Hotel
2323 Grand Canal Blvd.
Stockton, CA

Oakland
Wednesday, February 2
Dinner: 6:30 - 8:30 pm
Hilton
1 Hegenberger Road
Oakland, CA

Santa Rosa
Saturday, February 5
Breakfast: 8:30 - 10:30 am
Hilton
355 Round Barn Road
Santa Rosa, CA

Bakersfield
Thursday, February 10
Dinner: 6:30 - 8:30 pm
Doubletree Hotel
3100 Camino Del Rio Ct.
Bakersfield, CA

Fresno
Saturday, February 12
Breakfast: 8:30 - 10:30 am
Piccadilly Inn
4691 N. Cedar Ave.
Fresno, CA

Concord
Saturday, February 12
Breakfast: 8:30 - 10:30 am
Concord Hotel
45 John Glenn Drive
Concord, CA

Eureka
Saturday, February 26
Breakfast: 8:30 - 10:30 am
Red Lion Inn
1929 Fourth Street
Eureka, CA

Sacramento
Saturday, February 26
Breakfast: 8:30 - 10:30 am
Hilton
2200 Harvard Street
Sacramento, CA

Seminars are for Local 1245 members age 50 years and older and their spouses or significant others. Free of charge. Invitations will be sent by mail. Questions? Call Jim McCauley at (707) 452-2710.
Local 1245 has signed Letter of Agreement R1-04-12 with Pacific Gas and Electric modifying the current dispatching of union Hiring Hall employees to PG&E jobs.

When the Hiring Hall concept began in 1995 it was never intended to last more than a couple of years, during which PG&E was evaluating its workforce needs and work commitments. In 1997 the Hiring Hall Agreement was enhanced to include more classifications, and further changes were made in 2001, extending the life of the program.

The most recent changes were needed to administer the program more efficiently, according to Local 1245 Assistant Business Manager Bob Choate.

At one time there were over 2500 Hiring Hall employees working for PG&E. Today there are fewer than 300.

"The changes were necessary to enhance the dispatching procedures by eliminating classifications that were never used or used sparingly," said Choate.

Some of the other changes are:

• Candidates must meet all PG&E pre-employment testing requirements prior to being dispatched.

• The benefit factor will be 25% of the straight-time rate for all hours worked instead of being based on National Electrical Contractor Association (NECA) criteria.

• Option to work other headquarters for up to five consecutive days per assignment.

• No more assignment extensions beyond 12 months.

• Special Projects/Special Conditions can exceed 12 months through a Letter of Agreement signed by the Business Manager.

• No more one-year letters for unsuitability.

• Provides a Summer Hire program to give college or college-bound students experience with PG&E-type work.

All Hiring Hall candidates were to be mailed a copy of the new Letter of Agreement along with an explanation of the changes during the month of December. All Hiring Hall employees who are currently working will not be affected until their job assignment ends. The Hiring Hall information line at Weakley Hall will be changed to reflect the new agreement modifications and instructions.

"This agreement will be easier to administer, monitor, and be more efficient than what we had previously. Under the old agreement there was no mechanism for knowing when a Hiring Hall employee's assignment was finished and he or she would show up at the hall looking for work," said Choate.

"Now we will know when the assignment ends as the employee must fax their information within a specific time frame to be put on the books. This will make it easier for the Hiring Hall employees because they won't have to physically come into the office, and it will also make it easier for the dispatchers to monitor the availability of our members," Choate said.

Several abuses by the company will be eliminated under provisions of the new agreement, according to Choate.

In addition, the new agreement will force the company to utilize the Temporary Additional Employee (under Section 106.12 of the current Physical Agreement) in certain Hiring Hall classifications that have been eliminated and where a Letter of Agreement will now be necessary. Additionally, the company will need to use this section of the Physical Agreement for employees who are not test-qualified if the company wants a specific employee.

"We believe with PG&E retirements coming in the next few years, the Hiring Hall employee will still be a valuable asset to the company," said Choate.

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Modesto Irrigation District organized

Morel praised the efforts of Shop Steward Denise Miller and Unit Recorder Karri Davies for their "many hours of hard work" on the campaign, and also recognized the special contribution made by David Souza.

Signing Up New Members

Morel said the union was continuing to sign up new members as it prepared to set up a schedule for bargaining with the District.

Local 1245 Assistant Business Manager Dennis Seyfer said the union looked forward to representing the employees' interests in upcoming bargaining "because that's what this has all been about."

The campaign for a united bargaining voice at Modesto Irrigation District echoes the struggle by workers at PG&E to achieve a united front in the 1940s, when there were two unions vying for dominance. Like the PG&E workers of that long-ago era, most Modesto Irrigation District employees today understand that their strength is a direct product of their unity.

Morel acknowledged that some might question the inclusion of Clerical and Supervisory employees in the bargaining unit, but she defended their right to representation.

"We had an obligation to fight for those people. Those people chose to be members when they didn't have to be," said Morel. "Some of these people were at our pin dinner this year getting 25-year awards."

