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DTE gives union job-cut details

Company tells Utility Workers 1,245 positions will be eliminated by end of 2007 even as profits grow.

Nick Bunkley / The Detroit News

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DETROIT -- DTE Energy Co. has told its largest union that more than a quarter of the jobs it represents will be eliminated by the end of 2007 even as company profits continue to grow.

In a brief meeting Tuesday with negotiators from Local 223 of the Utility Workers Union of America, DTE officials said 1,245 positions will be affected. DTE previously estimated 1,000 to 1,200 union jobs would be cut.

The company did not discuss what types of positions are in danger or give a more specific timetable for the layoffs, Local 223 President James Harrison said Wednesday. Local 223 represents about 4,800 employees at DTE, Michigan's largest utility, in about 200 positions ranging from technicians to clerical workers.

"It was a very short meeting. We did not get any information that we expected to get from the company," Harrison said. "I'm having difficulty getting the company's real motivation and what they're trying to do."

The union was preparing an update about the meeting for its Web site Wednesday.

DTE spokeswoman Lorie Kessler characterized the figure given to the union as another estimate and consistent with earlier projections. The company, which has 11,000 total employees, also plans to eliminate about 800 non-union jobs, Kessler said.

As many cuts as possible will be achieved through voluntary severance packages and by eliminating vacant positions, she said. DTE has said it will offer buyouts to some non-union workers but it hasn't decided whether to give union workers a similar deal.

Kessler said the cuts will be made on an ongoing basis this year and in 2007. She stressed that the goal is to make DTE stronger.

"Job reductions are not the goal or the driving force of the Performance Excellence Process," Kessler said. "The process is focused on finding ways for DTE Energy to be a top

performer in operations and cost efficiency. We are working with our union on very difficult issues and are committed to finding a workable win-win solution."

Harrison said he hopes union negotiators will be allowed to continue meeting with company officials before layoffs begin.

Local 223 members plan to picket this morning outside DTE's downtown Detroit headquarters before the company's annual shareholders meeting. Some intend to question Chairman and CEO Anthony Earley Jr. about the job cuts. "We don't know that it, in our opinion, is going to equate to long-term shareholder value," Harrison said. "This isn't about sustainability and growth. This is a profitable company out to put people in the street in a miserable economy."

DTE's earnings grew to \$136 million in the first quarter, 11 percent more than the \$122 million it earned last year, the company said Wednesday. Executives told analysts and investors that full-year earnings for 2006 should be 10 percent to 20 percent higher than in 2005.

"I'm very pleased with our strong first-quarter growth, which I expect to continue throughout 2006," Earley said in a statement. "We are maintaining our focus on executing our utility and non-utility growth strategies while implementing the Performance Excellence Process, our customer-focused program to improve productivity and service." Operating earnings for Detroit Edison, DTE's electric utility, increased 16 percent because of a residential rate increase and the return of many businesses from alternative suppliers. Michigan Consolidated Gas Co., DTE's natural-gas provider, saw operating earnings decline 7 percent because unusually warm weather reduced usage.

DTE's layoff plans have drawn scrutiny from state regulators, who said electric rates might need to be reduced if a significant number of jobs are cut. The Michigan Public Service Commission takes DTE's expenses into account when setting rates and estimates that the layoffs could save Detroit Edison \$90 million annually.

Local 223, which is gathering signatures on a petition opposing the job cuts, sharply criticized DTE's plans in a filing related to the rate inquiry it made last week.

"Detroit Edison is entitled to a fair profit," the document states, "but not the unreasonable profits and exorbitant executive compensation which would result from DTE's misguided job cuts under the current rate structure."

DTE's workforce is currently split almost evenly between union and non-union workers, Kessler said. The layoffs would put union workers in the minority.

Shares of DTE fell 12 cents Wednesday to close at \$40.16.

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