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KODA CONSULTING, Inc.  
409 Main Street • Ridgefield, Connecticut 06877-4511

February 15, 2013

Via e-mail

Honorable Jeffrey C. Cohen, Acting Secretary  
State of New York Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

Re: CASE 12-M-0192 – Joint Petition of Fortis Inc., FortisUS Inc, Cascade Acquisition Sub Inc., CH Energy Group, Inc., and Central Hudson Gas & Electric Corporation for Approval of the Acquisition of CH Energy Group, Inc. by Fortis Inc. and Related Transactions

**Reply Comments of International Brotherhood of Electrical Workers, Local 320  
Regarding the Joint Proposal in the Above Proceeding**

Dear Acting Secretary Cohen:

This letter is being submitted as the Reply Comments of International Brotherhood of Electrical Workers, Local Union 320 (“Local 320”). Local 320 continues to be extremely concerned with the proposed transaction, as delineated by the Joint Proposal (“JP”) in this proceeding as pointed out in its Initial Comments. The Petitioners continue to point out that the JP embodies Fortis’ stand-alone corporate governance and operational model<sup>1</sup> which in Local 320’s view effectively results in eviscerating the knowledge base of Central Hudson Gas & Electric Corporation’s (“Central Hudson’s”) gas and electric operations and will result in longer restoration periods for gas and electric emergencies and in unnecessarily higher costs to ratepayers. Local 320 believes that the transaction as proposed is not in the interest of customers and ratepayers, as well as utility workers of Central Hudson Gas and Electric Corporation or the overall public interest of the State of New York.

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<sup>1</sup> Statement of Petitioners in Support of Joint Proposal dated February 8, 2013 at 34.

The Petitioners claim that Local 320's reliance on a portion of the recent Commission-ordered Management Audit of Iberdrola, NYSEG and RGE, in relation to an "overuse" of contractors by NYSEG and RGE, is misplaced referencing the Commission Order in the Iberdrola case.<sup>2</sup> While it may be the affirmative use by Iberdrola's Spanish executives of inappropriately benchmarking low levels of internal workforce at its operating companies NYSEG and RGE, in the Fortis/Central Hudson proposed JP, such mandates from Fortis are not needed to result in excessively low levels of internal workforce as Central Hudson has been and is orchestrating a similar inappropriate reduction of internal workers as referred to in Local 320's Initial Comments<sup>3</sup>. The JP does nothing to correct this situation.

In the most recent contractor report sent to Local 320 by Alison J. Michaels, Director of Labor Relations, dated February 4, 2013, three outside contractors were given long-term contracts (2013 through 2015) to provide labor, materials, supplies and equipment to:

Contractor 1 - pinpoint, locate and repair approximately 200 leaks per year in Central Hudson's Gas Distribution System;

Contractor 2 - pinpoint, locate and repair approximately 80 leaks per year in Central Hudson's Gas Distribution System; and,

Contractor 3 - pinpoint, locate and repair approximately 40 leaks per year in Central Hudson's Gas Distribution System.

This is the type of work that a gas utility operations internal workforce normally performs. The trend to use third party outside contractors is inappropriate and will ultimately lead to unfavorable service conditions which will be burdensome to customers.

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<sup>2</sup> *ibid.* at 36.

<sup>3</sup> Initial Comments of I.B.E.W. dated February 8, 2013 at 3.

Therefore, Local 320 believes that there must be a change in direction from the JP's treatment of Central Hudson by Fortis' management regarding the employment of an internal operational "boots on the ground" workforce compared to its use of third party contractors. This change must occur prior to any approval by the State of New York Public Service Commission ("Commission") of the proposed transaction and before the point is reached where customers will suffer and the internal knowledge base is lost forever.

### **Conclusion**

Based on the reasons cited above, and referenced in Local 320's Initial Comments, the Petitioners' Requested transaction is not in the public interest. Approving it would provide foreign ownership of a New York State gas and electric corporation without adequate safeguards. The continued inappropriate use of third party contractors and diminishing internal company labor will be inimical to both Central Hudson's ratepayers and its internal workforce.

Local 320 continues to believe that the Commission should reject the proposed acquisition without a commitment from both Fortis and Central Hudson to affirmatively and effectively address the issues noted above through a requirement to change the focus of the operations of Central Hudson from the use of outside third party contractors to the use of its internal workforce supported by increased education and training to maintain and improve its knowledge base. Thank you for the opportunity to provide our comments and for the Commission's consideration of them.

Respectfully submitted,

*/s/ Richard J. Koda*

Richard J. Koda, Principal  
on behalf of  
International Brotherhood of Electrical  
Workers, Local 320

cc: w/encl: Hon. David L. Prestemon, Administrative Law Judge  
Hon. Rafael A. Epstein, Administrative Law Judge  
John P. Kaiser, President/Business Manager, International Brotherhood of Electrical  
Workers, Local 320  
Active Party List