IN THE MATTER OF THE INTEREST ARBITRATION BETWEEN

INTERNATIONAL BROZELECTRICAL WORKER))
	UNION,) INTEREST ARBITRATORS') OPINION & AWARD
and)
) NUCLEAR BARGAINING) UNIT COLLECTIVE) BARGAINING AGREEMENT
ENERGY NORTHWEST,)
	EMPLOYER.)) PERC NO. 133361-1-21
BEFORE:	JOSEPH V	V. DUFFY AL ARBITRATOR
	IIVII AKTI	AL ARBITRATOR
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HEARING HELD:	JUNE 22-2	25, 2021

BY VIDEOCONFERENCE

WITNESSES FOR THE EMPLOYER: Julie Marboe, Joseph DeMartini, John Saven, Jeff Windham, Jay Ashbaugh, Reginald Wainwright, Robert Schuetz, Russell Long, Tony Hedges, Brad Sawatzke

WITNESSES FOR THE UNION: Spencer Clark, Allan Guenther, Trae Rockwell, Mark Huntsman, William Friedel, Jim Bears, George Gardner, Patrick Duffy, Randall Coleman

OPINION

Introduction

International Brotherhood of Electrical Workers, Local No. 77 ("Union" or "IBEW") and Energy Northwest ("Employer" or "EN") have had a collective bargaining relationship since 1977. The Parties most recent collective bargaining agreement ("Agreement") ran from October 1, 2016 through September 30, 2020. In September 2020, the Union and the Employer ("Parties") engaged in mediation with private mediator Ken Pedersen to work towards agreement on a new collective bargaining agreement. Mr. Pedersen eventually concluded that the Parties had reached impasse and recommended certification of certain issues to interest arbitration.

The PERC Certification

The Executive Director of the Public Employment Relations Commission, by letter dated March 3, 2021, certified the following issues:

The Employer submitted the following issues for certification:

- Article 5, Section 5.1.1: set personal time cap
- Article 5, Section 5.12(c)(4): channel PT over 800 hrs. to VEBA

The union submitted the following issues for certification:

- Article 5, Section 5.3.2(a)(1): holiday compensation
- Article 7, Section 7.1.4(c): shift differential and effective date
- Article 8, Section 8.2.2: Percentage increase for HP Crew Leader
- Article 9, Section 9.1, 9.2: General wage increase, effective date of same, and Union reopener proposal

The Parties also both submitted the following issue for certification:

• New Section: assignment/performance of fire suppression work requiring NICET certification

The Parties' 14-Day Proposals

On June 8, 2021, the Parties submitted fourteen-day proposals as required by WAC 391-55-220. The Union submitted the following, designated as V2:

Duration October 1, 2020 through September 30, 2024

Retain all language contained in the Nuclear Bargaining Unit Agreement between Energy Northwest and International Brotherhood of Electrical Workers, Local No. 77 effective October 1, 2016 through September 30, 2020 unless modified by agreement of the parties or arbitration award.

Amend Article 9, Section 9.1 and Article 9, Section 9.2 to reflect

- A General Wage Increase of six percent (6%) effective October 1, 2020*
- A General Wage Increase of six percent (6%) effective April 1, 2021
- A General Wage Increase of six percent (6%) effective April 1, 2022
- A General Wage Increase of six percent (4%) effective April 1, 2023
- A General Wage Increase "opener" effective April 1, 2024

*All other forms of compensation measured from hourly wage rate (e.g. stipends, meal allowance and cash payout correspondingly adjusted effective October 1, 2020 and paid to all unit employees employed as of October 1, 2020).

Amend Article 7, Section 7.1.4(c) effective October 1, 2020 to read:

Shift differential will be paid on all hours at the rate of nine percent (9%) of the journey level Electrician rate for the entire shift when the shift is twelve (12) or more hours in length and majority of the shift falls between 1600 and 0600 on weekdays and all hours of the weekend (midnight Friday to midnight Sunday). Shift differential will be paid on all hours at the rate of four-and-one-half percent (4.5%) of the journey level Electrician rate for the entire shift if the shift is less than twelve (12) hours in length and the majority of the shift falls between 1600 and 0600 on weekdays and all hours of the weekend (midnight Friday to midnight Sunday). When paid on overtime, shift differential will be paid at the overtime rate.

New Section: Adopt the language presented in the attachment to this Proposal regarding performance of National Institute for Certification in Engineering Technologies (NICET) work.

Amend Article 5, Section 5.3.2(a)(1) to read as follows:

Employees not needed to work may be released to observe the holiday. Employees who are released that were scheduled for a shift of greater than eight (8) hours will be compensated with eight (8) hours of Holiday Pay plus the difference of their Regular shift (e.g. a ten (10) hour shift worker will receive eight (8) hours of Holiday Pay plus two (2) hours of Regular Pay).

Except as otherwise contained in this Proposal and in the parties' adopted Tentative Agreements, retain all existing language in Article 5 of the CBA.

Amend Article 8, Section 8.2.2 to read:

(1) A Leader may be appointed to provide direction for a crew of workers. Except as set forth in paragraph 8.2.2(c) below a Leader shall receive seven and one-half percent (7.5%) of the journey level Electrician rate in addition to regular pay. Temporary employees will not be assigned as Leader without mutual agreement between the parties.

Add to Article 8 Section 8.2.2:

8.2.2(c) An HP Crew Leader may be appointed to provide direction for their crew of HP Technicians along with giving direction to other crews of various crafts throughout their shift. Other duties to be considered normal while performing this assignment include: making shift job assignments, ensuring proper documentation is performed by other HP technicians, reviewing all documentation, preparing comprehensive turnovers, coordinating work and notifying HP Supervision & Operations when appropriate, ensuring all Regulatory requirements are met, and providing coaching and feedback as appropriate. An HP Crew Leader will receive ten percent (10%) of the journey level Electrician rate in addition to the regular pay. Supervision has total right of selection of making this assignment. (U35)

The Union also submitted a proposal on Fire Protection Testing & Maintenance – WAC 212-80-018 compliance.

The Employer submitted the following fourteen-day proposal:

Contract Duration

4 years

General Wage Increase

- October 1, 2020 2.5%
- October 1, 2021 2.5%
- October 1, 2022 2.5%
- September 30, 2023 2.5%

Retroactivity

Wages will be retroactive, while all other economic changes will be prospective. Retroactivity will be calculated in the same manner agreed to by the parties for the 2016-2020 collective bargaining agreement. That language, modified for the new 2020-2024 agreement duration, is as follows:

- GWI retroactive payment will be a lump sum calculated on hours paid to each employee from October 1, 2020 through the date of implementation of new contract, minus applicable taxes and deductions.
- Retroactivity applies to the General Wage Increase (GWI) only. All other economic improvements will take effect prospectively the first pay period following implementation or when otherwise applicable.
- GWI retroactive payments will be paid to employees on the Energy Northwest payroll at the time of implementation, as well as retirees since October 1, 2020.
 Retiree is defined as eligible for PERS retirement benefits on or before date of separation from Energy Northwest.
- Best efforts will be made to pay retroactive compensation in a timely manner.

Personal Time Cap

Modify Section 5.1.2(b) as follows:

(b) There is no limit on accumulation of unused Personal Time. On a date determined by management, the amount of accumulated unused Personal Time will be limited to 800 hours. At the end of each payroll year balance accumulation will be adjusted to this limit (if necessary) without considering any PT cash out declaration effective for the next payroll year.

Add new Section 5.12(c)(4) as follows:

(4) On a date determined by management, accumulated unused Personal Time exceeding 800 hours in existence at the end of a payroll year will automatically be converted to a contribution to the employee's VEBA arrangement. In determining the 800-hour limit, any PT cash out declaration effective for the following payroll year will not be considered.

Holiday Compensation

No change to Article 5, Section 5.3.2

Shift Differential

No change to Article 7, Section 7.1.4

Lead Pay

No change to Article 8, Section 8.2.2

Fire Alarm Work Transferred to Plant Bargaining Unit

- Move fire alarm work outside Power Block to Plant Bargaining Unit (PBU).
- Fire alarm work within Power Block remains with Nuclear Bargaining Unit (NBU)
- NBU continues to maintain loop, hydrants and pumps supplying Facilities buildings outside of the Power Block while PBU assumes the building work starting at the isolation valve.
- All fire panel work being done by Telecommunication Techs moves to the PBU.

The Hearing

This interest arbitration hearing took place virtually on June 22 through 25, 2021. At the start of the hearing, the Parties agreed that the requirements to bring the case properly before the Arbitration Panel ("Panel") for a decision had been met. (TR6:4-10) The Parties also agreed to waive the thirty-(30) day time limit for issuing this award. (TR40:1-10)

The hearing proceeded in an orderly manner. The attorneys did an excellent job of presenting the respective cases. Both Parties had a full opportunity to call witnesses, to submit documents into evidence and to make arguments. Witnesses were sworn under oath and subject

to cross-examination by the opposing Party. Court reporters transcribed the hearing and made copies of the transcript available¹.