How the bargaining process will be structured, given the three separate bargaining units, remains to be seen. But it's clear that the employees don't view themselves as separate. Not anymore.

"They want to go to bargaining together, they want to be together," said Morel. "It's kind of refreshing. They really appreciate what the union is."
There's no sign of a corporate ladder for 60 miles in any direction where these linemen dare to spend most of their day. The only ladder these guys are climbing are live line ladders used as scaffolds to get out to the conductor end of long insulator strings.

The Pacific Gas and Electric General Construction Line Crew is a highly-skilled group of linemen that traverse the lines up and down the Sierra Nevadas and California's Central Valley maintaining and building power networks for PG&E.
A Day on the High Lines

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On this particular day, the team was in the process of replacing dead end insulators and installing new shunt splices atop one of their 120 foot towers on a 500,000 volt line just northeast of Chico. They were aided by two helicopters owned by PJ Helicopters of Red Bluff.

PG&E has approximately 18,500 miles of electric transmission lines and cables on the West Coast and was slated to spend $1.1 billion on transmission and distribution enhancements and upgrades in 2004, the third year in a five year project.

The preferred method to place linemen on top of the towers is an FAA and state approved “skid transfer” process. The helicopter lands on the top of the tower where the linemen are able to safely transfer from the helicopter to the tower.

Throughout the day over 10,000 lbs. of new insulators, shunt splices, and other required hardware are delivered and installed. The old hardware is removed and returned to the ground with the help of Hughes 500D and Bell 206 Long Ranger helicopters.

On average, one tower per day can be safely retrofitted and all necessary hardware, tools, and any equipment are then lifted and relocated to the next work location. The helicopters save hundreds of hours in travel, climbing, material delivery, and salvage.

Induction from a nearby line causes occasional, annoying static shocks while working on the steel tower, but the project is well-monitored. There are three lead supervisors on the ground watching every move and two journeyman level linemen on the tower monitoring radios and communications between the pilots, supervisors, and men performing the work.

In addition, two journey-level linemen are tasked with assembling the insulator strings and keeping snake bags full of shunt splices and any other required hardware.

The GC Line crews’ unity and communication skills are of notable interest. Each man knows his role, place, and almost every move of his co-worker. There’s no room for error at 120 feet above a rocky, volcanic laden surface below, 40 miles from the nearest hospital. In these dangerous circumstances, every man knows better than to let emotion get in the way of his job.

The most impressive thing that I encountered was that the GC Line crew skills are not limited to one job or task. This particular day was spent atop a steel transmission tower, but tomorrow could be spent setting a wooden 80-foot H3 Class pole in a live circuit or possibly on a highway road-widening project.

PG&E’s progressive on-the-job-training program helps rotate its linemen through different levels of work and experience, ensuring a well-rounded and multi-talented support team to maintain and build its massive network.
From left: Dave Cappello, Steve Neiley, Joe Smith, Aaron O'Sullivan, Steve Titus, Ron Tilley, Karl Shirley, Ron Soulliere, Wes Palade and Carl Landingam.
Pay attention to your health

Most of us understand the significance of safety standards, whether they are Cal-OSHA, federal OSHA, state and county codes, the national electric code, the national electric safety code, or our individual companies' safety manuals. Imagine where we would be without these statutes and rules.

There is something just as important as safety for IBEW members to consider: our health.

Just as safety standards can protect us from accidents and possible injury or death, medical practices that are practiced with diligence and commitment can also protect us. Take advantage of annual physicals offered by some of our employers. As we get older, physicals can help in the detection of disease. Neglect in taking these exams could result in a condition that becomes incurable.

A word of advice for all of our union brothers. At around age fifty, men should have a PSA test. This is a simple blood test that can help detect prostate cancer. Early detection of this disease, as with many diseases, increases your chances of a good recovery.

Don't put off your morning tailboard—and don't put off your annual physicals. Safety and health go hand in hand.

Your working gloves

How many types of gloves are there in our lives? Some gloves are designed for show, but many types are important for our safety.

Surgeons use gloves to protect themselves and their patients from bacterial infection.

Gloves can protect us from dirt, germs, sharp objects, thorns, nails, blisters, punctures, and knife cuts.

Electrical workers use rubber gloves for protection when working on electric circuits.

Gloves help with climate control, ability to grip, fire and chemical protection, and emergency use.

In short, always have your personal protective equipment readily available while around the jobsite, and consider the need for gloves around your home as well.

Crystal ball can keep you safe

What would you ask for if you had a crystal ball that let you see into the future? Do you think it would be a good thing?

I've got news for you—you do and it is.

Yes, that's right—you can see into the future, and once you learn to perfect this talent, you can put it to very good use. It's easier than you would think, and once you realize how valuable it can be, you'll want to do it on a regular basis—because your crystal ball can keep you safer on the job.

