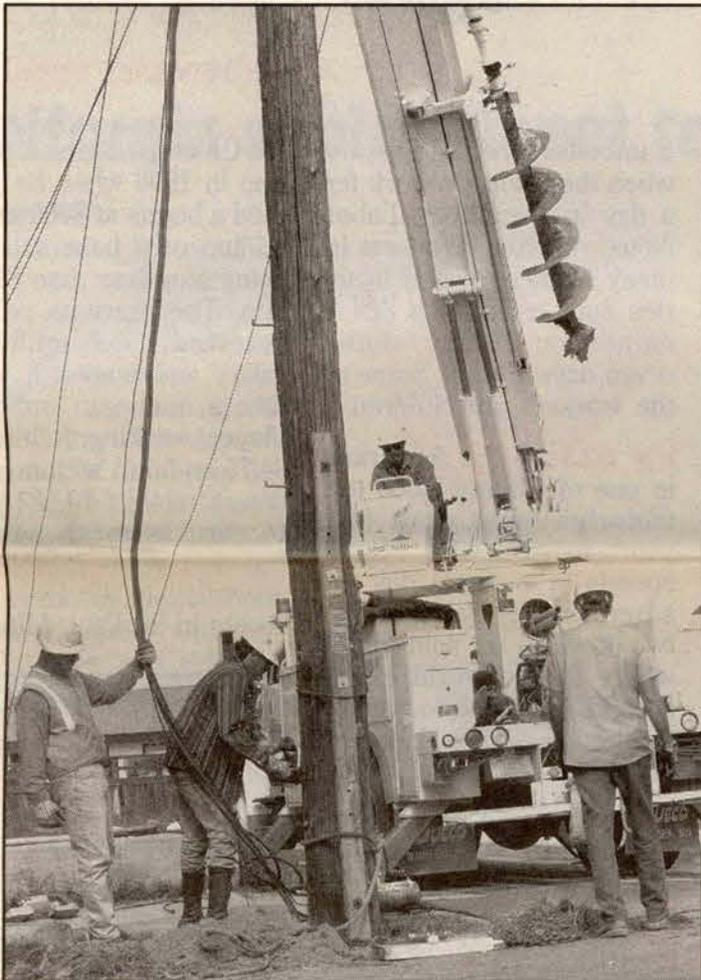


## Contracting Out



This Henkels & McCoy crew dispatched by Local 1245 replaced poles for PG&E in Antioch last month. Why has PG&E contracted out this work?

See Page 5

## CPUC law judge: unbundle service

If adopted, CPUC plan puts at risk  
PG&E's billing, metering, customer service

**L**ocal 1245 members at PG&E and other employers could face serious job security problems if a proposed decision by a CPUC Administrative Law Judge is adopted by the full CPUC.

The proposal by Administrative Law Judge Weissman calls on the CPUC to "unbundle" billing beginning Jan. 1 of next year. It would also start a process to unbundle meter-

ing and customer service inquiries during 1998.

In effect, Local 1245 members who have historically performed these services could start facing direct competition for this work in the very near future.

If billing is unbundled as proposed, customers could choose to have an energy service provider, other than PG&E, send the customer a consolidated bill for all electrical service, according to

See PAGE FOUR

### Time for Action

## Defend overtime

**T**he California Labor Federation has called on union members throughout California to protest Gov. Pete Wilson's effort to abolish overtime pay.

The threat to overtime pay is very real. Through

the Industrial Welfare Commission, Wilson is attempting to roll back California's requirement that workers receive overtime pay for any work in excess of eight hours in a day. Wilson's goal is to eliminate state-mandated overtime pay altogether.

At hearings in March and April, the IWC will also consider expanding the definition of supervisors who are exempt from overtime pay. The proposed change in definition would allow employers to convert hundreds of thousands of lead persons into assistant managers or supervisors, who would lose the right to overtime pay even if they worked 60 hours or more in a week.

Union members and other

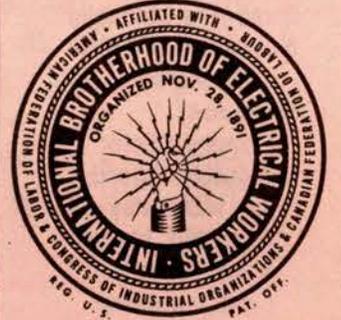
See PAGE FOUR

## Stewards to get briefing on key issues

Special training conferences on Saturday, March 22, will update Local 1245 stewards at PG&E on what lies ahead as California restructures the electric industry. The conferences, held at locations around the state, will address issues such as:

- What are 94-53 committees? What have they accomplished?
- What is the union hiring hall, why is it needed, and what are the limits on its use?
- What is the future of PG&E? What's the status of the various business units in the face of competition? What is performance-based rate-making? What is "unbundling" of service and what impact could it have on PG&E jobs?

If you are a steward and did not receive notice of the conference, call Karen at 510-933-6060 Ext. 210.



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What Does the Law Say?  
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### CALENDAR

March 7  
Pin Dinner  
Merced, Ca.

March 14  
Pin Dinner  
Oroville, Ca.

March 15  
Pin Dinner  
Sacramento, Ca.

March 15  
Sierra Pacific Power  
Stewards Conference  
Reno, Nv.

March 21  
Pin Dinner  
San Jose, Ca.

March 22  
PG&E Regional Stewards  
Training Conferences

April 11  
Pin Dinner  
Auburn, Ca.

April 12  
Pin Dinner  
Eureka, Ca.



### UTILITY REPORTER

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### Workers here and abroad

## Rolling the union on...

**Close Shave:** Graef Crystal, professor of industrial relations at the University of California, Berkeley, recently had this to say about the increasing pay gap between executives and workers in the US: "If the pay ratio was 40 in 1974 [that is, executives were paid 40 times more than workers], 145 in 1992, 170 in 1993, and 187 in 1994 ... the ratio of pay in 2010 will be approximately that which existed in 1789 when Louis XVI was king of France. And you know what happened to Louis XVI. They got his wife, too." Louis XVI

and Marie Antoinette, in case you've forgotten, were beheaded during the French Revolution.

**No to Niketown:** Several hundred union members and other supporters demonstrated at last month's grand opening of Niketown, a new store in San Francisco's Union Square that features Nike products. Nike has been a frequent target of labor protests because of its employment practices overseas, where it utilizes child labor at meager wages to make Nike's famous line of shoes.

**Sprint Guilty:** The National Labor Relations Board ordered Sprint to rehire with back pay 177 workers who lost their jobs when Sprint closed its Spanish-language La Conexion Familiar subsidiary in 1994. The NLRB supported the workers' claim that the company was closed because of a union organizing drive; Sprint announced the closure only a week before a union representation vote was scheduled. The workers could get \$15 million in back pay. Sprint will appeal.

**First Strike:** Three thousand garment workers staged the first strike in



Cambodia's recent history for a day in December, Labor Notes reported. Workers in many Chinese-owned factories earn as little as \$27 a month for 12-hour shifts, seven days a week. Some of the workers are children.

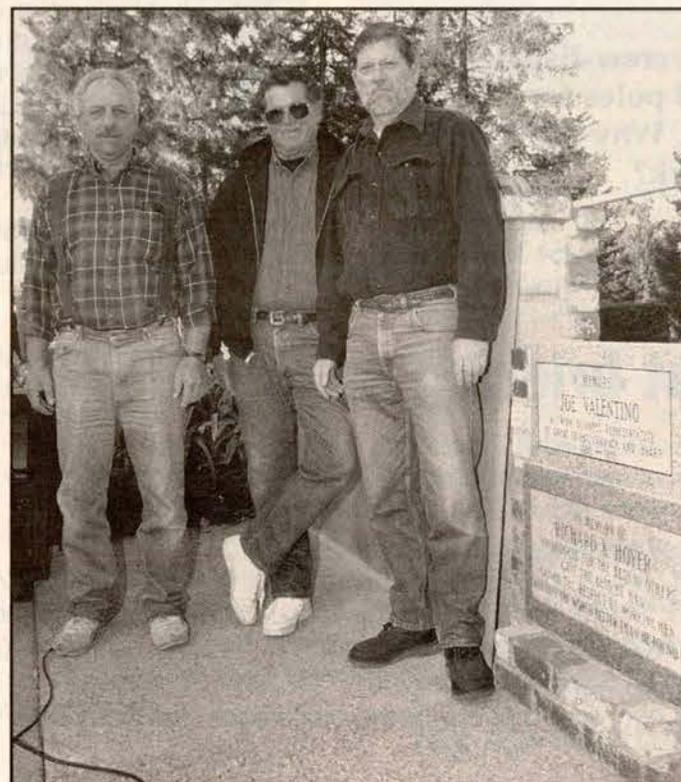
**523 years:** A worker in one of China's 5,000 toy factories must work 523 years to earn what Mattel spends in a single day on advertising its Barbie dolls, two of which are sold somewhere in the world every second, according to a study by the World Development Movement.

