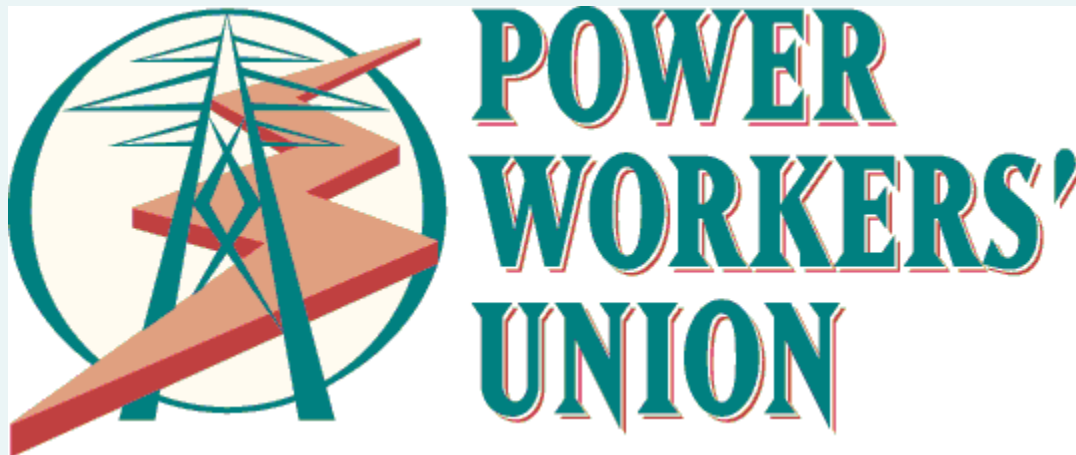
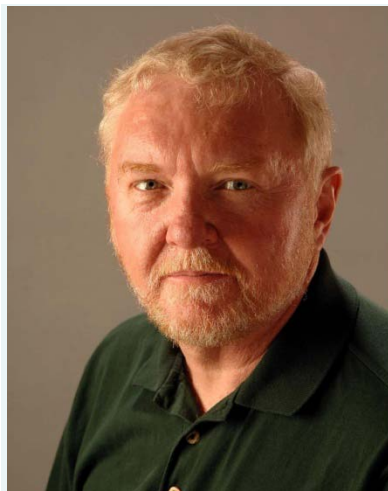


Please Forward to All Members and Post



Newsletter June 2013



PWU President
Don MacKinnon

In last month's newsletter, I indicated the importance of improving communication to the membership. One element of that strategy will be to institute a regular newsletter that will get pertinent information out to members in a timely way. While we work on that project, I wanted to take this occasion to brief PWU members on a number of issues. In this newsletter, we've included updates from each of the three sectors, items on pensions, PWU training, and PWU participation

in the electricity regulatory process. We would appreciate feedback on the newsletters and other communication mechanisms as we continue to modernize our strategies.

The weather continues to get better and better every day as the vacation season approaches. I would like to wish all members and your families a safe and enjoyable summer.

Sector 1 Update

Bob Walker, Vice-President

As Don MacKinnon noted in his May Newsletter, communication within the PWU is a high priority and that applies to Sector 1 as well. The sector has seen a lot of change in the last two decades but there's much more ahead of us and we need to be ready for it. Effective communication will help us face impending challenges with a common understanding of the issues at hand.



As Don noted last month, provincial energy policy has favoured intermittent renewable sources of electricity such as wind and solar that have to be backed up by electricity generated from natural gas. Just as Ontario is about to get out of coal generation, it is needlessly building new natural gas generating stations and is in danger of expanding its reliance on fossil fuels and increasing carbon emissions. What is clear is that provincial energy planners have been fixated on a short-term surplus in electricity generation in Ontario and have ignored the looming shortages in base-load generation in the coming years. The PWU has long promoted the refurbishment of Ontario's nuclear fleet and the building of new CANDU reactors at Darlington because these strategies

are not only good for PWU members, they are good for Ontario's economy and the environment.

On May 23, the PWU hosted a workshop on the future of Canada's nuclear energy sector organized by the well-respected Public Policy Forum. The all-day session brought together some two dozen senior business, government, academic and labour leaders to discuss the development and export of Canada's nuclear reactor technologies, the uranium mining industry and nuclear services. The results of the workshop will inform a summit of industry leaders to be held in Ottawa in the fall.