How are we going to use this crystal ball? The way we use our crystal ball to look into the future we can predict with great accuracy the very words that will come out of the mouths of our bosses when an accident or incident occurs. We can predict pretty darn closely what questions will be asked by just stepping out of our hat and putting on the hat worn by a boss or the hat worn by a family member or friend of an injured co-worker:

“Did you follow procedure?”

“Did you use all of the cover you could have?”

“Did you anticipate all possible unforeseen events?”

By looking into your crystal ball, you can predict how to plan your task with the idea in mind that all possible scenarios are under control.

The control you exercise is effective. If we remember the basic precept—e.g., look into the safety book, we can tap into a whole lot of history, and learn.

History repeats itself; therefore our crystal ball is actually a look into the past. It's a look into the safety book that was made from lost limbs and lost lives of men who worked before us.

Having a goal of zero accidents/ incidents should always remain the goal for every safety program. The lesson we've learned from those in our field who have had long safe careers is to be prepared and protected at every phase of your work.

Unexpected events, acts of God, and other dangers will always be there in our business. Good planning, preparation, and protection will prevent injury and death, guarding you against those dangers.

So when it comes to crystal balls, look for yours in your safety book, give a good tailboard, listen to each other, develop a good plan for your job, use your cover, and stay cut in. There's nothing magic about safety.

By looking into your crystal ball, you can predict how to plan your task with the idea in mind that all possible scenarios are under control.

Safety Tailboard

Receive an IBEW cup and cap for submitting a safety question selected for publication in the Utility Reporter's Safety Tailboard. Safety Tailboard is an open forum for discussion and learning about safety issues. Submit your question, along with your name and phone number, to:

Safety Tailboard, c/o Jim McCauley, IBEW 1245, PO Box 2547, Vacaville, CA 95696

Current members of the Local 1245 Safety Committee: Stoney Burk, Alameda Power & Telecom.; Keith Hopp, Pacific Gas & Electric; Al White, Pacific Gas & Electric; David Vipond, Citizens Communications; Rich Lane, Turlock Irrigation District; Art Torres, Sacramento Municipal Utility District; Gil Suarez, Davey Tree; Bob Burkle, City of Santa Clara; and Assistant Business Manager Jim McCauley.
Confronting the High Cost of Living

For a half century, Local 1245 negotiations with PG&E have been conducted on the principle that people in the same classification receive the same wage. Yuba City or San Jose, a lineman gets a lineman’s pay. Union-negotiated wages enabled PG&E employees to live in the communities they served, and kept the dream of home ownership within reach.

But repeated bursts of inflation in California real estate, particularly in the Bay Area, have snuffed out that dream for many PG&E employees entering the market today. To work for PG&E in San Francisco is to forego home ownership—or buy a home elsewhere and become hostage to an endless commute.

“We have people who live in Tracy, in Geyserville,” says Bob Bruce, a Miscellaneous Equipment Operator who routinely spends four hours a day commuting to his job in San Francisco from the home he bought in Fairfield. Wage hikes, he says, are lost in tolls, the rising cost of gasoline, and wear and tear on personal vehicles.

“When you’re commuting from Lodi, Tracy, Livermore, most of these guys only keep a car three years,” then have to trade in for a newer model, “because you need a dependable car to get to work,” says Bruce.

PG&E recognizes there is a problem, but views it from a different perspective. The high cost of living has made it harder for the company to recruit and retain certain classifications of employees in some locations. Data compiled by the company show a general exodus of Operations Maintenance and Construction (OM&C) employees from Bay Area locations in recent years. In northern California, the influx of employees from the Bay Area has even been given a name: they call it the “great salmon run.”

But other than providing fodder for bullroom wits, the “great salmon run” is no joking matter. Employees in lower-cost areas believe the company is letting positions remain vacant in their areas rather than filling them with bidders from San Francisco or Cupertino. This has led to workweeks of 80 hours or more for employees in some areas as PG&E tries to squeeze more hours out of its existing workforce.

The company’s “retention” problem looks different yet again from the perspective of the customer, as shortfalls in PG&E manpower threaten to erode the quality of service.

In 2002 the cost-of-living issue found its way into general negotiations. The company and union researched the problem, and issued a joint report prior to the start of bargaining. (The report is available online at www.ibew1245.com/news-items/HCOL.htm). Once bargaining began, the union proposed a “cost-of-living/housing premium” in any location where costs meet a certain threshold.

The proposal did not make it into the final contract package, but the company and the union agreed to tackle the issue again in interim negotiations. Those talks began in December 2003, and the union made a new proposal in February 2004. The company conducted additional research and reported back to the union on Nov. 15, but declined to make an offer.

Meanwhile, home prices have continued to spiral upward, employee commutes grow more frustrating, bids to jobs outside the Bay Area become harder to catch, and workforce shortages threaten to compromise service quality. It’s a witch’s brew of issues awaiting company and union negotiators as bargaining resumes later this year for wages in 2006 and 2007.

