

## Society Newscast 2004:06

This is the Society Newscast for Monday, September 20, 2004



### International Panel: "Deregulation won't deliver"

Ontario risks repeating the mistakes of other countries if the proposed electricity legislation—Bill 100—goes through, an international symposium warned yesterday.

The panel of experts from Europe, Australia, the United States, and Canada met over the weekend at a forum set up in association with today's meeting of the Society Council. They agreed that so-called "privatization and deregulation" won't result in lower prices, more competition, improved service quality, or more employment in the industry.

"This symposium was a very valuable experience for us," said Society President **Andrew Müller**. "It is vital that we build on the experiences of people who've lived through these things before."

Symposium participants were invited by the Society to give their views of and experiences with the worldwide push for electricity liberalization, its successes and failures, and their experiences in dealing with it. The participants were:

- ♦ Jan Willem Goudriaan, Deputy General Secretary of the European Public Services Union in Brussels
- ♦ Carl Wood, Commissioner, California Public Utilities Commission
- ♦ Greg McLean, Assistant National Secretary of the Australia Services Union, in Sydney
- ♦ Marjorie Griffin Cohen, Professor of Economics, Simon Fraser University, Burnaby



*Hydro One trucks at airport in Stuart, Florida. See article, page 9 (photo Neil Stewart)*

- ◆ Tom Campbell, former Chair and CEO of Ontario Hydro, and former Deputy Minister of Treasury and Economics (now Finance) of the Government of Ontario
- ◆ Michael McCracken, CEO, Informetrica Ltd, Ottawa, and former president of the Canadian Association for Business Economics

The panel was hosted by President Müller, and moderated by David Boys, Secretary, Utilities Sector, of Public Services International, in Geneva.

Mr. Goudriaan spoke of the effort of the European Commission over the last few years to put in place a system wherein by 2007 any customer will be able to buy electricity from any provider. He said deregulation was sold on four promises:

- ◆ Lower prices
- ◆ More competition
- ◆ Improved quality
- ◆ More jobs

It had failed, dismally, he said, on all four counts. Only large customers get the lower prices, and there are fewer competitors than ever, as the large firms continue to push the smaller ones out of the picture, “the big fish eating the small fish.” The downsizing and emphasis on profits have resulted in lower quality, an aging workforce, and skills shortages. There is almost no investment in new plant, and very little in networks.

In short, he said, the “European experiment” has failed.

Mr. Wood, who was appointed to the California Public Utilities Commission by former Governor Gray Davis, says the purpose for providing electricity is forgotten in the rush to privatize.

“We don't like to talk about it any more, but there's a social component to the provision of electricity, and *that's* the government's job,” he said. California's experiment in electricity liberalization was pushed by large customers—who wanted lower prices at everyone else's expense—retailers like Enron, and the financial community, who wanted to “penetrate the industry.” Since they all knew prices would not go down, guaranteed rate reductions were written into the enabling legislation. This left the distribution utilities holding the bag for the difference between the sky-rocketing, unregulated wholesale prices and the capped retail rates.



*Jan Willem Goudriaan (l), David Boys (photo David Smiley)*

The costs involved in digging California out of the crisis were enormous, he said.

“California's very rich, with a very diversified, flexible economy, and so we were able to afford it,” he said. “Maybe Ontario can't”

Prof. Griffin Cohen said Canada is giving up jurisdiction over its electricity system to the U.S. Federal Energy Regulatory Commission (FERC), almost without noticing. “FERC's trying to tie everyone in North America into Regional Transmission Organizations, which FERC controls, with the goal being privatization and markets.” But no one's watching the shop for Canada, she said, and the provinces are falling into step with FERC. Meanwhile, international agreements like NAFTA will “cement” privatization into the system—there'll be no going back if it all turns out to be a big mistake.

Mr. Campbell is a member of Public Power for Ontario, a group of nine persons who have been pushing for an end to the privatization efforts of the last two provincial governments. “We have absolutely no financial interest in this,” he said, “except that we have children and grandchildren in Ontario, and we're very concerned about Ontario's economic future.”

He said that for the last 15 years the electricity industry has been “drastically mismanaged”—the Ontario Hydro downsizing in 1993, the push to deregulate, the shutting down of nuclear plants, and more. “If we continue to go in this direction, Ontario could become another rust belt.”

