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Utilities

Penelec Locks Out 150 Utility Workers After 'Last, Best, Final' Offer Is Rejected

FirstEnergy Corp. locked out 150 employees in central Pennsylvania represented by the Utility Workers Union of America at subsidiary Pennsylvania Electric Co. (Penelec) in Altoona after the union didn't respond to what the company called its "last, best and final" contract offer, FirstEnergy announced Nov. 25.

FirstEnergy blamed Local 180 for bringing on the lockout. In the statement, Dave Karafa, president of Pennsylvania Operations, FirstEnergy, said, "While a lockout is not something we take lightly at FirstEnergy, we do not believe Local 180 has demonstrated the same level of commitment to reaching an agreement as the company."

UWUA condemned the FirstEnergy lockout as a move to impose unfair concessions in benefits, working conditions, and customer service standards.

"This lockout is completely unwarranted," UWUA System Local 102 President Bob Whalen said Nov. 25 in a statement. "The company chose the start of the holidays to throw dedicated workers off their jobs in order to intimidate both Penelec workers and 1,000 other FirstEnergy employees into accepting management's outrageous concession demands. The lockout just takes FirstEnergy's contemptible bargaining tactics to another level." System Local 102 includes Local 180.

UWUA maintained that the negotiations weren't at an impasse. The union linked the lockout to efforts by FirstEnergy to extort similar concessions from 1,000 other union-represented utility workers at company subsidiaries across Pennsylvania, West Virginia, Maryland and Virginia.

"A company of this size, locking out a group of workers who are negotiating for fair wages, benefits and working conditions right before the holidays is unconscionable," UWUA National President Mike Langford said Nov. 25 in a statement.

UWUA Local 180 represents line, substation, clerks and meter services employees in the Shippensburg, Bedford, Altoona, Huntingdon, Ebensburg and Lewis-town areas.

FirstEnergy Presented Nov. 24 Ultimatum. The parties began contract negotiations in May to renew a contract that expired Aug. 31. The parties held 12 negotiating

sessions, FirstEnergy spokesman Scott Surgeoner told Bloomberg BNA Dec. 3. He added that the lockout is the first in company history.

On Nov. 6, FirstEnergy said it offered wage increases totaling 8 percent over a three-year contract term, increases in shift premiums and meal allowances and "additional operational improvements such as a new job classification intended to increase customer service and efficiency." The company also proposed to shift pension coverage for workers hired after Jan. 1, 2014, to a cash balance plan, creating a two-tier pension system, with current workers remaining covered under the defined benefit pension plan. In addition, FirstEnergy said it plans to eliminate retiree health care coverage corporatewide at the end of 2014.

FirstEnergy notified union leaders and all employees Nov. 20 that they had a deadline to respond by 6 p.m. Nov. 24, and otherwise would be locked out at 7 a.m. the next day.

When the union didn't respond by Nov. 24, the company initiated the lockout.

FirstEnergy said it has assigned employees from other areas of the company who have held line jobs previously or who have received training to fill the positions held by the locked-out workers.

International Opprobrium. Public Services International and IndustriALL Global Union were quick to condemn the "employer aggression against joint affiliate UWUA" Nov. 28 and initiate a protest campaign against FirstEnergy. The international labor federations demanded that FirstEnergy end the lockout and return to the bargaining table. They also called for union supporters to send letters to the employer saying FirstEnergy's "rash decision" is unacceptable and that it should negotiate in good faith for fair contracts with no concessions in wages, benefits or customer service standards.

PSI, based in Ferney-Voltaire, Switzerland, is a global trade union federation of 650 unions in 148 countries and territories. IndustriALL, based in Geneva, includes the former global union federation International Federation of Chemical, Energy, Mine and General Workers' Unions, as well as the former International Metalworkers' Federation, International Federation of Chemical, Energy, Mine and General Workers' Unions and International Textiles Garment and Leather Workers' Federation.

Jyrki Raina, general secretary of IndustriALL, and Rosa Pavanelli, PSI general secretary, Nov. 27 directed

a letter to Anthony Alexander, FirstEnergy chief executive officer, accusing the company of a larger scheme to roll back benefits and working conditions throughout the company. "We understand from the UWUA that management imposed this lockout as part of a scheme to extract unfair concessions from Penelec workers in terms of retirement benefits, retiree health insurance, and customer service standards, and that FirstEnergy is demanding similar takeaways from over 1,000 additional UWUA members at FirstEnergy's West Penn Power, Potomac Edison, and Mon Power utilities," Raina and Pavanelli said in the letter.

The BlueGreen Alliance, a national partnership of labor unions and environmental organizations dedicated to expanding the number and quality of jobs in the clean economy by expanding renewable energy and energy efficiency, also came out in support of the locked-out utility workers. In a statement Nov. 25, David Foster, executive director of the BlueGreen Alliance, said: "FirstEnergy imposed the lockout to try to force union members to accept concessions in retirement benefits, retiree health care, and working conditions. Instead of working with the union to come to an agreement, FirstEnergy has chosen to lock people out just days before Thanksgiving. . . . I urge FirstEnergy to end this lockout and come back to the table with the workers at Penelec."

UWUA Adopted Resolution for United Front. In March, UWUA locals adopted what they said is a "resolution of solidarity" to lay a groundwork uniting the 3,700 UWUA members who work for FirstEnergy in Ohio, Pennsylvania, Maryland, Virginia and West Virginia as a "powerful force to confront unbridled management greed."

Under the resolution, UWUA locals pledged to coordinate contract negotiations to prevent company attempts to "whipsaw" individual local unions into sub-standard contracts. Local union leaders adhered to a core set of bargaining objectives, and the UWUA national union set a single lead negotiator to head negotiations at every location.

System Local 102 also is negotiating a separate collective agreement for an additional 1,000 workers at

West Penn Power and Potomac Edison, FirstEnergy subsidiaries since 2011. In both sets of talks, FirstEnergy has called for elimination of retiree health coverage, a different pension plan for new hires, "scheduling changes that will make it harder for utility crews to respond to emergency outages, and other reductions in customer service standards."

Wage Increases, Two-Tier Pensions. When the lockout began, Whalen spoke of the long-term effect the proposed changes would have. "Despite modest pay raises offered, our members fully understand that cuts to pension and retiree medical benefits will have a lasting effect on their livelihoods and inside their communities," Whalen said. "Utility workers are also determined to defend provisions in our contracts that protect prompt and safe customer service, even while the company tries to undermine those standards."

The across-the-board wage increases would be 3 percent in the first year and 2.5 percent in both the second and third years of the proposed contract.

The breakfast allowance proposed for Penelec workers would increase to \$11, up from \$10 currently; the lunch allowance would increase to \$13, up from \$12; and the dinner allowance would increase to \$23, up from \$21. The shift differential would increase to \$1.50, up from \$1.35 currently, while the Sunday shift differential would increase to \$2.10, up from \$1.95.

Proposed operational changes would cut the time when workers' pay begins during mandatory overtime call-outs. Currently they are paid from the time they are called to a job, but the company proposed that pay wouldn't begin until workers arrive at the company premises, Surgeoner said.

FirstEnergy would establish a "trouble man" job classification for line workers who would rove 24/7 to respond during off-hours to customer needs.

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