Even if there is no solution at hand, Local 1245 members cannot afford to turn their backs on this issue, or to define the problem strictly in terms of individual self-interest. Understanding that there are different points of view—and knowing what they are—is an essential part of the process as Local 1245 members search for the common ground and the united front that we will need to move forward.

Expensive

When asked how it feels to live in San Jose, PG&E Division Lineman Wrenn Rittenhouse answers in one word: “Expensive.” Rittenhouse is one of the lucky ones. Living by himself, the 2-bedroom condo that he just purchased in San Jose meets his needs, more or less. He says he was able to swing the purchase by working “an exorbitant amount” of overtime—enough to just about double his base salary.

Continuing to work overtime will be necessary, Rittenhouse says, just to make his payments while maintaining a lifestyle he calls “minimal.” “I’m happy with it, it just being for myself. A guy with a family, I don’t know how they could make it.”

Bob Gerstle is another one of the lucky ones. He escaped the Bay Area in 2001, leaving his job as a Division Electric Crew Foreman in San Carlos and landing a job in the transmission department in Sacramento. In 2002 he caught a lineman job in Placerville.

Even though he “got out,” Gerstle still identifies strongly with those who are working in the Bay Area. “My views haven’t changed. I just went to a Christmas dinner with...”
High Cost of Living

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guys in Belmont and I still feel for the dilemma they’re faced with,” he says.

“That’s Your Choice”

Sympathy for the plight of members in high-priced areas is, in fact, easy to come by. Support for a monetary solution is a different matter.

“I know everybody up here sympathizes with them,” says Russ Rylee, a Transmission Troubleman in Cottonwood, south of Redding. “You hate to piss off the Bay Area members, but the majority up here feels ‘Hey, you bid the job.’ When you make a commitment to an employer, that’s your choice.”

Rylee’s view is widely shared outside the Bay Area, and is rooted in union tradition. More than a half-century ago, when the company routinely paid less to people working in rural areas, Local 1245 fought hard to get rid of “area differentials” and establish the principle that people in the same classification should receive the same pay regardless of where they work because, as the saying goes, “a lineman is a lineman.”

If employees in high-priced areas were to receive a premium for doing the same work, where would the money come from? Would pouring additional money into San Jose wages make less money available for compensating members working in Bakersfield or Burney?

It’s even possible the company would try to turn the issue on its head and push for a reduction in wages in lower-cost areas, leading some members to regard the whole issue as a Pandora’s Box—best left alone.

Modern Plague

But even the opponents of cost-of-living premiums for today’s high-priced areas stop short of saying never-never. The reason is simple. They worry that one day they may need a premium themselves.

Like the plague in the Middle Ages, real estate price inflation is being spread by the people who are fleecing it. As people from San Carlos or San Mateo or San Luis Obispo seek affordable homes in Redding or Fresno, they help heat up the real estate markets in those communities. Fresno and Madera Counties, considered a single metropolitan area, ranked ninth in the nation for fastest-rising home prices during the past year, according to a recent report by the US Office of Federal Housing Enterprise Oversight.

“If you give a wage increase to the Bay Area, which is probably deserved because of the cost of real estate, in Fresno things are changing and we could face the same situation in a couple of years,” says Al Benegar, a General Construction Subforeman-A in Fresno. “A wage differential would have to be open because any geographic area in California can change, as we’ve seen in the last 10 years.”

“It’s not just a Bay Area problem,” agrees Rylee. “It’s going to be a systemwide problem. I think the company needs to look at it on a systemwide basis.”

The union proposal during general negotiations was, in fact, pegged to price indexes, regardless of location. But the cost-of-living problem cannot be dealt with at all unless the company agrees to address it through the collective bargaining process. While there has not yet been any agreement, PG&E has remained open to discussing the issue.

The reason is simple: the high cost of living in the Bay Area has become a problem for the company, too. Bidding rights established through the years by union negotiations have given employees opportunities to move within the company. The problem, from the company’s perspective, is that too few want to come to the Bay Area, and too many want to leave.

Hard Numbers

To move beyond mere anecdote and establish hard numbers, PG&E agreed to the creation of a Joint Cost-of-Living Education Committee to gather information “on the current issues associated with attracting and retaining employees in certain geographical locations.”

IBEW members on the committee, which also included representatives from Engineers and Scientists of California, were Bob Bruce, UC Miscellanea Equipment Operator; Maryam Demeley, GO Operating Clerk; Linda Gazzoli, Foreman’s Clerk; Cliff Jackson, Gas Service Rep.; and Nelson Primeaux, Lineman, as well as Senior Assistant Business Manager Tom Dalzell and several Bay Area Local 1245 Business Representatives.

In its final report, issued in June 2002, the committee established the following facts:

• The cost of living within the PG&E service area is considerably higher than in the nation as a whole—117.3% of the national average.

• There are wide variations in the cost of living within PG&E’s service territory, ranging from Angels Camp at 94.7% of the national average to San Francisco at 169.7% of the national average.

• Comparing costs just within PG&E’s service territory, Angels Camp came in at 80.7% of the company average, while San Francisco came in at 144.6%.