**10,122 years:** Lawrence Coss, chairman and CEO of Green Tree Financial Corp. topped the list

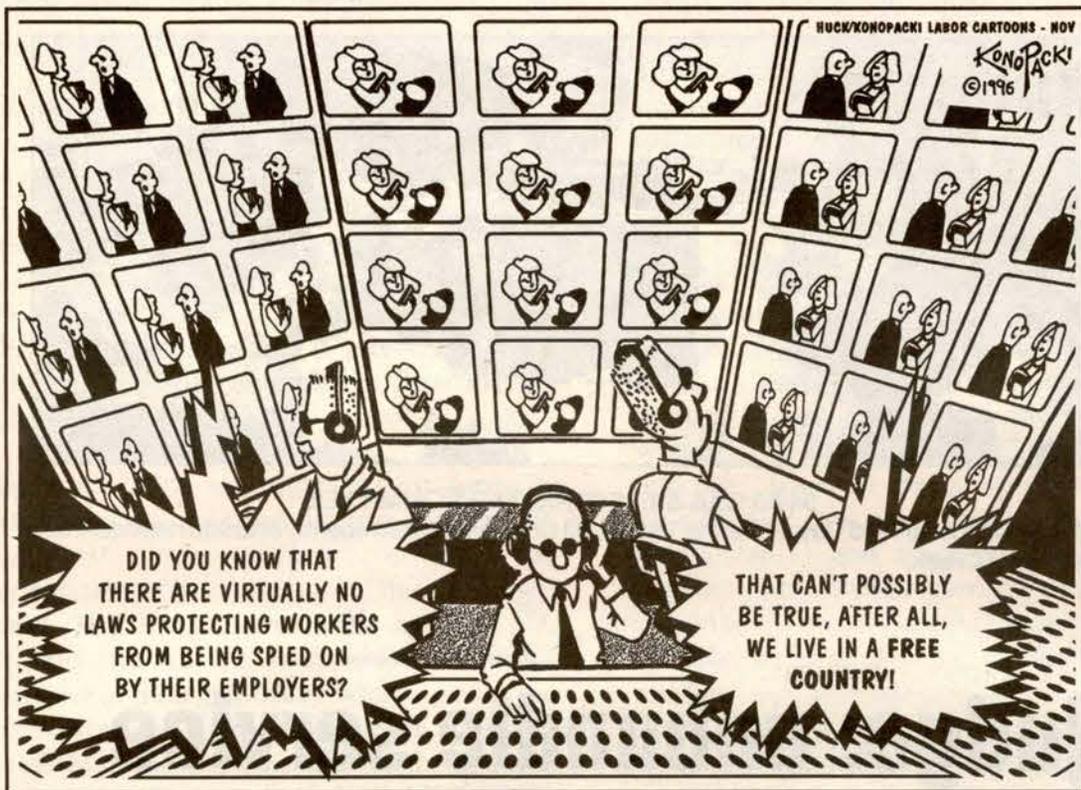
for US corporate compensation in 1996 when he pocketed a bonus of \$100 million on top of a base salary of something less than \$1 million. The previous year he received \$65.6 million in salary and bonus. It would take a minimum wage employee working fulltime at \$4.75 an hour, with no vacation, a total of 10,122 years to earn as much as Coss received in his 1996 bonus, according to the Union Advocate in St. Paul, Minn.

**Support the  
Struggles  
of Other Workers!**

- ### APPOINTMENTS
- OUTSIDE LINE**
- Outside Line Negotiations Committee**  
Jeff Johnstone  
Vern Brown  
Bobby VanNoy
- CONFERENCES AND CONVENTIONS**
- Coalition of Labor Union Women Meeting**  
Dorothy Fortier  
Kathy Tindall
- IBEW Annual Construction & Maintenance Conference**  
Jack McNally  
Rich Dunkin
- Consumer Federation of California Convention**  
Jack McNally
- IBEW Joint Executive Conference of Southern California**  
Jack McNally
- California State Association of Electrical Workers Conference**  
Jack McNally  
Rich Dunkin  
Art Murray
- California Federation of Labor Annual Legislative Conference**  
Howard Stiefer  
Jack McNally  
James McCauley  
Ed Mallory  
Eric Wolfe  
Mickey Harrington



**MEMORIAL WALL**  
The Local 1245 Memorial Wall at union headquarters in Walnut Creek has been strengthened thanks to the efforts of (from left) Jerry Pitore, Bryant Boland, and Rich Cowart.



Jack McNally & Staff  
 Local 1245, IBEW  
 AFL-CIO  
 3063 Citrus Circle  
 Walnut Creek, Ca. 94596

Dear Jack,

You probably know by now that I have taken a supervisor's position with TCI cable in Monterey. I have received quite an education in the past few months. One of my concerns with accepting this position was the loss of union representation. After close to 21 years membership, 12 years as an Ad Council member, two strikes, and numerous problems with management relations, making the move to management was a very hard decision. I feel that my relationship with Local 1245 has provided insight, a sense of fairness, and overall knowledge of what it takes to be successful as a manager in today's work force (time will tell).

I owe a lot to the local for all the support I have received over the years. A special thanks goes to Corb Wheeler who really taught me what a union is all about. Corb was our rep in the late '70s and early '80s. Corb's leadership during the strikes in 1980-81 proved to be extremely effective. Corb's negotiating talents gained the respect of both management and the bargaining unit. I would also like to thank Ken Ball for all the sleepless nights and missed meals during MPTV negotiations. Many thanks to Gary Hughes and Ed Caruso for their fine work as our area business reps. Thanks to Jack, Howard and all of the staff past and present for their support to the Cable Television workers in Local 1245's area. I believe Local 1245 under Jack McNally has grown into a positive force for the membership as well as for the International. Thanks Jack and thanks Local 1245.

Sincerely,  
 Terry A. Linebarger

## Wishful thinking won't get job done

Jack McNally, IBEW 1245 Business Manager

Making assumptions based on wishful thinking can get you in big trouble.

For example, regulators in many states are in a big rush to deregulate electric utilities. They assume that the "miracle of the marketplace" will somehow assure that electric service remains safe, reliable, and fairly priced for all customers.

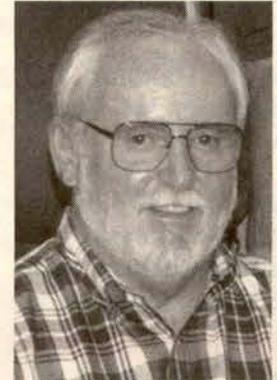
But the facts don't bear out this wishful thinking. Utilities today, taken as a whole, are spending far less on research and development to improve system reliability than they were five years ago, according to Donald Aitken, senior scientist for the Union of Concerned Scientists. Spending in that category has fallen from \$43 million in 1991 to about \$25 million in 1996, Aitken's research shows.

It took massive power outages here in the west to dispel the wishful thinking about system reliability. A coalition of utility employees, of which Local 1245 is the major player, took the lead in persuading the California legislature to include reliability standards in last year's electric restructuring bill.

Unfortunately, there's still a lot of wishful thinking out there regarding electric service. This is especially true when it comes to the issue of training. State regulators and legislators seem all too ready to assume that trained workers will be available to keep the current flowing.

But will those trained workers in fact be available? Regulators might want to ask themselves: Where do trained workers come from?

Up to now, trained



workers have come from the utility industry. In a regulated environment, utilities were able to take the long view. They understood that a steady source of skilled workers was necessary to sustain a steady stream of electricity. Training and apprenticeship programs provided those workers, and utilities were fairly compensated for their training efforts.

But who is going to pay for training now that power generation is being turned over to the competitive market? The independent power producers sure aren't going to do it. Independents have been operating in this industry for well over a decade, but they aren't building their own workforce—they are simply siphoning talent away from the regulated utilities.

Now state agencies are telling utilities they have to compete with these independents. Simple economics tells you that a utility isn't going to be spending a lot of money on training if it's in a life-or-death struggle with an independent competitor who is just going to steal those trained employees anyway.

