

**BEFORE THE PUBLIC SERVICE COMMISSION OF
UTAH**

IN THE MATTER OF PACIFICORP'S
APPLICATION FOR APPROVAL OF
ITS PROPOSED ELECTRIC SERVICE
SCHEDULES AND REGULATIONS

DOCKET No. 04-035-42

INTERVENOR

IBEW LOCAL 57'S

PREFILED REBUTTAL
TESTIMONY OF

BYRON NIESLEN

January 14, 2005

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1 **INTRODUCTION**

2 Q: Please state your name, business address, title and mission of the organization
3 for whom you work.

4 A: My name is Byron Nielsen; my business address is 1743 West North Temple
5 Salt Lake City, Utah 84116; I am the Business Manager of the International
6 Brotherhood of Electrical Workers Local 57. (herein Local 57). Local 57 is
7 the certified representative of the production, maintenance, and operational
8 employees of PacifiCorp in its Utah Power Divisions of Power Supply and
9 Power Delivery. This amounts to 1800 employees as of December, 2004. I
10 negotiate, administer and enforce collective bargaining agreements with
11 PacifiCorp, as well as with other employers in the Electrical Industry. My
12 jurisdiction is in Utah, and parts of Idaho and Wyoming.

13 Q: Please summarize your employment experience.

14 A: I have been the Business Manager of Local 57 for the past 2.5 years. It is an
15 elected position. Prior to my current position, I have been appointed to be an
16 Assistant Business Manager for Local 57 and served in that capacity since
17 1978. Prior to that I was employed by Utah Power and Light for 15 years.
18 My last job title with the utility was as a skilled Relay Technician. I have
19 completed apprenticeships and certified as both a Journeyman Lineman and
20 Journeyman Electrician. Currently I act as a Trustee for the Medical and
21 Retirement Plans for PacifiCorp employees, appointed by Local 57. I also
22 serve as a Trustee for the Eighth District Pension Plan, covering construction
23 employees in the Electrical Industry in the Mountain States.

1 **PROJECTED STAFFING LEVELS**

2 Q. Several intervening witnesses have raised issues concerning PacifiCorp's
3 projected staffing levels and suggested they are inflated. Relative to the craft
4 positions that you represent, do you believe this to be true?

5 A. No, this is not the case. PacifiCorp has begun a program to address the level
6 of skilled journeyman across the business. In the past, PacifiCorp, like every
7 other utility in this country, has reduced employee headcount in effort to
8 become more efficient, competitive and to reduce prices. These reductions
9 over time have, combined with strong growth in Utah energy demand, have
10 produced real manpower succession challenges for PacifiCorp.

11

12 Q. Would you clarify what you mean by manpower succession challenges for
13 PacifiCorp?

14 A. I believe the age of employees of most electric utilities is similar across the
15 United States due to downsizing that has taken place since the early 1990's.
16 There is a "bubble" of employees from age forty-seven (47) through fifty-five
17 (55) that are becoming eligible to retire on a daily basis. I estimate this
18 "bubble" accounts for over 50% of all skilled journeymen across this
19 industry. The average employee at PacifiCorp whom I represent is 47 years of
20 age. This is also about the average age of our journeymen.

21 Q. What will be the consequences of this succession challenge?

22 A. It will come in two forms. First, an incredible number of apprenticeships will
23 have to be offered to train replacement journeymen for the massive number of
24 retirements that will occur over the next ten (10) years. Apprenticeship

1 training takes three to four years but realistically it takes another year of on
2 the job experience as a journeyman to really perform independently as a
3 skilled craftsman to work safely to fill the retired employee's position.
4 Secondly, and we are already experiencing this phenomenon, there will be an
5 extended period of competition for available journeyman. Utilities are already
6 offering attraction and retention bonuses for skilled journeyman, in an effort
7 to maintain minimum, safe, staffing levels. Our local union regularly receives
8 postings from other utilities and local unions that offer cash bonuses for
9 relocation and retention at other utilities. Many utilities are either in denial or
10 are very slow to react to this pending crisis. PacifiCorp is addressing this issue
11 and has plans in place that needs funding.

