



## **“GRAYING WORKFORCE” ISSUE PROMPTS PUCN INVESTIGATION OF STAFFING LEVELS AT NV ENERGY**

*“About half of electric utility employees are expected to retire in the next 5 to 10 years.”*

New York Times, December 29, 2010

### **The Public Utilities Commission of Nevada has ordered an investigation into staffing levels at NV Energy.**

The order to investigate—announced December 29, 2010—is in response to a petition by IBEW Local 1245, the union representing employees at NV Energy. IBEW alleges that recent downsizing at the utility threatens service reliability, and that the “graying” of the workforce will compound the problem in the years ahead. NV Energy asked the PUCN to dismiss the union’s petition, but the commissioners chose to grant the union’s request for an investigation.

### **The PUCN’s order is unprecedented.**

So far as we know, this is the first time that any state public utility commission has opened a separate investigatory proceeding dedicated exclusively to the issue of workforce graying. The PUCN explicitly affirmed its authority to act on this issue, stating: “[T]he Commission finds that it has the authority to supervise and regulate the staffing of SPPC, a public utility, as is necessary to ensure that SPPC provides safe, economic, efficient, prudent, and reliable service to its customers.” (SPPC is the name for NV-Energy’s utility operations in northern Nevada, where employees are represented by IBEW Local 1245).

### **Staffing reductions at NV Energy are real.**

At the end of 2008 the NV Energy hourly workforce totaled 813 employees. By the end of 2009, that figure was 733. There are even fewer hourly workers at NV Energy today. The union believes that staffing reductions have left many localities without the manpower needed to maintain reliable service. Specifically:

Over the last several years, NV Energy has systematically removed all line crews from the Tonopah, Battle Mountain, Minden, Yerington, Lovelock, and Hawthorne districts and reduced the number of line crews in Reno, Carson City, South and North Lake Tahoe, Fallon, and Elko. This leaves line crews in Reno, Carson City, Fallon, Winnemucca and Elko with the responsibility to cover all of NV Energy’s service territory in northern Nevada. If a line crew is needed to fix a power outage in Tonopah a line crew has to travel some 200 miles or more from Reno just to get to the outage location.

The company has also eliminated all but one of its walk-in customer service centers, meaning that there is no longer any place (other than North Las Vegas) where a customer can go and meet face-to-face with a customer service representative to discuss a billing or service matter, such as an impending service disconnection.

**Workforce shortages will get worse due to looming retirements.**

NV Energy's workforce is graying. Based on NV Energy data provided to IBEW, as of the end of year 2008 more than 21% of NV Energy's hourly workforce was over 55 years of age and thus eligible to retire immediately. Thirty-six percent of NV Energy's hourly workforce was over 50 years of age. And, in the mission critical areas of physical plant operations and maintenance, a significant portion of NV Energy's skilled workforce is more than 50 years of age and is already at or fast approaching retirement. Typically it takes 3-4 years to complete a lineman apprenticeship training program, and another 5 years on the job to become truly proficient.

**NV Energy service quality is now rated the worst in all of the mountain states.**

JD Power and Associates, which surveys utility customers, this year rated NV Energy as dead last among all mountain state utilities in terms of customer satisfaction. Ten years ago, before CEO Michael Yackira came to power, the utility ranked *first* in this same survey.

**Recent polling suggests a high degree of ratepayer discontent with NV Energy.**

A statewide telephone poll conducted October 8-11, 2010 found that 44 percent of Nevadans have an unfavorable view of NV Energy and that customers are deeply troubled by NV Energy's corporate conduct. The poll of 400 registered voters, conducted by Goodwin Simon Strategic Research, found that seventy-five percent of respondents are very concerned that NV Energy customers pay the highest residential utility rates of any mountain state. Sixty-four percent of respondents said they had a great deal of concern about NV Energy CEO Michael Yackira earning \$4.5 million.

**NV Energy has the resources to meet its obligation to serve the public.**

NV Energy reported \$182.9 million in profits in 2009. It also collected \$134 million in federal stimulus money. The utility has not cut corners when it comes to executive salaries—it has steadily increased the pay of CEO Michael Yackira, who in 2009 made \$4.5 million.

**Recent attacks on worker benefits could impair the utility's ability to address its "graying" problem.**

In recent contract negotiations with IBEW, the utility insisted on slashing retirement benefits in a way that especially penalizes younger workers. The utility also shifted the burden of all future increases in retiree medical premium costs onto the backs of the retirees themselves. Both of these actions will make it harder for the utility to attract new employees in an era which has seen a chronic national shortage of skilled electrical workers.

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*The International Brotherhood of Electrical Workers Local 1245 has represented workers at NV Energy since 1945. Overall, the union represents roughly 20,000 energy workers in Nevada and California.*