Furthermore, many states are trying to get

See **NEXT PAGE**

# Defend overtime

From PAGE ONE

concerned workers will rally at IWC hearings on the following dates:

**March 14: Sacramento,** Dept. of Health Services "Twin Towers", 714 "P" St., Room 102.

**March 21: Oakland, Cal** Trans Building, 111 Grand Ave., Auditorium

**April 4: Los Angeles,** State Building, 107 South Broadway, Auditorium

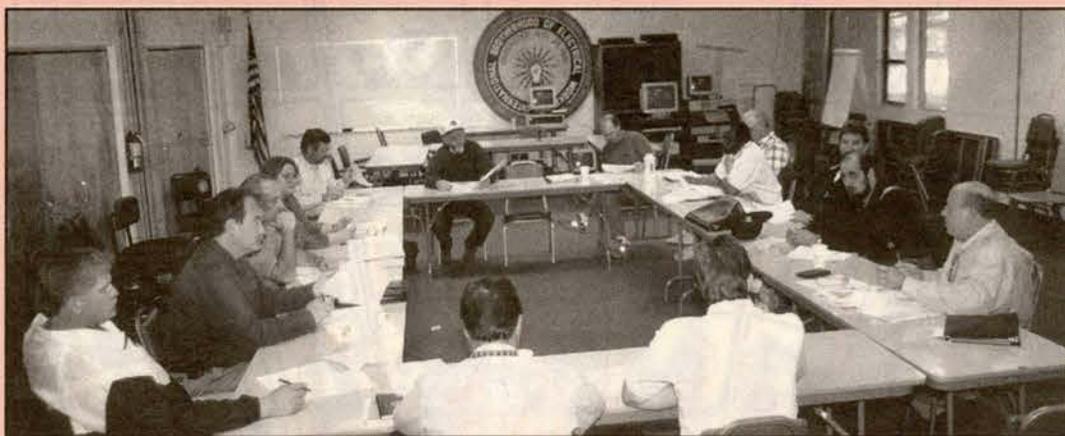
Rallies will be held on each of these three occasions at

9 a.m. The hearings begin at 10 a.m.

Union members should also write letters of concern, or call, the following officials:

Gov. Pete Wilson  
State Capitol  
Sacramento, CA 95814  
(916) 445-2841

Robyn Black,, Chair  
Industrial Welfare Commission  
45 Fremont St., Suite 3130  
San Francisco, CA 94105  
(415) 975-0761



**94-53 GAS & ELECTRIC T&D COMMITTEE**  
The PG&E/Local 1245 Gas & Electric T&D 94-53 Committee met recently at union headquarters in Walnut Creek.

POINT OF VIEW

## Wishful thinking

From PAGE THREE

utilities out of power generation altogether. So who's going to do the training of power operators then?

Training power plant operators is a serious issue. Power plants are complex and inherently dangerous. Power generation is the controlled release of energy. An explosion is the uncontrolled release of energy. Skilled employees are needed to make sure that the former doesn't turn into the latter.

State regulators and lawmakers—including the California legislature and the Public Utilities Commission—must accept responsibility for assuring that competitive markets do not erode the quality of the workforce.

Nuclear plant operators are already subject to strict certification standards. But non-nuclear power plants also represent a significant risk to the workers who operate them and to the nearby public. Training and certification standards for all power plant operators are the way to assure the safety and reliability of power plants.

Wishful thinking won't get the job done.

# CPUC law judge: unbundle service

From PAGE ONE

Marc Joseph, an attorney for the union-supported California Coalition of Utility Employees.

"PG&E would send its billing information to the energy service provider who would include PG&E's charges in the bill it sent to the customer," said Joseph. "The consolidated bill would include charges not only for the energy provided by the independent provider, but also for the transmission and distribution service provided by PG&E, PG&E's competition transition charge, and the public goods charge."

If metering is unbundled as proposed, customers could choose to have an energy service provider, other than PG&E, install and read a new meter in the

place of the existing meter.

Under the proposal, customer service inquiries could also be handled by the energy service provider rather than PG&E.

If the proposal is adopted, the CPUC would begin a

proceeding to determine the costs of each of these services, and therefore determine how much a customer would reduce its payments to PG&E if the customer chooses to have an energy service provider perform

billing, metering and customer service, Joseph said.

Comments on the proposed decision are due March 6.

Local 1245 will continue to intervene in these proceedings.

**If metering is unbundled as proposed, customers could choose to have an energy service provider, other than PG&E, install and read a new meter in the place of the existing meter.**

**Under the proposal, customer service inquiries could also be handled by the energy service provider rather than PG&E.**



**PG&E GC SUBCOMMITTEE**  
The PG&E/Local 1245 Gas & Electric T&D 94-53 Subcommittee on General Construction recently brought together company and union representatives at Local 1245 headquarters in Walnut Creek.

# Contracting out



General Construction Miscellaneous Equipment Operator Ben Baur, working in the vicinity of Frederick and Willard Streets in San Francisco, removes an old transformer. Others working on this job, including hiring hall as well as regular employees, are featured on the following page.

**C**ontracting out. It's a phrase guaranteed to elevate the blood pressure of union members everywhere. Recent history has repeatedly shown that companies who contract out want to cut costs, get around the union contract, maybe even get rid of the union altogether. America's industrial landscape is littered with unemployed union workers whose jobs were contracted out.

So when Pacific Gas & Electric decided it needed to contract out a very large number of pole replacements, it's understandable that Local 1245 linemen would be wary. A major confrontation over the issue would be no surprise.

But no such confrontation occurred. In its place was a dialog between labor and management about job security and customer service, and about new ways of approaching old conflicts. In short, it was a dialog about partnership.

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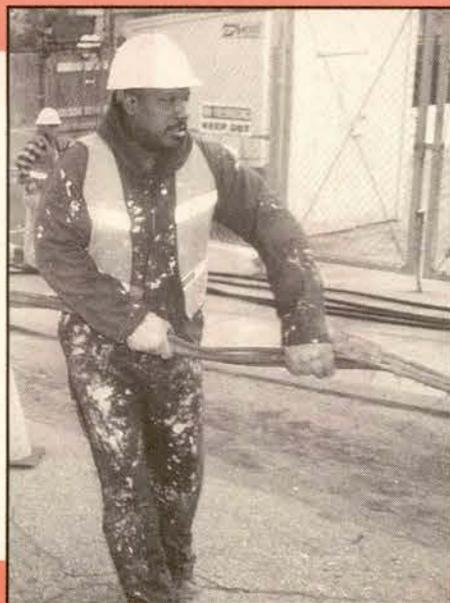
## Practicing Partnership



Second in a Series on  
Labor-Management  
Cooperation



Story & Photos by Eric Wolfe



Regular employees and hiring hall employees worked together in replacing a transformer and some secondary in the vicinity of Frederick and Willard Streets in San Francisco. Regular employees were Steve O'driscoll, Leadman Driver, Division; Ben Baur, Miscellaneous Equipment Operator; and Leon Laucirica, Foreman, GC-Gas. Hiring hall workers included Ron Sevier, Electric Foreman; James Lloyd, Patrick Monahan, Arnold Covarrubias, and Gordeon Callaghan, all Linemen; Earl Tapley, Utility Worker; and Donald Davis, Fieldman, GC-Gas.



## Contracting out

From PAGE FIVE

Like most issues in the electric utility business these days, this one can be traced to deregulation.

PG&E's initial response to the threat of deregulation and competition was to cut costs by eliminating jobs. But severe winter storms in early 1995 exposed a badly-deteriorated distribution system, and threatened to tarnish PG&E's reputation as a reliable energy provider. With other companies poised to strike at its business, PG&E decided to make peace with Local 1245 and move aggressively to restore the company's power system—and its image.

Right out of the gate PG&E rescinded 800 previously-announced layoffs. Next, the company and Local 1245 agreed to establish a union hiring hall where PG&E could acquire temporary additional employees, at union wage rates, to help rebuild its system.

### Inventorying the Problem

To do the job right, the company needed to inventory its problems. In cooperation with Local 1245, PG&E established the Facility Assessment and Condition Tracking System (FACTS), a computerized database of maintenance needs. Focusing specifically on the company's two million power poles, PG&E's Pole Asset Management Group initiated a test-and-treat program, generating a sizeable amount of work for Local

See NEXT PAGE

Data acquired through the test-and-treat program gave PG&E some idea of the magnitude of its pole problem. In a word, the problem was big. Too big for PG&E's regular workforce, too big even if hiring hall workers were factored in.



# Contracting out

From PAGE SIX

1245 members employed by Davey Tree.

Data acquired through the test-and-treat program gave PG&E some idea of the magnitude of its pole problem. In a word, the problem was big. Too big for PG&E's regular workforce, too big even if hiring hall workers were factored in.

The pressures on PG&E to get the job done were real. In the wake of the 1995 storms the CPUC put PG&E's performance under a microscope, and in 1996 the California legislature included reliability standards as part of its massive electric restructuring bill,

AB 1890.

