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December 12, 2005

Luly Massaro, Clerk  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

Re: Block Island Power Company  
Rate Filing -- Docket No. 3655

Dear Luly:

In accordance with Section 9 of the Stipulation and Settlement in Report and Order #18364 issued September 13, 2005, as modified by ordered paragraphs number 2 and 3, enclosed on behalf of Block Island Power Company (BIPCo) are the following:

1. Prefiled compensation compliance testimony of Walter E. Edge, Jr., MBA, CPA
2. An analysis of executive compensation at the Block Island Power Company performed by Matthew M. Bodah, Ph.D., dated November 30, 2005
3. Resume of Matthew M. Bodah, Ph.D.
4. Block Island Power Company position descriptions for President, Chief Operating Officer, Secretary-Treasurer, and General Manager dated December 1, 2005

An original and nine copies of this package are enclosed. Copies have been served on the service list.

Luly Massaro, Clerk  
December 8, 2005  
Page 2

If you have any questions, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc:kmc  
BIPCo5:Town-Massaro33  
cc: Service List  
BIPCo owners  
Walter Edge

**Prefiled Compensation Compliance Testimony**

**of**

**Walter E. Edge Jr. MBA, CPA**

**for**

**Block Island Power Company**

**Docket #3655**

**December 2005**

1 **Q. Please state your name and business address for the record.**

2 A. My name is Walter E. Edge Jr. MBA CPA and my business address is B&E Consulting  
3 LLC, 21 Dryden Lane, Providence, Rhode Island 02904.

4

5 **Q. What is your position with B&E Consulting?**

6 A. I am the President and Owner of the Company.

7

8 **Q. Mr. Edge, have you testified as an expert witness prior to this docket?**

9 A. Yes. I have testified as an expert witness in support of numerous filings for Block  
10 Island Power Company (BIPCo), Interstate Navigation Company, Narragansett Bay  
11 Commission, Providence Water Supply Board, Pawtucket Water Supply Board, Newport  
12 Water Department, Stone Bridge Fire District and Prudence Ferry Inc., all of which were  
13 filed before the Rhode Island Public Utilities Commission (PUC) or the Division of Public  
14 Utilities and Carriers (DPUC). I have also testified before the Federal Communications  
15 Commission Joint Committee, the Power Authority of the State of New York, the U. S.  
16 District Court in RI, and on a dozen occasions before the Rhode Island State Superior Court.  
17 In addition to the above, I was the chief rate analyst for the DPUC and advisor to the PUC  
18 for five years and frequently testified as an expert witness.

19

20 **Q. Did you file direct and rebuttal testimony in Docket #3655?**

21 A. Yes I did.

22

23 **Q. What is your educational background?**

24 A. I received my Bachelors Degree in Business Administration (BSBA) with a major in  
25 accounting from Bryant College and a Masters Degree in Business Administration (MBA)  
26 from the University of Rhode Island. I became a Certified Public Accountant (CPA) after  
27 successfully passing the national CPA exam in 1974.

28

29 **Q. What is the purpose of your compliance testimony?**

30 A. B&E Consulting LLC (B&E) was engaged by BIPCo to provide testimony relating to  
31 management compensation in compliance to Commission Order #18364 in Docket #3655.

32

1 **Q. What was required in the Commission Order relating to management**  
2 **compensation?**

3 A. The Commission Order revised Section 9 of the Stipulation between the parties relating  
4 to management compensation. The Commission ordered that BIPCo comply with Section 9  
5 90 days after issuance of the Order (September 13<sup>th</sup> 2005) instead of waiting until its next  
6 rate filing. The Stipulation stated the following:

7 "Section 9: In the next base rate filing, BIPCo will justify how it pays its owners  
8 and/or management (management fees, management salaries, dividends, director's  
9 fees, use of Company-owned or leased vehicles by owners/or management, benefits  
10 provided to owners and/or management, etc., or some combination, and any other  
11 management-related transactions with affiliates) and show that its approach and the  
12 resulting payments are reasonable and in the best interest of ratepayers. Nothing in  
13 the foregoing language shall preclude the Town from filing a complaint with the  
14 Division or Commission on the issues set forth in Section 9".

15  
16 The Commission expanded on its concerns in the body of the Order on page 16 as follows:

17  
18 "The Commission is concerned with the treatment of management fees drawn by the  
19 owners because they act as employees and not in a consultant capacity. The  
20 Commission does not believe it is the best interest of ratepayers to allow BIPCo to  
21 put off justification of the management fees until the next rate case and accordingly,  
22 the Commission modified Section 9 of the Settlement regarding the compensation to  
23 the owners of BIPCo by requiring BIPCo to report, within 90 days from issuance of  
24 this Order, its justification and legal basis for how the Company pays its owners  
25 and/or management. Also, BIPCo must provide written job descriptions for its  
26 senior management. The funding level for the management fees that is agreed in the  
27 Settlement remains the settled amount subject to the Commission determining if the  
28 amount in the Settlement is appropriate"

29  
30 BIPCo is filing this testimony, the enclosed job descriptions and the Analysis of Executive  
31 Compensation report of Dr. Matthew M. Bodah in compliance with the above listed  
32 compliance requirements.

33  
34 **Q. Mr. Edge, what is the stipulated amount for management compensation?**

35 A. The amount calculated by Mr. Catlin for management compensation was \$247,000 (see  
36 Schedule TSC-11 attached) which was his calculation of management compensation for  
37 Pascoag Fire District. His calculation included the salaries of the General Manager,  
38 Assistant General Manager, and the Customer Service and Accounting Manager at Pascoag  
39 for 2005. He added 10% for retirement compensation.

