

## DTE plans 1,200 union layoffs

### Workers anticipate job trims over 2 years

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**DTE Energy Corp.** told the leadership of the **Utility Workers Union of America** Local 223 that it expects to lay off 1,200 union workers over the next two years as part of an internal review of operations.

Blaming the sharp rise in commodity prices -- natural gas, coal and uranium -- in recent years, DTE began a company-wide performance review to determine where savings might be achieved.

"This is primarily focused on customer services" employees "as well as some of the skilled trades in the power plants," said James Harrison, president of Local 223. "It's going to be around 600 jobs the first year and 600 jobs the second year."

Harrison, who said he received unofficial notification of the cuts at a meeting on Tuesday, notified union stewards this week and said he intends to notify the 4,500 UWUA members by letter early next week. The union has about 200 classifications of workers that it represents including power plant workers, administrative staff, gas distribution employees and some professional staff.

DTE has 11,000 employees.

Regarding the accuracy of the 1,200 union layoffs, DTE officials wouldn't comment on specific cuts.

"We don't have a definitive number of job losses or the timing of those losses," said Lorie Kessler, a spokeswoman for DTE. "However, we are trying to work closely with the unions and provide some preliminary insight as we proceed through the performance excellence process over the next two years. Those discussions were neither announcements nor conclusions. When we finish this portion of the process, we'll communicate directly and appropriately with our employees."



Gerard M. Anderson, president of DTE Energy, said initially that the goal was not to reduce the workforce at the utility.

Implementation of the process results is expected to begin early in the second quarter this year, according to Kessler.

Detroit-based DTE provides electricity to about 2.1 million customers through its **Detroit Edison** utility. The company also serves 1.2 million natural gas customers in southeastern Michigan through its **MichCon** subsidiary.

As of Friday, it wasn't clear whether any of the other unions or the non-represented contract workers might be affected by the job cuts. But Harrison said he believes Local 223, the largest union at DTE, would take the bulk of the cuts. DTE's internal review of operations began last year. Using benchmarking studies and examining other corporations to understand their best-practices methods, DTE officials, consultants and employee groups have been studying areas where the utility was underperforming. The brainstorming sessions, which started in earnest last summer, also were charged with coming up with ideas to streamline DTE operations.

"We recognize that some process improvements will result in some workforce reductions," Kessler said Friday. "We will communicate openly and honestly when the process is finalized."

Rumors of possible layoffs at DTE have been swirling for months.

In December, DTE officials told the Free Press that layoffs were not the driving force behind the cost-cutting process. At the time, company president Gerard M. Anderson stressed a push toward best-of-industry standards as the goal of the process, adding, "the goal isn't to reduce employees or head count."

DTE, Michigan's largest utility, "told us this process was focused on improvement and not on employee reductions," Harrison said. "When they want to take a whack at 20% of this union, that is an FTE (full-time equivalent)-focused reduction. This will impact the next round of collective bargaining in 2007."

But union officials insist there are other areas where the company can be more efficient.

Last October, the **Michigan Public Service Commission** (MPSC) opened an investigation into Detroit Edison's accounting for administrative and general expenditures amounting to \$2.33 billion during a 5-year period ending Dec. 31, 2004. During the same time frame, rival **Consumers Energy** recorded \$642.5 million in administrative and general expenditures, according to the MPSC. Compared to the other utilities in Michigan, DTE has the most employees. Jackson-based **CMS Energy Corp.** has 8,100 workers.

Last year, DTE saw its earnings jump 25% to \$537 million, due in largely to a strong performance by its core utility business and its non-utility operations. Revenue for the year was up more than 20% to \$9.02 billion.

"When DTE was under financial straits during the oil embargos in the 1970s, they did what they had to do to get people placed," said Harrison, who says the last time DTE had mass union layoffs was in 1955.

"We're extremely frustrated and we're not going to take this sitting down," Harrison said.

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