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COURT APPROVES SETTLEMENT OF CLASS ACTION BROUGHT BY EWEB EMPLOYEES AND RETIREES AGAINST EWEB OVER RETIREE HEALTH CARE BENEFITS

On October 7, 2008, Lane County Circuit Court Judge Charles Carlson approved a class action settlement resolving the claim of employees and retirees of Eugene Water and Electric Board (EWEB) against their current and former employer. The class action complaint, filed by five EWEB retirees, one current EWEB employee and one surviving spouse of a retired EWEB employee, alleged that EWEB breached contractual agreements regarding retiree health care benefits by unilaterally implementing changes to its retiree health care plan in 1990, 2003 and 2004.

The class action, referred to as the Martin case, was filed after Judge Carlson ruled in *Lauderdale v. EWEB*, a test case filed by seven individuals, that the changes EWEB implemented in 2003 and 2004 breached the contractual rights of the individual retirees and employees and entered judgment in their favor. Both cases, the Lauderdale case and the Martin class action, were initially filed by Eugene attorneys Martha Walters and Suzanne Chanti. While the cases were pending, Martha Walters was appointed to the Oregon Supreme Court. Art Johnson and Doug Schaller were then substituted as lead attorneys for the plaintiffs in the Martin class action. Attorney Joel DeVore substituted as the lead attorney for the Lauderdale claimants, representing them in the Oregon Court of Appeals in opposition of EWEB's appeal of Judge Carlson's ruling. The Oregon Court of Appeals affirmed Judge Carlson's ruling and the case was pending review by the Oregon Supreme Court when the class action suit was settled, effectively resolving both claims.

The Class Action Complaint alleged that, prior to January 1, 1990, all EWEB employees were promised by EWEB that, following their retirement, they would receive the same health, dental and vision insurance benefits provided to active employees at little or no cost. Effective January 1, 1990, EWEB implemented changes to its retiree health benefit plan significantly increasing the cost and reducing the benefits for employees and retirees, with the exception of retirees who had retired at age 65 or older before January 1, 1990. Those retirees, designated Tier 1, retained the promised health, dental and vision benefits. The remaining retirees and active employees, designated as Tier 2 or Tier 3 employees saw their promised benefits slashed

by what was presented as a “one time change.”

EWEB’s 1990 plan designated as Tier 2 employees and retirees those who retired before 1990 but were under the age of 65 when they retired, and employees who elected to retire before January 1, 1994. Under the 1990 changes, Tier 2 retirees saw their premiums increased along with other changes. Tier 3 included all employees who would retire after January 1, 1994, regardless of when they were hired. Tier 3 employees saw their premiums substantially increased, the loss of coverage for surviving spouses when the employee turned 65 years old, the loss of dental and vision coverage at age 65, and other changes.

The 1990 changes were not challenged legally until EWEB implemented further changes in 2003. The 2003 changes again resulted in significant increases in premiums and other changes in coverage for many long time retirees, including the Tier 1 retirees who had not been affected by the 1990 plan changes. The Lauderdale case was subsequently filed on November 29, 2003. The Martin case, filed after the 2004 changes further increased the premiums for most Tier 3 retirees, was filed on November 18, 2005.

Under the class action settlement approved by Judge Carlson, EWEB will pay the Martin class, including the Lauderdale claimants, \$3,080,000 in compensation for past and future increases in premiums and changes in benefits. Individual payments to members of the Martin class range from \$1,705 to \$7,635 based on the year of employment, year of retirement, and number of qualified dependents. Under the settlement agreement, EWEB also agrees to restore significant retiree health benefits to all class members hired before January 1, 1990, and to all class members hired between January 1, 1900 and December 31, 1993 who retire before December 31, 2013.

Tommy Johnson, President of the EWEB Retired Employee’s Inc. and a Lauderdale clamant, summed up the settlement as follows:

"The Courts found [in the Lauderdale case] that EWEB had violated its contractual obligations to its retirees. The settlement is an attempt, by both parties, to reinstate the good faith promises of benefits, that were delayed compensation for years of faithful service to our community.”