1 **Q. Did BIPCo agree to the use of this amount in the Settlement?**

2 A. Yes. Although BIPCo had a number of concerns relating to this amount it agreed to the  
3 use of \$247,000 in the Settlement with the understanding that BIPCo would provide  
4 justification for a more appropriate amount in its next rate filing. However, for this filing  
5 BIPCo needed rate relief as soon as possible and the amount calculated by Mr. Catlin  
6 although low was reasonable for settlement purposes in the interim period until the next rate  
7 filing.

8

9 **Q. Was the \$247,000 amount available for the compensation to pay the President,  
10 CFO and COO?**

11 A. No. Per Mr. Catlin's Schedule TSC-11 the \$247,000 amount had to pay Mr. Wagner's  
12 General Manager salary of \$84,844, a retirement contribution for Mr. Wagner of \$2,545 and  
13 \$24,000 for the "bookkeeping and financial advice" provided by B&E Consulting  
14 throughout the year. When these amounts, which have not changed, are deducted from the  
15 \$247,000 allowance, the dollars available for the compensation to the President, COO and  
16 the Treasurer/Secretary/CFO is \$135,611.

17

18 **Q. Is this amount \$135,611 adequate to pay the President, COO and CFO until BIPCo  
19 files its next rate case?**

20 A. No it is not.

21

22 **Q. What is BIPCo paying its President, COO and CFO at the present time?**

23 A. The annual compensation being paid is as follows:

President	\$72,000
COO	48,000
CFO	48,000
Total	<u>\$168,000</u>

24

25 **Q. How does BIPCo expect to pay the difference of \$32,389 between the amounts  
26 being paid (\$168,000) and the \$135,611 revenue allowance in the Stipulation?**

27 A. BIPCo was allowed a return on equity of 10.5% and had an average monthly equity of  
28 \$863,535 which calculates to an allowed profit for the owners of the Company of \$90,671.  
29 The \$32,389 difference will be paid out of the allowed profit.

1 **Q. Won't the partial use of the annual profit to cover the shortfall in executive**  
2 **compensation for the President, COO and CFO reduce the increase in equity that**  
3 **would occur if there was no use of the profit and it all went into the equity of the**  
4 **Company?**

5 A. Yes, it will. However, BIPCo believes, and Dr. Bodah's analysis shows, that the  
6 salaries that are currently being paid to the President, COO and CFO are either below or at  
7 the low end of the salary ranges for these positions in similar size companies. To reduce the  
8 salaries any lower would not be appropriate. Further, BIPCo's owners have shown a  
9 willingness to forgo the distribution of profits (dividends) over the past thirteen years in an  
10 attempt to build the equity of the Company when the compensation for the work done by  
11 management is reasonable. After adequately compensating management, BIPCo's owners  
12 intend to continue to forgo and reinvest dividends as much as possible in order to increase  
13 equity.

14

15 **Q. Does BIPCo expect to earn its authorized return on equity this year?**

16 A. Yes, they do. In fact the summer of 2005 was a good summer and the revenues were a  
17 little bit higher than projected. If the winter is normal, then BIPCo should earn its  
18 authorized rate of return for the rate year in this docket.

19

20 **Q. Mr. Edge, have you prepared job descriptions for the senior management of**  
21 **BIPCo?**

22 A. No, I have not. However, Dr. Bodah has provided job descriptions that are included in  
23 this filing.

24

25 **Q. Mr. Edge can you address the "management fees, management salaries, dividends,**  
26 **director's fees, use of Company owned or leased vehicles by owners/or management,**  
27 **benefits provided to owners and/or management, etc., or some combination, and any**  
28 **other management-related transactions with affiliates" issues raised in the Stipulation?**

29 A. Yes. As I stated earlier, Dr. Bodah's analysis will address management salaries and  
30 management benefits. Management fees are no longer paid by BIPCo.

31

32

1 There has been only one common stock dividend (\$20,000) from earned profit in the last  
2 thirteen years and it was paid to the stockholders the year that BIPCo started collecting  
3 revenues from the communication tower. BIPCo's Directors voted to distribute a \$20,000  
4 dividend for the successful negotiation and building of the communication tower, at no cost  
5 to the ratepayers, that provides annual proceeds of about \$140,000 that goes exclusively to  
6 the benefit of the ratepayers. BIPCo's stockholders were not obligated to include this non-  
7 utility related business activity as part of the Company's revenue stream for the sole benefit  
8 the ratepayers, but they did so in order to keep rates down. The dividend was in recognition  
9 of a job well done for the ratepayers.

10

11 Company leased vehicles are available to management and staff for Company business,  
12 however some personal use had been allowed on the way to and from work. The President  
13 of the Company (formerly the Treasurer) has a Company car that is available for his  
14 exclusive use and some limited personal use is allowed.

15

16 As has been stated numerous times, BIPCo's management, like all of its employees, receives  
17 free electricity as allowed by State law.

18

19 Related party transactions (as defined by the AICPA) are reviewed by BIPCo's auditors  
20 each year and a description of the related party transactions is shown in the footnotes of the  
21 year end financial statements. The related party transactions by PUC definition are far  
22 fewer than using the AICPA definition. Nevertheless, BIPCo is in the process of seeking to  
23 have its year end auditor complete a review of the reasonableness of these related party  
24 transactions. Any report, which we hope to have completed next year, will be made  
25 available to the DPUC and PUC as soon as it becomes available.