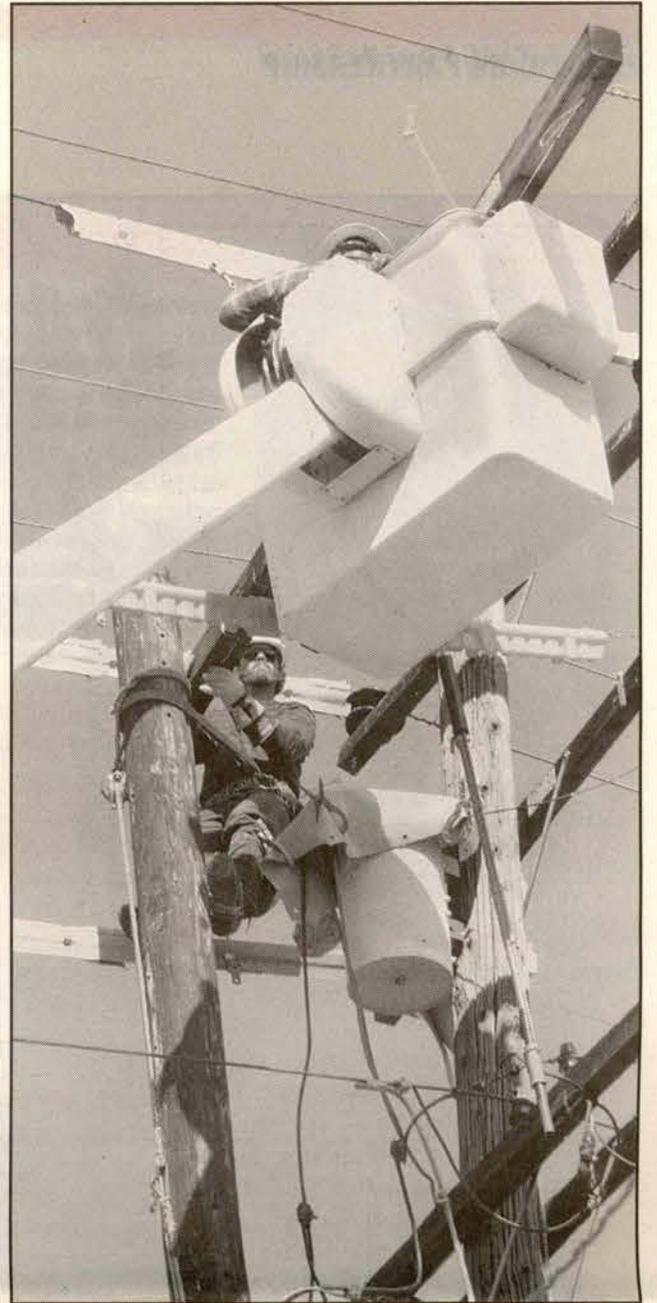
But the biggest concern of all was the customer. If PG&E could not restore customer confidence in the PG&E name, the company would enter the competitive fray in a weakened condition.

PG&E needed quick action on its pole problem. The company turned its eye to contractors.

## Union Consulted

In mid-1996, the company approached the union about forming a "94-53" labor-management committee to look at the pole replacement prob-

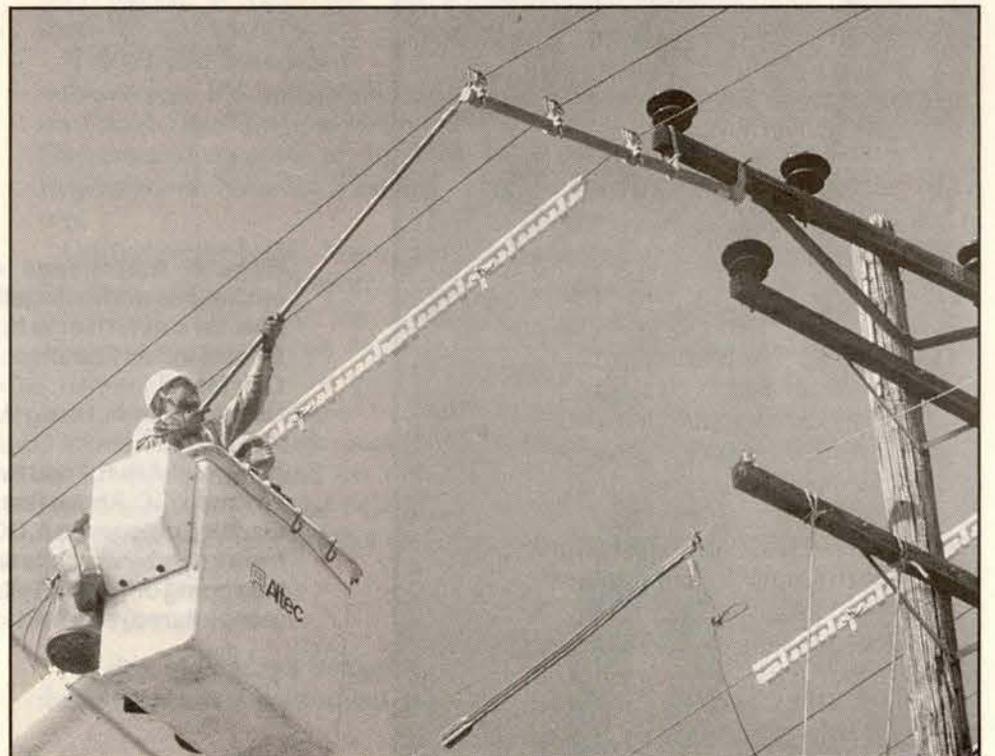
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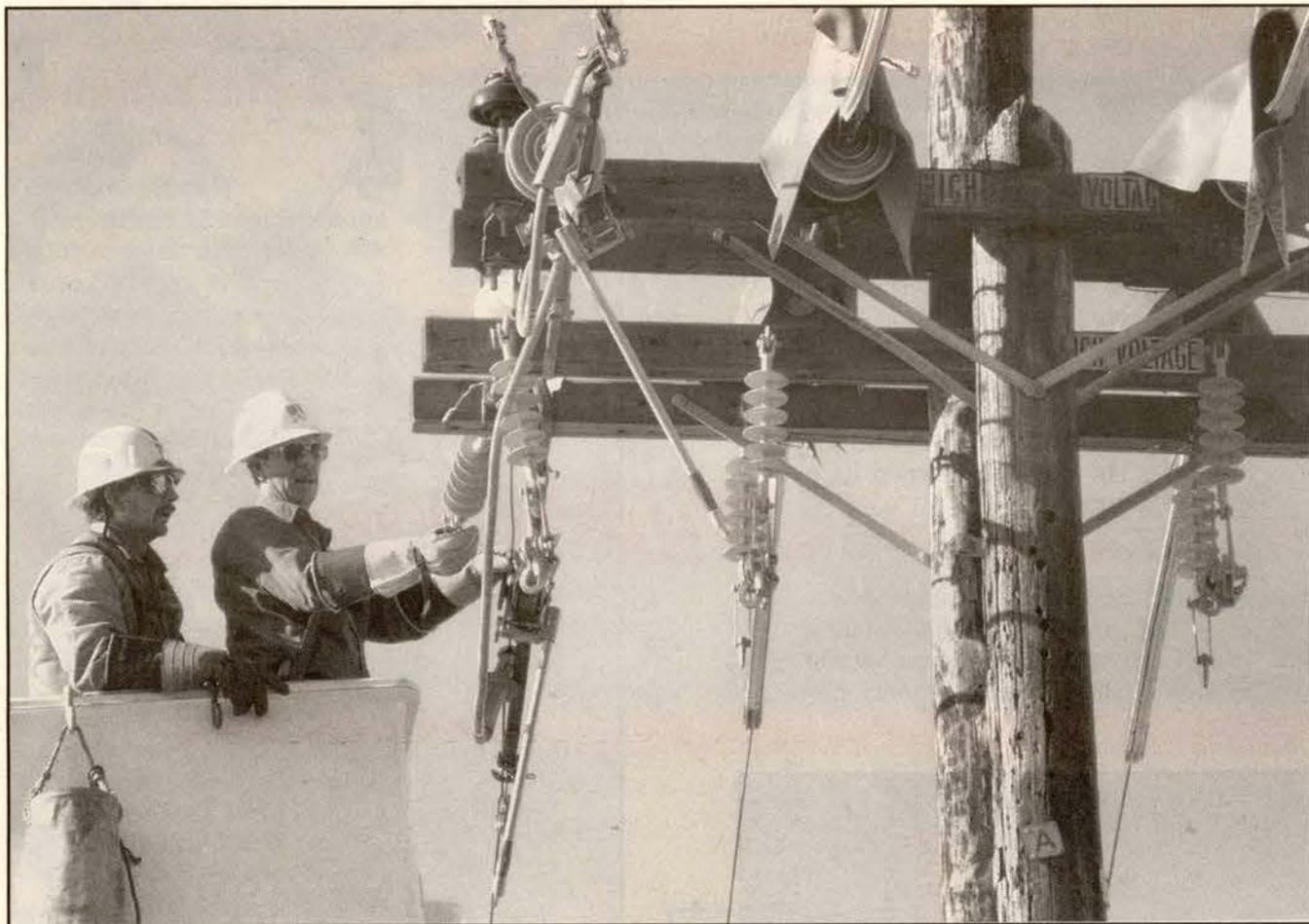


The biggest concern of all was the customer. If PG&E could not restore customer confidence in the PG&E name, the company would enter the competitive fray in a weakened condition.