At the conclusion of the testimony, the Parties agreed to work together on correcting some of the exhibits and agreeing on some cost information. The Parties provided the updated exhibits post-hearing. The Parties also agreed to establish a schedule for submitting post-hearing briefs. The Parties submitted the briefs on September 10, 2021 and the record then closed. (TR957-TR958)

Background

The Union and the Employer have three primary collective bargaining agreements. One is the Administrative Bargaining Unit ("ABU") agreement, which covers an approximately ten person unit mainly responsible for handling accounting transactions. Another is the Plant Bargaining Unit ("PBU") agreement that covers approximately 40 employees who work in the non-nuclear side of craft work. Four Union members also work under the HAMTC contract. (TR241:22-TR242:1) The Nuclear Bargaining Unit ("NBU") that is the subject of this interest arbitration covers about 216 employees. Mr. Coleman testified that the NBU negotiates with the Employer independently and is not influenced by the negotiation of the other EN agreements. (TR242:14-TR243:1; TR372:14-TR375:7)

Spencer Clark testified at the hearing for the Union. He retired after working 29 years in the NBU as a telecommunications technician. He also served as a Union shop steward and, in the negotiations for the 1997 collective bargaining agreement, the NBU elected him unit chairman.

Mr. Clark testified that negotiations for the 1997 contract began in August 1995. The Parties met in negotiations 72 times over a 22-month period. In the final months they went to federal mediation, which was unsuccessful. He testified that the lengthy negotiations and lack of resolution created tension and anger in the NBU. He also testified that early in the negotiations the Employer gave the NBU committee notice that under the statute (RCW 41.56.123) they had one year to negotiate a contract and, if unsuccessful, the Employer would provide a last and final offer that the NBU would have to vote and if the NBU rejected the offer, the Employer could implement. The NBU initially rejected the Employer's final offer, but later they accepted it as

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¹ Citations to the transcript are in the following format: TR, followed by the page and line numbers. Citations to exhibits are E and the number for Employer exhibits and U plus the number for Union exhibits.

² Ms. Marboe also identified a small unit that the Union represents known as the travelers unit, which has few people. (TR396:11TR397:6).

the best they could do. William Friedel also served on the Union's negotiating committee in the 1995-1997 negotiations. He described his experience in the negotiations in a similar way to Mr. Clark. (TR129:12-TR131:15)

Because the NBU did not have the right to strike and because of the experience in negotiations in 1995-1997, the NBU members began to explore the possibility of interest arbitration. The NBU approached the Legislature in 1998, 1999, 2001 and 2003, but each time the Employer opposed their efforts and the NBU did not achieve its objective. Mr. Clark testified that in 2006 the legislator from the eighth district, Shirley Hankins, suggested that the Parties try to develop a letter of agreement ("LOA") to establish interest arbitration. The NBU agreed but had concerns that the letter would not be a permanent solution and so they continued to pursue legislation.

The record contains a copy of the LOU that the Parties agreed to and which went into effect on February 17, 2006. (U30) The LOU established an agreement to engage in interest arbitration if negotiations and mediation did not produce an agreement for a new contract. The factors the arbitrator was to apply are similar to the factors in the present statute that governs this interest arbitration. The Parties, however, never went to interest arbitration under the LOU.

In 2009, legislation replaced the LOU and enabled interest arbitration for the NBU. In the lead up to the legislation, Mr. Clark and others provided information to legislators about the bargaining history and the NBU's objectives in seeking interest arbitration. (U14)

Allan Guenther testified for the Union. He went to work for the Union in 2005 as a lobbyist. One of his major priorities in that job involved working to establish interest arbitration for the NBU. He testified about the work he did with members of the Legislature to develop and pass the interest arbitration statute. He also provided notes he made during that time and documents that he received from others while working on the statute. (U15)

Although the Union wanted to achieve access to interest arbitration since the 1995-1997 negotiations, it did not obtain access until the 2006 LOA and the subsequent legislation in 2009. The record contains a Final Bill Report document produced by the legislature in 2009. The document includes a paragraph that lists the factors that correspond with the five factors in the statute that apply to this interest arbitration. (U15, p.13-14) Mr. Guenther testified that he did not develop the wording used in that paragraph and he thinks a staff writer for the legislature did a

lot of the writing. Mr. Guenther testified he believed the Union's objective of obtaining interest arbitration was met by passage of the statute (TR67:10-TR68:1; TR71:18-TR72:16).

Julie Marboe has worked for the Employer for 31 years. She began working in labor relations for the Employer in 1998 and since 2008 she has been the labor relations manager. She serves as the Employer's chief negotiator in collective bargaining, and she is the Employer's main contact for all matters related to labor relations. She testified that during the process that led to the interest arbitration statute she did not participate directly. Ms. Marboe testified that since 2009, the Parties have been able to negotiate agreements without resorting to interest arbitration. (TR399:18-25) The most recent prior collective bargaining agreement between the Parties for the NBU ran from October 1, 2016 through September 30, 2020. (J1)

Therefore, this interest arbitration is the first that has occurred between these Parties under either the LOA or the statute. In his testimony, Mr. Clark expressed satisfaction with achieving interest arbitration, but he also testified as follows:

- Q. Do you believe that the statute achieves the objective that you have told us you set out to achieve?
- A. Yes and no. It's a statute, but it's never been used. It's never been tried. And I think right now we're trying to figure out what does it mean? (TR35:16-22)

In a 2014 interest arbitration decision entitled *City of Walla Walla and Walla Walla Police Guild* (PERC No. 25787-I-13-627, p. 2-3) Arbitrator Ken Latsch described principles of the interest arbitration process that interest arbitrators have followed and applied for decades.

Fundamentally, interest arbitrators must remain mindful that interest arbitration is an extension of the collective bargaining process. The Washington State Supreme Court made the following observation about interest arbitration in *City of Bellevue vs. International Association of Firefighters, Local 1604*, 119WA2d373 (1992)):

Accepting the City's position would not promote negotiated resolutions of collective bargaining impasses. An employer or the bargaining representative of uniformed personnel cannot rely on the availability of interest arbitration as an excuse for serious efforts to resolve negotiating impasses. Interest arbitration would become the primary forum where public employers and uniformed personnel would fashion collective bargaining agreements. As the foregoing discussion illustrates, the Legislature did not intend statutory interest arbitration to displace the negotiating process; it intended it to be used to promote uninterrupted and dedicated service by uniformed personnel and to avoid strikes. Thus, it is more appropriate to view interest arbitration not as a substitute for collective

bargaining, but as an instrument of the collective bargaining process that displaces certain economic tactics. (Emphasis by underline added.)

Although the *City of Bellevue* case involved uniformed personnel, the principles described there apply to interest arbitration in the public sector generally.

Arbitrator Latsch cited the late, highly respected arbitrator Carlton Snow from his 1988 decision in *City of Seattle*, PERC No. 6502-I-86-148 as follows:

[A] goal of interest arbitration is to induce a final decision that will, as nearly as possible, approximate what the parties themselves would have reached had they continued to bargain with determination and good faith.

Other arbitrators have characterized interest arbitration as a conservative process, which must take into account the parties' bargaining history, particularly as reflected in the most recent collective bargaining agreement or agreements. As Arbitrator Snow observed:

Interest arbitration is not typically a place of innovation. The presumption is that a party in interest arbitration who seeks a change needs to carry the burden of proving a substantial need for the change. (Spokane Transit Authority, at 42 (Snow, 2001))

Another important consideration in an interest arbitration case is that collective bargaining relationships are long-term relationships. An interest arbitration award differs from, for example, a decision in a civil case in Court. A judicial award is meant to bring a final end to the dispute thus allowing the parties to separate and maybe never see each other again. Interest arbitration awards provide a solution to the issues in dispute in the present contract negotiation, but an interest award usually cannot resolve all the issues completely in a single contract. Some issues have to be further resolved in future contract negotiations that may also end up in interest arbitration. Interest arbitration cases often involve progress rather than perfect finality in dealing with the issues.

This interest arbitration decision is meant to comply with the statutory requirements and to apply the general principles of interest arbitration that have developed over time.

Discussion

RCW 41.56.496 provides that in making its determination of the interest arbitration award, the arbitration panel shall take into consideration the following factors:

a. The constitutional and statutory authority of the employer;

- b. Stipulations of the parties;
- c. A comparison of the wages, benefits, hours of work, and working conditions of the personnel involved in the proceeding with those of like personnel in relevant Washington labor markets. For classifications not found in Washington, the comparison shall be made with similar personnel in the states of California and Arizona, taking into account the relative differences in the cost of living;
- d. Economic indices, fiscal constraints, relative differences in the cost of living, and similar factors determined by the arbitration panel to be pertinent to the case;
- e. Other factors, not confined to the factors under (a) through (d) of this subsection, that are normally or traditionally taken into consideration in the determination of wages, benefits, hours of work, and working conditions.

The following discussion addresses each of the five factors contained in the statute.

a. The constitutional and statutory authority of the employer

Energy Northwest is an employer subject to Interest Arbitration pursuant to RCW 41.56 and RCW 41.56.496 (1). EN is regulated by the Nuclear Regulatory Commission.

b. Stipulations of the parties

The Parties stipulated to the following:

The Parties agree this Interest Arbitration is appropriately before the Arbitration Panel and Energy Northwest is an employer subject to Interest Arbitration pursuant to RCW 41.56 and RCW 41.56.496 (1)

Work performed by the Nuclear Bargaining Unit employed by Energy Northwest and represented by IBEW Local 77, is regulated by the Nuclear Regulatory Commission.

The duration of the Collective Bargaining Agreement shall be October 1, 2020, through September 30, 2024.

All provisions of the contract not before the Arbitrator, including all Tentative Agreements reached during collective bargaining, shall be retained or otherwise incorporated into the 2020-2024 Collective Bargaining Agreement.