26

27 **Q. Mr. Edge, some questions have arisen as to the status of BIPCo's management as**  
28 **to whether they should be treated as employees or consultants. Have you reviewed**  
29 **this area and arrived at any conclusions?**

30 A. Yes I have. First however, it is important to point out that it less expensive for the  
31 ratepayers if we can justify the President, COO and CFO as consultants rather than  
32 employees. BIPCo prefers to save money whenever it can.



1 BIPCo (and in turn the ratepayers) save money if the three managers can be classified as  
2 consultants because BIPCo does not have to pay FICA taxes, unemployment taxes (SUTA  
3 and FUTA), pension contributions and for the most part health insurance for consultants.  
4 The problem is that these types of services are provided in other Companies by both  
5 consultants and employees so an evaluation of their status is needed.

6

7 **Q. What evaluation did you perform?**

8 A. I obtained a listing of the 20 factors or “tests” used by the IRS for determining “whether  
9 a person is an employee or an independent consultant” (See IRS Publication 937,  
10 Employment Taxes and Information Returns). The 20 factors (tests) are as follows with my  
11 comments on each.

12

13 1. **Instructions:** An employee must comply with instructions about when, where and  
14 how to work. Even if no instructions are given, the control factor is present if the  
15 employer has the right to control how the work results are achieved.

16 ➤ I believe that the management team of BIPCo (with the exception of Mike  
17 Wagner) meets this test and can be classified as independent contractors.

18

19 2. **Training:** An employee may be trained to perform services in a particular manner.  
20 Independent contractors ordinarily use their own methods and receive no training  
21 from the purchasers of their service.

22 ➤ I believe that the management team of BIPCo (with the exception of Mike  
23 Wagner) meets this test and can be classified as independent contractors.

24

25 3. **Integration:** An employee’s services are usually integrated into the business  
26 operations because the services are important to the success or continuation of the  
27 business. This shows that the employee is subject to direction and control.

28 ➤ This test is a bit difficult to show that the BIPCo’s managers services are not  
29 “integrated into the business operations” because the services provided are  
30 “important to the success and continuation of the business”.

1           However, I believe that all consultant services are eventually integrated into the  
2           business operations and that these services are also important to the success of  
3           the company or else why would you pay for it.  
4

- 5       4. **Services rendered personally:** An employee renders services personally. This  
6       shows that the employer is interested in the methods as well as the results.  
7       ➤ BIPCo's managers are required to provide results and are not limited to their own  
8       personal time and effort (with the exception of Mike Wagner). All of BIPCo's  
9       management is held to results not method.  
10
- 11      5. **Hiring assistants:** An employee works for an employer who hires, supervises and  
12      pays workers. An independent contractor can hire, supervise and pay assistants  
13      under contract that requires him or her to provide materials and labor and to be  
14      responsible only for the result.  
15      ➤ BIPCo's managers are required to provide results and are not limited to their own  
16      personal time and effort (with the exception of Mike Wagner). BIPCo's  
17      management is held to results not method.  
18
- 19      6. **Continuing relationship:** An employee has a continuing relationship with an  
20      employer. A continuing relationship may exist even if the work is performed at  
21      recurring although irregular intervals.  
22      ➤ It would be difficult to argue that BIPCo's managers do not have a continuing  
23      relationship with BIPCo. However this one item would not by itself mandate  
24      that the managers be classified as employees.  
25
- 26      7. **Set hours of work:** An employee usually has set hours of work established by an  
27      employer. An independent contractor can work when and for whom he chooses.  
28      ➤ I believe that the management team of BIPCo (with the exception of Mike  
29      Wagner) meets this test and can be classified as independent contractors.  
30

1 8. **Full-time requirement:** An employee may be required to work or be available full-  
2 time. This indicates control by the employer. An independent contractor can work  
3 when and for whom he chooses.

4 ➤ I believe that the management team of BIPCo (with the exception of Mike  
5 Wagner) meets this test and can be classified as independent contractors.  
6

7 9. **Work done on premises:** An employee usually works on the premises of an  
8 employer, or works on a route or at a location designated by an employer.

9 ➤ I believe that the management team of BIPCo (with the exception of Mike  
10 Wagner) meets this test and can be classified as independent contractors.  
11

12 10. **Order or sequence set:** An employee may be required to perform services in order  
13 or sequence set by an employer. This shows that the employee is subject to  
14 direction and control.

15 ➤ I believe that the management team of BIPCo (with the exception of Mike  
16 Wagner) meets this test and can be classified as independent contractors.  
17

18 11. **Reports:** An employee may be required to submit reports to an employer. This  
19 shows that the employer maintains some degree of control.

20 ➤ I believe that the management team of BIPCo (with the exception of Mike  
21 Wagner) meets this test and can be classified as independent contractors.  
22

23 12. **Payments:** An employee is paid by the hour, week or month. An independent  
24 contractor is usually paid for the job or on a straight commission.

25 ➤ I believe that the management team of BIPCo (with the exception of Mike  
26 Wagner) meets this test and can be classified as independent contractors.  
27

28 13. **Expenses:** An employee's business and travel expenses are generally paid by the  
29 employer. This shows that the employee is subject to regulation and control.

30 ➤ BIPCo's managers (with the exception of Mike Wagner) are responsible for their  
31 own business and travel expenses.