Nuclear electricity generation does not produce greenhouse gases; it is reliable, stable and competitively priced; it employs thousands of people and is a pillar of the Ontario economy; and it helps protect a strong Canadian nuclear industry.

Sector 1 has members working in some of Ontario Hydro's successor companies--Ontario Power Generation-Nuclear (OPG-N), Bruce Power, Kinectrics, the Nuclear Waste Management Organization (NWMO), AMEC Nuclear Safety Solutions--as well as Atomic Energy of Canada-Chalk River Laboratories (AECL-CRL), Nuvia Canada (formerly Coor Nuclear Services), and three units of the Compass Group. While these companies are independent of one another, their futures are all closely linked.

The future of Canada's nuclear industry needed a successful restart of the Bruce A Units and they got it. Bruce Power now has all eight units running again and many valuable lessons were learned along the way. The importance of that achievement cannot be overstated. Additional refurbishment activities will be required in the near future and we will continue to help set the stage for the success of Bruce Power as well as the sharing of that success with PWU represented employees and

retirees. The current collective agreement with Bruce Power expires December 31, 2013 and preparations for bargaining are underway now.

OPG-N is going through a business transformation process that will reduce staffing levels by attrition. This process will see the centralization of some functions such as supply chain and training. PWU members are protected by the job security provisions of our OPG Collective Agreement, which runs until March 31, 2015. At the same time, there will likely be some movement of PWU members under the provisions of Article 11.0.

The Darlington Nuclear Generating Station is scheduled to start a nine-year refurbishment project in 2016. All four units will undergo a mid-life refurbishment, which will keep them operational for another 25+ years. The Pickering Nuclear Generating Station is nearing the end of its operational life and it is scheduled for closure in 2020. Keeping Pickering staffed for the next seven years, managing the Darlington refurbishment, and transitioning to a smaller four-reactor company all present major challenges and we have already begun discussions with OPG on the implications for PWU members and the company.

The PWU represents the nuclear operators at AECL-CLR, which is the site of the National Research Universal (NRU) reactor. The future of AECL-CRL is uncertain because the NRU, which began operations in 1957 and produces medical isotopes, is nearing the end of its useful life. Its license runs until 2016. While there have been many calls to replace the NRU, the federal government has taken no steps in this direction and has been promoting alternatives to reactor-based isotope production. The federal government announced earlier this year that it was looking for a private company to manage the site while maintaining government ownership, a process that will take two years to complete. The last PWU collective agreement with AECL-CRL was concluded recently by means of arbitration but it expires on March 31, 2014, meaning that bargaining will begin again very soon.

Kinectrics provides testing, inspection, and certification services to the electricity industry and has been doing well for the last few years resulting in a growing number of jobs for PWU members. Kinectrics boasts a highly-skilled workforce and much of the high-tech work it does cannot easily be done elsewhere. That being said, there are many pressures in the industry right now and Kinectrics is very dependent on OPG, Bruce Power and Hydro One. The PWU collective agreement with Kinectrics expires on December 31, 2013 and preparations for bargaining are underway now with pensions likely to emerge as a central issue.

AMEC-NSS is in much the same position as Kinectrics. We are in bargaining with AMEC NSS now and have recently applied for conciliation.

The PWU has a small number of members at the NWMO who have recently ratified a collective agreement. Given the long-term planning in relation to challenges posed by the storage of nuclear waste materials and used fuel, job security at the NWMO is not an immediate concern.

The PWU represents members at Nuvia Canada, a nuclear services organization working in radiation protection, material handling, waste management, facility decommissioning and site remediation projects. The PWU collective agreement with the company has expired and we will be negotiating with them this summer. The PWU has supplied members to Nuvia in Sweden, New Brunswick and elsewhere in Ontario and we are currently exploring new opportunities with Nuvia.

The PWU represents cafeteria workers employed by the Compass Group at the Pickering, Darlington and Bruce Nuclear Generating Stations. The Compass-Darlington collective agreement was ratified recently and the agreements at Pickering and Bruce expire this fall.

Sector 1 puts a lot of effort into our numerous health and safety activities. At our quarterly sector meetings, we receive regular reports on shift issues, radiation protection and work protection. We will be

presenting our first PWU Health and Safety Activist Awards at the September meeting of the Council of Chief Stewards.