The first Nuclear Collective Bargaining Agreement ("NBU") between IBEW Local 77 and the Washington Public Power Supply System ("WPPSS"), unique to NBU employees had an effective date of April 1, 1977, through March 31, 1978. An initial Plant Staffing Agreement was entered on August 8, 1978. Successor NBU Agreements were entered with effective dates of April 1, 1981, through March 31, 1984 (extended to March 31, 1985 and April 1, 1985 through March 31, 1988)

In June 1988, Letters of Agreement were entered to modify and expand the existing HGP/Packwood Agreement to create an all-Supply System, non-Nuclear Bargaining Unit applicable to WNP-1, WNP-3, HGP, and Packwood. The Plant Bargaining Unit ("PBU") is a unit consisting of approximately 40 employees that are responsible for skilled and manual work, operating and maintaining non-Nuclear facilities. This includes a wind turbine project, a hydroelectric project, and buildings near the Nuclear power plant that are not inside the protected area that surrounds the plant and its supporting structures. The Administrative Bargaining Unit ("ABU") is a unit consisting of approximately 10 employees that are responsible for processing accounting transactions company-wide, as well as processing and maintaining records associated with the Nuclear power plant.

c. A comparison of the wages, benefits, hours of work, and working conditions of the personnel involved in the proceeding with those of like personnel in relevant Washington labor markets. For classifications not found in Washington, the comparison shall be made with similar personnel in the states of California and Arizona, taking into account the relative differences in the cost of living;

The General Wage Increase ("GWI") represents the central issue in this case. Historically, when negotiating the GWI, these Parties have always applied the GWI as a uniform percentage across the board to all classifications. If the GWI was 3%, everyone received 3%. Mr. Friedel testified that the NBU considered the straight percentage to everyone to be fair. He testified about the effect of this approach on the pay rates for individual classifications. "[A] percentage eventually spreads you a little farther apart, but that was the fairest way to go." (TR133:22-TR135:5)

The Parties are miles apart on wage increases. One thing they have agreed on is the relevant Washington labor market comparators. They are: Benton PUD, Franklin PUD, Grant PUD, Douglas PUD and Chelan PUD. The Parties, however, have agreed on little else.

The Union asserts that the only relevant comparator for wages, benefits, hours of work and working conditions is Diablo Canyon nuclear power plant in California. The Union argues that NBU workers undergo rigorous "training to task", which differs from the PUD employees who are trained to craft. Electricians at the PUDs are trained and licensed to perform low voltage, medium voltage or high voltage work and that background would qualify an employee to work at another PUD but would not qualify the employee to be able to work on day one in the NBU. (Rockwell Testimony; Bears Testimony, for example)

The starting point for this part of the analysis, however, is the statute. Clearly, the statute contemplates a two-stage process. The first stage involves "comparison of the wages, benefits, hours of work, and working conditions of the personnel involved in the proceeding with those of like personnel in relevant Washington labor markets." Notably, that provision ends with a period. Then the second stage establishes that "For classifications not found in Washington, the comparison shall be made with similar personnel in the states of California and Arizona, taking into account the relative differences in the cost of living. Unfortunately, the statute has not provided us with definitions that would add clarity. For example, a definition of "like personnel" in relevant Washington labor markets would be helpful. Also "similar personnel" in California and Arizona is not defined. No definition is needed for term "relevant Washington labor markets" because numerous interest arbitration decisions have described the "Cascade Curtain" and have discussed the differences in Eastern and Western Washington so extensively that the term relevant Washington labor markets is easily understood.

The LOA the Parties agreed to in 2006 sheds some light on the Parties' thinking about the comparators prior to enactment of the statute. Paragraph 5.c. of the LOA reads as follows:

c. A comparison of the wages, benefits, hours of work, and working conditions of the personnel involved in the proceeding with those of like personnel in the relevant Washington labor market. For classifications not found in Washington (e.g. Reactor Operators) the comparison will be made with like personnel in the states of California and Arizona, taking into account differences in the relative cost of living; (U30) (Emphasis by underline added.)

The language of item c. in the statute and in the LOA is identical except that the inclusion of Reactor Operators as an example of the classifications to be compared to like personnel in California and Arizona is left out of the statute. The record in this case does not include any explanation for that change in the language so we don't know whether the change was inadvertent or intentional. In any event, in 2006, the Union agreed to the inclusion of the Reactor Operator reference in the LOA. Relying on that past agreement, the Employer argues that the second stage of comparisons in Section 5.c. means only those classifications that are found only in nuclear power plants. The Union approaches the argument from a different angle and asserts that the only valid comparisons under either stage of comparison are comparisons to nuclear power plants, and that means Diablo Canyon.

The record shows that at the time the Legislature enacted the statute no nuclear power plants other than EN existed in Washington State. (TR59:2-13) A reasonable conclusion to draw from that fact is that the Legislature recognized that comparisons to "like personnel" in relevant Washington labor markets would include workers at non-nuclear power employers. In addition, the local labor market is a common factor in comparisons of wages in an interest arbitration. The Legislature presumably understood that fact. Otherwise, reference to the Washington labor market would not have needed to be included since Washington had no other nuclear power generation plants.

Therefore, this arbitration decision takes into account both the relevant Washington labor market and the nuclear plants in California and Arizona.

The Parties presented information on comparability in a variety of forms and so the following charts and discussion represent attempts to break down the information for closer analysis.

The journeyman electrician rate has been used by the Parties as the surrogate rate on which to base comparisons with the comparators. The Parties agree that in this proceeding the journeyman electrician should be used as the primary point of comparison. As Mr. Coleman explained the Union's method of analysis, the journeyman electrician rate is 100% in the analysis and the pay of all other classification is measured against that rate. (TR301:11-25; TR302:9-TR303:10, U25, U26) In the comparison of the journeyman electrician rate for Diablo Canyon, the Union adjusted the Diablo Canyon rate by the BEA percentage of 11.6% to obtain a direct comparison with the EN rate. (TR304:6-305:7; U27)

Comparisons to the Relevant Washington Labor Market

The following chart deals with the Union's comparison of the rates from the relevant Washington PUDs.

Electrician Base Wage at Top Scale Journeyman Hourly Rate Washington – With COLA adjustments and with an upward adjustment of 110%

	1 April	1 April	1 April	1 April	1 April	
Year	Benton	Chelan	Douglas	Franklin	Grant	Average
2019	\$52.50	\$50.42	\$50.70	\$52.50	\$53.34	\$51.89
2020	\$54.08	\$51.93	\$53.49	\$54.08	\$55.48	\$53.81
2021	\$56.25	\$55.61	55.67	\$56.25	\$57.81	\$56.32
2022	\$57.95	tbd	\$57.30	\$57.95	\$60.85	\$58.51
2023	\$59.69	tbd	tbd	\$59.69	tbd	\$59.69
2024	\$61.48	tbd	tbd	\$61.48	tbd	\$61.48

Mr. Coleman testified that the Union made the adjustments to the Washington PUD rates in order to have a valid comparison to nuclear work. He testified that the base pay rate is adjusted upward by 110% because at Diablo Canyon, electricians who work in nuclear receive 110% of the journeyman scale rate paid outside the nuclear industry. He testified that this nuclear pay scale increase at Diablo Canyon came about in the 1990s, but other information in the record indicates the increase occurred earlier. (TR319:15-TR321:11) Mr. Coleman summarized that the rates shown in the above chart simulate the rate that would be paid at the PUDs if they were nuclear. (TR321:15-19) The Union asserts that the 110% increase in the comparator rates addresses the fact that working in a nuclear power plant requires a much higher degree of training to task than the training needed to work as an electrician at a hydro PUD.

Documents in the record, however, show that the 110% existed in the Local 1245 contract in the 1980s. (U18) Mr. DeMartini testified that the premium of 5% at one year, 7% at two years and 10% at three years was intended to attract and keep employees at the Diablo plant during a period in which construction and regulatory delays kept the plant from being operational. In addition, he testified that the travel delays workers experienced in getting to and from the plant also entered into providing the premium. (TR577:21-TR582:3)

Mr. Wainwright testified that moving from non-nuclear journeyman electrician work experience to nuclear is not as much of a one-way street as Union witnesses described. He testified that equipment used in the nuclear plant is similar to equipment used in many other industrial settings. (TR775:20-TR778:16)

Mr. Wainwright testified that he has received journeyman electrician applicants who have been able to credit some equivalent knowledge to be able to get Phase 1 qualification done in six months. Others with less work experience may take up to two years to qualify. He testified,

however, that most applicants that are hired come in with substantial experience that can be credited toward Phase 1 qualification. (TR782:11-TR783:22) He testified that he has had several electrical employees within the last two years qualify for Phase 1 in six months. (TR797:8-21) He also testified that the time required to get through the Phase 1 qualification process is not solely linked to the person's ability. Scheduling of the various tasks takes time and can lengthen the process. (TR798:14-22)

The Employer described the Union's approach to PUD wage comparisons as "fatally flawed." The Employer contends the statute requires comparison to actual wages, not a hypothetical assessment of the wages the PUDs might pay if they converted to nuclear.

A question exists whether it is reasonable to compare rates for like personnel in the relevant Washington labor market by changing the rates at the PUDs to hypothetical amounts that would not be paid by those Washington employers. Mr. DeMartini testified at some length about the background and the reasons for the 110% rate at Diablo and characterized the increase as related more to attraction and retention incentives based on unique circumstances at Diablo rather than skill level.