1       **14. Tools and materials:** An employee is normally furnished significant tools,  
2           materials and other equipment by the employer.

3           ➤ I believe that the management team of BIPCo (with the exception of Mike  
4           Wagner) meets this test and can be classified as independent contractors.

5  
6       **15. Investment:** An independent contractor has a significant investment in the facilities  
7           he or she uses in performing services for someone else.

8           ➤ I am not aware of the level of investment that the President and the COO have in  
9           their respective companies, however BIPCo pays these companies and not the  
10          individuals. The CFO is paid directly for his services. However, for example,  
11          all managers (with the exception of Mr. Wagner) have their own computers and  
12          use their own phones to communicate with consultants, lawyers, etc. There are  
13          no reimbursements provided for the use of these assets.

14  
15       **16. Profit or loss:** An independent contractor can make a profit or suffer a loss.

16          ➤ I believe that the President and the CFO can make profit and suffer a loss in their  
17          companies. Also, I believe that all three managers (President, COO and CFO)  
18          can suffer an opportunity loss of time if the work required for their job in any  
19          given year exceeds the compensation level agreed to at the beginning of the year.

20  
21       **17. Works for more than one person or firm:** An independent contractor is generally  
22          free to provide his or her services to two or more unrelated persons or firms at the  
23          same time.

24          ➤ BIPCo's managers (with the exception of Mike Wagner) are free to and do  
25          provide their services to other entities.

26  
27       **18. Offers services to the general public:** An independent contractor makes his or her  
28          service available to the general public.

29          ➤ I believe that all three managers make their services available to the general  
30          public.

31

1 19. **Right to fire:** An employee can be fired by an employer. An independent  
2 contractor cannot be fired so long as he or she produces result that meets the  
3 specifications of the contract.

4 20. **Right to quit:** An employee can quit his or her job without at any time incurring  
5 liability. An independent contractor usually agrees to complete a specific job and is  
6 responsible for its satisfactory completion or is legally obligated.

- 7 ➤ These two items are related. BIPCo's managers can not be fired but can be  
8 removed from their positions by a vote of the Board of Directors. The BIPCo  
9 managers have the right to give proper notice and resign their positions,  
10 however, BIPCo's managers are professionals and as such are expected to  
11 address these two issues more like consultants than employees.

12  
13 Based upon the above review, in my opinion it is reasonable to classify the President, COO  
14 and CFO as consultants. In my opinion the IRS would see that BIPCo has evaluated the  
15 situation and concluded that they are in compliance with the majority of the 20 tests.  
16 Should BIPCo get audited, which is highly unlikely, BIPCo would make the above  
17 arguments and if successful there would be no penalties.

18  
19 **Q. What are the penalties if BIPCo is found to be in error?**

20 A. BIPCo would be required to pay the employer's share of FICA (which it would pay if it  
21 chose to treat the three managers as employees anyway), 20% of the employee's share of  
22 FICA, and 1.5% of the amount paid for Federal withholding. Please note that these  
23 penalties are more severe if BIPCo were to not give 1099's to the managers, but BIPCo does  
24 give 1099's each year.

25  
26 The total cost for the 20% of employee FICA (1.5%) and the withholding (1.5%) would be  
27 less than \$6,000 per year (3% times \$200,000). Further I believe that these charges may be  
28 considered penalties and it is my understanding that penalties generally can not be passed on  
29 to the ratepayers. Therefore, it is my opinion that it is in the ratepayer's best interest for  
30 BIPCo to continue to pay its management (President, CFO and COO) as consultants.

1 **Q. Mr. Edge, are there any other reasons why you believe that BIPCo should continue**  
2 **paying the President, CFO and COO as consultants rather than as employees?**

3 A. Yes. Since the current owners have owned BIPCo, the IRS has audited BIPCo twice.  
4 In neither audit did the IRS make an adjustment to reclassify consultant compensation as  
5 employee compensation. Further, compensation was a very specific part of the audits. For  
6 example, adjustments were made to reclassify director fees to dividends and free electricity  
7 as other taxable compensation.

8

9 **Q. Does that conclude your testimony?**

10 A. No, I would like to provide a chart (picture) that I believe summarizes Dr. Bodah's  
11 report and makes it very easy to see that the salaries being paid to the President, COO and  
12 the CFO fall far below the combined salary and fringe levels paid at similar companies.

13

	President	COO	CFO
Maximum Salary and Fringe *	\$170,248	\$103,619	\$104,655
Minimum Salary and Fringe *	107,777	66,721	66,782
Current Salary and Fringe	72,000	49,200	48,000
Salary and Fringe / Stipulation	58,042	39,985	38,785
* Table 6 times 130%			

14

15 **Q. Does that conclude your testimony?**

16 A. Yes.

17

18

19

20

BLOCK ISLAND POWER COMPANY

Adjustment to Proposed Management Fee  
Rate Year Ending May 31, 2006

<u>Pascoag</u>	<u>Amount</u>
Comparable Management Compensation (1)	
Management Salaries	224,500
Retirement Contribution at 10%	22,500
Total Pascoag Management Compensation	\$ 247,000
<u>BIPCO</u>	
General Manager Salary (Wagner) (2)	\$ 84,844
Retirement Contribution at 3%	2,545
Bookkeeping & Financial (3)	24,000
Management Compensation before Management Fee	\$ 111,389
Management Fee	212,000
Total BIPCO Management Compensation	\$ 323,389
Adjustment to Claimed Management Fee	\$ (76,389)

Notes:

- (1) Based on compensation of General Manager, Assistant General Manager and Customer Service and Accounting Manager at Pascoag Utilities for 2005.
- (2) FY 2004-05 salary per Schedule WEE-4a.
- (3) Based on stipend to Walter Edge for bookkeeping and financial advice for FY 2004-05 per minutes of May 15, 2004 Board of Directors Meeting.





