

## America's Energy Transition: A Case Study in the Past and Present of Southwestern Pennsylvania's Power Sector

The landscape of the U.S. energy sector has been shifting for many years. How we find and use energy, especially electricity—an \$840 billion sector of the economy—is fundamentally changing.<sup>1</sup> The “what, why, where, and how” of our energy usage isn’t the same as a generation ago, a decade ago or even a year ago. Last year for example, coal accounted for 39 percent of total U.S. electricity generation. That’s down from 50 percent from 2003-2008.<sup>2</sup>

Powerful economic forces continue to influence these changes in the energy sector. According to the Business Council for Sustainable Energy, “The U.S. energy transformation that began in the mid-2000s gained additional momentum in 2013.”<sup>3</sup> A combination of factors are forging a new reality where lower natural gas prices, rising coal costs, the growing presence of energy efficiency and renewable energy are driving the market to retire coal plants.<sup>4</sup> The ripple effect of all of these changes is that the families and communities who rely on the fossil-based energy sector in states like Pennsylvania, Ohio, West Virginia and more to make a living are profoundly impacted by this transformation.

For the workers and communities affected, navigating the energy transition is difficult. The closure of a power plant affects everyone differently. For one thing, variables from what a person’s job was in the facility, how long a person has been working at a closing plant to how far out that person is from retirement all play a role. Improving everyone’s chances of making this energy transition successful means learning more about how and why a utility company comes to the decision to close a power plant, in what ways workers and communities are affected and determining what kinds of resources and other support services should be there when there’s a closure.

Pennsylvania’s unique energy stake brings the economic, technological and environmental challenges many Appalachian states face during the energy transition to the forefront of national dialogue. For this reason, the BlueGreen Alliance has examined the factors and response before and during the closure of the Mitchell and Hatfield’s Ferry Power Plants in Southwestern Pennsylvania in the following case study.

### The Hatfield’s Ferry and Mitchell Power Stations

In October 2013, approximately 380 employees in Pennsylvania from Greene, Fayette and Washington counties and nearby working for FirstEnergy arrived for work at the Hatfield’s Ferry Power Station in Washington County and Mitchell Power Station in Greene County.<sup>5</sup> They were handed layoff notices, told the two plants would be

closing, and sent home. In the year and a half or so since the closure of the facilities, workers, their families and communities—everything from the schools, convenience stores, area restaurants and more—have felt the far-reaching impact of the plant closures.

FirstEnergy Corp., the company that owns both of the facilities, is one of the country’s largest electric utility companies. Nationally, the company serves approximately six million customers who live between the Ohio-Indiana border and the New Jersey shore.<sup>6</sup>

The two FirstEnergy plants that were shut down sit along the Monongahela River in Southwestern Pennsylvania. Combined, the facilities generated 2,080 megawatts of capacity—about 10 percent of FirstEnergy’s total generating capacity.<sup>7</sup> Bill Staley of Finleyville—who was the last to leave the Mitchell plant said, “It was a good place to work. I was proud of my job. I was proud to tell people I worked there.”<sup>8</sup>

### Notice and Plant Closure

According to BlueGreen Alliance Regional Program Manager, Khari Mosley, there was confusion about the closure date of the facilities. Prior to the plant closures, rumors circulated about the Mitchell Plant closing according to Rich Cossell and Larry Kelley—represented by the Utility Workers Union of America (UWUA). However, since closure dates had been pushed back before, many of those who worked at the facilities weren’t convinced it would happen this time.

“Even as that date hung out there, people were still hanging on to hope that there would be an extension,” said BlueGreen Alliance Regional Program Manager, Khari Mosley. Many people expected there to be an extension.

In July, 2013, workers at the two facilities were given 90 days notice of the plant closures. According to Cossell, “...the only reason they got that in my opinion is because it’s what they were required to give under the law in the state of Pennsylvania.”

The impact of the job losses—of approximately 400 people between the two facilities—has had a ripple effect. The losses were felt in the community and to industries supported by power generation such as coal delivery—involving everything from picking up empty delivery containers to resupplying the facilities and more. Janitors, security guards, truck drivers contracted to work for the power plants are also now out of work.

