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September Special Series - 2004 (Part 1 of 3)

Five Issues That Keep HR Managers In The Power Industry Awake At Night And What To Do About Them - Part 1 of 3

by Arthur

O'Donnell

Imagine waking up in the middle of the night, haunted by a single thought: "I have to replace half my workforce in the next five years!" Worse yet, any day now you expect your training and development budget to be sliced with little hope of an increase in the future. Add to that the potential for a hiring freeze to be imposed by management and yet another notice of ever-increasing costs for providing healthcare and other benefits to your existing workforce and soon-to-be-retirees. It's going to be another long, sleepless night.

Welcome to the waking nightmare of many human resources professionals in the energy and utilities business. You can take some small comfort that colleagues at companies throughout the nation are facing the same problems, and that many are taking positive, proactive steps to avert a crisis. Many are even turning these challenges into opportunities that will help redefine their organizations.

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About the Author



Arthur J. O'Donnell is an independent journalist who specializes in energy, business, and economics. Arthur is also the Editorial Director of Newsletters for Energy Central. He is the author of *Soul of the Grid: A Cultural Biography of the California Independent System Operator* (October 2003, iUniverse, Inc), and *The Guilty Environmentalist* (November 2003, Trafford Publishing).

He is a regular contributor to *Public Utilities Fortnightly*, including the cover story for the February 2004 issue, "Europe Rewired: A Giant Awakens." Other recent articles concerning the August 2003 Northeastern blackout, the future of California's energy markets, and the economics of Bruce Springsteen tickets have appeared in such diverse publications as the San Diego Union-Tribune, Wine Business Monthly, and KZAM.net.

As the founding editor of the *California Energy Markets* newsletter in San Francisco from 1989 through 2002, O'Donnell earned First Place honors from the National Press Club of Washington, D.C., in the category of "analytic reporting for newsletters" in the 2001 awards. He was honored as "Person of the Year" by the Power Association of Northern California in January 2003.

In 1981-82 he was a Graduate Fellow in Business and Economics Reporting at the University of Washington.

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Many Retirements and Few Replacements -- It's not news

Many Retirements and Few Replacements -- It's not news that the American workforce is aging, but the problem is especially acute among utility employees. According to the "Aging Workforce Report" recently conducted by UTC Research, the median age for workers in the utilities sector is 3.3 years higher than the national average. "We expect to be losing a significant number of employees," says Angie Robinson, Human Resources Manager for the Sacramento Municipal Utility District. "Over the next five to ten years, about 50 percent of our 2,000 employees will be eligible for retirement."

The average utility employee is 48 to 49 years old with 20 years of service, says Russ Jackson, senior vice president of human resources for Pacific Gas & Electric. The utility has been monitoring the aging workforce issue for four years. "The future is coming rapidly," he says.

The last major growth spurt by electric utilities occurred in the 1960s and 1970s, when utility electric generation and transmission construction reached a plateau, accompanied by hiring at all levels, especially among engineers and power system specialists. Now, three or four decades later, that cohort of professionals is getting ready to retire and companies are discovering that there are fewer candidates willing or able to take their place.

Mike Devaney, a professor of electrical and computer engineering at the University of Missouri's Columbia campus says, "Students are lured to more glamorous areas, like computers, computer networks, and telecommunications. We'll get four students in computing to three in electrical engineering. As the traditional power faculty diminishes, the depth of course offerings declines. I think we're going to have a major shortage in this area in the future."

"Think of it as a pipeline," says Jack Haugh, a technical leader for Human Performance Technology at the Electric Power Research Institute. "There has to be a vehicle by which you recruit your new talent. Many schools no longer have power engineering as an option or part of the curriculum."

October Issue

Principles of Good Coaching

By: David Saxby

It was just another day at EnergyCentralJobs.com – until somebody yelped. Was it a winning lottery ticket? Hives? The sale of a lifetime? Nope. It was the discovery of an adorable and altogether rare purple penguin – right in our offices. We named him "Mil," short for one-in-a-million, and we adopted him on the spot. Now "Mil" is our mascot and he represents that rare breed, the most unusual – and maybe the best – of its kind. Believe it, there aren't too many purple penguins out there. But you can be sure that EnergyCentralJobs.com will do all we can to help you find your own "purple penguins" – perfect matches to the career openings at your energy company.

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Mike Devaney, a professor of electrical and computer engineering at the University of Missouri's Columbia campus, sees a couple of reasons for the downward trend. "It's a shift in emphasis," he says. "Students are lured to more glamorous areas, like computers, computer networks, and telecommunications. We'll get four students in computing to three in electrical engineering."

Engineering schools are experiencing a brain drain of their own, Devaney notes, with many professors who have specialized in power systems engineering looking at retiring in the near future. "As the traditional power faculty diminishes, the depth of course offerings declines. I think we're going to have a major shortage in this area in the future," he says.

A third troubling trend is that utilities and energy companies have pulled back from offering internships and apprentice programs. Even summer jobs for engineering students are more difficult to come by.

Solutions: The issues related to an aging workforce are complex and diverse, and companies are responding with a wide variety of programs. Some are looking at incentives to keep their key people at work past the age when they might expect to retire. Others want to make it easier for the older generation to move on, through voluntary severance programs, thus freeing up positions and making room for younger workers to advance.

One of the most important strategies is to secure the knowledge accumulated by older workers for transfer to those who would step into their positions. EPRI has been developing a process for capturing undocumented knowledge in specialized fields -- particularly among nuclear engineers, but also in other operational areas -- to ensure that critical information is passed along to succeeding generations.

There is a wealth of written documentation about power facilities and protocols that can be found in company files and regulatory agencies, Haugh says. But as important is the unwritten understanding of what a job entails and how the work is done.

Too many companies wait until it's too late to try to get retiring workers to pass along their intuitive understanding of

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HR managers face intense competition for qualified talent while facing ever-increasing costs for healthcare coverage.

the job they are leaving. "You have a guy who's an expert because he's been doing his job for 40 years," Haugh explains. "Wouldn't you like to have that knowledge captured before he's ready to walk out the door?"

If younger professionals or prospective employees are to gain the greatest benefit from the experience of their elders, they need to have direct contact, a number of HR managers agree. SMUD, for instance, teams retired employees with current workers to enhance the passage of critical information.

Some companies are reinvigorating internships and apprentice programs that have fallen into disuse. "We would love to work with junior colleges to make utility work a viable career choice for students," says Silicon Valley Power's general manager Junona Jonas.

PG&E has developed special relationships with state colleges and universities, in part because it's difficult to get people to move to high-cost California. PG&E also recruits directly from a school for line workers in Idaho.

The Midwest Independent System Operator has set up a new program with the University of North Dakota to establish a power systems engineering course at the school to encourage students in their freshman and sophomore years to take the kinds of classes that will lead them to an energy career. Next spring, the organization will begin a six-month training program for student engineers to work on specific tasks. That will provide them with valuable exposure to the working environment while they earn credits towards their degrees.

"Summer jobs and internships for students?" muses professor Devaney. "That would help."

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