Working under a labor agreement with Local 1245, Henkels & McCoy electric crews shown on this page changed out rotten poles for PG&E in Antioch, Ca. last month. The three crews included Ron Wilson, Lineman, Clyde Hacker, Groundman, Patrick Beer, Apprentice Lineman; Larry Thompson, Foreman, Bruce Lane, Lineman, Al Fortier, Lineman; Ed Medina, Foreman, Vern Brown, Lineman. (Groundmen Kevin Carnes and Darren Gainer, not pictured, were working at a separate location.) Crews working for union contractors are slated to reinforce or replace about 8,000 PG&E poles this year, and some 20,000 in 1998.





## Contracting out

From PAGE SEVEN

lem and to discuss the possible use of contractors.

The invitation to discuss contracting was hardly business-as-usual. Traditionally contracting has been viewed as a prerogative of management.

But not this time. PG&E decided it wanted the union to look at the same hard, cold facts the company was looking at, and then help chart a course of action.

From the union's perspective, the options shaped up like this: have a voice in the process, or sit on the sidelines and wait for the company to act unilaterally. That decision was strictly a no-brainer.

"We knew we had to be part of this process to look out for the interests of our members," said Local 1245 Business Manager Jack McNally.

### Contracting Principles

Together the union and the company drafted a set of "Contracting Principles." Among other things, this document stipulated that the company would continue to hire regular employees into positions "where it is clear that they are needed to perform *baseload* work."

The document also established that workload will be distributed "first and foremost" among the regular workforce, then to hiring hall employees "to their fullest practical extent," and finally, as a last resort, "contracting may be employed."

The document further stipulated that PG&E's Customer Energy Services "shall not involuntarily lay off any regular employee for lack of work in a department where tempo-

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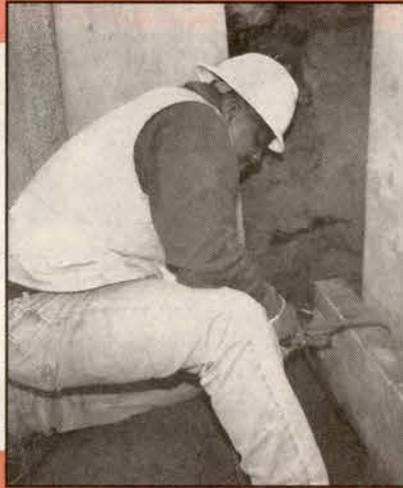


The Contracting Principles established that workload will be distributed "first and foremost" among the regular workforce, then to hiring hall employees "to their fullest practical extent," and finally, as a last resort, "contracting may be employed."



Regular employees and hiring hall employees worked together to install a new pole for a new riser at Ninth and Brannon Streets in San Francisco. In the bucket are Cliff Mee, Lineman, GC-Electric; and Bill Utery, Lineman, Hiring Hall. At right, James Kemp, Mechanical Equipment Operator, hiring hall. At left, Todd Reagan, Apprentice Lineman, GC. Above Reagan is Paul Crook, Electric Subforeman A, GC, who was visiting from a nearby worksite where related work was going on. Sean Gollan, Foreman, GC, (not pictured) was on a job elsewhere.





Regular and hiring hall gas crew employees worked together to install new gas and electric services for a business at Ninth and Brannon Streets in San Francisco. At left is Kevin Dunn, Fieldman, hiring hall. At right is Kristi Kocik, Utility Worker, GC-Gas. At far left, above, is John Duda, Working Foreman B, GC-Gas. Cutting a pipe, above, are Bill Benning, Mechanical Equipment Operator, GC-Gas, and Keith Lusk, Backhoe Operator, GC-Gas.



**"When we started running some of these calculations, the number of poles (that needed to be replaced) was kind of scary."**

*Jerry Morgan  
Director, Pole  
Asset Management*

**The pole replacement project is work "we can't possibly do by ourselves." Even with the optimization of overtime, "we just don't have the bodies. We've got to have help to get it done."**

*Dan Mayo  
Lineman, & Member of  
Contracting Committee*

## Contracting out

*From PAGE EIGHT*

rary employees or contractors are being utilized in that same department."

Finally, the document established a 94-53 "Contracting Committee" to "determine when it is appropriate to contract out work, the specific nature of the work, the duration of such contracting, and assure that company-union standards are not abridged by such contracting."

### Numbers 'Kind of Scary'

The first order of business for the 94-53 Pole Replacement Steering Committee, as it came to be called, was to get a fix on how many poles needed to be replaced.

"When we started running some of these calculations, the number of poles (that needed to be replaced) was kind of scary," said Jerry Morgan, PG&E's director of Pole Asset Management.

The company determined it must replace or reinforce at least 20,000 poles in 1997. To achieve that goal, it would have to contract out at least 8,000 poles. In



1998, 35,000 poles would need to be replaced, at least 20,000 of them by contractors.

"I don't like the idea of outsourcing. It's unpalatable to me," said Dan Mayo, a Merced lineman and member of the Pole Replacement Steering Committee.

On the other hand, Mayo said, it's work "we can't possibly do by ourselves." Even with the optimization of overtime, "we just don't have the bodies. We've got to have help to get it done."

PG&E is in a "tough situation here," Mayo said "and we have to find a solution to make PG&E successful and still protect our own interests."

### Master Agreement

To this end, Mayo helped design a master agreement for

PG&E to use with contractors, a 91-page document that describes how the contractor is to perform the work.

One of the most critical components of the contracting program is the inspection of the contractor's work. The union helped to shape the training program for the inspectors and to define the inspectors' qualifications and duties, said Mayo.

The inspectors, said PG&E's Jerry Morgan, "will be responsible for making sure (the contractors) have the materials to do the work, that they're doing it in accordance with all safety standards" and to make sure that PG&E customers are not adversely affected by the contractors' work.

"In a nutshell," said Mayo, "we want to make sure we get a

*See NEXT PAGE*

## Contracting out

From PAGE NINE

quality product."

The stringent requirements of the master agreement, the union believes, will help assure that contracted work is done by qualified union contractors. All inspectors will be members of the Local 1245 bargaining unit.

### Developing Trust

Despite the complex, and sometimes controversial, nature of the contracting issue, union and management participants in the process believe they have maintained a reasonably objective approach, and developed a significant degree of trust.

"We've got a real good working relationship," said Mayo. "There's a willingness for each party to be reasonable and be open-minded and be willing to watch out for the other party's interests."

"The whole driver is to get a quality job at the most economical price," said Morgan. "That's where we were together on this thing. We wanted this to succeed. It was for the good of the union, and for the good of the company."

Finding solutions that benefit both sides is not always easy, or even possible. But the work of the Pole Replacement Committee illustrates again what labor and management are learning about partnership: trust isn't a prerequisite for partnership, but if partnership is done right trust can be one of the products.

**The work of the Pole Replacement Committee illustrates again what labor and management are learning about partnership: trust isn't a prerequisite for partnership, but if partnership is done right trust can be one of the products.**



Serving on the 94-53 Contracting Committee for the union are Dan Mayo, Darrel Mitchell, and Landis Marttila. Representing PG&E are George Tressa, Doug Green, Jerry Morgan, Larry Griffith, Steve Little, and Shan Bhattacharya.

## CONTRACTING PRINCIPLES

CES and IBEW Local 1245 recognize that a degree of uncertainty remains concerning the level of baseload work that exists to maintain and operate PG&E's distribution system. The level of accelerated maintenance as well as general uncertainty created by industry changes continue to make it difficult to determine optimum staffing levels. It is expected that this uncertainty will remain for the next two to three years. As has been stated in the past, the parties want to avoid the possibility of downsizing the regular workforce at some future time. The company will continue to hire regular employees into positions where it is clear that they are needed to perform baseload work.

As a matter of principle, workload will be distributed first and foremost among the regular workforce. Temporary (hiring hall) employees will be utilized to their fullest practical extent next and, lastly, contracting may be employed.

As is the case with the utilization of temporary employees, it is not the intent of CES to replace regular employees with contractors. CES shall not involuntarily layoff any regular employee for lack of work in a department where temporary employees or contractors are being utilized in that same department.