**AN ANALYSIS OF  
EXECUTIVE COMPENSATION  
AT THE  
BLOCK ISLAND POWER COMPANY**

**Matthew M. Bodah, Ph.D.**

**November 30, 2005**

## **Executive Summary**

Using national, regional, and local data, and employing established methods of salary determination, the conclusion is reached that the proposed salaries for the President, Chief Operating Officer, and Secretary-Treasurer at the Block Island Power Company are below or within the appropriate range for a small, Southern New England, power generation, transmission, and distribution firm.

Benefits are less generous and the firm's costs for executive benefits are low when measured against national, regional, or local data.

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## **I. Introduction**

The purpose of this report is to provide an analysis of executive compensation at the Block Island Power Company (BIPCo). The positions considered in this analysis are President, Secretary-Treasurer, and Chief Operating Officer. The methodology used is well-established in compensation administration<sup>1</sup> and follows the following steps:

- The positions are analyzed to determine the proper job descriptions.
- The positions are evaluated to create the proper job hierarchy.
- Market data on one or more benchmark positions is gathered and analyzed.
- The internal hierarchy and the external market data is brought together to create appropriate pay ranges.
- Individual salaries are placed within the appropriate range.

## **II. Job analysis**

There are a number of techniques for job analysis (e.g. task inventories, functional job analysis, and position analysis questionnaires). In this case, there is an extant record of incumbents' statements of job duties, i.e. Prefiled Direct Testimony of December 2004, pursuant to a case before the Rhode Island Public Utilities Commission (PUC Docket 3655). This testimony is recent enough and the positions clear enough to arrive at the conclusions below. Job duties rather than job titles are considered in matching a position with the appropriate Standard Occupational Code (SOC).<sup>2</sup> Although the General Manager's salary is not in dispute, it is included in this analysis for benchmarking purposes.

### **A. President**

The President at the time of the PUC filing was Jerome A. Edwards. Mr. Edwards has retired. This position is now filled by Dr. Albert Cazassa. Mr. Edwards described the duties of the President as follows:

I am responsible for the overall daily activities of the company. I supervise the operations manager; work with the financial aspects of the Company; and deal with

---

<sup>1</sup> See, for example, Milkovich, G. T. and J. M. Newman. 2005. *Compensation*. New York: McGraw-Hill, pp. 59-141; Kanin-Lovers, J. 1991. Job-evaluation technology. *The Compensation Handbook*. E. Rock and L. Berger (eds.). New York-McGraw-Hill, chap 6.

<sup>2</sup> The Standard Occupational Code is developed by the federal government as a means of categorizing occupations across the economy. The former Dictionary of Occupational Titles has been superseded by an internet-based service called O\*NET, which was used to match job information with SOC codes. It is available at [www.onetcenter.org](http://www.onetcenter.org).

generation problems, customer complaints and generally anything that comes up during the day. I also negotiate contracts and address the concerns of outside entities such as the Town, PUC, DPU, and other regulatory entities. In general I do the presidential duties of the Company.

Based on this testimony, it is this analyst's judgment that the position described is closest to SOC 11-1011.02 Chief Executive (Private Sector).

### **B. Chief Operating Officer**

The Chief Operating Officer is Clifford McGinnes. He described his duties as follows:

I am responsible for the acquisition and installation of generation and related equipment, fuel procurement, and the supervision of management and plant staff.

Mr. McGinnes provides further information by describing his role on two projects:

One of my most profitable special projects was the new communication tower. I was the point man on getting the tower (negotiations), installing the tower, obtaining approval for the tower (permits) and any other activities that had to be addressed. The tower is worth \$146,000 (rent and transfer of ownership) per year for rate payers.

My most recent project was the negotiation of the installation of a new CAT system SCR on BIPCo's engine 23 on a trial basis at no cost to BIPCo (except for installation). The existing SCR system is not working as well as we hoped it would. It is not a CAT system. CAT manufactures our new engines and is now developing an SCR system. If this CAT SCR system works it will provide a better and hopefully cheaper way for us to reduce our air emissions. When the testing is over BIPCo will be given the SCR equipment and a one year warrantee on its operation. I believe that this has a value of about \$125,000 to the ratepayers.

Based on this testimony, it is this analyst's judgment that the position described is closest to SOC 11-1021 General and Operations Manager.

### **C. Secretary-Treasurer**

The Treasurer of Block Island Power Company was Dr. Albert Casazza. He is now the firm's President, with Dr. John Pezzimenti assuming the Treasurer's role. This position has also been expanded to include the duties of Secretary. Dr. Casazza described the duties of the Treasurer as follows:

I am responsible for the financial stability of BIPCo. I manage current expenditures, cash flow, accounts receivable and payable, and financial relationships with banks, suppliers, and government agencies. I also supervise bookkeeping activities.

Based on this testimony, it is this analyst's judgment that the position described is closest to SOC 11-3031 Financial Manager.

#### **D. General Manager**

The General Manager of BIPCo was Michael Wagner. In addition, he is a Vice President and member of the Board of Directors. He described his duties as follows:

I am responsible for and oversee the operation of and maintenance of the facility, which includes the generation plant, substation, and distribution system. I also deal with issues relating to customers, suppliers, and subcontractors.

