

3-31-1971

# United States Steel Corporation Eastern Steel Operations Johnstown Works and United Steelworkers of America Local Union 1288

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## Recommended Citation

Garrett, Sylvester and McDermott, Clare B., "United States Steel Corporation Eastern Steel Operations Johnstown Works and United Steelworkers of America Local Union 1288" (1971). *Arbitration Cases*. 91.  
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BOARD OF ARBITRATION

Case No. USS-8184

March 31, 1971

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION  
EASTERN STEEL OPERATIONS  
Johnstown Works

and

Grievance No. HJ-69-74

UNITED STEELWORKERS OF AMERICA  
Local Union No. 1288

Subject: Incentive Administration

Statement of the Grievance: "I, Charles Noon, #5253, request Management pay me average earnings for all hours worked by me on Tool #6157. This is in accordance with Section #9 of the Labor Agreement.

"Facts: The N.C. Drill Press is a replacement for one of three drill presses taken out of the shop with Tool Nos. #6029, #2935 and #789.

"Remedy Requested: Provide interim average earnings till N.C. Drill Press is covered by incentive."

Contract Provision Involved: Section 9-C-1 and -2 of the August 1, 1968 Agreement.

Grievance Data:Date

Grievance filed:	July 25, 1969
Step 2 Meeting:	Not available
Appealed to Step 3:	August 8, 1969
Step 3 Meeting:	October 2, 1969
Appealed to Step 4:	December 19, 1969
Step 4 Meeting:	May 14, 1970
Appealed to Arbitration:	November 16, 1970
Case Heard:	February 15, 1971
Transcript Received:	March 2, 1971

Statement of the Award:

The grievance is sustained as stated in Paragraph 24 of the accompanying Opinion.

BACKGROUND

USS-8184

This grievance from the Lower Shop of Johnstown Works claims that a new numerically controlled drill press (6157) was a replacement for one of several scrapped drill presses and, therefore, that grievant, a Drill Press Operator, was entitled to average incentive earnings under Section 9-C-2-c of the August 1, 1968 Agreement for all hours worked on that drill press prior to its being covered by an incentive installed in July of 1970.

1

Apparently six machines are involved in this matter in one way or another: two radial drills (2935 and 6029), which were taken out of service on April 11, 1969 and June of 1967, respectively; one drill (789), which was taken out of service on June 23, 1969; two radial drills (6165 and 6166), placed in operation on May 26, and June 24, 1969, respectively; and the numerically controlled (NC) drill in question here, which was approved for operation from a safety point of view on August 1, 1969.

2

As of May 25, 1969, the existing pre-1947 contract rate incentive which had covered the three machines which were scrapped and the other drills which were not scrapped, was cancelled, as explained in greater detail in case USS-8050-H, and all hours thereafter worked on the Drill Press Operator job on those machines were paid an interim incentive rate of \$1.320 (additive).

3

This grievance claims that the numerically controlled drill, which began operating in August of 1969, was a replacement for one or the other of the scrapped drills and, therefore, that Drill Press Operator hours on that machine are entitled to average incentive earnings under 9-C-2-c.

4

The Company says that the numerically controlled drill is a much more sophisticated machine than were the scrapped drills and that it was acquired as additional equipment and not as a replacement for any of the discarded machines and, therefore,

5

Management feels that no interim rate can apply and that the incentive which was installed for this equipment in July of 1970 was a discretionary installation under 9-C-1.

In answer to the Company's claim that the NC drill was obtained as additional equipment, the Union noted in Step 4 that one drill then was idle and its operator laid off for lack of work. The Union stresses that the NC drill has done all kinds of work which had been handled in the past by the old machines, both those which were scrapped and those which were not.

The Company's figures indicate that for the first one-half of 1969, just before operations began on the NC drill, the five existing and operating drill presses averaged 178.4 hours per machine per pay period. For the period of about ten months following beginning of operations on the NC drill, the corresponding figure was 173.8 hours per machine per pay period.

For approximately the latter one-half of 1969, activity on the NC drill averaged 96.7 hours per pay period. From about December of 1969 through May of 1970, activity on the NC drill and another, smaller NC drill (not involved here) averaged 132.7 hours per machine per pay period. The Company feels that those figures show that activity on the radial drills was affected hardly at all by installation of the large NC drill and that that machine was acquired for increased capacity and not to replace other radial drills.

The Company exhibits the following table as showing differences between ordinary radial drills and the NC drill:

	<u>Radial Drills</u>	<u>N/C Drill</u>
"Cost	\$43,500	\$183,465
Type Control	Manual	Numerical Tape Control
Spindle to Base	78" Max. 10" Min.	74-5/8" Max. 6-5/8" Min.
Face of Column to Spindle	72" Max. 12-3/4" Min.	80" Max. 15-1/4" Min.
Feeds	18 Feeds, .004"-.125"	16 Feeds, .003"-.125"
Speeds	96, 10-1250 rpm	32, 20-1600 rpm
Table Length & Width	Approx. 48" x 48"	-
Bed Length & Width	-	360" x 80"