The Employer introduced a document that shows wage comparisons for 2020 for USA members around the country. (E3.11, p. 4) The Union strenuously objected to any consideration of this document because it covers plants in other states than the states that the RCW lists as comparators, and the Union questions the reliability of the data. The document was admitted provisionally. (TR452:24-TR458:3) Even with all the shortcomings the Union raised, the rates from the various plants around the country show that Diablo Canyon rates for a journeyman electrician are significantly higher than the rates at other plants on the list.

The Employer provided the following rates from the PUDs:

Electrician Base Wage at Top Scale Journeyman Hourly Rate
Washington

PUD	2020	2021
Benton	49.16	51.14
Franklin	49.16	51.14
Grant	48.55	50.89
Douglas	47.39*	49.34*
Chelan	46 82*	50.13*

*BEA adjusted. Tri-Cities normalization rate is 97.3%; the Chelan and Douglas rate is 99.0% (E3.8) The Employer used 2018 BEA rates, whereas the Union has used 2019 BEA rates in its COLA adjustments. (TR430:22-TR436:25; E3.8)

The Employer points out that PUD comparables have initiated a "market" pay adjustment based on the shortage of lineman-electricians. (TR444:16-TR449:16)

MSA Electrician Top Scale Hourly Rate

2020	2021
\$44.84	\$46.19

The Employer contends that rates at Mission Support Alliance (("MSA"), which operates on the Hanford site, should be considered when making comparisons. (E3.8) Hanford Mission Integrated Solutions ("HMIS") has recently replaced MSA, but HMIS assumed the MSA collective bargaining agreement. The Union believes the MSA rates are not relevant because the work performed by MSA electricians is not the same as the work of the NBU.

Comparisons with Similar Personnel in the States of California and Arizona

Diablo Canyon Rates

Diablo Canyon Electrician Top Scale Journeyman Hourly Rate Adjusted for BEA of 11.6% (U27; TR290:21-TR291:12)

10/1/2020	4/1/2021	4/1/2022	4/1/2023	4/1/2024
\$53.19	\$54.79	\$56.84	\$58.97	\$61.19

Diablo Canyon General Wage Increases (U8, U9)³

| January 1, |
|------------|------------|------------|------------|------------|------------|
| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| 3.0% | 3.0% | 3.75% | 3.75% | 3.75% | |

A fact that needs consideration when comparing to Diablo Canyon is that the nuclear power plants there are scheduled to close in 2024 and 2025. Also, other plants around the country have closed. Mr. Sawatzke testified about nuclear plant closures in the United States.

³ Exhibit U9 indicates that the GWIs and other terms agreed to may have been related to PG&E's plan for reorganization submitted to the bankruptcy court.

(E2.3, p. 1; TR869:18-TR872:5) He testified that eleven plants have closed since 2012 and the main reason for closures has been financial challenges. He testified that a number of the plants that have closed were top performing plants, but "the economics just did not work." He testified that the closed plants could not provide competitive rates. These facts are important background when considering the increases awarded in this interest arbitration.

Palo Verde Nuclear Power Plant

The Union objected to using Palo Verde as a comparator for at least two reasons. First, because the Palo Verde plant is non-union. Second, because it does not have set negotiated pay rates. Palo Verde has to be considered, however, because it falls within the statutory comparator definition (Arizona) but issues exist in making valid comparisons.

The absence of a union contract at Palo Verde means that the wages, hours and working conditions employees have at Palo Verde cannot be determined with any accuracy. Ms. Marboe testified that the Employer could obtain only limited information about Palo Verde wages, hours and working conditions. (TR564:2-TR565:24; TR791:15-TR792:4)

The Employer introduced a document that shows wage comparisons for 2020 for Utilities Services Alliance("USA") members around the country as one means of showing the rates paid at Palo Verde. (E3.11, p. 4) Mr. Wainwright testified about USA as a source of wage comparison information. He testified that USA relies on the members to report wage information and USA develops an approximation of the average wage. (TR760:15-TR761:23) Ms. Marboe testified that the average wage developed by USA from data provided by the members becomes the reimbursement rate that a utility receives for loaning an employee to another facility. The loaned employee would be paid the employee's regular rate under the terms of the employee's contract but the reimbursement rate to the employee's employer would sometimes be lower. (TR461:10-TR465:12; E3.11, p. 4) The Union strenuously objected to any consideration of USA rate information because the information includes plants in states other than the states that the RCW lists as comparators, and the Union questioned the reliability of the data. The document was admitted provisionally. (TR452:24-TR458:3)

The information in the record on Palo Verde as a comparator has limited usefulness in reaching a decision in this interest arbitration.

Proposed Increases - Union and Employer

The Union proposed the following increases:

Electrician Base Wage at Top Scale Journeyman Hourly Rate Energy Northwest – Union Proposed Increase (U27)

Year	Percent Increase	Effective Date	Hourly rate
2020	6.0%	10/1/2020	\$50.52
2021	6.0%	4/1/2021	\$53.55
2022	6.0%	4/1/2022	\$56.76
2023	4.0%	4/1/2023	\$59.03
2024	Reopener	4/1/2024	TBD

Mr. Coleman explained that the Union proposes to change the increase dates to April 1 rather than October 1. He testified that the Washington labor market comparators receive increases on April 1. Diablo Canyon employees receive increases on January 1. Part of the rationale for April 1 involved bringing the EN increase date closer to the Diablo Canyon date and making the date correspond with the Washington comparators. Also having April 1 as a consistent date will make future comparisons of wages easier. Mr. Coleman testified that the NBU proposes a reopener in 2024 because the Washington comparator rates for that period are not known at this time. (TR305:9-TR307:15) The Union also argues that a reopener is justified because of the protracted nature of past contract negotiations. The reopener negotiations are likely to roll into the 2024 negotiations for a new contract and the April 1 reopener would help to guard against increases being delayed for a year or more as recently occurred and would promote more expeditious resolution of the next contract. (Union Brief, p. 34)

The Employer contends that the proposed reopener would only complicate bargaining for the new contract. The Employer also asks whether the reopener would become a separate issue subject to interest arbitration on only that issue? The Employer proposed the following increases:

Electrician Base Wage at Top Scale Journeyman Hourly Rate Energy Northwest – Employer Proposed Increase to the Current Rate of \$47.66

Year	Base Hourly Rate w/2.5% increase	Base Hourly Rate w/2.5% increase + ARC
October 1, 2020	\$48.85	\$49.44
October 1, 2021	\$50.07	\$50.66
October 1, 2022	\$51.32	\$51.91
September 30, 2023	\$52.60	\$53.19

This chart shows in the right column a wage rate adjusted for the At Risk Compensation ("ARC") program. (E3.7) The Employer described the program as incentivizing excellence and continuous improvement in all areas. Ms. Marboe testified that the targeted amount is \$1,250 per employee, but the amount varies from year to year. In the NBU, once the amount is determined, everyone gets the same amount, which goes into the VEBA account. Management unilaterally determines the formula for calculating the ARC amount yearly. Ms. Marboe testified that she calculated the per hour amount at \$0.59. The above rates for 2020-2024 are adjusted by \$0.59 per hour, but only for illustration because the exact amount each year for future years cannot be determined in advance. (TR437:7-TR438:5; TR551:11-TR552:8 TR553:14-TR554:1; TR554:20-TR555:2; E3.8)

Mr. Friedel testified that during negotiations in 2004, Energy Northwest indicated that the ARC payment "wouldn't count against our GWI or anything like that." (TR930:19-TR932:21; TR933:21-TR934:4)

The Employer argues that the ARC payment represents compensation and should be included in the calculations for determining the hourly wage rate. The Employer cites an interest arbitration award issued by Arbitrator Jane Wilkinson in 2006. (*EN and Steelworkers*, PERC 19012-I-04-0442 (2006)) Arbitrator Wilkinson agreed with the Employer's contention that incentive pay should be factored in as a component of the negotiated pay package because it had regularly been paid over time and was paid during the contract years at issue in the case. Nevertheless, her observations about the EN Employee Incentive Plan payouts are instructive. She wrote the following:

As stated, the ENW general performance incentive was a significant percentage of the bargaining unit's total compensation during the years 2002-2004. If the Arbitrator were deciding future contract terms, this matter would be

more problematic because the incentive program changes from time to time. However, since the Arbitrator is making a retroactive determination of contract terms, she believes it is appropriate to consider the actual payout to employees during the contract period at issue (November 2002 to November 2005) as part of the bargaining unit's base compensation.

The Arbitrator wants to make it clear that she recognizes that considering the incentive as an element of base pay works to the Union's disadvantage when negotiating future pay increases because that incentive is not figured into the base from which future pay increases are given. Therefore, bargaining unit members would not enjoy the compounding effect that would occur if the incentive was included in the base each year. Moreover, with respect to future increases, she recognizes that the incentive is not guaranteed, and in fact the maximum incentive was reduced in 2005. The Arbitrator also recognizes that an incentive bonus can hardly be considered an incentive if it forms part of base pay. These drawbacks will not preclude her from considering the incentive pay but she will take the drawbacks into account when formulating her wage award. (Id p. 18-21)

Arbitrator Wilkinson makes some good points. Including the ARC in determining the wage rate does not give the employees the benefit of compounding for future increases because ARC payments are not made part of the wage scale paid to the employees. Also, the amount can change at management's discretion and is not negotiated with the Union. Finally, an incentive is not an incentive if it's part of base pay. The employer, however, argues that compensation is compensation and if everyone gets the ARC payment it should be counted in total compensation when comparing wage rates.