The committee’s research into the cost of housing showed just how far out of whack home prices are in California, and in the Bay Area in particular. Based on a score where 100 equals the national average price of a home, housing prices ranged from a low of 162 in PG&E’s Area 6 (Sacramento/Cisco/Auburn) to a high of 462 in Area 1 (San Francisco/San Carlos). Cupertino, in Area 3, ranked an astronomical 585 on the scale.

Measuring annual retail and nonretail average household expenditures revealed similar though less dramatic figures. With the national average set at 100, Area 1 ranked the highest at 148 while Area 6 ranked the lowest at 104. Cupertino, in Area 3, again toppped the chart with a score of 194.

The Salmon Run

The committee collected data to examine how geographical variations in the cost of living may be affecting the attraction and retention of employees throughout the system.

According to this data, between 1996 and 2001, 557 OM&C employees (IBEW and ESC bargaining units) transferred to jobs outside of their area. The data show that a disproportionate number of these transfers were by employees leaving the Bay Area (PG&E Areas 1, 2 and 3, generally speaking).

Where was everyone going? Of all the 557 transfers during that time period, only 7% were coming to Area 1 and just 8% were coming to Area 3. Nearly a quarter of the transfers (24%) were to Area 6 (Sacramento/Cisco/Auburn), and another 18% were to Area 5 (Stockton/Merced/Victor).

It’s the salmon run. The impact of this migration on company staffing was significant. According to the committee report, “many jobs in Areas 1, 2 and 3 could not be filled through the job bidding and transfer system and became ‘unrestricted,’ meaning that the company could hire ‘off the street’ to fill the positions.

If, that is, they could find qualified applicants. Data compiled by
the committee showed that the pass rate for pre-employment testing for OM&C jobs ranged from 28% to 46% in various parts of Areas 1, 2, and 3, much lower than the pass rate in outlying areas such as San Luis Obispo (64%), Merced (59%), Sacramento (59%) and North Coast (65%).

Wrestling the Problem

The committee’s efforts demonstrated that it is easier to grasp the problem than it is to wrestle it to the ground.

The committee reviewed several previous initiatives by the company to attract and retain employees, including retention bonuses (generation employees, call center employees, and payment processing center), commute allowances (the Geyers and Diablo Canyon), mortgage assistance (Diablo Canyon), relocation assistance (distribution engineers) and wage premiums (critical classifications). Only one of these premiums—critical classification pay—is related to trying to retain employees in high-cost-of-living areas, the committee noted.

The committee also looked at premiums that were paid to OM&C management employees in Areas 1 and 2 and parts of Areas 3 and 7, and established that the premiums “have not been sufficient to attract employees from low cost-of-living areas into high cost-of-living areas.”

These past programs, the committee concluded, would “probably not be likely to attract and retain employees in high cost-of-living areas.”

Broadening its review, the committee looked at what other employers have done to attract and retain employees in high-cost-of-living areas. These included a commute allowance paid by Miniat to employees at its San Francisco Potroco Power Plant, pay zones established by the Federal government, area differentials paid by SBC Communications, and pay premiums in the San Jose area by Microsoft, Intel and Kaiser.

The committee also found that some employers have offered assistance in home purchases in high-cost-of-living areas, noting that “this practice appears to be limited to professional employees and unionized employees in the public sector.”

After the committee issued its report, the company and the union each offered proposals in general negotiations. Their proposals reflected how each party defined the high-cost-of-living problem.

The company, concerned with staffing, sought new “critical classification” language that it hoped would enable it to retain employees in select classifications in high cost-of-living areas.

The union, concerned about the pressures being felt by all members in high-cost-of-living areas, proposed a premium that would be triggered when the cost-of-living and/or cost-of-housing reached a certain threshold in any given area.

The gap between these proposals proved too wide to bridge during general negotiations and the matter was referred to an ad hoc committee.

Ad Hoc Committee

Local 1245 members appointed to serve on the Cost-of-Living Ad Hoc Committee were Gene McCandless, Electric Crew Foreman; Al Estes, Gas Serviceman; and Brett Wollerman, Lineman. Also serving were Bob Bruce and Maryann Dennehy from the earlier committee. Following an initial meeting of the committee in December 2002, the union offered a proposal on Feb. 20, 2004.

The union’s proposal called for the immediate implementation of a Congestion Zone Premium for all employees in congested areas. The union also proposed a pilot program that would offer a 20% cost-of-living/housing premium for one year for select classifications in San Francisco, Cupertino and San Jose. Finally, the union proposed that work continue on non-wage long-term solutions such as “silent low-interest/no-interest/forgivable second mortgages.” (See box this page for full text).

It must have been a lot for the company to chew on, because no response was forthcoming until Nov. 15, 2004, when the Ad Hoc Committee held its third and final meeting.

At that meeting, PG&E presented data reaffirming that home price inflation was continuing. Comparing prices in May 2004 to prices a year earlier, the data showed that the median price of a home in Monterey County, for example, was up 37%, to $569,000. In Sacramento, the median price was up nearly 28%, to 308,380.

