



**IBEW Local 1245**

## Q&A

### PG&E CLERICAL BARGAINING 2010

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#### **How long will this bargaining take?**

Negotiations begin September 8, 2010. IBEW & PG&E want to complete negotiations by mid-October. When the two sides reach agreement at the bargaining table, this “table agreement” will be explained to IBEW members in the Clerical bargaining unit. A mail ballot is sent to all IBEW members in the Clerical bargaining unit, who will be given ample time to vote. The goal is to have a ratified agreement before December 31, 2010, when the old agreement expires.

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#### **PG&E says we are paid way over “market rate.” Is that true?**

Talking about the “market rate” is a management tactic that seeks to drag our wages down to the lowest common denominator. PG&E’s “market” comparisons include non-union utilities from other states with a drastically lower cost of living. Rather than competing in a race to the bottom, we believe PG&E should focus on how to attract the best workers to help the company achieve its goal of becoming the leading utility in the United States.

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#### **But PG&E says the union agreed that clerks are 15-20% “over market.”**

Not true. IBEW negotiators *rejected* management’s market analysis as inaccurate. We believe our members’ wages reflect the level of responsibility, skill and training for complex jobs. Let’s be real: the cost of living in California is higher than almost anywhere else. Wage comparisons don’t capture the economic realities that PG&E Clerical members face.

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#### **PG&E is proposing a two-tier wage system. What is that?**

In a two-tier wage system, the company pays workers two different rates of pay even though they perform the exact same work. PG&E proposes that all IBEW members in the Clerical bargaining unit hired after January 1, 2011 be paid about 30% *less* than current employees in the same classification. Some of the proposed wages are so low that new employees would fall below Living Wage Standards established by many California cities. Some of these new employees would qualify for the federal WIC (welfare) program, and even reduced utility bills under PG&E’s own CARE program for low-income families.

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#### **PG&E claims it is being generous because its new entry-level wage of \$10.70/hour for utility clerks is 34% over California minimum wage and 9% over San Francisco minimum wage.**

Generous? *\$10.70 an hour for a family of four is a poverty wage.* The US Dept. of Labor Poverty Guideline for the 48 contiguous states and the District of Columbia sets the poverty threshold for a family of 4 at \$22,050/year. PG&E’s proposed “second tier” wage would pay clerks \$22,297/year. PG&E’s own CARE program defines low-income as 185% *above* the poverty threshold. Calling a poverty wage “generous” is like calling a skunk “fragrant.”

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**PG&E claims that two-tier is a recognized best practice for addressing “over-market” wages while protecting current employees.**

PG&E’s proposal is meant to sound good. But let’s look a little deeper. Experience in the airline industry and the food industry shows that two-tier wage systems are divisive, create resentment, weaken workers’ bargaining power and eventually have the effect of *pulling the top tier down to the bottom tier*. Think about this: those new, lower-paid employees will be a majority of the Clerical Bargaining Unit in about seven years. Defending the higher wages of the older, “top tier” employees will become more difficult with each passing year. Once we’ve been divided, we are weaker. In the end, we all lose. We have to think about what kind of future we’re creating—because it’s going to be *our* future.

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**Is the economic downturn forcing PG&E to reduce labor costs?**

No. PG&E is financially healthy. In 2009, PG&E grossed \$13.4 billion and netted \$1.23 billion. Since 2003, PG&E has grown twice as fast as other companies in the industry. PG&E shares are at a high of \$44.81 (as of 7/28/10). Even in this tough economy, PG&E enjoys strong revenues due to its stable customer base and the continuing demand for power and gas. PG&E is granted regular rate increases by the Public Utility Commission.

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**PG&E says it must remain “competitive.” Will reducing Clerical labor costs make PG&E more successful?**

No. Clerical costs represent just 2% of PG&E’s overall operating budget. Cutting Clerical wages would have an insignificant impact on PG&E’s financial health. On the other hand, cutting wages could have a negative effect on service by making it harder for PG&E to attract and retain the most qualified Clerical workers. Any decline in customer service could make customers more likely to embrace alternative energy providers under California’s Community Choice Aggregation law. That would definitely *not* be good for PG&E’s bottom line.

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**Is PG&E proposing to outsource the Billing/Print/Mail Department?**

The company is proposing language that would give management the right to contract out work that is currently done by IBEW members in the Clerical bargaining unit, including work at Billing/Print/Mail. We believe it is a real and direct threat to job security.

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**PG&E says contracting out Clerical work saves members from having to work mandatory overtime. Isn’t that a good thing?**

Management did not propose contracting out in order to reduce your mandatory overtime. Management could do that by hiring more Clerical employees. Management proposed contracting out so that it can give your work to a contractor who will do it for less money. The contracting out language PG&E is proposing is a direct attack on IBEW members’ job and wage security. We believe this is a slippery slope that spells the beginning of the end of the Clerical wage standards that IBEW members have negotiated over the past six decades.