The correct handling of the ARC payment is the approach taken by Arbitrator Wilkinson. The drawbacks associated with the payment will not preclude consideration of the ARC payment, but the drawbacks will be taken into account when formulating the wage award.

GWI Award

With compounding, the 6% per year for three years and 4% in the fourth year GWIs proposed by the Union results in a 23.86% wage increase over four years and this figure does not take into account any possible wage settlement that could result from the Union's proposed reopener. (TR349:1-9; U28) The 23.86% figure also does not take into account other proposed increases, such as the proposed increase in shift differential. (U28)

The Union's proposed GWI increases over four years compounded at 23.86%, plus a reopener in April 2024, do not represent a realistic level of increase to include in a single interest arbitration award.

The following GWI is awarded, which is an increase of 15.8% over four years (\$55.21 divided by \$47.66 = 15.8%):

Electrician Base Wage at Top Scale Journeyman Hourly Rate Energy Northwest – 2019 Rate of \$47.66 Increased as follows:

Year	Percent Increase	Effective Date	Hourly rate
2020	4.5%	10/1/2020	\$49.80
2021	3.5%	10/1/2021	\$51.54
2022	3.5%	10/1/2022	\$53.34
2023	3.5%	9/30/2023	\$55.21

The Union also proposed changing the effective date of the GWI from October 1 to April 1. The Union has not made a persuasive case for making the change in what has been the standard under this contract.

The Union proposed a reopener, and that proposal is also not adopted. The Parties have sometimes had difficulty in the past reaching agreement during collective bargaining negotiations. The prospect of negotiations for a reopener in April 2024 spilling over into the 2024 renegotiation of the contract could have a disruptive effect on the 2024 negotiations. (E3.18)

Retroactivity

The Union proposed applying retroactivity to the GWI and to all other compensation. The Employer contends that retroactivity in the 2012 and 2016 contracts applied only to the GWI. (E3.17) The Employer argues that calculating the application of retroactivity to other forms of compensation would require pay period to pay period recalculations that will take months and require employment of project personnel in the payroll department to accomplish. (E3.17, p. 2).

The Union has not provided persuasive arguments to justify departing from the practice the Parties followed in 2012 and 2016. Retroactivity will apply only to the GWI.

The GWI retroactive payment will be a lump sum calculated on hours paid to each employee from October 1, 2020 through the date of this Award, minus applicable taxes and deductions.

Retroactivity applies to the General Wage Increase ("GWI") only. All other economic improvements will take effect prospectively the first pay period following this Award or when otherwise applicable.

GWI retroactive payments will be paid to employees on the Energy Northwest payroll at the date of this Award, as well as retirees since October 1, 2020. Retiree is defined as eligible for PERS retirement benefits on or before the date of separation from Energy Northwest.

Best efforts will be made to pay retroactive compensation in a timely manner.

Other Issues

<u>Section 5.1.2(b)</u> – Currently, this provision includes the statement: "There is no limit on accumulation of unused Personal Time." The Employer proposes to eliminate that sentence and change the provision through added language that would set a cap of 800 hours for personal time banks and any personal time ("PT") in excess of 800 hours in existence at the end of a payroll year will automatically be converted to a contribution to the employee's VEBA arrangement. (J1, p. 11; Employer's 14-Day Proposal)

Ms. Marboe testified that the personal time bank is a funding challenge for EN. No cap on the accrual of PT has applied throughout EN and not just in the NBU. Each time a wage increase occurs, the value of the time in the bank increases above the value that it had when earned. She gave the example of someone who has PT in the bank that was earned ten years ago. Withdrawal of that ten-year old PT now would be at a much higher pay rate than the rate at which the time was earned. EN has to reserve funds to cover all of the PT bank balances. As of February 28, 2021, the value of the collective PT balances that EN has to fund reached nearly \$25 million. EN invests the reserve, but the money earned on the investment does not cover the increased value of the PT. In addition to whatever is earned by investing the reserve, EN has to put aside from \$500,000 to \$1.5 million each year.

Ms. Marboe testified that the Employer wants to have the same cap throughout EN and is bargaining for the cap with all unions and reached agreement to impose the cap in 2019 with the administrative bargaining unit and the plant bargaining unit represented by Local 77. She testified that employees will not lose the value of the PT because the excess over 800 hours will go into the employees' VEBA. The amount in the VEBA can then be used to pay medical premiums, co-payments for insurance and other medical or dental treatment not covered by insurance. Management wants to be able to determine the implementation date for this change so that the date can be consistent throughout all units at EN. In addition, management proposed to provide advance notice before implementing the change so that employees can cash out or use

some of the PT time in excess of 800 hours if they want to do so before the excess hours are moved to VEBA.

Ms. Marboe testified that the comparator Washington PUDs, except for Chelan, have a PT cap of 700 hours for new hires. Chelan has 800 hours. The PUDs grandfathered existing employees, which apparently means the cap does not apply to them. The Chelan PUD implemented the cap in April 2012 and the other PUDs have had a cap since 2011. The PUDs do not have the VEBA option that EN proposes. The Nuclear Security Unit at EN agreed to a cap in 2016, but the cap was not implemented because implementation was contingent on implementing a cap agency wide. (TR507:16-TR516:5; E4.1) Ms. Marboe testified that in negotiations with the ABU and the PBU, the Union did not want to differentiate among employees and wanted the same cap to apply to everyone. (TR510:1-13; E4.1)

Jim Bears, who has worked for the Employer for eighteen years and who has been a reactor operator since 2006, testified for the Union. He described the extensive testing that reactor operators receive in order to maintain their licenses. (TR157:3-TR159:14) Mr. Bears testified that he has 1178 hours of PT that he has saved "just for insurance." He has concerns that because of the extensive requirements of the job he might be permanently or temporarily disqualified from working and the PT in his PT bank would allow him to remain on the payroll and not lose income. (TR164:1-TR165:7) Mr. Bears testified that transferring the PT in excess of 800 hours into VEBA does not work for everyone. Many workers, including Mr. Bears, are exmilitary and receive medical benefits from the VA. Mr. Bears testified that he also has coverage through his wife's health insurance, so most of his medical costs are covered. (TR166:20-TR167:16) He also testified that if the goal of establishing the cap is to encourage use of PT to take time off, the problem with that is that a limit exists on the number of reactor operators who can be on vacation at the same time. He also testified that he has been called in to work when on vacation because other reactor operators called out. (TR167:25-TR169:5)

Ms. Marboe testified that the State of Washington has a Paid Family Medical Leave law that provides a short-term disability benefit for 12 weeks. That benefit, along with the ability to have 800 hours of PT in the bank, would cover periods of short-term disability. The Employer also has a long-term disability insurance program that any employee can sign up for and which takes effect after the first 90 days of disability. (TR517:6-TR519:13)

Ms. Marboe also provided an exhibit that shows that only 19 members of the NBU have PT leave bank balances in excess of 800 hours, as of May 28, 2021. The balances range from 820.96 to 1,781.63. (E4.1, p. 5; TR516:6-TR517:5)

The Employer has made a persuasive case for applying the 800 hours cap prospectively. Ms. Marboe testified that the Employer is bargaining the same cap with all unions. (TR511:2-9)

Fairness dictates, however, that the employees who have accumulated a balance in excess of 800 hours as of the date of this award should be grandfathered and excluded from the current and future application of the 800 hours cap. Those employees will continue to be able to accumulate PT hours in their PT bank and hours in excess of 800 will not be transferred to VEBA. The nineteen employees with balances over 800 hours were not identified by name, but their leave balances as of May 28, 2021 are listed on E4.1, p. 5.

<u>Section 7.1.4(c) Shift Differential</u> – The Union proposes the following changes to this Section of Article 7:

Shift differential will be paid on all hours at the rate of nine percent (9%) of the journey level Electrician rate for the entire shift when the shift is twelve (12) or more hours in length and majority of the shift falls between 1600 and 0600 on weekdays and all hours of the weekend (midnight Friday to midnight Sunday). Shift differential will be paid on all hours at the rate of four-and-one-half percent (4.5%) of the journey level Electrician rate for the entire shift if the shift is less than twelve (12) hours in length and the majority of the shift falls between 1600 and 0600 on weekdays and all hours of the weekend (midnight Friday to midnight Sunday). When paid on overtime, shift differential will be paid at the overtime rate.

Mr. Huntsman testified about the fatigue associated with the disruption of circadian rhythm and sleep disruption that comes from changing shifts from days to nights or nights to days. He helped to formulate the Union's proposal on the shift differential, which he concedes would not cure the sleep disruption issues he described but would at least reward employees in some way. (TR110:23-TR111:17; TR115:8-TR116:24) On cross-examination, Mr. Huntsman acknowledged that the fatigue rule carries the expectation that if a worker is too tired to be working then the worker should immediately notify the supervisor. (TR123:25-TR124:13)

Mr. Coleman testified that with disruption of normal sleep patterns normal tasks become more difficult and completion of those tasks requires increased effort. The sleep disruption also has detrimental effects for employees at home. Mr. Coleman testified that the increase in the

shift differential will compensate for the increased effort required at work. He testified that the Union looked to the Diablo Canyon contract for comparability but found the formula used there unnecessarily complicated. (TR251:6-TR257:20)

The Union estimated the total cost of this proposal for the year 2019-2020 would have been \$366,866, which represents an increase of \$215,188 over the cost of the current shift differential during that period of \$151,678. (U21; TR263:20-TR264:16) Because of basing the differential on a percentage rather than a fixed amount, the cost would rise each year.