He further stated:

I am the point man for the company on the design and construction of the new substation...

Based on this testimony, it is this analyst's judgment that the position described is closest to SOC 11-1021 General and Operations Manager.

### **III. Job evaluation**

The purpose of job evaluation is to create an internal hierarchy of positions around which a salary structure can be built. The most popular form of job evaluation is the point-factor method, whereby jobs are evaluated on factors such as skill, effort, responsibility, and working conditions.<sup>3</sup> A numerical value is then placed on a job, which allows the relevant importance of positions (including the distance between positions) to be determined. The point-factor method is rarely used with executive level positions. However, a similar outcome is achieved by considering the market positions of jobs.

Here, two sources of data are considered. First, national within-industry data from the most recent industry-specific U.S. Department of Labor Bureau of Labor Statistics (BLS) Occupational and Employment Survey (OES)<sup>4</sup> are examined and displayed in Table 1.

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<sup>3</sup> See Milkovich and Newman. 2005; Kanin-Lovers, 1991; Heneman, R. 2003. Job and work evaluation: a literature review. *Public Personnel Management* 32(1): 47-71.

<sup>4</sup> According to the BLS *Handbook of Methods*. "The Occupational Employment Statistics (OES) survey is a periodic mail survey of nonfarm establishments that collects occupational employment data on workers by industry. The OES program surveys approximately 725,000 establishments in 400 detailed industries. The overall response rate is 79 percent. BLS provides the procedures and technical assistance for the survey; State employment security agencies collect the data. These data are used to estimate total

Table 1. Employment and annual salaries Electrical Power Generation, Transmission and Distribution, May 2004.

	Total Estimated Employment	Mean	10 <sup>th</sup> Percentile	25 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile (Median)
Chief Executive	1170	\$161080	\$96770	\$123380	\$145600+ See Note
General and Operations Manager	6960	103070	60020	75420	96050
Financial Manager	1940	100560	62560	76560	92820
All mgt. occs.	25540	100300	60500	76280	94210

Source: BLS May 2004 National Industry Specific Occupational Employment and Wage Estimates, NAICS 221100-Electric Power Generation, Transmission and Distribution.  
[www.bls.gov/oes/current/naics4\\_221100.htm](http://www.bls.gov/oes/current/naics4_221100.htm).  
 Note: The BLS only reports salaries up to \$145,600.

Second, data from the Rhode Island portion of the OES, which are gathered and presented by the R.I Department of Labor and Training Labor Market Information Section (LMI), are examined and displayed in Table 2. Data gathered at the state-level are not as informative as the national level data. The smaller sample size precludes within-industry comparisons and results in some data being suppressed for privacy reasons. Nonetheless, Table 2 displays data for all Rhode Island industries for the same occupational codes contained in Table 1.

Table 2. Employment and annual salaries, State of Rhode Island, 2004				
	Total Employment	Mean	25 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile (Median)
Chief Executive	1250	\$155667	#	#
General Manager	#	92040	\$55910	\$80433
Financial Manager	1890	90584	62296	82909
All management occupations	22690	87714	56098	78250

Source: Rhode Island Occupational Employment Survey, Statewide Occupations-All Industries, 2004.  
[www.dlt.ri.gov/lmi/oes/stateocc.htm](http://www.dlt.ri.gov/lmi/oes/stateocc.htm)  
 Note: # data not reported

employment by occupation for the Nation, each State, and selected areas.” See [www.bls.gov/opub/hom/homch3\\_a.htm](http://www.bls.gov/opub/hom/homch3_a.htm)

For the purpose of job evaluation, the important variable is the rank order and “distance” between jobs. The position of general manager is used as the base rate (for reasons that will become obvious below) and is given the index number of 100. The other numbers are derived by calculating the percentage difference with the base rate observed in the BLS and LMI data (i.e. general manager salary). Table 3 displays the relative positions of jobs based on the market data above. Due to missing values, only the national-level mean, 10<sup>th</sup> and 25<sup>th</sup> percentiles, and the state-level mean can be used. The figure in the right hand column of Table 3 is the average of national-level industry-specific and state-level all-industry figures. Hence, it is a measure that combines national industry data at several levels with local pay outcomes. Having several points of data boosts our confidence that the relationship between positions is a valid representation of the market.

	U.S. Industry Mean	U.S. Industry 10 <sup>th</sup> Percentile	U.S. Industry 25 <sup>th</sup> Percentile	R.I. All-Industries Mean	Average
Chief Executive Officer	156	161	164	169	163
General Manager	100	100	100	100	100
Financial Manager	98	104	102	98	101

#### IV. Regional labor market data

Since, in general, rates of pay vary across regions of the country, the next step is gathering data from the relevant labor market data so that we can begin to determine appropriate salary ranges. In this case, getting the right data is a challenge. Most power companies are larger than BIPCo. In fact, the 2002 *Economic Census of Utilities* indicates that the 50 largest firms account for 79.5% of revenues in electric power generation, transmission, and distribution. The 8 largest firms account for nearly one-third (31.6%) of revenues.<sup>5</sup>

<sup>5</sup> U.S. Census Bureau. 2004. *Electric Power Generation, Transmission, and Distribution: 2002. 2002 Economic Census—Utilities*. Available at [www.census.gov](http://www.census.gov).