Further, he said, there is a lot of myth-making about the Ontario Hydro debt. “In fact, the Hydro debt was not a problem at all. It was entirely underwritten with a guaranteed payment scheme written into legislation.” As Deputy Minister of Finance, he said, he dealt personally with the bond-rating agencies that have been raised as bogeymen by governments who don't want to borrow money, and they were *fine* with the Hydro debt. “In fact, Ontario Hydro's debt *supported* Ontario's credit rating. It was *always* paid—by Ontario Hydro customers. As an investment, it was about as risk free as they come, what we called a ‘widows and orphans’ investment.”



*Symposium participants (l to r): Society President Andrew Müller, Marjorie Griffin Cohen, Carl Wood, Tom Campbell, Michael McCracken, Jan Willem Goudriaan (photo David Smiley)*

“The provision of affordable, reliable electricity is a public trust,” said Mr. McCracken. “The question is, Who looks after that trust?” There are issues of governance, accountability, and transparency which are better placed in public structures.

“There's no shortage of investment money out there,” he said, citing the many large pension funds looking for relatively safe, but worthwhile, investments. “We know the problems with P3s,” he said, meaning 'public-private partnerships.' “They're too expensive, among other things.” He suggested S3s instead—a single public system, stable long-term financing, through sustainable investments.

Those who wish to resist the worldwide push for deregulation and privatization will need to work in vast coalitions with other groups, said Mr. Boys. Prof. Griffin Cohen agreed, stressing how important it was that the Society had hosted the symposium. “We're all being pressured by these forces.”

## Board highlights: September 8, 2004

The Society Executive Board met on Wednesday, September 8<sup>th</sup>. Much of the meeting was devoted to preparations for the upcoming meeting of Society Council, being held today.

But first the Board heard an extensive report from the Society officials and staff involved on the progress of the Society's campaign to inspire improvements to the Ontario government's *Bill 100: The Electricity Restructuring Act*. The report covered the four areas of Society activity.

**Government relations:** Bill 100 is being considered by the Legislative Committee on Social Policy, which has the power to make recommendations for changes to the Legislative Assembly. Presentations were made on behalf of the Society or at the behest of the Society, and Society members made presentations as well (see *Newscast* 2004:05). President Andrew Müller paid special tribute to IMO Local VP **Rick Coates**, Lambton delegate **Dale Lane**, and OPG delegate **Joseph Fierro** for their very fine presentations, which “exposed the Committee to information they could not have got from anyone else.”

President Müller said that, “Though we were telling them things some don't want to hear, like how right now we need the power from coal, the breadth of knowledge and expertise likely left a very favourable impression on most of the members of the Committee.”

Subsequent to the hearings, Society leaders met again with representatives of the government, but no progress was made. President Müller said the rest of the campaign will “focus on helping the government to recognize they need to listen to us.”

**Media Relations:** Communications Officer **Brian Robinson** reported that media work around Society-sponsored events around the anniversary of the black-out and the appearances of the University of Greenwich's Stephen Thomas before the Legislature's committee was extremely successful. The Society got a smattering of media coverage in the week of August 9th, including appearances by President Andrew Müller on NewsWorld and Vice President Finance **Bill Jones** on Toronto local television. The Society contracted for some additional assistance around the Thomas visit, which resulted in more than 50 radio and TV spots, and more than 30 articles in the print media. It is estimated that the Society received around \$500,000 worth of coverage in the week of August 23rd (measured by what paid advertisements would have had to be bought to get the same exposure).

President Müller reminded the Board that while the Society *commissioned* the Thomas paper, Mr. Thomas operated entirely independently of the Society, and his comments cannot be taken to be those of the Society.

**Coalition-building:** Hydro One Local VP **Keith Rattai**, President Müller, and Staff Officer **Michelle Duncan** reported on work done to contact and work with other constituencies, such as other trade unions and like-minded groups. The Toronto and York Region Labour Council passed a motion that was generally in agreement with the Society position on Bill 100. The Society has met with Public Power for Ontario, a group consisting of former high-level Ontario Hydro and provincial government figures and others, and is pleased to be able to agree on many grounds. The Society continues to meet with other unions—most notably, the Canadian Auto Workers—who could be vulnerable to higher electricity prices.