Beyond the loss of their jobs, some of those affected articulated an acute sense of betrayal. “Many of these employees consider these facilities as ours. Yes, obviously we work for a company, but there was pride, there was ownership in the facilities and just to see these facilities ripped out from under us, especially without cause,” said Ed Good, from UWUA.

The shock of the Hatfield’s Ferry facility closure was especially difficult because no one saw it coming. The investment of over \$600 million for a new scrubber in 2009 by Allegheny Power—the company that owned the Hatfield’s Ferry facility at the time—to reduce emissions assured many people the plant would continue to operate for a while longer.<sup>9</sup> It’s an investment that should have kept the facility up and running and in compliance until 2017.

Today according to Cossell, some of those who were laid off from the two plants have moved, some endure long commutes in a new job somewhere further away and others have faced their unemployment compensation running out. If they’re age 55 to 60, some have or have considered taking early retirement. Three months’ notice of the plant closures was of little consolation to most people.

“Ninety days is really hard especially if you’re a guy that’s you know, in his mid-fifties to early sixties. Everybody makes plans in their life and they have an idea of how long they want to work. When you’re only given 90 days’ notice to make that choice you’re really put on the spot,” said Cossell.

Upon the closure of the plants, Linda Bell, President of the Washington Greene County Job Training Agency, Inc., met with some of the workers affected. Her job was to support two target demographics: people who worked in the two facilities and the people that supplied services to the power plants, like those in coal transportation. Through the orientations and one-on-one interviews she held, she has worked to find ways to retrain workers and talk to employers about how the dislocated workers could help to meet area labor force needs.

Between the two plants, according to Bell, there were a lot of lineman jobs. Early on, she was trying to identify and implement a program to retrain these line workers. Unfortunately, that never materialized.

### Coming Together

Diverse organizations including the Southwest Workforce Investment Board, Green County Economic Development Authority, Sierra Club, IBEW, SEIU, UWUA and area leaders such as the mayors of Masontown and Monongahela, State Representatives Brandon Neuman and Pam Snyder and many others rallied together after closures to discuss the impact, and how to move forward in the best way possible.

Despite State Representative Pam Snyder’s long-time involvement in issues related to the energy industry in Southwestern, PA, she learned about the plant closures in the newspaper. She said about the closure

of the facilities, “We’ve missed a terrible opportunity to prove clean technology exists.”

Snyder was active in issues related to the power plants, holding public hearings. She’s currently working on legislation that sets more stringent guidelines on the deactivation of power plants that would keep power plant turbines in a standby mode for six months to a year in case the electricity capacity and reliability is needed. She urged the whole way we do this needs to be reviewed. Apart from the job losses, she emphasizes that the whole process needs to be done better in order to make sure her constituents have the electricity they need when they need it.

Along with Snyder, organizations such as the Center for Coalfield Justice organized around the plant closures. The Center for Coalfield Justice (CCJ)—formed by a coalition of grassroots groups and individuals concerned about the effects coal mining had on communities and the environment—has worked to improve energy industry policy and regulations.

From the perspective of Patrick Greter, CCJ’s Executive Director, there should have been more information shared with workers and others who have a stake in the region. More lead time would have been helpful along with the opportunity to work more closely with economic development and workforce agencies in order to allow organizations like his to be partners as workers and communities face the issues associated with plant closures.

Randy Francisco with the Sierra Club suggested the closure of the Mitchell plant could have been a model for the closure of the Hatfield’s Ferry facility if the closures had been staggered over the next few years in order to give area communities the chance to respond a develop a plan to move into the future. “These issues resonate all over the country. We can develop a strategy here and a playbook for the entire country. We just have to be bold and forward-thinking,” said Francisco.

According to Linda Bell with the Washington Greene County Job Training Agency, Inc., Southwestern PA is experiencing all of the traditional issues associated with a plant closing. In her opinion the best way to serve workers involves retraining workers to get into a similar field and it’s important to get people into a career training center like hers as soon as possible. Another factor that’s important is whether training funds are available.