There is a lot going on right now in Sector 1. We need informed members as well as educated and engaged Stewards, Joint Health and Safety Committee members and Chief Stewards. Our continued success will require nothing less. We have to be watching vigilantly for threats as well as opportunities and be prepared to think in new and innovative ways.

In his May newsletter, Don talked about working people being under attack. Canadian and Ontario unions are under a real threat. To say the 'right to work legislation' label is misleading is an understatement. Its goal is to destroy trade unions and lower the standard of living of the middle class. Solidarity isn't something many of us normally talk about but it might be worth taking a moment to think about what unions have done for you and your community. What do you think your life would be like without unions? The PWU is your union and it works for you but you need to be part of it. Please get informed and get involved.

Sector 2 Update

Brad Carnduff, Vice-President

The most significant developments in Sector 2 are the recent announcements by Ontario Power Generation (OPG) of the final closure of Lambton and Nanticoke Generating Stations and the reduction of one unit at Thunder Bay Generating Station. The PWU is still doggedly pushing the government and opposition parties to convert the coal stations to use natural gas and/or biomass. We still believe it is the best option and we do not believe the government has totally ruled conversion out. In the



meantime, out of necessity, we are working through logistical and other issues with OPG to facilitate the redeployment of staff and to ensure that the terms of the coal closure and voluntary service package (VSP) mid-term agreements are applied as they were negotiated.

OPG is already in the process of converting the Atikokan Generating Station to biomass fuel. This project triggered the coal closure language (partial closure) last year but the small staff number reduction was achieved by means of VSPs. No PWU members were redeployed or laid off.

OPG is also proceeding with its business transformation process. In the non-nuclear area, we expect the changes to occur in the corporate groups. OPG is realigning geographically and structurally to a centre-led organization and some PWU members have already been moved from head office to the Kipling complex. We expect more changes going forward and the company has committed to provide information to us in a timely manner. There is potential for timing problems in managing coal closure and business transformation actions in the nuclear and non-nuclear organizations. The PWU is highlighting issues as they appear and will ensure our members' rights are protected.

Although the bargaining climate has gotten tougher we continue to bargain good collective agreements with other employers in Sector 2. We recently completed a successful round of negotiations with Mississagi Power in Sault Ste. Marie that included wage and benefit improvements. This contract has now been ratified. We are currently in bargaining with New Horizon System Solutions. These negotiations are proving to be very tough because the company is struggling with contract cutbacks from their biggest customer (OPG). Nevertheless, we are confident that we will achieve our goal of wage and benefit improvements.

Sector 2 will also have more bargaining in 2013 with BPC District Energy in Windsor, Lake Superior Power in Sault Ste. Marie, Atlantic Power

(several locations), and Portlands Energy Centre in Toronto. These employers are having difficulty securing long-term power purchase agreements with the Ontario Power Authority (OPA). This problem is reflected at the bargaining table but you can bet PWU bargaining committees will be up to any challenges.

The Sector 2 Strategic Plan was recently completed and will be presented for approval at the June sector meeting. The plan addresses key issues including communication, which has been the subject of many ideas for improvements.

Sector 3 Update

Mel Hyatt, Vice-President

The most significant news in Sector 3 is that the PWU reached a tentative two-party settlement with Hydro One on May 16. The proposed collective agreement is subject to ratification by both parties and no further details will be communicated until each party has reviewed it with their principals. The PWU will be conducting ratification meetings during the months of June and July.



Recently, we have seen that provincial employers have been somewhat conditioned by provincial austerity measures even though most of these organizations are profitable businesses that contribute revenue to the tax base. Recent bargaining with the electrical utilities (local distribution companies or LDCs) has been affected by pressures imposed by the Ontario Energy Board, which has consistently restricted rate applications. Some LDC Boards of Directors have become more aggressive and emboldened by provincial austerity trends even though these companies are not owned or operated by the provincial

government and are still very profitable. The PWU has positioned itself to ensure the best results for its members, and to date has been able to negotiate good settlements that include real wage increases above the rate of inflation and improvements to benefits and working conditions.

Communication within Sector 3 is always a matter of great importance and it has been ongoing challenge for elected representatives because of the diversity of employers and the geographic distribution of the membership. Most importantly, the sector has struck a strategic planning team to review communications at every sector meeting and has designated information exchanges across the sector as an ongoing priority.