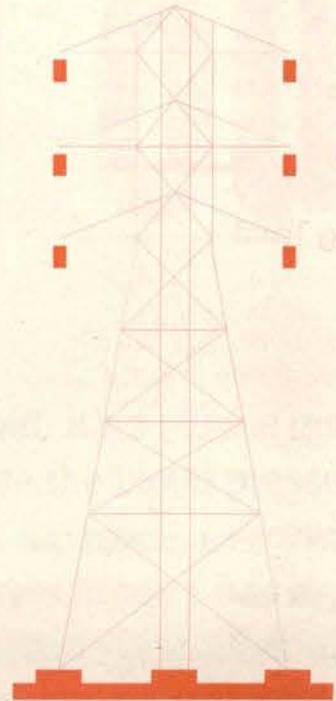
In the spirit of partnership and pursuant to letter agreement 94-53, a CES Contracting Committee will be established [this committee was subsequently established in mid-1996] comprised of three individuals appointed by company and three individuals appointed by union. This committee will determine when it is appropriate to contract out work, the specific nature of the work, the duration of such contracting, and assure that company-union standards are not abridged by such contracting.

# AB 1890: ELECTRIC RESTRUCTURING

## AN OVERVIEW OF THE LAW THAT IS RESHAPING CALIFORNIA'S ELECTRIC UTILITY INDUSTRY

*How are competitive electric markets in California going to work? Many of the details are still being worked out (and fought over). But AB 1890, the Electric Restructuring bill signed into law last year, spells out the framework for establishing competitive electric markets, and efforts to implement AB 1890 are now well underway.*

*The following description of AB 1890 was prepared for hearings on Feb. 25 by the California Senate Committee on Energy, Utilities and Communications. It provides a useful summary of key issues, issues that in many cases could have a direct impact on Local 1245 members.*



**A.** B. 1890 provides the legislative foundation for transforming the regulatory framework of California's electric industry. In the current framework, regulated utilities have exclusive service monopolies to procure, sell, transmit and distribute electricity to their retail customers. AB 1890 opens the retail electricity market to competition, effective Jan. 1, 1998, and makes it possible for retail customers to choose among alternative electric energy providers. The transmission and distribution of electricity will continue to be regulated monopolies.

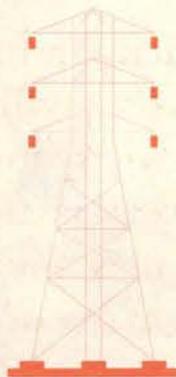
To help establish a competitive market structure, AB 1890 creates two independent, nonprofit, market institutions, an Independent System Operator (ISO) and a Power Exchange (PX). The ISO is responsible for centralized control of the transmission grid and for ensuring overall electricity system reliability. The PX is charged with managing a daily electric energy auction, open to all interested providers, to meet the electricity loads of PX

customers. The ISO merges the schedules from the PX auction with other contract schedules and dispatches electricity to meet load and ensure the most efficient and reliable use of the transmission system. ISO and PX functions and tariffs are subject to approval by the Federal Energy Regulatory Commission.

To transition from a regulated to an unregulated generation market, AB 1890 provides an opportunity for investor-owned utilities (IOUs) to recover their stranded generation-associated costs via a non-bypassable charge, called the Competition Transition Charge (CTC). Stranded costs, also known as transition costs, consist primarily of continuing obligations for past utility power plant investments and power purchase contracts that will not be recoverable in a competitive price for electricity. The CTC is levied on all customers in proportion to the electricity they consume, provided that customer rates are frozen at their June 10, 1996 levels. In addition, AB 1890 erects a "firewall" so that the costs of statewide CTC policy exemptions required for reasons of equity or business development and retention are not borne by residential and small

*See NEXT PAGE*

**The Independent System Operator (ISO) is responsible for centralized control of the transmission grid and for ensuring overall electricity system reliability. The Power Exchange (PX) is charged with managing a daily electric energy auction, open to all interested providers, to meet the electricity loads of PX customers.**



**In order to ensure system reliability, AB 1890 directs the ISO to seek, and the PUC to support, authorization by the Federal Energy Regulatory Commission (FERC) to secure the generation and transmission resources needed to achieve specified reliability standards. In addition, AB 1890 requires the ISO and PUC to adopt inspection, maintenance, repair and replacement standards for transmission and distribution systems, respectively.**

*From PAGE SEVEN*

commercial customers. IOUs have through Dec. 31, 2001 to complete the recovery of all but a few of their stranded costs.

To further safeguard the interests of residential and small business consumers, AB 1890 provides for a no-less-than 10% rate reduction beginning Jan. 1, 1998, lasting until March 31, 2002. To help make these rate reductions possible and reduce the overall CTC cost to residential and small commercial customers, the legislation permits "securitization" of a portion of the CTC through the issuance of rate reduction bonds. Authorized through a financing order of the Public Utilities Commission (PUC) and issued by the California Infrastructure and Economic Development Bank, these bonds create no debt or liability for the State of California.

In order to ensure system reliability, AB 1890 directs the ISO to seek, and the PUC to support, authorization by the Federal Energy Regulatory Commission (FERC) to secure the generation and transmission resources needed to achieve specified reliability standards. In addition, AB 1890 requires the ISO and PUC to adopt inspection, maintenance, repair and replacement standards for transmission and distribution systems, respectively. AB 1890 also directs the ISO to conduct an exhaustive reliability study on the interconnected electricity system and recommend cost-beneficial improvements to the legislature. In the event of a major power outage, the ISO must conduct a review and is authorized to levy sanctions on non-performing participants. To retain ISO reliability authority over participants, expansion of the ISO from state to regional entity can only be accomplished via state compacts that embody enforceable reliability standards and protocols.

AB 1890 preserves California's commitment to developing environmentally sensitive electricity resources by continuing support, consistent with historic levels, for cost-effective energy efficiency, for in-state renewable energy resources, and for research, development and demonstration that would not otherwise be provided by electricity markets. AB 1890 also continues expenditures for services to low-income electricity customers.

Electricity industry restructuring will create a new electricity market with new marketers and sellers offering new goods and services, many of which may not be readily evaluated by the average consumer. AB 1890's consumer protections require registration of sellers, marketers and aggregators of electricity to residential and small commercial customers, define information to be provided to consumers

and by whom, provide for the compilation and investigation of complaints by the PUC, extend "anti-slammings" and contract-recision protections, and extend private attorney general entitlements for consumer damages.

The implementation of AB 1890 entails separate and coordinated actions by many public and private entities including the Governor, the Legislature, the Federal Energy Regulatory Commission, the Public Utilities Commission, the California Energy Commission, the California Infrastructure and Economic Development Bank, the California Environmental Protection Agency, the Independent System Operator and Power Exchange Restructuring Trust, the Oversight Board, the Independent System Operator, the Power Exchange, investor-owned utilities, local municipally-owned utilities and other stakeholders.

Today's (Feb. 25, 1997) hearing will review the efforts to date of the Public Utilities Commission, the Independent System Operator and Power Exchange Restructuring Trust, the California Infrastructure and Economic Development Bank, the California Energy Commission, and the Integrated Waste Management Board.

**California Public Utilities Commission**

Under AB 1890, the PUC bears significant responsibilities and carries substantial decisional authority in moving California's electric industry to competition. In broad terms, the PUC is required to:

- \*Support filings at the Federal Energy Regulatory Commission that request confirmation of the relevant provisions of AB 1890;
- \*Authorize and facilitate the establishment of direct transactions between electricity suppliers and end-use customers;
- \*Manage the identification, quantification and recovery, through a competitive transition charge (CTC), of uneconomic costs;
- \*Adopt inspection, maintenance, repair and replacement standards for the distribution systems of investor-owned utilities;
- \*Register entities offering electrical service to residential and small commercial customers; and
- \*Issue financing orders to facilitate the provision, recovery or financing of uneconomic or transition costs through the issuance of rate reduction bonds.

**The Independent System Operator and Power Exchange Restructuring Trust**

The Independent System Operator and Power Exchange Restructuring Trust was established

by the Public Utilities Commission (PUC) in August 1996. Its purpose is to oversee creation of the ISO and PX, pending formal incorporation of these organizations. The PUC has allocated \$250 million to the Trust to develop the systems and infrastructure that the ISO and PX need to be able to carry out their functions. AB 1890 specifies that the ISO and PX must be operational by Jan. 1, 1998. In October 1996, the PUC appointed Mr. David Freeman as Trustee. He is advised by two technical advisory committees, one for the ISO and one for the PX.

Under AB 1890, responsibility for formally establishing the ISO and PX as public benefit, nonprofit corporations under the Corporations Code rests with the Oversight Board. This body oversees the ISO and PX, appoints and sets the composition and terms of service of their governing boards, and is the administrative appeal body for majority decisions of the ISO board. Once the ISO and PX have been incorporated, the Public Utilities Commission must ensure that funds secured by the Trust be placed at the disposal of the new organizations. At this point the Trustee's functions cease.