The Employer estimated a substantially higher cost to this proposal. (E7.2)

The Union does not identify any changed circumstances that would justify a significant change in the shift differential. The Union has not met the burden to show a substantial need for the increase in the shift differential and so the Union's proposal is not awarded and Section 7.1.4(c) will be unchanged.

Section 5.3.2(a)(1) – The Union proposes to modify Article 5, Section 5.3.2.(a)(1) which currently reads:

Employees not needed for work may be released to observe the holiday. (J1, p. 12)

The Union proposes the following modification:

Employees not needed to work may be released to observe the holiday. Employees who are released that were scheduled for a shift greater than eight (8) hours will be compensated with eight (8) hours of Holiday Pay plus the difference of the Regular shift (e.g. a ten (10) hour shift worker will receive eight (8) hours of Holiday Pay plus two (2) hours of Regular Pay).

Mr. Coleman characterized the Union's proposal as a "make whole" proposal. On holidays on which an employee is scheduled to work but is considered not necessary for the operation of the plant and instead of reporting to work stays home. If the employee was scheduled to work a ten or twelve hour shift that day the employee would have been paid for the ten or twelve hours, but when they stay home for the holiday, they receive only eight hours pay. Mr. Friedel testified that the eight-hour holiday compensation dates back to a time when shifts were eight hours. (TR144:8-25) When ten- and twelve-hour shifts were created, the holiday compensation did not change. The result of the holiday pay system now in place is that an employee on a ten- or twelve-hour shift who is considered not necessary for the operation on the

holiday receives less compensation for the week than if the employee worked all of the scheduled ten or twelve hour shifts that week. If the employee wants to maintain the compensation ordinarily received for the week, the employee would need to use PT to make up the loss of two or four hours of income. ⁴

The Agreement provides nine holidays and two floating holidays. Section 5.3.1(a) reads as follows:

(a) A holiday is eight (8) hours of pay at the straight-time rate. Floating holidays must be taken in eight (8) hour blocks. (J1, p. 12)

Employees who work on a holiday shall be paid the double time rate in addition to the regular holiday pay. All employees receive a total 72 hours of holiday pay for the year for the nine holidays.

The Employer argues that the Union's "make whole" justification for paying additional holiday pay to the employees who regularly work ten or twelve hour shifts and are not required to work on a holiday rests on the assumption that employees on ten and twelve-hour shifts regularly work a forty-hour week. An exhibit in the record, however, shows the annual twelve-hour shift rotating work schedule. As the schedule clearly illustrates, employees on twelve-hour schedules work 36 hours some weeks (3 days of twelve hours) or 48 hours in other weeks (4 days of twelve hours). (U5) Therefore, these employees are accustomed to weeks in which they receive less than forty hours of pay, and they have weeks in which they receive more than forty hours of pay. The information in the record concerning ten-hour shift employees is less clear.

Although the Employer argues that employees on rotating twelve-hour shifts are accustomed to weeks in which they receive less than forty hours of pay, the fact remains that under the present system, employees receive less pay than ordinarily received in those weeks in which a holiday occurs and the employee does not work the holiday. Therefore, the holiday week differs from the week when the rotating schedule provides for less than forty hours.

The ordinary understanding of a holiday from work is a day off with pay. Receiving less pay for the holiday than the pay received on a normal workday seems inconsistent with the basic

⁴ The Union argued that exempt employees are made whole, but that argument fails to take into account the fact that exempt employees are treated differently under the Fair Labor Standards Act. Exempt employees do not receive overtime for additional hours worked and do not receive a reduction if the employee works less than the regular work week. Exempt employees receive the same amount of pay each week. (TR529:6-22)

understanding of a holiday. Eight hours of holiday pay makes sense if all shifts were eight hours. Eight hours of pay for the holiday does not make sense when the employee regularly is scheduled for ten or twelve hours on the day on which the holiday falls.

The Employer estimated the impact of this benefit as affecting 14 job classifications in 7 departments and about 134 employees. Three holidays per year would be involved according to the Employer's analysis. Ms. Marboe summarized the cost as follows:

And so the estimated increased cost over the life of this four-year contract, again, assuming the union's wage proposals are implemented, so that was the assumption, we believe would be approximate added cost to the agency of about \$200,000. (TR528:6-11; E6.1, p. 4)

The Union provided a different annual cost estimate of \$93,358 that does not take into account any GWIs during the life of the contract. (U22)

The Union has made a persuasive case that the eight hours of holiday pay to employees who are regularly scheduled for ten- or twelve-hour shifts and do not work on a holiday is not consistent with the concept of what a day off from work with pay means. The Union's proposed modification of Section 5.3.2.(a)(1) is awarded with the modification that Regular Pay shall read Straight Time Pay.

Article 8, Section 8.2.2 – Section 8.2.2(a) currently reads as follows:

(a) A Leader may be appointed to provide direction for a crew of workers. A Leader shall receive seven and one-half percent (7.5%) of the journey level Electrician rate in addition to the regular pay. Temporary employees will not be assigned as Leader without mutual agreement between the parties. (J1, p. 27)

The Union proposes to revise Section 8.2.2(a) as follows:

(a) A Leader may be appointed to provide direction for a crew of workers. <u>Except as set forth in paragraph 8.2.2(c) below</u> a Leader shall receive seven and one-half percent (7.5%) of the journey level Electrician rate in addition to regular pay. Temporary employees will not be assigned as Leader without mutual agreement between the parties. (New language underlined.)

The Union also proposes to add new Section 8.2.2(c) to Article 8 as follows:

8.2.2(c) An HP crew leader may be appointed to provide direction for their crew of HP Technicians along with giving direction to other crews of various crafts throughout their shift. Other duties to be considered normal while performing this assignment include: making shift job assignments, ensuring proper documentation is performed by other HP technicians, reviewing all documentation, preparing

comprehensive turnovers, coordinating work and notifying HP Supervision & Operations when appropriate, ensuring all Regulatory requirements are met, and providing coaching and feedback as appropriate. An HP Crew Leader will receive ten percent (10%) of the journey level Electrician rate in addition to the regular pay. Supervision has total right of selection of making this assignment.

Mr. Coleman summarized the HP job in part as follows:

So a health physicist has a unique task in that they have sole responsibility for a particular hazard at a nuclear facility to include responsibility for the environment to make sure that there's not an uncontrolled release of radioactive material or contamination. (TR276:25-TR277:6)

Mr. Coleman characterized the HP Lead as a unique classification that requires a high degree of mathematical understanding. (TR278:6-9) He testified that the HP Lead has responsibility for multiple jobs compared to a lead for another craft that has responsibility only for a specific task. (TR278:21-24)

Mr. Friedel has worked for the Employer for 32 years. He described his job as an HP technician in part as follows:

To perform surveys, to assess radiological conditions in and outside the plant, and to brief workers so they can keep their exposures low and they can know the radiological conditions in the plant. (TR126:21-TR127:2)

Mr. Friedel testified that other leads have supervision nearly all the time, but the HP leads do not have direct supervision 75% of the time. He testified that the HP Lead fields phone calls all day from numerous departments. The lead checks the qualifications of the crew, verifies log book entries and reviews all paperwork and radiological surveys done during the shift, along with other duties. He testified that getting well-qualified people to volunteer for the lead position can be difficult and increasing the compensation would help to give people an incentive to volunteer. (TR138:1-TR142:8)

Mr. Wainwright testified that he respects the work of the HP Leads, but he also described challenging work recently performed by leads in his department. He testified that from his perspective as the Manager of the Maintenance Department he does not see justification for different lead premiums among the different leads. (TR783:25-TR787:24) Mr. Hedges, who manages the department where the HP Leads work, testified that HP Leads serve an important

function, but leads in other departments, as Mr. Wainwright testified, also have critical responsibilities. (TR859:5-TR860:25)

The Employer argues that since 2001 all leads have received the same 7.5% for lead duties. Mr. Friedel testified that for an even longer time the leads have always been paid the same premium, which was 5% and then in 1991 changed to 7.5%. (TR150:12-TR151:6) The Employer has concerns that paying one lead position more than the others could create friction among leads in the NBU. The Employer argues that the HP Lead duties do not differ in any meaningful way from what is expected of leads in other parts of the unit. (TR859:5-TR860:25) The Employer also has concerns that raising the rate for one lead position will create pressure to extend the increase to other leads. (TR536:1-19; E8.1)

The Union has not identified changed circumstances that would justify modifying the HP Lead pay provision. The record presented in this case does not prove that a substantial need for the change exists.

Fire Protection Testing & Maintenance

The Washington Administrative Code requires that EN test fire alarms and devices annually to make sure they are functioning properly. The WAC requirements apply to EN facilities outside the nuclear power plant power block. Inside the power block, the WAC does not apply and the NRC regulations control.