In the recent years, employers have been increasingly contracting with third-party service providers to act on their behalf for short-term and long-term disability benefits administration and "return to work" agreements. Not only does the introduction of these new players prove to be a complicating factor, these contracted service providers are driven by cost-cutting imperatives. Members and PWU elected representatives have roles to play to ensure that issues with the service providers are addressed with the employer; it is the employers, not the service providers, that are the signatories to our collective agreements. If members are having difficulty in dealing with the service providers, you should immediately contact your PWU representative for assistance.

Finally, a new concern in the sector is the growing delay in having grievances heard at Hydro One. A year ago, a grievance would land at the Grievance Review Board in about a month; now it is taking three to four months. Part of the explanation lies in the sheer volume of grievances that have been necessitated by management cost-cutting strategies infringing on the collective agreement rights of members. Many of these grievances go to arbitration for final resolution and the PWU is actively

seeking to speed up the process by expanding the list of arbitrators. The Union has also appointed a new PWU Grievance Officer, Scott Andrews, which will help expedite case preparation.

Pensions

In recent years, there has been a pronounced trend in pension benefits that has seen a push to eliminate defined benefit pension (DB) plans or replace them with defined contribution (DC) plans. Decent retirement incomes are under threat from employers and some politicians. While pension rules can be complex, the basic concepts are simple. A DB plan is one that promises a defined benefit at the point of retirement (e.g., a pension of 2 percent of wages per year of service). In a DC plan, fixed contributions are paid into an individual account by employers and employees. The contributions are then invested, for example in the stock market, and the returns on the investment (which may be positive or negative) are credited to the individual's account. On retirement, the member's account is used to provide retirement benefits.



Over the years, employers in both the public and private sectors all over Europe and North America implemented DB plans as a means of attracting skilled labour and providing for a sustainable retirement for their employees as a reward for many years of good service. From the outset, DB plans provided a benefit for both employers and employees and, when times were good, they flourished. In fact, they more than flourished. Many of them generated large surpluses (money that wasn't needed to pay for the pensions promised to employees). Many employers, including the governments of Ontario and Canada, took surplus funds out of DB plans to use for other purposes. In fact, governments passed laws to allow the practice, even though employees claimed that the surpluses, or part of them, belonged to the pension plan members.

The employees' claim in this regard was based on the fact that both employees and employers contribute to a DB plan. Pension contributions are taken off every employee's pay cheque and employers make contributions for every employee they have. The system was designed to have everyone contribute to a fund that would pay plan members (both employees and managers) a set pension when they retire. When interest rates and investment returns started to decline, many DB plans ended up in deficit positions. Actuaries predicted that there wasn't enough money in the plans to pay out all the pensions. Many of these deficits only matter if the business ceases operations before the investment returns recover. One quirk of the pension rules is that they apply equally to public pensions even though governments don't go out of business.

There have been calls to convert DB plans to DC plans. Over the past forty years, the proportion of DB plans in the private sector has declined from almost 90% to just over half. Progressive Conservative leader Tim Hudak, for example, has explicitly said that all new hires in the public sector should only be offered DC plans rather than being allowed to participate in existing DB plans. This movement towards DC plans is driven by self-interest on the part of employers. A DB plan contains the promise of a fixed pension that was agreed upon by employers and employees at the outset of their relationship, whereas a DC plan does not. The conversion from DB to DC shifts risk from employers to employees. The conversion would leave an employee who was promised a pension in a specific amount at a specific age without any certainty as to if and when they can retire and how much of a pension they will have when they do. This is not the deal they bargained for and not the promise made to them during their working years.

The PWU is strongly opposed to these attacks on hard-won public pension plans and will continue to resist the movement towards more DC

plans. Claims of "gold-plated" or "lavish" public pensions are false. In most plans, employees at the age of retirement with 25 years of service would retire on 50 percent wages, after paying into the plan during their entire careers. These plans aren't lavish; they provide a fair level of security in return for long-term service to the employer and contributions to the plan for a quarter century. Public pension plans work in the interests of Ontario. Like all of us, employers should live up to the promises they've made. Our members who have worked for many years to fund a plan that promised them defined pensions deserve decent retirement security.

