The Business Electric: An Aging Dominion Does The Wave
by Arthur O'Donnell, Editorial Director, Energy Central

Anne Grier, vice president of human resources for Dominion Resources, knew there was a problem on the horizon, but she didn't have a name for it. Dominion had conducted a company-wide survey of its employees to determine how many might be considering retirement in the next few years. "We have a graph that shows how the demographic of our workforce is this huge wave," Grier said. "We have 25 percent eligible to retire in 2007 and 45 percent by 2012," she explained. "We call it The Wave."

Much has been written about the aging utility infrastructure, with one recurring joke being that most of the nation's power plants, transformers and distribution systems are now eligible for AARP membership. A less recognized problem is that the workforce we rely upon to operate and maintain the electrical system is nearly as old.

"Over the next five to ten years, about 50 percent of our 2,000 employees will be eligible for retirement," reported Angie Robinson, human resources manager for the Sacramento Municipal Utility District. "We expect to be losing a significant number of employees."

Industry wide statistics are difficult to come by, but SMUD's estimate echoes throughout the industry. Russ Jackson, senior vice president of human resources for Pacific Gas & Electric, said that anecdotal evidence from colleagues at other utilities all points to the same trend: the average electric and gas utility employee is now 48- to 49-years-old, with the average length of service approaching two decades.

What concerns those who are tracking the trend is that many utility employees are eligible for partial or fully vested pensions at age 55. "The future is coming rapidly," Jackson warned.

Dominion's wave formation of potential retirees is neither uncommon, nor an uncommonly large proportion of the company's workforce. But the Wave gains power from the fact that Dominion employs 16,500 people in its four operating companies and service affiliates. That translates to the potential loss of 4,000 to 7,000 highly skilled, veteran employees. "We don't want to lose everyone at once," Grier said. "That's a huge amount of talent walking out the door."

Since identifying the impending retirement boom, Dominion has tried to get a better understanding of exactly what the big numbers might mean for the organization and to break the problem down into actionable parts. "This year, we spent time drilling down into the business groups to see what it means for each," Grier said. "Now we're beginning to craft strategies and a tactical plan."

While the retirement wave was found among all business groups, its effects appeared most pronounced for Dominion Exploration and Production, which also experiences extreme competition for filling technical positions. "E&P faces what all of our companies are going to face in the next decade," she added. "In this industry, we traditionally have a 4 percent to 5 percent annual turnover rate. I suspect that will double."

At first Dominion relied on an outside consultant, but the corporation has since established an in-house "Workforce Planning" group in the human resources department that focuses on the issue. "Our philosophy is to ensure that Dominion's workforce is our competitive advantage," Grier explained. The effort was greatly assisted when a senior executive championed the aging workforce issue at the highest levels of the corporation, ensuring that the matter was on everybody's agenda and that potential solutions would be funded during the annual budget negotiations.

"Now that we have detailed data regarding our aging workforce and its challenges, we are developing strategies to minimize the impact we see coming," said

Jay Johnson, president and CEO of Dominion Delivery, the electricity and natural gas business unit that serves more than 4 million customers in five states. "As an example, we are beginning to tap into non-traditional sources of recruiting. We must and will discover other new ways to locate, hire, train and retain employees for our future."

Although Dominion's Workforce Planning group has not completed its strategic plan, Grier pointed to several elements and priorities. Among them is trying to adjust existing pension-plan requirements to encourage phased retirements. "We have to revise our retirement plan to make it more attractive for people to phase into retirement, maybe go part time," she said. Early analysis indicated that the existing pension plan created a penalty of lesser benefits for people who wanted to work part-time for their last two or three years.

Veteran employees hold "hidden secrets." This kind of undocumented knowledge resides at all levels of the company—one example is the line crew foreman who knows exactly where all the access points to rights-of-way along distribution and transmission line routes. "We're developing a database of retirees," said Grier. "If you do need access to some special knowledge or skill, this helps identify where you can get it."

Like many other utilities, Dominion's physical forces are most prone to attrition and early retirements. "We have difficulty attracting linemen in Northern Virginia," Grier observed. "It's a very expensive place to live and work. We really had to hit recruiting differently. It's not glamorous, but it's very important." The company has begun hosting community job fairs bringing in up to 150 prospective employees at a time for a round robin of recruitment activities. "We can interview, test and offer jobs right on the spot."

Younger people are attracted to companies like Microsoft and Hewlett-Packard, not old-line utilities. "We need to do a better job articulating and attracting people to the employer's brand," she said. "We can provide interesting careers for young people."

The Bottom Line: Like Dominion, the first place that energy companies need to start is to assess their potential vulnerabilities and then make a plan. Here are some things your company can do before a large portion of its workforce walks out the door.

- **Survey Your Horizons.** At the very least, your company needs to understand what kind of impacts, liabilities and opportunities you are facing. A five-year assessment of likely retirements in your company is recommended.
- **Know Your Needs as Close to Ground Level as Possible.** It's one thing to think you'll need 100 line crew workers; it's entirely preferable to know if you'll need 20 sometime next year in a certain territory. Pacific Gas & Electric has over 1,000 job classifications, noted Russ Jackson. The utility is identifying its most critical segments for deeper scrutiny as part of its overall employment trends surveys.
- **Look to Critical Skills Not Job Titles.** Your workers have expertise in a variety of aspects of your business that are not necessarily reflected in job titles or daily duties. A steam plant engineer who also understands metallurgy possesses a critical knowledge that might not be captured in a job description.
- **Capture and Transfer Critical Skills.** Utilities are experimenting in many ways. Some employ systematic organizational analysis and documentation of unwritten knowledge; others bring senior workers together with younger candidates to pass along a deeper understanding of the job at hand. Working with recent retirees can be rewarding for all participants. Your company capitalizes on priceless institutional memory and the company's culture can be reinforced. They have a stake in making sure the industry they've devoted their careers to can be passed along to good hands.

- **Outline a Hiring and Replacement Plan.** With everything you've learned from the above, put ink to paper. This is an evolving map to your future recruitment and retirement mitigation effort for a decade or more. The further out in time you plan, the more likely that you'll be updating and modifying the scheme to match unexpected circumstances and opportunities. Public Service Electric & Gas Company has created a Workforce 2020 program to create its plan for the future.
- **Help Create Your Future Workforce**. Training programs, apprenticeships, internships, summer jobs, campus recruitment—these are all tried and true skilled-resource generators. Local universities and engineering schools—even high schools—make great partners in developing and channeling the skilled workers you'll need.
- **Hold on to Your Best Employees Longer**. As people remain healthier into later ages, they might not want to retire at the earliest opportunity. Industry turmoil and stock market vagaries in recent years have deflated many workers' retirement dreams. The best, vital employees might jump at the chance to take on a new assignment, staff a new business venture or otherwise continue contributing to the company and community.

Arthur O'Donnell is Energy Central's Editorial Director. The Business Electric is carried exclusively on Energy Central.

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