

Dear Brothers and Sisters,

Below you will find the Union's clarification to the recent communication from PSE in regards to the current contract negotiations.

The purpose of this message is to provide an update on the status of our negotiations with the IBEW. As you know, we have been bargaining in good faith with the IBEW for a successor agreement since November, with no new issues on the table since the middle of February. While we were committed to completing negotiations by the end of March, that unfortunately did not occur and our employees who are represented by the IBEW have been working without a contract since April 1<sup>st</sup>.

***Good faith bargaining infers that both parties act ethically, truthfully, and seek a reasonable outcome. From the PSE perspective, as long as we accept language changes that adversely affect our benefits and working conditions, the IBEW would be negotiating in good faith. Good faith bargaining DOES NOT MEAN conceding to reductions contract after contract. Our contract with PSE did expire on March 31, 2017. While we are in active negotiations, all terms and conditions of the expired CBA, including wages and hours, continue and are in full force until a successor agreement is reached.***

We have now been in negotiations for more than eight months and, while we have made progress on benefits and some working conditions language, we have not made any significant progress for some time. Because progress has essentially stopped, we presented the Union with our last, best and final offer on June 8<sup>th</sup>. With this proposal, we have signaled to the Union that we believe negotiations have been exhausted and we formally asked the Union to take the proposal to a vote of the membership. The main economic elements of the proposal are as follows:

***We did not consider what was received as a "last, best, and final" from PSE a voting proposal at all. It was a summary document that reduced their previous summary document wage rates because of our resistance, and their eventual backing off, from their ridiculous PTO proposal. Without a comprehensive voting proposal, there are no tentative agreements included, no LOA inclusion, and no tracked housekeeping changes. We will certainly give consideration to an offer by PSE presented as a comprehensive voting proposal.***

Wages:            2.5% upon ratification  
                      2.75% on January 1, 2018  
                      2.5% on January 1, 2019

***PSE considers the IBEW members to be overpaid. Our data shows otherwise. Add to this that the average negotiated wage rate of 30 local utility contracts is 3.05% per year, you can see why we are not thrilled by this offer.***

Benefits:            Employer cost sharing: 80% for employee-only coverage\*; 75% for family coverage  
                          Flex credits based on the weighted average cost of available plans\*  
                          Increase Wellness Credits to \$50 per month effective January 2019\*  
                          No further changes to benefits for 2 negotiation cycles, unless mutually agreed\*

***Let's take a look at past PSE cost sharing reductions:***

***2010 PSE share reduction of 21% for employee only and 1% for employee with family premiums***  
***2014 PSE share reduction of 15% for employee only and 5% for employee with family premiums***

***Now PSE wants us to take on an additional 5% burden for employee with family premiums as well as changing the flex credit calculation to use the weighted average of all selected plans, resulting in an employee increase, rather than using a core plan. Our definition of a shared benefit plan is much different than that of PSE, especially when the average area utility cost share is 90%.***

PTO: Increased minimum usage:

- Years 1 through 9: 15 days
- From year 10: 20 days
- Grandfathered employees: 25 days

Add list of grandfathered employees to the appendices.

***After backing down from their monthly carryover plan that had no comparables that PSE could provide and none that we could find, PSE increased the minimum PTO usage and decreased their general wage offer. At least we now know what they consider the value of their PTO plan and they know the value we give it.***

Life Insurance: Double coverage from 50% to 100% of annual wages\*.

***This was one of the IBEW membership priorities and an original IBEW proposal. PSE is glorifying it as their own now. The non-represented employees have been getting this benefit for some time now and see no reason why it should not extend to the IBEW membership.***

(Items marked with an asterisk (\*) are those on which we have reached conceptual agreement.)

***We are not sure what a “conceptual agreement” is but there are no “tentative agreements” with any marked items in this list.***

In addition to these economic items, we are seeking to clarify language on some issues – including meal allowances – some of which have resulted in grievances over the past few years due to differences in interpretation of the existing language.

***The meal allowance language change has not been agreed to and negatively affects some IBEW groups. While some clarification may be needed in this article, it should not come at a cost to us.***

The issue of greatest contention has been our proposed change to a monthly PTO carryover. While our proposal would require employees to manage their PTO balances on a monthly basis (rather than the current annual standard), we proposed to increase the amount of time most employees accrue based on their length of service: accruals for newer employees would double starting in year 1, increase by 2 days per year at year 5. There were no proposals to reduce accrual rates.