The company also shared recent data from the California Association of Realtors’ Housing Affordability Index, which measured the percentage of households able to afford the median-priced home. The news wasn’t good.

In May 2003, 27% of California households could afford a median-priced home. In May 2004, that figure had dropped to just 19%.

In some areas of California, the decrease was small—San Francisco fell from 12% to 11%. Contra Costa County fell from 11% to 10%. But the decrease in affordability was striking in some areas. In San Joaquin County, the percentage of households able to afford the median-priced home fell from 33% to 25% during that one-year period. In Fresno, the percentage fell from 44% to 31%.

The median home price in San Francisco, according to data presented by the company, now stands at $695,000. In San Mateo County, 700,000. In Marin County, 783,000. Figures like these, coupled with continuing inflation in the real estate market, continued to cause the committee to develop and use metrics for attracting and retaining employees in select classifications in high cost-of-living areas.

Cost of Living
Ad Hoc Committee

Union Proposal
February 20, 2004

Goal: Attract and retain employees in high-cost-of-living areas with wages, premiums, and other economic incentives that permit employees to live where they work on straight-time wage.

1. Implement immediately a Congestion Zone Premium for all employees (Title 200, Title 300, and Clerical) as follows: (a) $20 a day for employees with headquarters in San Francisco Title 300 Gas, San Francisco Title 200 Gas T&D, San Francisco Title 200 Electric T&D/Troublemance, Cupertino Title 200 Electric/Troublemance, and Service Planning Department clerical employees in three San Jose headquarters. During that year, develop and use metrics for attraction and retention of employees in these locations/functions to be measured against other functions in same location and same functions in other locations.

2. Establish pilot programs of 20% cost-of-living/housing premium for one year for San Francisco Title 300 Gas, San Francisco Title 200 Gas T&D, San Francisco Title 200 Electric T&D/Troublemance, Cupertino Title 200 Electric/Troublemance, and Service Planning Department clerical employees in three San Jose headquarters. During that year, develop and use metrics for attraction and retention of employees in these locations/functions to be measured against other functions in same location and same functions in other locations.

3. Continue work on non-wage long-term solutions such as silent low-interest/no-interest/forgivable second mortgage loans.

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High Cost of Living

From Page 13

Steve Rayburn, Director of Industrial Relations for PG&E, said the company had reached the following conclusions:

- The high cost of living is an issue many employees are facing.
- "Benchmark data" doesn't support an increase in wages, premiums or benefits as a remedy.
- Employees choose to live in high cost-of-living areas for family, education, or other reasons.

Senior Assistant Business Manager Tom Dazell pointed out recent data showing that linemen receive considerably higher wages at Bay Area municipal utilities. Alameda Power pays $35.55 an hour. The City of Palo Alto pays $37.03. Silicon Valley Power pays $45.53. PG&E, which pays $32.09, ought to be comparing itself to employers with whom it competes for labor, Dazell said.

"Every time someone goes (to another utility) you lose $200,000 in training costs," he noted.

Both the company and the union said they expected the issue to resurface during upcoming wage negotiations for 2006 and 2007. No one thinks the problem will go away anytime soon.

And it won't. It's no longer an issue that can be framed simply as "employee hardship" or "company compassion." Not anymore.

The high cost of living, and the staffing problems that it has exacerbated, is threatening to become an issue of quality service for PG&E customers.

Public Expects Service

It's easy for the public to forget about gas and electric service and the people who keep it operating. Easy, that is, until there's a gas leak or the power goes out. When emergencies hit, the public expects service and the company to respond.

So what happens when San Francisco employees relocate to Lodi or Geyserville in order to buy a house?

"It's not good for the customer if people have to commute" to deal with an outage, says Al Benegar, the GC foreman in Fresno. He believes employees could be less likely to take an emergency call out if it means one more long commute.

"That raises questions about service reliability," Benegar says.

The threat to reliability is not limited to the Bay Area. Some members believe the company is creating workforce shortages in outlying areas by manipulating the bidding system.

Under the provisions of the labor agreement, employees within a given bidding area are considered "B" bidders, meaning they essentially have first shot at jobs that come open in their own area. If the job can't be filled with a qualified "B" bidder, the company may then consider "C" bidders, employees outside from the area where the job opening is located.

"If a Troubleman job comes open in Red Bluff, and they cannot fill it with a 'B' bidder, once it gets to the 'C' bid they shut it off," says Russ Rylee, the Transmission Troubleman in Cottonwood. It's a tactic for keeping certain classifications from leaving the Bay Area, Rylee believes.

"The last lineman to leave our yard was 8 years ago," Brett Wolterman, the Lineman from San Jose, told the Ad Hoc committee during the Nov. 15 meeting.

Benegar holds a similar view.

"It's been going on probably the last 7 or 8 years, where they have made it almost impossible for anybody in the Bay Area to bid out," he says.