Ideally, one would like to gather a good size sample (e.g. N>25) of data from a group of relatively similar private sector firms in the region. But, unfortunately, there are no such firms. One natural comparison would have been Nantucket Electric, but that firm is now owned by National Grid and all salaries paid by the parent company. The same situation exists with the former Newport Electric and Blackstone Valley Electric companies, which were assumed by larger entities and ceased reporting local executive and management salaries some time ago (and were quite a bit larger anyway).

With this paucity of private sector data, it seemed a reasonable compromise to use community and municipal power companies for comparison. There is only one such organization in Rhode Island (the Pascoag Utility District), but there are 36 in Massachusetts and approximately 8 in Connecticut.<sup>6</sup> The appropriateness of using public power companies is supported by the Division Public Utilities and Carriers' using the Pascoag Utility District as the basis for its recommendation to the PUC for executive compensation at BIPCo.

Data on all management salaries are not included in the filings of public power companies across the region. However, most filings do include the salary of the general manager, which will be used as the benchmark and anchor for our salary ranges. Table 4 includes descriptive statistics and Table 5 a ranking of individual salaries by community.

Table 4. Descriptive statistics for number of customers and general managers' salaries, community and municipal utilities in CT, MA, and RI, and BIPCo,		
	Customers	Salary
Observations	40	40
Minimum	661	\$24500
Maximum	34769	154082
Mean	8244	105261
10 <sup>th</sup> Percentile	1943	76789
25 <sup>th</sup> Percentile	3043	90128
50 <sup>th</sup> Percentile (Median)	7186	110352

<sup>6</sup> 2004 reports for all of the Massachusetts municipal power companies were inspected on site at the Massachusetts Department of Telecommunications and Energy; annual reports for Connecticut companies are available on-line from the Connecticut Department of Utility Control at [www.state.ct.us/dpuc/database.htm](http://www.state.ct.us/dpuc/database.htm). Unfortunately, there are some gaps in this database, so only Groton, Bozrah, and Jewett City are included. Data on Pascoag came via an information request to the RI Department of Public Utilities and Carriers.

Table 5. General managers salaries, community and municipal utilities in CT, MA, and RI and BIPCo,

Rank	Utility	Customers	Salary (\$)	Rank	Utility	Customers	Salary (\$)
1	Westfield	17189	154082	21	N. Attleboro	12608	109356
2	Taunton	34769	145811	22	Groton, CT	11602	107902
3	Chicopee	25734	144367	23	Groton, MA	4510	102260
4	Peabody	NA	138750	24	Sterling	3626	100000
5	Hudson	11409	137012	25	Pascoag	5000	100000
6	Littleton	6253	130899	26	Hull	6108	99984
7	Wellesley	9908	128636	27	Georgetown	3242	97000
8	Braintree	14739	125000	28	Concord	7406	94870
9	Norwood	15101	121223	29	S. Hadley	7400	94677
10	Holyoke	10147	120000	30	Danvers	11749	91670
11	Holden	7281	118500	31	Bozrah	2554	88587
12	Middleboro	13882	116017	32	Templeton	3358	86000
13	Middleton	3183	115988	33	Block Island	1724	84844
14	Marblehead	10596	115834	34	Ashburnham	2902	81000
15	Wakefield	11639	115780	35	Groveland	2542	78709
16	Hingham	10049	115000	36	Boylston	2143	77977
17	Mansfield	9145	115000	37	Princeton	1498	75600
18	W. Boylston	3642	112979	38	Paxton	1836	69943
19	Jewett City	2049	112442	39	Merrimac	2651	51053
20	Belmont	10757	111347	40	Chester	661	24500

Source: Annual Reports, Connecticut Department of Public Utilities, Massachusetts Department of Telecommunications and Energy, Rhode Island Department of Public Utilities.

Notes: Massachusetts data were filed 12/31/2004; Bozrah and Groton, CT were filed 6/30/2004; Jewett City was filed 6/30/2003. Pascoag and Block Island are from recently filed information. The Chester position is part-time (20 hrs/wk).

## V. Creating salary ranges

Based on the actual market salaries displayed in Table 4 and Table 5 and the structure indicated in Table 3, the following salary ranges are created.

### A. President

Table 3 indicates that the average chief executive officer earns 163% of the salary of a general manager. Combined with are market data, a salary range is created:

- Range minimum=Lowest salary from market data\*1.63
- Range maximum=10<sup>th</sup> percentile salary from market data\*1.63

## B. Chief Operating Officer

The SOC code does not distinguish between general and operating managers.

Therefore:

- Range minimum=Lowest salary from market data
- Range maximum=10<sup>th</sup> percentile salary from market data

## C. Secretary-Treasurer

Table 3 indicates that the average financial manager in electric utilities earns 101% of the salary of a general manager. Hence:

- Range minimum=Lowest salary from market data\*1.01
- Range maximum=10<sup>th</sup> percentile salary from market data\*1.01

The logic in using the lowest and 10<sup>th</sup> percentile salaries for the range is that BIPCo's size, as measured by the number of customers, places it in the lowest decile of firms in the regional market. The validity of using the number of customers as a measure is supported by the relatively strong correlation between general manager salary and the number of customers ( $r=.71$ ) in the market data.

However, since most of the data gathered represent 2004 salaries, it is appropriate to "age" or "trend" the figures to bring them up-to-date for the period of application.<sup>7</sup> A convenient measure is the U.S. All Urban Consumers Consumer Price Index (CPI). In December 2004 the CPI was 191.2; the latest figure (September, 2005) is 198.50. This represents an increase of 3.8%. Therefore the totals above are multiplied by 1.038, giving us the figures in Table 6a.