Management compared operation of the conventional radial drill and the NC drill. Set up of the NC drill is said to be less involved because its bed is larger (360"x80") than the bed (48"x48") of the conventional radial drill and because the work piece is placed on the NC bed in relation to a predetermined point not possessed by the conventional drill. Two pieces can sometimes be set up at once on the NC drill, allegedly eliminating one period of waiting for crane service. 10

The Company stresses also that the NC drill has enabled Johnstown Works to bid on and secure some work which it could not have obtained before. This is said to flow from the consistent accuracy of the NC drill on repetitive work, which accuracy also eliminates some reworking which had resulted in the past from human inability to be repetitively accurate on the conventional radials. Some work previously done on the radials now is done on the NC machine. 11

Each NC drill (large and small) now is covered by its own, separate incentive. 12

The Union says that, although the NC drill is more sophisticated than conventional radials which were scrapped, its 13

general operating procedures are the same; it calls for the same skills and operates at roughly the same speeds; it will be serviced by the same cranes and service personnel and will produce much the same type of product.

#### FINDINGS

There is some truth in each argument. That is, it is true that the Company bought the new NC drill with the reasonable expectation that its consistently uniform drilling on repetitive work would enable it to get new business, whereas the less uniform machining of conventional radials would not have been able to meet those demands. That has happened already with two orders, the Company says. 14

On the other hand, it is equally true that the new NC drill has been and will be used on much work which the scrapped drills would have done. Thus, the new NC drill has some elements of additional equipment and some of replacement. It is significant to note, however, that the conventional radials which were scrapped were old and worn out, as the Company concedes, having been installed in the 1920's and 1930's. This would seem to support the replacement view, i.e., that, with several conventional radials on their last legs, Management was practically forced to replace them and it then decided, while it was acquiring new equipment, to get that which would enable it also to do a better job which thus would attract some new business. 15

The Company says it did that, however, with the two new American Radial Drills, and that the NC drill was additional machine capacity. It stresses that the NC drill cost more than four times the price of a conventional radial drill. 16

The question under 9-C is close, and the refinements of operation, cost, and production are conflicting and somewhat confusing. But the fundamentals seem clear enough to permit decision here. Several worn out drills were scrapped, and several new ones were obtained. That conjunction of events requires greater distinctions between the old and the new than are apparent on this record in order to support a conclusion that the new NC drill was additional equipment. Accordingly, it seems more realistic to hold that the NC drill was a superior replacement, but still a replacement, for a substantial part of the capacity formerly represented by the several scrapped machines. 17

Since the NC drill was replacement equipment, Management was bound to continue to afford it some kind of incentive coverage under 9-C-2, and the matter was not discretionary with the Company as if under 9-C-1. 18

This creates a problem when the present situation is related to that in the companion case of USS-8050-H, also decided today. There in May of 1969 the Company had cancelled a pre-1947 contract rate incentive covering work on several drill presses. It had established an interim period rate of \$1.32 per hour for all hours worked on those drills by the Drill Press Operator job, and in March of 1970 had installed a replacement incentive covering hours on those drills. The Board there held that Management was not justified in cancelling the old incentive, and that grievance, which had requested that Management restore the old contract rate incentive, was sustained. 19

At the same time the parties were processing this grievance, which requested that hours worked on this NC drill be paid average interim earnings, and in Step 4 the Union made it clear that its theory was that, since the NC drill was similar to the other drills, hours worked on it should receive the same interim incentive rate (\$1.32 per hour) as was being paid for hours on the other drills. 20

Since the Board now has sustained the grievance in USS-8050-H, holding that the old incentive should not have been cancelled, the result is that that interim period rate should not have been established or paid. Thus, the grievant in the present case cannot be held entitled to that improperly established interim period rate.

Moreover, the present decision that the NC drill was essentially replacement equipment means also that the new incentive established for this machine in July of 1970, should not have been installed, as if it were discretionary under 9-C-1.

It should be made clear, however, although USS-8050-H held that the evidence in that record did not demonstrate that the Company was entitled to cancel and replace the old incentive, as to the five existing drills and the two new ones with 7' arms, it does not necessarily follow that the old incentive must or could be applied to this new NC drill. That is, this new drill was essentially replacement equipment and thus its operation must be covered by an incentive under the protection of 9-C-2, rather than 9-C-1, and it is entitled also to the benefit of 9-C-4. But, the details of operation of the NC drill might be sufficiently different from those of the older drills to make it impractical or perhaps impossible to apply the old incentive to the new NC drill. It might be, that is, that as to this NC drill only, cancellation and replacement would be proper under 9-C-2-b, with the accompanying protection of 9-C-4. No opinion is expressed on any such matter here, however, for no evidence or argument was presented by the parties on this point.

Indeed, this possible dilemma was not adverted to at all by the parties in the grievance proceedings or at the hearing. Consequently, in sustaining this grievance the Board decides only that grievant was entitled under 9-C-2 to protection of his incentive coverage for hours worked on the NC drill. The parties will

thus work out the mechanics so as to provide that protection, while making necessary accommodations for consistent implementation of both USS-8050-H and the present grievance.

AWARD

The grievance is sustained as stated in Paragraph 24 of the accompanying Opinion. 25

Findings and Award recommended pursuant to Section 7-J of the Agreement, by

  
Clare B. McDermott  
Assistant Chairman

Approved by the Board of Arbitration

  
Sylvester Garrett, Chairman