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BP Faces Record Fine for '05 Refinery Explosion

The Occupational Safety and Health Administration announced the largest fine in its history on last Friday, \$87 million in penalties against the oil giant BP for failing to correct safety problems identified after a 2005 explosion that killed 15 workers at its Texas City, Tex. refinery, federal officials said last week.

The officials, said the penalty was the result of BP's failure to comply in hundreds of instances with a 2005 agreement to fix safety hazards at the refinery, the nation's third-largest.



According to documents obtained by The New York Times, OSHA issued 271 notifications to BP for failing to correct hazards at the Texas City refinery over the four-year period since the explosion. As a result, OSHA, which is part of the Labor Department, is issuing fines of \$56.7 million. In addition, OSHA also identified 439 "willful and egregious" violations of industry-accepted safety controls at the refinery. Those violations will lead to \$30.7 million in additional fines.

The suspected cause of the explosion that killed 15 workers at BP's Texas City, Tex., plant in 2005 was the escape of flammable hydrocarbons that were ignited by the backfire of a truck.

BP said last Thursday night that it was disappointed with the OSHA citations. "We continue to believe we are in full compliance with the settlement agreement, and we look forward to demonstrating that before the review commission" which has the power to

modify OSHA penalties, BP said in a statement. BP said the penalties related to a previously announced disagreement with OSHA as to whether BP was complying with the 2005 settlement agreement.

“While we strongly disagree with their conclusions, we will continue to work with the agency to resolve our differences,” the company said, voicing dismay that OSHA was announcing the fines before the review commission had given the matter full consideration. BP added that it takes its “responsibilities extremely seriously and we believe our efforts to improve process safety performance have been among the most strenuous and comprehensive that the refining industry has ever seen.” BP says that since the explosion it has spent more than \$1 billion to upgrade production and improve safety at the refinery.

A series of investigations attributed the March 23, 2005, explosion to overzealous cost-cutting on safety, undue production pressures, antiquated equipment and fatigued employees — some who worked 12 hours a day for 29 straight days. The explosion was caused by a broken gauge and flammable hydrocarbons that were overflowing from an octane processing tower, which lacked a flare system to burn off volatile vapors. Those escaping vapors were ignited by the backfire of a nearby truck.

In addition to killing 15 people, the explosion injured 170 workers and obliterated 13 employee trailers and damaged 13 others, some as far as 300 yards away. The Texas City facility is capable of refining 475,000 barrels of crude a day and is located on a 1,200-acre site some 35 miles southeast of Houston.

Labor Secretary Hilda Solis has repeatedly said that “there’s a new sheriff in town,” signaling that she would take a more aggressive approach in enforcing wage and labor laws, after what she said was lax enforcement under President George W. Bush. But one department official said that the record penalties assessed against BP were not an effort to send a signal to industry, but a straightforward move that punished a company with a long record of moving slowly to address safety problems.

In the 30 years before the 2005 explosion, there were 23 deaths at the Texas City refinery. One Labor Department official said BP was likely to seek to have the fines reduced by appealing them, first to the Occupational Safety and Health Review Commission and then perhaps in federal court. Federal officials say they expect BP to dispute that the company was required to do all that OSHA said and that it had failed to meet the deadline to remedy problems. Six months after the explosion, BP entered into a settlement with OSHA in which it agreed to pay a \$21.3 million fine, then the largest in OSHA history. One Labor Department official voiced dismay that BP had four years to correct the problems identified after the settlement, yet OSHA still found hundreds of violations.

Steven Greenhouse, article truncated, emphasis added

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AFL-CIO News service, graphic(s) added

Time to Change the Game for Airline and Railroad Workers: In this cross-post from the Huffington Post, Edward Wytkind, president of the AFL-CIO Transportation Trades Department, describes why the deck is stacked against airline and railroad workers when it comes to union elections. The deck is stacked against airline and railroad workers when it comes to union elections. That's why airline CEOs are working so hard to defend current election procedures that count all workers who sit out elections as "no" votes. Americans are accustomed to elections where a simple majority of those voting decides the outcome—whether they're voting for PTA president or U.S. senator. Not so for airline and railroad workers—who must first ensure that turnout exceeds 50 percent. How can we justify imposing higher turnout standards on airline and railroad union elections than we do in elections for the highest office of our land? We can't.