The Society's participation in the Labour Day parade in Toronto (see article, page 12) was a very valuable experience, said Rattai, “a very positive experience to build on.”

**Membership organizing:** Society Local Vice-Presidents and Unit Directors will be scheduling a series of membership meetings over the next three weeks, to bring members up to date with the Bill 100 campaign, and to seek input. IFPTE Organizer Brian Lawson reported that membership response to the Bill 100 survey thus far was in the neighbourhood of six per cent—a very respectable response rate. Compilation of the results is ongoing as more data arrives.

### **Society Council preparation**

The Executive Board also discussed a number of documents and policies that will be submitted for approval to the Society Council meeting taking place today. (In the new structure, Society Council is the highest authority in the Society, short of the referendum.)



**Budget, Workplan, Management Control Framework:** Vice President Finance **Bill Jones** reviewed the new procedures involved in formulating and approving budgets, workplans, and the Management Control Framework. In the new Society structure which includes Locals, it is the Executive Board which approves them, and submits them to Society Council. Council has the right to direct changes.

**Bargaining principles:** Executive VP Policy **Leslie Forge** presented a policy paper setting out guidelines for Society locals to follow when bargaining. They include:

- ◆ Locals will support each other, and not bargain agreements that undermine other locals
- ◆ Board approval is needed before a Local can reach agreement in certain situations, for example, one that affects another Local or sets a precedent
- ◆ Locals shall negotiate compensation structures that do not disadvantage future members
- ◆ Locals shall not bargain reductions in pension or health benefits, including post-retirement health benefits
- ◆ Locals shall maximize the creation of regular Society-represented positions, and minimize contracting out/purchased services

The Board endorsed these principles, and will present them to the Society Council today.

**Strike policy:** As there are two Society locals (so far) who bargain under the strike/lock-out regime, the Society needs to set out clear lines of responsibility and accountability if such action becomes necessary. These must all be in conformity with the Labour Relations Act and Society policies. Executive VP Policy Leslie Forge presented an analysis dealing with such matters as:

- ◆ Requirement for approval from Society Executive Board before strike action can be undertaken
- ◆ Responsibility of members to abide by properly governed strike-related decisions
- ◆ Local VP is the point of contact between Employer and membership

**Constitutional changes:** Several bylaw changes will be introduced to Society Council. They include:

- ◆ Changing the terms of unit directors to three years from two
- ◆ Changes to the appointment procedure, term of office, and powers of the Chief Returning Officer (CRO); changes to procedures for appointing Deputy Returning Officers
- ◆ Change the number of members required for calling a referendum—Local- or Society-wide—to 15 per cent from 150
- ◆ Changes to walk-in balloting procedures

They will be presented to Society Council as "notice," that is, they will be voted on at the next Society Council meeting. If they are passed, they will then require membership approval by referendum.

**Electricity Policy:** At Executive Vice President Leslie Forge's suggestion, the Board will submit the Society's policy paper on Ontario's electricity industry, as well as a number of crucial “backgrounders,” to Society Council for approval.

The papers to be considered by Society Council have been posted to the Society web-site. After logging in, see “resources,” “governing documents.”

**Mandatory retirement:** Minister of Labour Chris Bentley is considering abolishing “mandatory retirement” provisions in Ontario, and is visiting communities across Ontario seeking public input on the matter. After considering the issues involved, the Board decided not to make a presentation to these discussions.

## **Principal Officer nominations closed: Müller acclaimed**

On Wednesday, September 15th, the period for nominations for Principal Officers closed. At time of closing, the following nominations had been received:

President: Andrew Muller  
Executive Vice President Finance  
**Adam Habayeb** (Pickering NGS) and Bill Jones (Kinectrics)  
Executive Vice President Policy  
Leslie Forge (Hydro One) and Keith Rattai (Hydro One)

As he is unopposed, Andrew Müller is acclaimed Society President for a two year term ending March 31<sup>st</sup>, 2007.

Elections will be held for the two Vice President Positions. Though the final details have not yet been settled, the Constitution requires that the election be completed within 30 days of today's Society Council meeting.

