

BEFORE THE PUBLIC SERVICE COMMISSION OF WISCONSIN

Joint Application of Wisconsin Electric Power Company and Wisconsin Gas, LLC, both D/B/A We Energies, for Wisconsin Electric Power Company to increase its Electric, Natural Gas and Steam Rates and for Wisconsin Gas LLC to increase its Natural Gas Rates

5-UR-104

**Rebuttal Testimony of
Forrest Ceel for
IBEW Local 2150 (International Brotherhood of Electrical Workers)**

September 15, 2009

Q. Please state your name, address, and position.

A. My name is Forrest Ceel. My business address is IBEW Local 2150, N56 W13777 Silver Spring Drive, Menomonee Falls, WI 53051-6127. I am the Business Manager/Financial Secretary of IBEW Local 2150.

Q. Please describe your educational and professional background.

I graduated in 1978 from the University of Wisconsin-Milwaukee with a Bachelor of Science Degree in History. I worked for approximately twenty years in various occupations in the electric and gas utility industry. In 1997 I was elected President of IBEW Local 2150 (a part time position) and in 1998 was promoted to a full time staff position as Business Representative (later Assistant Business Manager) and became Business Manager on April 1, 2009.

My responsibilities include managing the largest labor organization that represents energy workers in Wisconsin. That total is currently over 4,500 members who work at investor owned, municipal, and cooperative electric, gas, steam, and water

utilities across Wisconsin and the upper peninsula of Michigan. In addition, I'm responsible for the labor agreements with NextEra Energy, Point Beach Nuclear Plant, dozens of electrical contractors serving transmission and distribution needs in the eastern half of Wisconsin, and the labor agreement with Waukesha Electric Systems, a manufacturer of medium and large transformers for the utility industry.

The applicant in this docket employs approximately 2,000 of IBEW Local 2150's members. They work in generation, transmission, distribution, technical, and clerical support areas for Wisconsin Electric and Wisconsin Gas. Examples of members include power plant electricians, line mechanics, troubleshooters, substation electricians, gas first responder positions, technicians, and dispatchers, and several clerical positions that support a 24/7 operation serving a customer base of two million gas and electric meters.

Q. What is the purpose of your rebuttal testimony?

A. My purpose is to address issues raised in direct testimony of James J. Wottreng on behalf of Commission staff dated September 3, 2009.

Q. Which areas of Mr. Wottreng's testimony are issues of concern?

A. In an effort to suggest to Commissioners specific methods of reducing costs at WeEnergies, Mr. Wottreng has proposed micro-managing labor costs and day-to-day service functions at the utility.

Q. For example?

A. While the applicant can best respond to past, current, and future staffing levels at WeEnergies; labor costs have been successfully negotiated between the applicant and this labor organization without any disruption of service to customers in over 35 years. Mr. Wottreng's testimony on page D11.6, lines 10 through 19 enter into an area of

compensation best left to traditional labor-management relations. While compensating employees is a significant factor in providing safe and reliable service to customers; they are not the prevailing cost of providing excellent service to gas and electric ratepayers.

Q. Do you have any comments regarding proper staffing levels at Wisconsin Electric/Wisconsin Gas?

A. Over the past few years the applicant has reduced over-all employment at the utility: both management and represented employees. This effort has drawn concerns from our labor organization that has been expressed both to We-Energies management and to the Commission. But while some utility's managements have reacted to their revenue/cost problems with blunt methods (layoffs, furloughs, etc.), the applicant has approached their staff reductions by use of attrition followed by case-by-case replacement of employees. As a labor organization representing thousands of workers expected to respond at all hours of the day and night in dangerous weather conditions; my concern is that proper staffing, training, and experience levels are such that our members come home safely to their families upon completion of their duties to the public.

Q. What concerns do you have regarding Mr. Wottreng's references to "furloughs" on page D11.7, lines 13 through 18?

A. Furloughs, and other methods of reducing costs by reducing the number of employees (i.e., layoffs) and/or their work hours are methods that can jeopardize public and worker safety. As stated above, while the applicant can provide specific data regarding past, present, and proposed staffing levels in the future; agency imposed blunt methods, as suggested by Mr. Wottreng, would likely have a deleterious affect on service reliability standards as required under PSC Chapter 113.

“Furloughs for all employees” as suggested by Mr. Wottreng ignores the day-to-day reality an already downsized workforce to respond to customer needs. For example, specific first responder occupations such as Line Mechanics are already working substantial hours of overtime and responding to emergency calls at company record pace over the past three years. Furloughing employees is the last thing a utility should be forced to do in an era of high customer demands for reliability and safety of the utility grid.

Q. Earlier you cited a reference expressing concerns of reduced employment levels to the Commission.

A. IBEW Local 2150 represents hundreds of different occupations that make up the links in the chain of providing safe and reliable service to customers. Many of the occupations are in the nature of first responders or provide 24/7 critical supports to the system from generation to transmission to distribution of electric, natural gas, and steam at Wisconsin Electric/Wisconsin Gas. In February 2006, the Utility Workers Coalition (UWC), of which BEW Local 2150 is a member, published and presented a report to the Commission titled Report of the Utility Workers Coalition on Strategic Workforce Planning in the Utility Industry. The report, even more important over three years later, presented industry data expressing concerns that the aging workforce in the utility industry (from Line Mechanics to Engineers) will harshly impact utility operations as a result of retirements of that workforce in the next decade.

This process is already starting, and despite the recent economic downturn, utilities serving Wisconsin, the United States, and in Canada will be facing skilled worker shortages in general and more specifically in critical first responder occupations. Again,

the applicant can best provide data regarding their own workforce, but Wisconsin Electric/Wisconsin Gas management is concerned about meeting customer needs with a workforce in transition from experienced to newly hire. The management and labor union leadership will have a better hands-on approach regarding the staffing needs at the utility rather than agency directed staff reductions. On the contrary, PSC staff should be monitoring that workplace succession is adequate to meet the future needs in anticipation of higher retirement trends.

Citing from page 2 of the UWC Report of 2006, “It takes approximately five years for a skilled worker in this industry to achieve “journeyman” status. Further, most parties in the industry recognize that it takes about 10 years for that skilled worker to be considered “well rounded” and experienced...”

Mr. Wottreng’s suggestions of agency micro managing compensation, employment levels, and reduction in work hours via furloughs would likely have negative consequences on the applicant’s “obligation to serve” its customers.

Q. Does that conclude your testimony?

A. Yes.