It is a tactic that infuriates linemen who traditionally have enjoyed the opportunity to bid to more affordable areas during the latter part of their careers. It's also a tactic with the potential to infuriate customers as jobs go unfilled.

"That's why we have no manpower here anymore," says Rylee. "They're not filling jobs."

Growing Urgency

The shortage of manpower is a concern voiced with growing urgency by Local 1245 members around the PG&E system. Troublemens working 80 and more hours a week. Yards that can't even muster a single line crew because of workforce reductions. Older workers exhausted by too much overtime.

Rylee says the company is between a rock and a hard place, and that "they've put themselves there."

If they let people bid out of the Bay Area, says Rylee, "they'd lose a lot of their good journeymen and they wouldn't have enough expertise down there to run their system."

But eventually, he points out, those employees are going to retire and the company will lose their skills anyway.

Bob Gerstle notes that if the company were to ramp up Bay Area hiring now, they could begin the necessary task of developing experienced hands to replace the older workers who want to bid to jobs elsewhere in the state. In the meantime, he suggests, the company could begin meeting its manpower needs in outlying areas by creating more positions for current linemen, not just apprentices.

"Cost-of-living wouldn't be such a bone of contention if they let journeymen bid out of the Bay Area," says Gerstle. "It's just a suggestion. I don't have all the answers."

He knows that his proposal is little comfort to Bay Area employees who don't enjoy journeyman status.

"Most gas employees, meter readers, clerical—they all feel like they're being left out. They have a housing crisis to deal with, too," Gerstle says.

Although the work of the Ad Hoc Committee is finished, the cost-of-living issue remains. It's a problem the company may believe it can't afford to fix, but it's also a problem the company can't afford to ignore.

Join the Discussion

Business Manager Perry Zimmerman has invited all Local 1245 members to enter this discussion— not only to share your opinions but to listen respectfully to the opinions of others (see his column on Page 2). Members who wish to put their views in writing can find an e-mail link for Perry on the union's website at www.ibew1245.com/pz-column.html

Or you can send your thoughts by regular mail to: Perry Zimmerman, IBEW Local 1245, P.O. Box 2547, Vacaville, CA 95696.

To see related Cost-of-Living documents, visit the Local 1245 website at www.ibew1245.com. On PG&E's Intranet, go to "My Stuff," select "IBEW."
Many seniors will pay more for drugs, study finds

An analysis of the new Medicare prescription drug benefit, released Nov. 22 by the Kaiser Family Foundation, finds that millions of older Americans will pay more, not less, for their medications under the new plan.

The Alliance for Retired Americans and other senior advocates warned when the Medicare reform bill was passed a year ago that it might assist people with very low incomes but would do very little for middle-class Americans who are struggling to pay for their prescription drugs. The Kaiser report reinforces these concerns. Findings in the report include:

- 7 million beneficiaries will reach the $2,250 figure that triggers the coverage gap and have to pay all drug costs incurred between $2,251 and $5,100.
- Kaiser estimates that another 7.4 million people will enroll in the drug benefit and pay even more out-of-pocket than they would have without the Medicare law.
- 2.4 million are projected to lose their more generous employer-provided benefits.

Another study by the Kaiser Family Foundation, conducted with Hewitt Associates and released Dec. 14, found that most large employers will maintain prescription drug benefits for retirees after the Medicare drug insurance program begins in 2006, but many will pass more of the expenses to their retired employees.

Eight percent of employers said they eliminated subsidized health benefits for future retirees in 2004, and 11% said they are likely to do so next year.

The number of companies that offer health benefits to retirees has been declining for at least 15 years. The law includes up to $88 billion over 10 years in subsidies to companies that offer prescription benefits that are at least the equal of Medicare’s.

In 1991, 80% of firms employing 1,000 or more workers offered health coverage to retirees. By 2003, the number had fallen to 57%, Hewitt said. Since 2001, more than 100 larger employers have dropped medical benefits for future retirees.

Retirees discuss options for investments

By Mike Silva

Nancy Logan of Merrill Lynch was a featured speaker at the November meeting of the East Bay Chapter of the Local 1245 Retirees Club, held Nov. 11 in Dublin.

Ms. Logan spoke on financial planning, including Longterm Care, Mutual Funds, Living Trusts and a number of other financial vehicles that one might be interested in for investment purposes.

She gave everyone a summary of the services she had to offer, with an invitation to call her for one-on-one meetings.

Also appearing at the meeting was Assistant Business Manager Dorothy Fortier, who fielded questions about health care coverage.

We invite all Local 1245 retirees and their spouses to pay us a visit at the next meeting of the Retirees Club.

Mike Silva is president of the East Bay Chapter of the Local 1245 Retirees Club.
Local 1245
Trade and Vocational School Grant

The purpose of these grants is to provide aid to the children of members to attain a trade or technical education.

1. The grants will be as follows:
   - $500 per year, for up to two years for two candidates, as long as a passing grade is maintained, and a parent maintains membership in good standing in Local Union 1245.