## **Bruce UD elections—one incumbent unseated**

Elections were held recently for the three unit director positions at the Bruce Power local. All positions were contested. Here are the results:

## Unit 3

Martin Scowcroft	98
Bob Wells	89

## Unit 4

Shirley Hayes	48
Keith Stiles	93

## Unit 7

Lorne Howcroft	74
Ray Lavallee	21

The election in Unit 3 saw the unseating of a long-standing unit director, **Bob Wells**, while incumbent **Keith Stiles** was re-elected in Unit 4. There was no incumbent in Unit 7.

“The fact that all positions were contested speaks well for the Bruce Power Local,” said **Rob Stanley**, Local VP. “We've got a lot of quality people interested in leadership. I welcome Martin and Lorne to the team, as well as Keith, who continues. Bob Wells is a valued member of the Local, he's extremely important to our purchased-service work, and I'm sure he will continue to serve the Local in any way he can.”

### Unit 6 election: Khalil elected

Elections were held recently for the Unit 6 Director position at Pickering Learning Centre. Here is the result:

Marlene Khalil	57
Syed Rizvi	25

**Marlene Khalil**, who has been serving as an acting UD since January, was therefore elected to serve a full term. Currently on maternity leave with newborn Andrew, she said she's very happy to be elected. “I'll be able to continue my UD work, and I'll put a lot of effort into making sure grievances are resolved quickly.”

“I congratulate both candidates on their campaigns,” said **Olaf Heilandt**, OPG Nuclear VP, “and I'm happy to continue working with Marlene.”



## New Horizon UD's acclaimed

Nominations have closed for the three unit director positions at the New Horizon System Services Local. Only one candidate was nominated for each position, so serving for the next two years as UD's are:

Unit 19 (Kipling):	Peter Matthews
Unit 30 (Picore):	Muneeb Khan
Unit 31 (700 Univ):	Henry Chiang

Local VP **Joe Sarick** said he was pleased with the commitment, dedication, and knowledge of the nominated UD's.

He says the New Horizon Local decided to base its UD positions so the UD's wouldn't "have that long-distance feeling. We want the UD's to be close to their members."

He also said, "This is the strongest Local Executive Council since the inception of NHSS, and it's a good thing, considering we are going into Collective Bargaining."

## In the wake of Frances, Hydro One helps put Florida back together

Thanks in part to a number of Hydro One lines crews, residents of Florida are getting their hydro back.

More than 200 line staff and 131 vehicles have been sent to an area around West Palm Beach, which was devastated by Hurricane Frances. When Frances had finished, more than 1.4 million homes were without power.

The *NewsCast* spoke to **Dave Page** and **Jim Gordon**, both First Line Managers working in Port St. Lucie, about 30 km north of Palm Beach, on Florida's east coast. Apparently, they're working pretty hard. "The hurricane stalled here for hours and hours, so there's a *lot* of damage," said Page. "The weather's extremely hot, in the 90s, with humidity peaking at 100."

"We're working everything from working class subdivisions to upper-income, gated communities where the houses are worth \$3 million easy," Gordon said.

As of last Wednesday, Page said, about 70,000 customers were still without power. The crews were working 6 a.m. to 10 p.m. every day.

Both say things are going very well, and their work is very much appreciated by the hurricane victims. “We couldn't have had a warmer welcome,” Gordon said. “We're as much heroes as we'll ever be in our trade. There's been a lot of crying. You go into a place where they haven't had power for two weeks and you tell them you're putting it back and they start to cry.”

“It's the most gratifying thing I've done in my 31 years.”

Though welcomed by the humans, there're the bugs. And snakes. “Fortunately,” said Page, “they gave us a booklet with all the snakes, spiders, and such. We even have to be on the lookout for scorpions, which apparently arrive in Florida in shipping boxes.” And, in the weather, with the long hours, “you've got to watch that the guys don't overheat.” As he told CKWS-TV in Kingston, “Safety is our number one concern, so you know we want to make sure that the guys are safe, that they have adequate supply of food and water and that they're getting their rest.”

Both say Florida Light and Power (FLP), the host utility footing the bill for all this work, is very satisfied with the help from their Canadian neighbours. “They can't believe how fast we fix things up,” said Page.