12
13 Q. What does this issue have to do with this proceeding?

14 A. PacifiCorp's employee demographics mirror the rest of the industry and they
15 are adding apprenticeships and hiring journeyman from other employers to fill
16 current vacancies and to assist in the significant capital investments that are
17 being made in Utah. These plans are real and require the investment of
18 significant dollars. As a local union, we have been very vocal about the need
19 for increased maintenance and investment in this rapidly growing network and
20 over the last few years, millions of dollars have in fact been spent and
21 continue to be spent on reliability upgrades and new construction across Utah.
22 We have no journeyman lineman on our referral books and there is work in
23 Utah and all over this country that is not getting done because there are not

1 enough people trained to perform the work. There is no free lunch when it
2 comes to this industry. It cannot be taken for granted.

3

4 Q. What do you mean when you say free lunch?

5 A. I attended the hearings concerning the Christmas storm of 2003 and heard the
6 complaints loud and clear. I testified and explained that there was no free
7 lunch. My members and local contractors and PacifiCorp's employees were
8 recognized with awards and citations for their efforts during this extended
9 restoration effort. Everyone wants reliable electricity and quick restoration
10 when there are emergency, unscheduled outages. Both of these items require
11 investment in networks and people. When you compare the number of
12 customers and the size of the network to the number of employees today
13 versus in the 80's and 90's, the efficiencies we have achieved in this industry
14 are amazing. Arguing for the disallowance of replacement headcount or
15 even the additional people required to complete the millions of dollars of
16 capital investment being made in our community is asking for a free lunch.
17 That is counter-productive to a safe reliable electrical system in the State of
18 Utah. I am concerned that without the funding, the Company would be unable
19 to complete its plans.

20

21 **EMPLOYEE BENEFITS**

22 Q. You previously mentioned the current and developing competition for skilled
23 craftsmen in this industry and the cash bonuses that are already being offered.

1 Are there other elements to this attraction and retention issue from your
2 perspective?

3 A. An equally important piece of this equation is the employee benefit package.
4 When prospective employees look at employment opportunities with utilities
5 they quickly look beyond the hourly wage and examine the overall benefit
6 plans of a company. As the workforce planning challenges develop over the
7 next ten years, employee benefit plans will become a critical element of
8 attraction and retention strategies across this industry.

9
10 Q. Some intervening parties believe the current employee benefit package is
11 excessive when compared to other utilities. Do you share that belief?

12 A. Obviously, I do not. This local union and all of the IBEW understand that
13 while we would all like to have the benefit plans that existed 10 to 15 years
14 ago, that much has had to change, and I believe Local 57 has worked with
15 PacifiCorp to lead a significant part of this change.

16
17 Q. What would be examples of these changes?

18 A. IBEW Local 57 and PacifiCorp work collectively through Taft-Hartley Trusts
19 in delivering health and welfare and retirement benefits to PacifiCorp
20 employees represented by the Local. While most of the changes we have
21 agreed to through negotiations are not popular with my members, we have
22 worked hard to provide benefit plans that are viewed as competitive by our
23 current and future members. Specifically, in our health and welfare plans we

1 have moved from 100% company subsidy to a 90/10 cost sharing arrangement
2 for funding of the Trust and as joint Trustees, have agreed to plan designs that
3 require the beneficiaries (Local 57 represented employees) to shoulder
4 approximately 25% of the total cost of health and welfare benefits. Contrary
5 to Mr. Schultz, III's testimony, in my experience these benefits are equally
6 balanced with most plans across our industry and I believe this is supported by
7 the record. Secondly, this local union agreed to a cash balance defined benefit
8 retirement design for the vast majority of its membership in 1999. This design
9 makes pension expense much more predictable for the Company and this
10 Commission. Local 57 IBEW has worked very hard over the last decade,
11 through some very difficult issues, to help drive efficiencies across this
12 business, while maintaining competitive wage and benefit packages that will
13 allow this Company and local union to manage its way through the next ten
14 years, while providing safe, reliable service to this community.

15

16 Q. Does this conclude your testimony?

17 A. Yes.