***A monthly PTO carryover requirement is unheard of, both inside and outside of the utility industry. An informal poll of non-represented PSE employees on this plan shows a large majority dissatisfaction with the structure. Our PTO is precious to us and provides a security bank for extended leave, emergency situations, illness, and injury. This plan would force those at their carryover maximum to use their PTO monthly to keep below the limit, instead of building toward a longer vacation while still maintaining the security bank that the annual carryover provides. What this does do is flatten out the unfunded liability that is incurred by PSE when PTO is on the books. We do not believe that PSE had our welfare in mind when they conceived this plan.***

***Interesting that they claim that “most employees” would have seen an increase in PTO accrual. Only those in their first year (10 to 20 days) and those in years 6 -10 (an additional 2 days) would have seen***

***an increase. This certainly is not “most”. They also do not mention that the final step to 27 days was proposed to happen a year later at 20 years rather than the current 19 and that the carryover limit for new employees was reduced to 120 hours for the first 4 years.***

This additional benefit to employees, as well as the monthly accrual proposed, was offered to encourage employees to actually take time off on a regular basis to refresh and stay healthy, which is the purpose for which the benefit is provided. Along with these PTO enhancements, we offered to extend the 3-week paid parental leave (PPL) program to the IBEW membership. The Union rejected the PTO/PPL proposals. As a result, on June 8<sup>th</sup>, we officially withdrew our proposal for a monthly carryover, and our current proposal includes only the elements noted above.

***Notice that PSE did not include the monthly accrual proposed as an additional benefit. We agree with this. Taking mandatory “use or lose” PTO every month to stay below the carryover limit is certainly not our idea of refreshing. One thing left out here was that the PPL program was not available if we did not accept PSE’s proposed PTO plan. Because of this requirement, we said no to both.***

The IBEW also expressed concern about our proposed changes to medical benefits. In particular, increased cost-sharing has the inevitable effect of increasing the amount employees will pay to receive the benefit. However, our current proposal maintains 80% employer cost-sharing for employee-only coverage and slightly reduces family coverage to 75%. Taking into consideration the agreed upon increase to wellness credits, we expect that the average monthly cost increase per year of the contract would be \$20 per month for employee only coverage, and \$50 per month for family coverage.

***So, if we get this right, what PSE is saying is that if they decrease their share of the health care premiums, then the IBEW members will have to pay more. GENIOUS!***

***We see absolutely no reason to entertain yet another cost share shift to the benefit of PSE.***

***Our math shows that our members would see an increase in health care costs of \$26 per month for employee-only and \$92 per month for employee with family. Any increase beyond our cost share of a premium rise is just not acceptable.***

Having presented the Union with our last, best and final offer, we are most interested in receiving a response to our request that IBEW-represented employees be given an opportunity to vote on it. However, despite our efforts to secure a response, as of today’s date, the Union has not told us whether they will present it to the membership. We will provide an update once we have additional information to share. In the meantime, if you are a union-represented employee, please direct any questions regarding the negotiations and related issues to your union representative. Non-represented employees may contact their leadership with any questions.

***We made an attempt, at the negotiating session on June 15<sup>th</sup>, to express our concern of not receiving a comprehensive agreement to review and decide whether we would agree to send it out to vote. We also tried to present PSE with a counter. The PSE team left negotiations within 4 minutes of it starting with no progress made. Good faith bargaining?***



**PSE'S LAST, BEST & FINAL OFFER TO THE UNION**

<b>Term of Agreement:</b>	3 years, expiring March 31 <sup>st</sup> , 2020 <i>Accepts Union's 03.20.17 proposal</i>
<b>Wages:</b>	Per counterproposal dated 06.08.17 <i>Ratification: 2.5%; Jan. '18: 2.75%; Jan. '19: 2.5%</i> <i>Wages effective date changed per Union's 12.20.16 proposal</i>
<b>Health &amp; Welfare Benefits:</b>	Per counterproposal dated 06.08.17 <i>Cost sharing at 80% employee only; 80%-75%-75% family coverage</i> <i>Flex credits based on weighted average cost of available plans</i> <i>Wellness credits increased to \$50 effective January 1, 2019</i> <i>No discussion/change to benefits prior to 2023</i>
<b>PTO:</b>	Per counterproposal dated 06.08.17 <i>No changes to accruals or annual carryover</i> <i>Minimum usage increased as follows:</i> <ul style="list-style-type: none"><li>- 1-9 years: 15 days</li><li>- 10+ years: 20 days</li><li>- Grandfathered: 25 days</li></ul> <i>Cleanup/clarifying language regarding grandfather status + list of covered employees</i>
<b>Military Leave:</b>	Per proposal dated 12.06.16 <i>Additional 5 days paid military leave</i>
<b>Disability Leaves:</b>	Per counterproposal dated 02.16.17 <i>Industrial illness benefits for 1 calendar year from first lost day.</i>
<b>Life Insurance:</b>	Life insurance doubled to 100% annual salary <i>Accepts Union's 03.20.17 proposal</i>
<b>Holidays:</b>	Per proposal dated 11.20.16
<b>Meal Allowance:</b>	Per counterproposals dated 04.06.17 <i>Language consistent with 11.12g, per Union's proposal</i>
<b>Boot Allowance:</b>	Per proposal dated 03.08.17 <i>Increases allowance to \$100 every 2 years</i>

**Sick/Safe Leave LOA:**

Per proposal dated 11.17.16  
*Renewal of existing agreement*

**Call-back:**

Per counterproposal dated 03.08.17  
*Accepts Union's proposal and adds clarifying language*