Everyone agrees that something needs to be done here, according to Khari Mosely. Extending unemployment benefits and providing early retirement for workers affected by plant closures who are 50 or 55—or within a few years of retirement—could be two of the most effective ways to provide transition assistance. “There has to be some kind of wrap around support for workers to deal with these issues, get support from their families and not fall into some of the negative stuff that comes with all of this,” said Mosely.

### A Good Transition

The kind of wraparound support Mosley references hasn’t yet come to workers affected by the closure of the Hatfield’s Ferry and Mitchell Power stations, but that’s not the case in every example. The instances when transition assistance has benefited affected workers provide a glimpse of what’s possible as we navigate America’s energy transition.

Ed Good has seen a transition plan serve workers and communities well after a facility closes. Previously, he worked at the R.E. Burger coal-fired power plant in Ohio for 32 years.

“I’ve seen first-hand the benefits of a good transition plan,” said Good. “We had persons that went from gainfully employed to unemployed, who went to school, became qualified, were actually hired in other industries and were gainfully employed again.”

In 1995 Good was secretary of the local that represented the R.E. Burger power plant. In February almost half of the local was laid off in one day, cutting the staff from around 200 people down to around 96 people. In this case, around 60-70 workers in Southeast Ohio did receive support services that connected them with the necessary skills training to go back to work.

According to Ohio Edison, the first round of layoffs in 1993 were a direct response to the Clean Air Act and amendments of 1990. While those who worked at the R.E. Burger facility had similar notice of the layoffs as those in Southwestern Pennsylvania—of around 90 days—a federal program providing the Ohio workers with retraining assistance helped to facilitate a much different outcome.

After the second round of layoffs in 1995 at the R.E. Burger facility, the Utility Workers Union of America (UWUA) advocated and successfully secured federal assistance to help laid-off workers find work again. The advocacy successfully delivered \$2.4 million in grants from the U.S. Department of Labor to assist dislocated workers whose jobs were eliminated.<sup>10</sup> According to a story in *The Intelligencer* newspaper shortly after the layoffs, “The money will provide several retraining and supportive services including needs-related payments, transportation, child-care assistance, class supplies and lodging.”<sup>11</sup> The program was authorized under the Job Training Partnership Act (JTPA), a long-standing federal program to help retrain workers affected by job losses.<sup>12</sup>

Good said laid-off workers who had been out of school for 20-25 years were able to attend a local community college, technical school or benefit from other training programs that helped them to once again find gainful employment.

Scott Antonik was one of the people laid off from the R.E. Burger plant who received federal assistance to go back to school. At the time he was laid off, Antonik was 33 years old with two young kids at home. Retraining assistance allowed him to receive training at the Belmont Technical College where he spent two years learning the skills necessary to earn wastewater treatment certifications.

While he was in school full time, he received unemployment to help support his family. According to Antonik, “The retraining was a huge help.” Without it he said, “Who knows.” Not only did the training help Antonik find a job in wastewater treatment—a job he’s now been doing for around 18 years that earned him more money than before—he confidently passed three training certification tests he needed for his job and has even helped some of his colleagues study for their own certifications. There are many of Antonik’s colleagues who benefited from the same assistance—attending culinary school for example or earning additional certifications to find a job at nearby power stations. Clearly this is the same kind of assistance dislocated workers from Southwestern Pennsylvania would benefit from.

The precedent for providing transition assistance to affected workers is stronger than one or two isolated examples. The Clean Air Act Employment Transition Assistance is a dedicated program created in 1990 as part of amendments to the Clean Air Act to provide payments for training and other assistance for workers affected by Clean Air Act compliance. The program was repealed in the 1990s however.<sup>13</sup> Also, the Trade Adjustment Assistance program provides services and supports to workers negatively impacted by U. S. trade policies.<sup>14</sup> Through the TAA program, trade-affected workers are connected with opportunities to obtain the skills, resources, and support they need to become reemployed.<sup>15</sup>

### There’s A Lot at Stake

In addition to the elimination of almost 400 jobs, millions in tax revenue and the resulting economic void, the closures also took 2,080 megawatts of electricity off the grid—roughly 10 percent of the company’s total generating capacity. “Just the elimination of this amount of electricity that this facility produces—the megawatts not to mention the gigawatts on a regional level, even on a national level—is something that cannot be ignored,” said Ed Good.