“We're so multi-functional,” said Gordon, “our crews can fix just about anything without any other help. We're very flexible; there's nothing down here we can't do.”



*Hydro One FLM Alex Turpin (l) and crew, in Stuart, Florida, showing the flag. (photo Dan Santerre)*



*Hurricane damage, Stuart, Florida. Hoarding reads, “God save us, one and all.” (photo Dan Santerre)*

*We worked one area—they call it the 'glades, their version of rural—where it took two and a half days just to find all the trouble. It's infested with snakes and alligators, and there are orange and grapefruit groves all around. There were broken poles, wires down, transformers that needed replacing. Andre Cassidy, Dan Robinson, and I took our crews out there, and put everything back in ten hours.*

“But it was a brutal job, in swamps like I've never seen.”

There's an added benefit, says Gordon.

*All our trucks have Canadian flags flying, and we've decked them out with phaser tape, spelling out where we're from. When we drive through town, the reception we get—people honk their horns, wave, shout out their thanks. I think it's more than one utility helping another one. It helps repair the wedge driven between our two countries over the war.*

Though the crews expect to be coming back home by the third week of September, there may be more work to do. With, at the time, Hurricane Ivan bearing down on the Gulf Coast, Page thought there might be more work to do. “Apparently Alabama Power called for 300 guys,” he said.

## Parkinson “CEO of the year”

As if his employees in Florida weren't bringing in enough honours, Tom Parkinson, Hydro One CEO, has been named “CEO of the year” by the Ontario Energy Association (OEA).

He was presented with his award at the banquet of the Association's annual conference on September 14<sup>th</sup>.

“In addition to his success in achieving the company's goals for improvements in safety, customer service, operational performance and financial performance, Mr. Parkinson is widely respected and well liked from top to bottom both inside and outside his company, the mark of a true leader,” said Bernard Jones, OEA President and CEO.

**[T]he crew in my neighborhood were phenomenal. One of the Hydro One team that worked in my neighborhood was R.O. Hawkins, or at least that's what his hat said. He and the others who worked in our area were kind, courteous, and worked with a proficiency that comes from training, professionalism and a good heart. Their obvious attention to detail and concern for us was very uplifting. I had put lemonade and Gatorade at the bottom of my driveway for everyone to share and they took the time to thank me when I was outside. You should be very proud of the work done here and we will be forever grateful for the kind of people working for Hydro One from Ontario!**

*Carol Dryburgh, Stuart, Florida (e-mail)*

The Ontario Energy Association is a trade association for the natural gas and electricity industries in Ontario, including energy transmission and distribution utilities, power producers, retailers and marketers, appliance and equipment manufacturers, contractors and suppliers, and firms supplying consulting services to the industry.

## **Society organizes first appearance at Toronto Labour Day parade**

Members of the Society were major participants in this year's Labour Day parade in Toronto, which took place on September 6<sup>th</sup>.

The Toronto parade is conducted every year by the Toronto and York Region Labour Council. The Society is now a member of the Council, and so Hydro One Local VP Keith Rattai undertook to organize the Society's showing in the Council's parade.

Rattai was *very* pleasantly surprised at the turnout. "We marched with about 175 members and their families," he said. "This far exceeded expectations for the Society's first Labour Day parade. I'd like to personally thank all who participated."

An even stronger showing next year, says Rattai, will build on the Society's record.

Meanwhile, Executive VP **Rod Sheppard** and Bruce Power unit director **Keith Stiles** organized the Society's participation in the labour council march in Port Elgin, as they have for several years.

*And that is the Society Newscast for Monday, September 20, 2004.*

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*Members can hear the current Newscast by calling (416) 979-2709 x.2035.*

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*Staff Officers Denise Coombs and Michelle Duncan hand out t-shirts. (photo David Smiley)*



*It took a while for things to get started. There was some waiting involved.*



*Things get underway. Solidarnosc banner courtesy Darek Kulczynski. (photo David Smiley)*



*Mock McGuinty says "Plug Hydro into private power."*



*Getting a little tired. Nearing Dufferin Street.*



*At last! Dufferin Gate, and free entry to the Ex!*