The Oversight Board is comprised of three gubernatorial appointees, subject to Senate confirmation, and two non-voting members, one an Assemblymember appointed by the Speaker of the Assembly, the other a Senator appointed by the Senate Committee on Rules. In December 1996, the California Energy Commission and the Public Utilities Commission, pursuant to AB 1890, provided a jointly developed list of candidates to the Governor for appointment to the Oversight Board.

### **The California Infrastructure and Economic Development Bank**

The intent of AB 1890 is that the California Infrastructure and Economic Development Bank (Bank) be the primary "financing entity" for the issuance of rate reduction bonds. Issuance of bonds by the Bank or its designee requires a financing order from the PUC. To issue a financing order, the PUC must determine that issuance of rate reduction bonds would reduce the rates that residential and small commercial customers would have paid if the financing order were not adopted.

The Bank's determination processes are triggered by an application for a financing order by an electrical corporation. If an electrical corporation in its application suggests an alternative financing entity, the Bank may, upon finding that issuance by another entity would produce greater overall

ratepayer savings, authorize such other entity to issue rate reduction bonds. The initial application deadline is June 1, 1997. To minimize delays in the issuance of rate reduction bonds, AB 1890 requires simultaneous application to the PUC and the Bank.

The Bank has recently secured the services of a financial advisor, Public Resources Advisory Group. The advisor has been directed by the Bank to prepare a report describing what factors would affect a determination of whether the Bank would be the most "cost-effective" issuer of the rate reduction bonds. In addition, the report is to describe the circumstances and assumptions that would support conclusions regarding which entities would be the most cost-effective issuer. Finally, the advisor is to develop application forms, analyze the applications submitted by the IOUs and make a recommendation to the Bank regarding the most cost-effective issuer.

### **California Energy Commission**

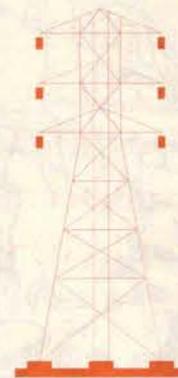
The California Energy Commission (CEC) has three broad responsibilities under AB 1890. Specifically the CEC must:

- \* Prepare recommendations to the Legislature regarding market-based mechanisms to allocate funds to support operation and development of existing, new and emerging renewable resource technologies;
- \* Allocate 110 megawatts of load among California's irrigation districts to be exempt from the obligation to pay a competitive transition charge; and
- \* Fund certain RD&D activities that advance science and technology but are not adequately supported by competitive and regulated markets, pursuant to legislatively established administrative and expenditure criteria.

### **Integrated Waste Management Board (California Environmental Protection Agency)**

AB 1890 requires the Secretary of California Environmental Protection Agency (CalEPA) to recommend feasible policy strategies to shift an appropriate share of the costs of supporting the solid-fuel biomass industry to beneficiaries of the economic and environmental benefits of solid-fuel biomass energy production, thereby reducing real costs to ratepayers. The Secretary has delegated responsibility for carrying out this task to the Integrated Waste Management Board.

**Electricity industry restructuring will create a new electricity market with new marketers and sellers offering new goods and services, many of which may not be readily evaluated by the average consumer. AB 1890's consumer protections require registration of sellers, marketers and aggregators of electricity to residential and small commercial customers, define information to be provided to consumers and by whom, provide for the compilation and investigation of complaints by the PUC, extend "anti-slamming" and contract-recision protections, and extend private attorney general entitlements for consumer damages.**



# Safety Matters

## Carbon monoxide is a killer

**C**arbon monoxide is a silent killer. Last year there were over 300 people killed by it.

However, there are many inexpensive detectors on the market that can save the life of you and your family.

A recent story was told by a father of two young children. Late one night, three days after purchasing and installing a detec-

tor, it sounded an alarm. He was able to get his family up and out of the house safely.

After contacting the proper authorities, an investigation showed a faulty heater that could have killed his entire family.

When you purchase a carbon monoxide detector, be sure it is UL-listed and has an audible alarm.

## Rubber gloving standards

**T**he California Standards Board is considering changes to standards affecting rubber gloving.

On Jan. 19 Local 1245 sent written comments to the Standards Board and gave extensive testimony during the open meeting, according to Business Rep. Art Murray.

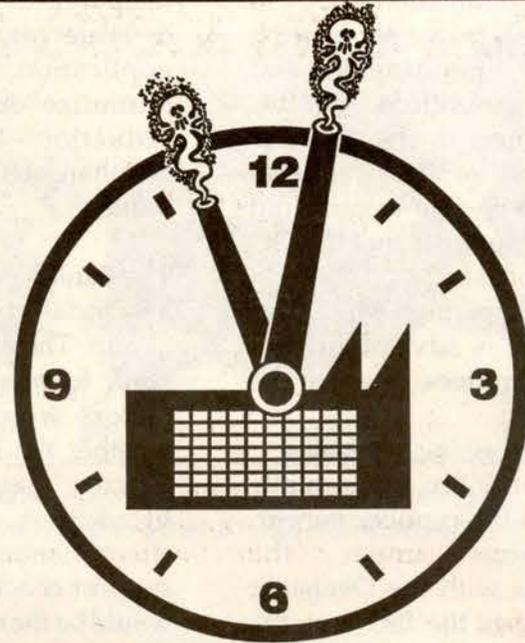
The most important issues, from the union's perspective, are a required

amount and type of training, and minimum crew size when using rubber gloving methods.

After the public comments the Standards Board sent the proposed standard back to the Advisory Committee to work out the major points of disagreement. The Advisory Committee will meet in April. Local 1245 will submit written comments prior to that meeting.



"YOU DON'T BELIEVE THOSE SILLY RUMORS THE UNION ORGANIZERS ARE SPREADING?"



"Accidents involving the release of toxic chemicals were reported at a rate of nearly one an hour in the U.S. over the last three years."-news item

WEEK



## United We Save!

THERE'S MORE THAN STRENGTH IN NUMBERS...THERE'S SAVINGS, TOO!

As an union member,

you not only get great

benefits in the work-

place, you also enjoy

more buying power.

We used the strength

of over 13 million union

members to negotiate

these money-saving

benefits. It's clear that

no one delivers savings

like your union does.



### Union Credit Card

This exclusive card can save you up to \$80 a year with its low interest rate and no annual fee.



### Union Driver & Traveler

Get an auto club and travel service and save compared to AAA with our low fee and free family coverage.



### Legal Service

Free consultation, 30 percent discount on complex legal matters, and no sign-up fee.



### Life Insurance

Save on supplemental term life insurance with rates that are lower than comparable plans.



### Union Member Accident Insurance

\$5,000 of workplace accidental death insurance, at no cost to you—plus low rates on additional coverage.



### Union Member Mortgage & Real Estate

Low down payments, competitive interest rates, and free expert home buying and selling advice.



### Union Family Savers

Discounts on everything from prescriptions and car rentals to hearing aids and more.



### Union Member Flower Service

Send more flowers for less. We cut out the commissions so you save money.



### Loan Program

Lower your monthly payments by consolidating your bills with our low-interest personal loan.



### Union Member Dental Program

Take a bite out of your family's high dental bills with this discount dental program.

Program not available in AK, ID, ME, NH, WA, MS, ND, SD, VT, WY.

For more information on these members-only benefits, call

# 1-800-452-9425

Participation in these programs is selected by your union. Not all unions participate in all programs. Program restrictions may apply to members outside the continental United States.

# Retirees can offer views on pension, LTD talks

By Orv Owen

The current Benefit Agreement between PG&E and Local 1245 provides in part that "The parties agree to meet twice during the term of the current Agreement to bargain, in good faith, potential pension plan and LTD adjustments as have been provided for in the past."

At the retirees' meeting

on Jan. 30, the retirees discussed the eventuality of these bargaining sessions and the opportunity it provides for all PG&E retirees to have a voice in expressing their concerns to both the union and the company negotiating committees.

At the Jan. 30 meeting, retirees selected several PG&E retirees to develop a program for participation and input from all PG&E retirees in order that they may

be updated, informed and have an impact on the quality of their retirement years. Those selected were: Jack Hill, R.K. Meier, Mike Silva, Percy Rome, Jan Larzelere, Ralph Weidling and Robert Sherbourne.

Retirees who would like to become personally involved in this program, or who have specific concerns about their individual pension benefits or other suggestions and concerns about

their quality of retirement life, should contact any of the above-listed fellow retirees through the local union headquarters. Call Julie at 510-933-6060.

**IBEW  
Local  
1245**



**Retirees Corner**

## San Diego convention

# California seniors meet to strategize

By Orv Owen

Local 1245 is affiliated with the Congress of California Seniors and has appointed Don Hardie and myself to attend the 20th Annual Convention of California Seniors in San Diego on March 25-27.