In 2014, brutally cold temperatures and heavy snow—also known as the polar vortex—stressed the region’s power grid and sent utility bills soaring.<sup>16</sup> “They had no reserve capacity out there. They were at the lowest point of reserve capacity that they had ever been in the 25 years that I’ve been aware in the electric industry,” said Cossell about the electricity supply during the polar vortex.

The 2014 polar vortex turned out to be a learning experience. In 2015, the region experienced another series of brutally cold days, and set a new record for winter peak demand, but the grid was not nearly as taxed as it was the previous year. After the 2014 experience, grid operator PJM instituted a series of reforms that greatly improved the reliability of the available generation, and far fewer plants failed to generate when called upon. However, the 2014 experience demonstrates why existing policies to keep retiring plants on turning gear for a limited period of time while the grid and energy market are adjusting to their closure are important and should not be ignored, as First Energy did.

### POWER+ and the Clean Power Plan

2014 The backdrop to everything happening in Southwest Pennsylvania around this time was that national leaders including the president were working to build momentum toward the release of a comprehensive and pragmatic national proposal to reduce emissions in order to create opportunities to grow new jobs, encourage investment, and jumpstart new technologies. In June, 2014 the U.S. Environmental Protection Agency (EPA) introduced the Clean Power Plan—a proposal to put the first-ever limits on carbon pollution from existing power plants. Following the introduction of the proposed rule, EPA held hearings across the country soliciting input about the finalization and implementation of the rule expected to be finalized mid-summer 2015. While some are blaming power plant closures on the EPA’s regulations, the reality is economic forces have gradually shifted the country’s energy use away from primarily coal for many, many years.

With this in mind, in January, 2015 the White House announced the Power+ Plan—a proactive set of investments for communities and workers impacted by America's energy transition. The proposal— included in the president's FY 2016 budget—outlines key policy priorities and resources necessary to enable communities, workers, and government to work in tandem to make this transition a success. It focuses on securing workers' pensions, proactively assisting potentially impacted communities, and broadening low-carbon technology deployment to help ensure that a transition to a clean economy includes every community and every industry.

The POWER+ plan takes the lead to support workers by providing wages, benefits, training and education and connects communities with the resources to redevelop and create high-paying jobs that can match or exceed those that may have been lost. The private sector, including utilities, and all levels of government similarly have a role to work alongside workers and communities to make these transitions a success.

### Challenges and Opportunities

The power plant closures in Southwestern Pennsylvania and elsewhere demand a full examination of how to better prepare industry and workers for America's energy shift. Crafting policies now—such as what the president recently outlined that facilitate a just transition—is vital for workers, communities and America's competitiveness.

The POWER+ plan demonstrates a commitment to connecting workers and communities with the resources and assistance to navigate the energy transition, but it's not enough. No community should face these challenges alone. Congress and states must also step up to provide the necessary resources to those who have powered this country for generations. What this case study illustrates is the need to respond strategically and expeditiously over the coming months and years. Utility companies have suddenly and unexpectedly closed coal-fired facilities for decades, and this will not cease or slow down during our nation's current energy transition. It's time to proactively recognize this reality and provide the necessary resources to help those affected in the future.

The absence of the Hatfield's Ferry and Mitchell Power Stations leaves an inevitable void in the electricity infrastructure, the local economy and more. There's a role for everyone to make this a just transition, however. "We are all stakeholders in this process, not only the local community, but all those who are serviced on the grid. This transition piece, it simply is the right thing to do," said Good.

### Endnotes

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The BlueGreen Alliance unites America's largest labor unions and its most influential environmental organizations to identify ways today's environmental challenges can create and maintain quality jobs and build a stronger, fairer economy.

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