Time Running Out to Rebuild the U.S Economy: The unwillingness of political leaders to act boldly for the nation's economic future has put our prosperity in danger, and it's past time to do something about it, union leaders and lawmakers said today. Pennsylvania Gov. Ed Rendell (D) told the closing session of the Building the New Economy conference in Washington, D.C., that other nations, especially India and China, have made a huge commitment to rev up development of efficient energy sources and threaten to leave the United States in the dust. Said Rendell: *Time is running out. The science and technology are there, but do we have the will? The time of American economic dominance is fast disappearing. If we have an*

America that doesn't make anything, then we become a second- or third-rate power. Rendell, United Steelworkers (USW) President Leo Gerard and Rep. Earl Blumenauer (D-Ore.) made up the final panel for the conference.

BP Hit with Largest-Ever OSHA Fine of \$87 Million: Labor Secretary Hilda Solis announced today the Occupational Safety and Health Administration (OSHA) has levied the largest fine in its history—\$87.4 million—against BP for failing to correct safety problems identified after a 2005 explosion that killed 15 workers at its Texas City, Texas, refinery. In a telephone press conference this morning, Solis said the fines are the result of BP's failure to comply in hundreds of instances with a 2005 agreement to fix safety hazards at the refinery. Solis said the fines represent the Obama Labor Department's commitment to maintain safe workplaces: *Let me be clear. This administration will not tolerate disregard of our laws. Employers have a legal and moral responsibility to protect their workers who ultimately are America's most important assets. The laws are designed to level the playing field for all businesses and ensure that workers in any economic climate are kept out of harm's way.*



CWA Cautions Frontier Shareholders on Verizon Transaction: CWA member Elisabeth Choate, fourth from right, warned shareholders about Frontier's transaction with Verizon. Robert Masciola of the AFL-CIO Organizing Department describes how workers at Frontier Communications are calling attention to a deal with Verizon that workers say is bad for shareholders and workers. Shareholders for Connecticut-based Frontier Communications and its top executives heard from an employee

about how the proposed deal to acquire Verizon's assets in West Virginia and 13 other states "may be good for Verizon, but will leave Frontier a much weaker company." With support from CWA Local 1298 in Connecticut and the AFL-CIO, Elisabeth Choate traveled to Stamford, Conn., to attend the Frontier special meeting where shareholders voted to approve the deal. A movement in West Virginia and 13 other states led by CWA and the Electrical Workers (IBEW) opposes the deal—and the unions are not alone. Fran Hughes, chief deputy attorney general for West Virginia, doesn't believe Frontier has the ability financially to live up to the commitments it has made to the West Virginia Public Service Commission.

Unemployment Insurance Must Be Extended for Struggling Workers: With 26 million U.S. workers unemployed or underemployed, and the long-term jobless rate the highest since 1981—hundreds of thousands of struggling workers need relief. The U.S. Senate is expected to take action next week on an extension of unemployment insurance (UI). Sen. Harry Reid (D-Nev.) says struggling workers will receive a much-needed boost from the UI extension—and workers whose UI has already run out will see it resume: *Our proposal from the outset has been simple: Let's support those families who have been hardest hit by the recession. In the almost three weeks since Republicans first began to delay this measure, over 150,000 Americans have lost their unemployment benefits. Those Americans, and the thousands of others who will lose their benefits if we don't act, need us to act now. It cannot be overstated how critical this assistance is to workers.*



Tanker Contract: Corporate Serfdom or Quality Jobs:

The governors of Mississippi, Louisiana and Alabama are pushing the U.S. Defense Department to award in 2010 a \$35 billion to \$40 billion tanker contract to European-owned EADS/Airbus rather than U.S.-based Boeing Corp. In doing so, Republican Govs. Haley Barbour, Bobby Jindal and Bob Riley are seeking to pit worker against worker, North against South, as a ploy to cover what's really at stake: family-supporting jobs. See, these governors loooove job creation in their states—as

long as those jobs don't pay much. Or offer affordable health insurance and retirement security, and especially as long as those jobs aren't union. If Boeing is awarded the contract for the refueling tanker aircraft, 44,000 family-supporting production jobs will be created across the country. In contrast, the few thousand jobs created under an EADS contract would be low-paid assembly jobs with no union protection.

Trumka: Bank Bailout Language in Proposed House Financial Services Committee Bill Doesn't Work:

Recently, AFL-CIO President Richard Trumka delivered a message to Congress: The United States needs financial reform that works, and key elements of the proposed legislation covering bank bailouts fall far short of that standard. In testimony today before the House Financial Services Committee, Trumka said while parts of the proposed bill on financial reform bring necessary changes, the elements dealing with the "shadow financial sector"—derivatives, hedges funds, private equity and bailout funds—are going in the wrong direction. As proposed, they could put even more power into the hands of unaccountable bankers without fixing the financial sector failures that led to our current crisis.