Mr. Ashbaugh explained in his testimony that historically three different work groups have handled the fire alarm testing work. The NBU electricians handled the seven facilities inside the protected area. Outside the protected area the fire alarm testing work has been handled by NBU telecommunications technicians. PBU technicians have handled all devices that go along with the fire alarms, including smoke detectors, pull boxes, horns, strobes and others. (TR731:3-20)

The WAC now requires that all fire alarm testing and inspection must be done by a National Institute of Certification in Engineering Technologies Level II ("NICET II") technician. Prior to that change in 2018, any qualified person could do the testing of the fire alarm panels. (TR733:14-22)

Mr. Ashbaugh testified that the only NICET II trained individual works in the PBU. Under existing practices, when testing on the fire alarm occurs outside the protected area a NBU telecommunications technician goes to the job, but the PBU NICET II qualified technician has to

be there to watch the work performed by the telecommunications technician. Mr. Ashbaugh testified that coordinating the scheduling of the two individuals has been complicated and inefficient. TR734:11-TR735:3)

The NICET II certification process has extensive requirements. The individual must first pass Level I certification, which requires about 12 consecutive months of hands-on fire alarm panel work. The performance of that work has to be verified by a supervisor or past employer. To reach Level II requires an additional twelve months of hands-on testing experience. Following initial Level II qualification, the worker must earn 90 continuing development points every three years. (TR736:10-TR739:10)

Mr. Ashbaugh estimated that PBU technicians currently perform about two-thirds to three-quarters of the fire protection work. (TR745:12-TR746:8)

Mr. Wainwright works as Manager of the NBU Maintenance Department. He testified that all of the required training and qualifications of employees in his department are geared towards maintaining the nuclear power plant. He considers the fire protection testing in the power block buildings within the protected area to be related to the maintenance of the nuclear power plant and the work should be performed by NBU members, as the Employer proposes.

Mr. Wainwright testified that other buildings in the protected area that have office space and do not house equipment are distinguishable from the buildings that involve operating and maintaining the power plant. (TR756:8-TR758:2)

Mr. Wainwright also testified that the fire protection work now performed by NBU and PBU employees equals approximately 0.7 of an FTE. (TR805:5-18)

The Employer proposes to keep the fire protection work within the power block buildings with the NBU. The Employer proposes to move all the work that is covered by the WAC NICET II technician requirement to the PBU where the NICET II technician works. The work to transfer to the PBU includes fire alarm protection work in the non-power block buildings inside the protected area and the warehouse buildings. The Employer's proposal also extends to non-power block buildings outside the protected area and facilities located in Richland and extends to the work that has been performed in those areas on fire alarms by NBU telecommunications technicians. In short, the Employer proposes that all fire alarm work exempt from the WAC regulation will be performed by NBU members and all fire alarm work covered by the WAC NICET II requirement will be performed by the PBU members, including the panel work

currently performed by NBU Telecommunications Technicians in the facilities buildings.⁵ (E5.1, p. 6-7) The NBU Telecommunications Technicians will continue to perform the work on the Monoco Transmitters.

In response to the change in the WAC requirements, the Employer's proposal essentially involves transferring a small amount of work from the NBU to the PBU in order to promote efficiency and avoid the need to have two individuals performing work that one is qualified for and capable of performing. (TR756:12-TR758:21) In addition, the NBU currently has no member that is NICET II qualified and obtaining that qualification could take two years. Based on the evidence in the record, the Employer's proposal is awarded.

d. Economic indices, fiscal constraints, relative differences in the cost of living, and similar factors determined by the arbitration panel to be pertinent to the case

Discussion of Economic Indices, Fiscal Constraints, and Similar Factors

Jeff Windham testified for the Employer. He works as the Treasury and Business Planning Manager for EN. His duties include working on the long-range planning associated with Columbia Generating Station ("CGS").

Mr. Windham testified that EN has broad authority to acquire, construct, and operate plants that generate electric power, but CGS is EN's largest asset and makes up the bulk of its operations.

Mr. Windham described a complex series of transactions, referred to as net billing agreements, through which the Bonneville Power Administration ("BPA") has agreed to take all the power generated by CGS. In return, BPA agreed to pay the costs incurred to operate CGS. Consequently, because of the responsibility to cover costs, BPA has the authority to review the budgets that EN submits and has a right to disapprove or "non-disapprove" the budget. (TR645:4-TR646:1) Mr. Windham testified that he knows of no instance in which BPA has disapproved an EN budget. (TR666:121-14)

EN Executive Board Member John Saven testified at the hearing. Governor Inslee appointed him to serve on the Executive Board in 2016. (TR602:14-20) Mr. Saven has an extensive background in public power in the Pacific Northwest. (E2.1, p. 1)

⁵ The Union proposed a pay increase for the PBU NICET II electrician. The Panel does not have authority to award a wage increase to a member of a different bargaining unit in this interest arbitration. (U35)

Mr. Saven presented an overview of the current and upcoming status of public power in the Northwest and the potential impact on EN. BPA operates as part of the U.S. Department of Energy. BPA markets wholesale electric power from federal hydroelectric projects in the Northwest, the CGS nuclear plant and several small non-federal power plants.

To promote long-term planning and stability, BPA has entered into long-term 20-year contracts with public power customers. The current round of contracts will expire in 2028. BPA has started the process of trying to determine what the requirements are going to be in upcoming negotiations for new long-term agreements. Because of the large number of parties involved and the complicated issues, BPA has decided to begin the process now. BPA intends to issue guidance by the end of 2021 about the basic design of new contracts and the principal elements that would go into the contracts. By 2023, BPA will issue a formal record of decision that describes how the contracts will be put together and how they will work. (TR610:5-TR611:21)

As a result of inexpensive hydropower, BPA power rates historically have been attractive compared with alternatives that rely on coal and gas generated power. Because of the more favorable prices, BPA has been able to sell its surplus power to California at a profit. That situation has changed. An influx of solar in California has reduced the need to acquire power from BPA. California has also begun to establish new rules requiring that resources have to be "green", which has depressed the market for surpluses. Also, natural gas prices have fallen and other resources are being developed in California. In 2018, BPA could sell excess power at approximately \$36 per MWh. By 2020, the price had fallen to \$24 per MWh, or a 33% reduction in just two years. (TR621:20-TR623:4) Accordingly, BPA's ability to rely on surplus power sales as a significant source of revenue has declined and may continue to do so. (TR633:2-25)

Recently, BPA has been subject to increased requirements related to remediation of the impact of hydropower operations on fish and wildlife. The hydroelectric system produces cheap electricity, but it has an adverse impact on fish and wildlife. Court orders or settlements have resulted in 17 cents of every dollar going to fish and wildlife remediation either through direct expenditures or lost revenue from voluntary spill rather than running the water through the turbines. (TR626:2-13)

Solar and wind power have become increasingly more available. Because solar and wind are renewable and cost competitive, they are attractive to retail customers.

BPA engages in needs assessments to try and predict the need for power in the coming ten years. The 2019 Needs Assessment projected a significant decline in the need for power in the Northwest. (E2.1, p. 10)

Some utilities are considering changes in their relationship with BPA. Historically, BPA has blended all power that it receives and then provides to customers. Some utilities want to have a greater say in the kind of power that they purchase. For example, the City of Seattle has considered a resource package from BPA that excludes nuclear power. (TR634:20-TR636:2; TR638:16-TR639:1) Although nuclear power is considered carbon-free, state laws in Washington and Oregon do not classify nuclear power as renewable. (TR636:3-TR637:3) Therefore, customers seeking renewable power resources might not want to include nuclear.

BPA operates with the Bonneville Fund that the Federal government provides. Mr. Windham testified that the fund operates like a line of credit that allows BPA to borrow up to \$7.7 billion. By the end of 2020, BPA had borrowed \$5.65 billion, which brings BPA close to the borrowing authority cap. BPA has a policy of maintaining a minimum of \$1.5 billion available at all times. The effect of this policy is that BPA only has \$600 million left to borrow before they reach the \$1.5 billion target limit. BPA expects to fully exhaust the \$7.7 billion borrowing authority by 2032. Congress would have to authorize any further borrowing above that level. (TR647:6-TR649:16)

Columbia accounts for 22% of the power services expenses for BPA. Mr. Windham testified that BPA has pressured EN to hold flat in its budgeting and absorb all the impact of inflation. EN projected that it would need \$615,684,000 for the BP 22, which runs through BPA's fiscal years 2022 and 2023, starting on October 1, 2021. BPA mandated that EN "hold flat" meaning that EN received the same as the prior rate period (two-year cycle), or \$577,584,00, which is \$38.1 million short of EN's projected need. (E2.2, p. 10; TR652:6-TR653:5)

Mr. Windham testified that baseline labor costs make up about one quarter of overall non-capital related costs at CGS. When labor related overhead is factored in, almost half of the costs of CGS to operate are related to labor or indirectly to overhead costs, such as benefits.

Mr. Saven testified about the cost per megawatt hour of CGS power versus hydro power. BPA estimates that the average direct cost of CGS is about \$50 per megawatt hour, but if debt service is included the cost goes up to \$57 per megawatt hour. BPA estimates the average direct

cost of hydro is about \$9.56 per megawatt hour. If debt service is added, then the cost goes to \$22 per megawatt hour. BPA's estimates put the cost per megawatt hour at CGS at about two and one-half time the cost of the federal hydro system. BPA charges its customers an average of \$37 per megawatt hour. (TR616:7-TR617:24; E2.1, p.11)

Mr. Windham testified that the Employer believes maintaining internal equity with other bargaining units and the non-represented employees represents a high priority. On cross-examination the Union established that other bargaining units have already reached agreement on contracts and so would not be subject to further increases to account for internal equity until those contracts expire. (TR664:18-25; TR672:9-TR673:19)

In their testimony, Mr. Saven and Mr. Windham stressed the need for caution concerning EN costs and projected an uncertain future for the marketing by BPA of CGS power. The Union contends, however, that this somewhat bleak picture conflicts with other public statements that EN has made.