2. In order to be a candidate in this contest, you must be a son or daughter of a member, and be a high school student who has graduated or is graduating in 2004. A copy of your diploma or a letter from your high school stating that you will graduate in 2004 must be attached to your application. Additionally, a letter of recommendation from your vocational teacher, department head, or school principal must accompany the application.

3. Applications may be secured by addressing the Recording Secretary of Local Union 1245, by calling the Union office, or by using the form printed in the Utility Reporter.

4. The grant will be made only to a candidate who intends to enroll full time in any industrial, technical, or trade school, other than correspondence schools, which are accredited by the national Association of Trade and Technical Schools or the Association of Independent Colleges and Schools.

5. Applications must be mailed to IBEW, Local Union 1245, PO Box 2547, Vacaville, CA 95696, by registered mail or certified mail only, and be postmarked no later than the first Monday of April each year (April 4, 2005).

6. Two names will be drawn by the Judge of the Competitive Scholarship Contest from those submitting applications. These two will be recipients of the grants.

7. Checks will be paid directly to the school upon presentation of tuition bills to the Local Union.

8. Presentation of awards will be made at the meeting nearest the member's or parent's residence following the drawing.

Application for the Local 1245 Trade & Vocational School Grant for Members' Children Enrolling in Technical, Industrial, or Trade Schools

Sponsored by Local Union 1245
International Brotherhood of Electrical Workers, AFL-CIO
PO Box 2547
Vacaville, CA 95696
(707) 452-2700

Candidate Information

Candidate's Name
Address
City
State
Zip
Phone
High School
Graduation Date
Address of High School
What school do you expect to attend?
Where is it located?
What trade or craft will you be studying?
Why this particular skill?

Candidate's signature
Date

Statement of Member/Parent

Name of Member/Parent
Employer
Location
I certify that I am a member in good standing of IBEW Local Union 1245, that the Candidate named above, , is my and that the Candidate will graduate from high school during the term ending , 2005.
Signature of Member/Parent
Union Card No.

This is to certify that the above named Candidate is currently enrolled as a student at and has or will be graduating in , 2006.

Official's Signature and Position

Local 1245
Al Sandoval Memorial Competitive Scholarship

The purpose of this contest is to provide a grant in aid for scholarships to colleges and junior colleges, thereby making financial assistance toward the attainment of a higher education.

1. The grant will be as follows:
   - $500 per year, up to four (4) years, as long as a "C" (2.0) average is maintained, and a parent maintains membership in good standing in Local Union 1245.

2. In order to be a candidate in this contest, you must be a son or daughter of a member, and be a high school student who has graduated or is graduating in 2004. A copy of your diploma or a letter from your high school stating that you will graduate in 2004 must be attached to your scholarship application.

3. The scholarship grant will be made only to that candidate who intends to enroll full time in any college certified by their State Department of Education and accredited by the local accrediting association.

4. Application may be secured by addressing the Recording Secretary of Local Union 1245, by calling the Union office, or by using the form printed in the Utility Reporter.

5. Checks will be paid directly to the college upon presentation of tuition bills to the Local Union.

6. All applications shall be accompanied by a written essay, not to exceed five hundred (500) words, on the subject designated by the Executive Board.

7. Essays should be submitted on 8-1/2" by 11" paper, on one side, preferably typed and double spaced, with applicant's written signature at the conclusion of the essay.

8. Applications and essays must be mailed to IBEW, Local Union 1245, PO Box 2547, Vacaville, CA 95696, by registered mail or certified mail only, and be postmarked no later than the first Monday in March of each year (March 7, 2005).

9. Each year the scholarship shall be presented at the Advisory Council meeting in May; the judge and a guest and the recipient and parents shall be invited, at Local Union's expense, to present and receive the scholarship award.

10. A suitable trophy or plaque shall be purchased by the Local Union, at a cost not to exceed $75, to be presented to the scholarship recipient.

The topic for the 2004 Al Sandoval Memorial Competitive Scholarship Essay is: "WITH THE RECENT DEFEAT OF PROPOSITION 72, HOW WILL THE RISING COST OF HEALTH CARE AFFECT ORGANIZED LABOR?"

Application

for the Al Sandoval Memorial Competitive Scholarship

Sponsored by International Brotherhood of Electrical Workers, AFL-CIO
Local Union 1245, PO Box 2547, Vacaville, CA 95696
(707) 452-2700

Candidate's Name
Address
City
State
Zip
Phone
High School
Graduation Date
Address of High School
What college or school do you expect to attend?
Where is it located?

Candidate's signature
Date

Statement of Member/Parent

Name of Member/Parent
Employer
Location
I certify that I am a member in good standing of IBEW Local Union 1245, that the Candidate named above, , is my and that the Candidate will graduate from high school during the term ending , 2005.
Signature of Member/Parent
Union Card No.

This is to certify that the above named Candidate is currently enrolled as a student at and has or will be graduating in , 2006.

Official's Signature and Position