Baseball Stars Knock It Out of the Park for Employee Free Choice:

Just in time for the World Series, 12 members of the Major League Baseball Players Association (MLBPA) have added their names to the broad coalition in support of the Employee Free Choice Act. The players have signed a statement and appeared in print ads in Washington, D.C., papers yesterday. World Series participants Jimmy Rollins, Shane Victorino and Mark Teixeira took part. They were joined by Heath Bell, Dave Bush, LaTroy Hawkins, Torii Hunter, John Lannan, Andrew Miller, J.J. Putz, Justin Verlander and Adam Wainwright. In a joint statement, these players say: *All Americans should have the same opportunity we've had—to be able*

to join a union without being fired and to negotiate with their employers without being penalized. Today, our country is facing some tough times. Health care costs are skyrocketing. Families are losing homes. Savings and retirement income are disappearing overnight.

Another View Point



Anthem Details Premium Increases It Says Would Result From Health Reform

WellPoint, based in Indianapolis, reported last Thursday that the health care overhaul as currently constructed could more than double the cost of some individual insurance plans in Connecticut.

As health care reform gains traction in Congress, a major insurer in Connecticut is warning that premiums in individual and small-employer plans could skyrocket if there isn't a strong mandate for getting coverage for all Americans.

WellPoint Inc., which owns Anthem Blue Cross and Blue Shield in Connecticut, has issued a report that says proposed changes to the health care system could more than double monthly premiums on some individual plans in Connecticut.

The Premium Battleground

WellPoint says state health insurance rates at its Anthem Blue Cross and Blue Shield unit would rise under the Senate Finance version of reform. Critics say it's a scare tactic. Figures below are for the Hartford market, and show monthly premiums for popular plans.

	Current Rate	Possible Rate	Increase
Healthy 25-year-old male	\$166	\$350	+111%
Family with 2 children, average health	\$888	\$1,455	+64%
Less healthy 60-year-old couple	\$1,309	\$2,103	+61%

SOURCE: WellPoint

Anthem is the first insurer to detail specific price changes in Connecticut and other states that it says would result from reform, a claim made generally by the industry.

Critics say the arguments are scare tactics. But David R. Fusco, president of Anthem in Connecticut, said that the penalties contemplated by reform measures aren't strict enough to ensure that all people seek out coverage — driving up the cost of coverage for those who have it.

"The reality is that the penalty could be less than the cost of participating," Fusco said. "Young individuals may make the decision to pay the penalty rather than participate in the program."

Insurance company critics say that the WellPoint report, the third in recent weeks from the insurance industry, is designed to derail reform and protect profits. It also ignores caps on premium increases written into proposed legislation, they say, as well as grandfathering that prohibits stiff increases if a person doesn't change policies.

Anthem, they say, has come under fire for seeking large rate increases, notably in Connecticut this summer.

"This is the third phony bought-and-paid-for 'study' the defenders of the status quo have trotted out in an attempt to protect their profits. Three strikes — and they're out," said Bryan DeAngelis, a spokesman for U.S. Sen. Christopher Dodd.

Kevin Lembo, Connecticut's health care advocate, said he views the report as an attempt to subvert a public option plan.

"Any reading of the document should occur with that as a backdrop," Lembo said.

Fusco defended the report, saying that it used actual underwriting standards and real-life scenarios. Anthem's strong market share in Connecticut and 13 other states covered by the study paints an accurate picture, he said.

"We wanted to move this discussion beyond averages and broad projections," Fusco said.

In the study, health insurance premiums for the young and healthy in individual plans would get hit especially hard in Connecticut.

One proposed change would prevent insurers from setting premiums based on how frequently certain groups seek medical care. That, Fusco said, would shift more premium costs to those who are younger.

Combined with other factors, a younger, healthier, 25-year-old man in Hartford in an individual plan could see his monthly premium rise from \$166 to \$350, a 111 percent increase.

But that doesn't necessarily mean older and less healthy people would get a break, the report said. Guaranteeing coverage without a strong mandate would help push up the monthly premium for a 60-year-old, less healthy couple in an individual plan by as much as 61 percent, to \$2,013 a month — although a small firm with older workers could see an increase of just 2 percent.

Fusco said that a public option and rising medical costs could raise premiums even more, but that subsidies would lower the burden on some low- and modest-income people.

Kenneth R. Gosselin