PWU Training

The PWU takes a special pride in its training programs. Over the last eight years, training has been treated as a particularly crucial priority of the union due to mass retirements of the "Baby Boomer" membership and the hiring of thousands of new members.



One of the cornerstones of our training programs is our Member Awareness Sessions. These sessions foster friendship and camaraderie among PWU members from across the province. Our newest members gain a better understanding of the Union's history, operations and challenges. Time is provided for participants to explain their concerns, clarify their issues and identify areas where the union can help them be more effective in their workplaces and in their communities. Participants leave with new perspectives on the meaning of membership and the actions they and their co-workers can take to strengthen the union. Over 1,000 PWU members have attended one of 24 sessions that have been offered since the beginning of 2011. Three more sessions are planned for the remainder of the year.

Training for Stewards is offered first in an on-line pre-qualification format. After successful completion of that module, a Steward can attend Level 1, which provides an overview of the PWU structure and describes the Steward's role. The course curriculum includes a more in-depth review of the PWU constitution, collective agreements, the grievance process, Workplace Safety and Insurance Board processes, human rights, the Employee and Family Assistance Program, health and safety, and jurisdiction issues. Approximately 320 Stewards have attended Level 1 since the beginning of 2011. In the same period, some 220 Stewards have attended the Level 2 course, for which they are eligible one year after completing Level 1. We held a Level 3 Chief/Principal Stewards' course in 2012 with about 60 participants and provided another training session to Chief Stewards while they were in Toronto for the Council of Chief Stewards last September. The training staff also reaches out to provide orientation for newly-elected Chief/Principal Stewards. We are planning one Level 1 Stewards' course, one Level 2 Stewards' course and one Chief/Principal Stewards' course during the rest of 2013.

Our health and safety team offers accreditation courses at three levels (1, 2, and 3). In a normal year, the PWU runs three courses that accommodate up to 60 health and safety representatives. This year, we will be offering four courses (two Level 1s and one each for Levels 2 and 3). This training is in addition to certification training required by law and has helped support our network of representatives who play a vital role in the day to day safety of PWU members throughout the province.

PWU training programs are regularly analyzed, with feedback from participants, for need and effectiveness. Gaps, duplications and needed updates are identified and programs are revised accordingly.

The Regulatory Environment

One way that the PWU stands out from many other unions is its active participation in electricity sector regulatory proceedings. The PWU is a frequent respondent to calls for submissions from provincial ministries, the Ontario Power Authority (OPA), the Independent Electricity System Operator (IESO), and, most importantly, the Ontario Energy Board (OEB). While our paramount concern is the potential impact of regulatory decisions on our employers and ultimately, our members, our fact-based approach that emphasizes the broader public interest has earned us the respect of many industry players. As you would expect from such complex undertakings, the timelines can be very long and it is sometimes difficult to describe clear-cut union wins. Nevertheless, our track record has earned us a privileged place in many public consultations. While many of the proceedings in which we participate (40 to 50 per year) are technical and legalistic, I wanted to give you a flavour of PWU submissions and their importance. Below is an example of a typical proceeding that the PWU would participate in and why.



Electricity Distribution System Reliability (EB-2010-0249) [Active]

In recent years, the OEB has placed far too much emphasis on reducing the operational expenses costs of distribution and transmission companies and not enough on the quality of service that customers get for their money. At times, this misplaced preoccupation has prevented companies from undertaking needed work and system upgrades or penalized those companies that provide an optimal balance of service quality and costs.

This particular OEB initiative is the result of repeated interventions by the PWU over a number of years and is intended to insure consistency in distributors' reliability data and introduce a common understanding as to how reliability measures should be monitored from utility to utility. The PWU is participating in this initiative for a number of reasons:

- to support robust service quality regulation,
- to underscore the need for ongoing electricity system investment,
- to ensure ongoing and improved service reliability, and
- to permit the development of historic data and reliability performance trend analysis.

As recognition of our ongoing concern about this issue, the PWU was selected as one of 10 participating organizations on the OEB's Reliability Data Working Group.

No matter what the outcome of this process is, we anticipate a marked improvement in the collection of reliability data and a greater recognition of the importance of balancing costs and reliability standards when setting electricity distribution and transmission rates. That would be good for ratepayers, our employers and PWU members.