Established in 1977 as the state affiliate of the National Council of Senior Citizens, the Congress of California Seniors has developed a

statewide network of member organizations and concerned individuals who



UCS speak out on issues affecting the quality of life for seniors and their families.

As a nonprofit, nonpartisan advocacy organization, the Congress of California Seniors has a membership of over 300 senior clubs and organizations including: neighborhood groups, church groups, senior centers, retired federal, state and public employees, trade unionists, labor organizations and agency associations. As an umbrella organization for this coalition, the Congress of California Seniors represents over half a million Californians and has emerged as a major voice for California's seniors and has proven to be an effective force in encouraging action that has produced positive results through our legislative system.

The Congress of California Seniors links community leaders and advocates from diverse constituencies to find ways in which we can all work together to protect and secure the efforts of an entire lifetime, the hard fought gains for programs and values that offer protections for our most vulnerable Americans: the young and the aged.

In next month's issue of the Utility Reporter I will share with you the information and material I receive from the convention.

Keep the faith!

**UNION!**

## Retiree Club meeting dates

**East Bay Chapter:** Meets 2nd Thursday each month, 10:00 a.m., at Local 1245 headquarters, 3063 Citrus Circle, Walnut Creek, Ca.

**San Jose Chapter:** Meets 1st Thursday each month, 10:00 a.m. at Local 332, 1870 Stone Ave., San Jose.

## Retirees at Boeing are:

# Hopping mad

Amid the festivities at Boeing's Dec. 8, 1996 rollout of its new 737-700, many of the company's former employees who designed and built the prototypes of the new airplane are hopping mad, Labor Notes reported in an article by Henry Noble.

Boeing continues to ignore the financial difficulties faced by its pensioners who have not had a "raise" since a modest increase in 1990 for workers who had retired before 1986. Some pensioners with over 30 years of service are drawing as little as \$200 a month, according to Noble.

Protection of retiree incomes and medical benefits was an issue for striking Machinists last year and is still a great concern to current workers who hope to have a decent re-

retirement one day.

The lack of pension increases is forcing some of the retirees who accepted the company's 1995 early retirement to try to return to work. But Boeing will not take these well-trained workers back except in special cases even though it is frantically seeking new employees throughout the US and other countries.

One Boeing stockholder has filed papers to put Boeing's refusal to hire retirees as temporary contract workers before the 1997 stockholders meeting, said Noble. The stockholder argues that the company is shortsightedly and expensively rejecting offers from skilled workers who want to return to work to supplement their pensions and help with the new big orders.

# Congratulations!

The Local 1245 Retirees Club extends its congratulations to these recently-retired members of the union. We invited you to participate in a Retirees Club chapter in your area, or to start one in your area if there is none! Call Julie Rodriguez at 510-933-6060 Ext. 208.

Name	Residence	Yrs/Srvc.
Hartsol Barb	Castroville, CA	22
David Clark	Paso Robles, CA	12
Donald Coon	Hayfork, CA	35
Patrick Corriveau	Danville, CA	18
Russell Davis	Bakersfield, CA	28
Edna Dees	Berkeley, CA	26
Frank Fregulia	Mooseheart, IL	16
Dale Hightower	Stockton, CA	38
Angelo Ivanich	Santa Rosa, CA	41
Sonney Noland	Mohave Valley, AZ	34
Bob Payne	Arroyo Grande, CA	37
Harold Stein	North Fork, CA	19
Yok Lin Tam	San Francisco, CA	25



## Frequently Asked Questions about Health Care

(Editor's Note: The following tongue-in-cheek article by David Lubar expresses the frustration that many Americans feel today in dealing with the nation's health care system.)

# Q:

**What does HMO stand for?**

A. This is actually a variation of the phrase, "Hey, Moe!" Its roots go back to a concept pioneered by Doctor Moe Howard, who discovered that a patient could be made to forget about the pain in his foot if he was poked hard enough in the eyes. Modern practice replaces the physical finger poke with hi-tech equivalents such as voice mail and referral slips, but the result remains the same.

**Q. Do all diagnostic procedures require pre-certification?**

A. No. Only those you need.

**Q. I just joined a new HMO. How difficult will it be to choose the doctor I want?**

A. Just slightly more difficult than choosing your parents. Your insurer will provide you with a book listing all the doctors who were participating in the plan at the time the information was gathered. These doctors basically fall into two categories—those who are no longer accepting new patients, and those who will see you but are no longer part of the plan. But don't worry—the remaining doctor who is still in the plan and accepting new patients has an office just a half day's drive away!

**Q. What are pre-existing conditions?**

A. This is a phrase used by the grammatically-challenged when they want to talk about existing conditions. Unfortunately, we appear to be pre-stuck with it.

**Q. Well, can I get coverage for my pre-existing conditions?**

A. Certainly, as long as they don't require any treatment.

**Q. What happens if I want to try alternative forms of medicine?**

A. You'll need to find alternative forms of payment.

**Q. My pharmacy plan only covers generic drugs, but I need the name brand. I tried the generic medication, but it gave me a stomach ache. What should I do?**

A. Poke yourself in the eye.

**Q. I have an 80/20 plan with a \$200 deductible and a \$2,000 yearly cap.**



"Sounds bad...too bad it's not in your price range."

**My insurer reimbursed the doctor for my out-patient surgery, but I'd already paid my bill. What should I do?**

A. You have two choices. Your doctor can sign the reimbursement check over to you, or you can ask him to invest the money for you in one of those great offers that only doctors and dentists hear about, like frog hatcheries.

**Q. What should I do if I get sick while traveling?**

A. Try sitting in a different part of the bus.

**Q. No, I mean what if I'm away from home and I get sick?**

A. You really shouldn't do that. You'll have a hard time seeing your primary care physician. It's best to wait until you return, and then get sick.

**Q. I think I need to see a specialist, but my doctor insists he can handle my problem. Can a general practitioner really perform a heart transplant right in his office?**

A. Hard to say, but considering that all you're risking is the \$10 co-payment, there's no harm giving him a shot at it.

**Q. What accounts for the largest portion of health care costs?**

A. Doctors trying to recoup their investment losses.

**Q. Will health care be any different in the next century?**

A. No, but if you call right now, you might get an appointment by then.

## Nurses resist erosion of Kaiser patient care

A critical battle is underway for safe patient care and workers' rights and livelihood between Kaiser Permanente, California's wealthiest HMO, and its 7,500 Registered Nurses in Northern California represented by the California Nurses Association (CNA).

While racking up \$2.2 billion in profits the past three years and spending \$60 million in advertising and \$96 million in consulting fees in 1995 alone, Kaiser has embarked on a campaign of drastic reductions in patient care services, hospital closures, and cuts that have slashed 14% of Kaiser's RN staff since 1993.

Now Kaiser is demanding draconian takeaways that would sharply reduce the standard of living for its RN work force. Kaiser insists on a contract that includes:

- 15% pay cuts for nearly half the RNs, and create two-tier wages for nurses who work in rural areas and in clinics.

- A Paid Time Off plan that will force nurses to choose between working sick or giving up vacation time.

- Pro-rated medical benefits, and co-payments for spouses and children that could raise costs by up to \$1,300 per year, and steep cuts in retirement benefits.

- Sharply restricted seniority rights in layoffs and job bidding that will force layoffs of senior nurses.

For Kaiser members, these cuts will further erode the ability of RNS to fight the continued erosion of patient care standards at Kaiser. Already Kaiser has limited care by:

- Restricting patient admissions and referrals to specialists.

- Decreased prenatal care, prostate cancer screenings, mammograms, PAP smears and other preventive care services.

- Removed RNs from phone advice and clinic care.

- Pushed patients out the door sooner while setting new limits on home health visits.

- Replaced RNs and other licensed and employees who are expected to provide the same care with substantial less experience, training, and expertise.

This discounted care means dangerous reductions in safe staffing, fewer services, less access to needed care, and longer delays and inconveniences for Kaiser patients.

Many unions, such as the International Association of Machinists & Aerospace Workers, Lodge 1781, and Hotel Employees and Restaurant Union Local 2, have condemned Kaiser's actions and voiced support for the RNs.

CNA is requesting protests be sent to Kaiser CEO David Lawrence at One Kaiser Plaza, Oakland, CA 94612, or by calling Kaiser's Customer Service, 1-800-464-4000 or 1-800-906-5676. Tell them to stop slashing services and to give RNs a fair contract.

Additionally, CNA recommends that Kaiser members schedule routine medical appointments before nurses may be forced to strike, and to request a refund of your co-payments if you are dissatisfied with your access to care. For more information, contact CNA at (415) 437-3321.

**Kaiser wants a 15% pay cut for nearly half the RNs, and a Paid Time Off plan that will force nurses to choose between working sick or giving up vacation time.**