The Union cited the quote from the second page of the Employer's April 2020 Communication Guide, which reads:

Compared to the auto, airline or other industries, nuclear is the highest performing in the nation. Bob Willard, President & CEO, Institute of Nuclear Power Operations, August 2018 (U33)

The Union also cited the following statement from Governor Inslee from October 2019:

...nuclear energy in our state and the nation is helping to reduce carbon emissions and plays a vital part in the state's diverse mix of environmentally responsible generating resources... (U33)

The Union points to other optimistic statements in the 2020 Communications Guide:

- Annual generation records in 2012, 2013, 2014, 2016 and 2018.
- According to BPA, Columbia "helps carry the load in August and January when there's no water, and when there is oversupply, can ramp down to provide grid flexibility.
- Contributes \$690 million annually to the regional economy.
- Will contribute \$8.9 billion to the Washington economy from 2018 to 2043. (U33)

The EN 2020 Annual Report includes the following statements:

- The generation for FY 2020 represented the highest fiscal year on record for Columbia.
- Columbia's cost performance is measured by the cost of power indicator. The cost of power for FY 2020 was 3.26 cents per kilowatt-hour (kWh) as compared with 4.76 cents per kWh in FY 2019. The generating cost of power fluctuates year to year depending on various factors such as refueling outages and other planned activities. The FY 2020 cost of power decrease of 31.5% was due to the record generation established by Columbia for FY2020, as well as, the decreased generation levels due to the planned refueling outage (R-24) in FY 2019. FY 2020 cost of power was 3.3% below budget reflecting a 1.5% decrease in expected costs combined with the increase of 1.9% in generation versus projections. (U2, p. 8)

The EN Strategic Plan FY 2021-2025 notes that Washington State has a mandate of 100% clean energy by 2045 and EN is exploring ways to assist in meeting that mandate. (E1.2, p. 2) The Plan states:

We have the best and the brightest team with industry-leading knowledge, expertise, experience and commitment to delivering Excellence. We will continue to provide the region with carbon-free power, while decreasing costs and improving performance, these efforts remain vital as the northwest transitions to a clean energy future. (E1.2, p. 2)

The Plan also includes the following:

For more than 60 years Energy Northwest has provided the region clean, cost-effective and reliable energy. Today we generate more than 1,400 megawatts of diverse, carbon-free energy through hydro, solar, wind and nuclear. These projects power more than a million homes each year. As a joint operating agency, our skilled workforce is also looking at ways to further expand our portfolio of assets and services to address the region's future energy resource needs. (E1.2, p. 3)

The Report states that of the 1,400 megawatts generated, 1,207 are carbon-free nuclear energy generated by CGS on a 24/7 availability. (E1.2, p. 3)

The Report also indicates that EN plans to continue feasibility studies and a possible arrangement with Grant County in which a Small Modular Reactor ("SMR") would be built on the EN site and EN would then operate and maintain it. Mr. Sawatzke, retiring CEO of EN, testified that the project has to develop "two to three years of paperwork to get that approval before we can actually turn a shovel and start building." (TR883:19-22) Nevertheless, the project holds future promise that other PUDs may see the Grant County project as a model they could

replicate, also relying on Columbia's expertise to operate and maintain additional facilities. (TR884:18-TR885:10)

Mr. Sawatzke testified about nuclear plant closures in the United States. (E2.3, p. 1; TR869:18-TR872:5) He testified that eleven plants have closed since 2012 and the main reason for closures has been financial challenges. He testified that a number of the plants that have closed were top performing plants, but "the economics just did not work." He testified that the closed plants could not provide competitive rates. He briefly described the challenges that the Employer hopes to address in this interest arbitration:

So that is the challenge that we're trying to make sure we address here. And, you know, making sure we're fairly treating our employees, while also putting a long game in place to ensure this plant will be here for years to come. (TR871:24-TR872:4)

In summary, the record submitted by the Parties shows that economic indices, fiscal constraints, and similar factors provide a cautiously optimistic picture of the future for CGS, but uncertainties remain.

The History of CPI Changes and GWI Increases for the NBU - 2010-2019

The Employer submitted the following chart of the history of CPI increases compared to EN NBU GWIs. (E12) The chart shows that in most years from 2010 to 2019, the GWI exceeded the increase in each of the three indexes listed. The cumulative increase of 28.75% for the GWI exceeds the cumulative total for each of the three indexes:

Increase Year	EN - NBU	All Cities	West Coast	Seattle-Tacoma-
		CPI-W	CPI-W	Bellevue CPI-W
2010	3.00	2.1	1.3	0.80
2011	3.00	3.60	3.20	3.20
2012	2.75	2.10	1.70	2.50
2013	2.75	1.40	1.00	1.20
2014	2.75	1.50	1.30	1.90
2015	3.00	-0.40	0.10	0.90
2016	3.00	1.00	0.90	2.30
2017	2.75	2.10	2.40	3.30
2018	2.75	2.50	3.00	3.40

2019	3.00	1.70	2.40	2.10
Totals (%)	28.75%	17.60%	17.30%	21.60%

e. Other factors, not confined to the factors under (a) through (d) of this subsection, that are normally or traditionally taken into consideration in the determination of wages, benefits, hours of work, and working conditions.

As noted earlier, the Employer introduced a document that shows wage comparisons for 2020 for Utilities Services Alliance ("USA") members around the country. (E3.11, p. 4) The Union strenuously objected to any consideration of this document because it covers plants in states other than the states that the RCW lists as comparators, and the Union questioned the reliability of the data. The document was admitted provisionally. (TR452:24-TR458:3)

The Employer wants this information considered under this factor e, as another factor ordinarily considered in interest arbitration. The information provided in E3.11 and the testimony show that Diablo Canyon rates look like an outlier in the nuclear field, both before and after a BEA adjustment of the rates listed. (TR452)

<u>Award</u>

<u>Contract Duration</u> – October 1, 2020 through September 30, 2024 (Stipulation of the Parties)

Existing Contract Provisions and Tentative Agreements – All provisions of the contract not before the Panel, including all Tentative Agreements reached during collective bargaining shall be retained or otherwise incorporated into the 2020-2024 Collective Bargaining Agreement. (Stipulation of the Parties)

General Wage Increase - Article 9:	October 1, 2020	4.5 %
	October 1, 2021	3.5%
	October 1, 2022	3.5%
	September 30, 2023	3.5%

<u>Retroactivity</u> – Wages will be retroactive, while all other economic changes will be prospective. Retroactivity will be calculated in the same manner agreed to by the Parties for the 2016-2020 collective bargaining agreement, as follows:

- GWI retroactive payment will be a lump sum calculated on hours paid to each employee from October 1, 2020 through the date of this Award, minus applicable taxes and deductions.
- Retroactivity applies to the General Wage Increase (GWI) only. All other economic
 improvements will take effect prospectively the first pay period following this Award or
 when otherwise applicable.
- GWI retroactive payments will be paid to employees on the Energy Northwest payroll at
 the time of this Award, as well as retirees since October 1, 2020. Retiree is defined as
 eligible for PERS retirement benefits on or before the date of separation from Energy
 Northwest.
- Best efforts will be made to pay retroactive compensation in a timely manner.

<u>Section 5.1.2(b)</u> – Delete the current language: "There is no limit on accumulation of unused Personal Time." Add the following language to this Section: On a date determined by

management, the amount of accumulated unused Personal Time will be limited to 800 hours. At the end of each payroll year balance accumulation will be adjusted to this limit (if necessary) without considering any PT cash out declaration effective for the next payroll year. Members of the bargaining unit who have accumulated a balance in excess of 800 hours as of the date of this Award are excluded from current and future application of the 800 hour cap.

<u>Section 5.12(c)(4) – new section</u> – On a date determined by management, accumulated unused Personal Time exceeding 800 hours in existence at the end of the payroll year will automatically be converted to a contribution to the employee's VEBA arrangement. In determining the 800-hour limit, any PT cash out declaration effective for the following payroll year will not be considered. Members of the bargaining unit who have accumulated a balance in excess of 800 hours as of the date of this Award are excluded from this provision.

<u>Section 5.3.2(a)(1) – Modify this provision as follows:</u> Employees not needed for work may be released to observe the holiday. Employees who are released that were scheduled for a shift of greater than eight (8) hours will be compensated with eight (8) hours of Holiday Pay plus the difference of their Regular Shift (e.g. a ten (10) hour shift worker will receive eight (8) hours of Holiday Pay plus two (2) hours of Straight Time Pay).

<u>Section 7.1.4(c) Shift Differential</u> – No change.

Article 8, Section 8.2.2 – No change

<u>Fire Protection Testing & Maintenance</u> – The Employer's proposal is adopted as follows:

- Move fire alarm work outside Power Block to Plant Bargaining Unit (PBU).
- Fire alarm work within Power Block remains with Nuclear Bargaining Unit (NBU).
- NBU continue to maintain loop, hydrants and pumps supplying Facilities buildings outside of Power Block while PBU assumes the building work starting at the isolation valve.

All fire panel work being done by Telecommunication Techs moves to the PBU with the
exception that NBU Telecommunications Technicians will continue to perform the work
on the Monoco Transmitters.

Respectfully submitted on this 1st Day of November 2021

Joseph W. Duffy Impartial Arbitrator

Willy Garris

IBEW Local 77

Stepher Lorence Energy Northwest