	Minimum	Maximum
President	\$82905	\$130960
Chief Operating Officer	\$50862	\$79707
Secretary-Treasurer	\$51371	\$80504

## VI. Determining individual salaries

Creating appropriate salary ranges is relatively easy when compared to determining the appropriate salary for an individual. Among the variables that must be considered are: the level of skill, training, and education an individual brings to the job;

<sup>7</sup> For a discussion of aging and trending data, see Milkovich and Newman. 2005, pp. 237-8.

an individual's experience in other relevant employment; the value the individual brings to the organization through his or her ties to other organizations; and an individual's past performance.

In low-skilled jobs, individual differences usually mean very little (e.g. whether one has little or much schooling is a poor predictor of how well one can sweep a floor). That is why flat rates or narrow pay ranges are often used for such jobs. At the higher managerial and executive levels, the value that the individual brings to the organization is a key determinant of pay. Hence, salary ranges are often wide. In fact, it is not uncommon for a firm to have a top pay grade with no range maximum.

#### **A. The proposed salaries of executives at BIPCo**

Each BIPCo executive has been active with the company for at least 15 years. Therefore, we can safely assume that they all possess the necessary attributes to perform competently. Individual salaries should, therefore fall within ranges determined by the market data.

According to testimony of Walter Edge, C.P.A. pursuant to this filing, two 5% increases are sought by BIPCo, raising the management fees from \$192,000 to \$212,000. The current management fee is based on salary payments to the President of \$72,000/yr, the Secretary-Treasurer of \$48,000/yr, the Chief Operating Officer of \$48,000/yr and a pension payment to the retired President of \$24,000/yr. Assuming the increases are apportioned equally, the salaries of for the President, Secretary-Treasurer, and Chief Operating Officer would increase to \$79380, \$52920, and \$52920, respectively.

When compared to the ranges in Table 6, the President's salary remains below the \$82905 minimum of the market-determined rate for that position, while the Chief Operating Officer and Secretary-Treasurer are within range, slightly above the \$50862 and \$51371 minima for those positions, but well below the \$79707 and \$80504 maxima. In no case does a proposed salary even approach the range maxima.

#### **B. Conclusion concerning executive salaries**

It is the conclusion of this analyst that the salaries proposed by BIPCo are appropriate for a firm of its size in Southern New England, based on the duties reported by incumbents.

## VII. Other aspects of the executive compensation package

### A. Benefits

Salary is only one component of compensation. The executive compensation package is typically a combination of salary, benefits, short-term incentives (e.g. annual bonuses), long-term incentives (e.g. stock options), and perquisites.<sup>8</sup> Most of the data on the structure of executive compensation packages favors very large (e.g. Fortune 500) firms. More useful for our purposes and for the positions of relevance here is the BLS report *Employer Costs for Employee Compensation*.<sup>9</sup> Table 7 provides some information from the most recent report (September 21, 2005).

	Utilities	New England	1-49 employees	Management	Average
Total	38.4	28.8	25.5	28.5	30.0
Leave	9.3	6.5	5.0	7.9	7.2
Supplemental pay	4.1	3.0	2.6	3.2	3.2
Insurance	9.1	6.8	5.9	6.1	7.0
Retirement	7.7	3.7	2.3	4.1	4.5
SS/WC/UI	7.6	8.7	9.9	7.1	8.3
Other	.6	.1	0	.2	.2

Source: Bureau of Labor Statistics. 2005. *Employer Costs for Employee Benefits*, Tables 7,8,9,10.

The right-hand column of Table 7 can be interpreted as a rough measure of the appropriate expenses for management at a New England-based, small utility.

Figures for BIPCo and the Pascoag Utility District are presented in Table 8. The Pascoag figures are for the General Manager, Assistant General Manager, and Service and Accounting manager. The BIPCo figures are for the President, Chief Operating Officer and Secretary-Treasurer.

The only benefit paid to executive-level personnel at BIPCo is health insurance for the Chief Operating Officer. The Chief Operating Officer and President also receive the perquisite of a company car for business use only. The President and Secretary-

<sup>8</sup> See, for example, Foulkes, F. K. 1991. *Executive Compensation*. Boston: Harvard Business School Press.

<sup>9</sup> Available at [www.bls.gov/news.release/pdf/ecec.pdf](http://www.bls.gov/news.release/pdf/ecec.pdf).

Treasurer receive no health care coverage, no pension benefit, no disability insurance, and no life insurance. Further, these individuals pay their own social security and other payroll taxes. Therefore, the percent of payroll paid for benefits is well below both the Pascoag Utility District and national averages.

Table 8. Insurance and retirement as percent of total compensation for top executive positions, Pascoag Utility District and BIPCo.			
	Insurance	Retirement	Insurance+ Retirement
Pascoag	8.8	10	18.8
BIPCo	2.9	0	2.9
Note: The BIPCO figure is calculated by dividing the cost of COO health benefits for FY 2004 (\$4919.76) by total executive compensation of \$ 172919.76, i.e. $72,000+(48000*2)+4919.76$ .			

To get some further idea of benefits packages at small electric companies in the region, six similarly-sized electric utilities in Massachusetts were contacted and asked several questions about benefits for management personnel. All of the organizations have fewer than 3300 customers, but no other parameters were placed on selection. The point was simply to get a rough idea of what benefits were available to management personnel at these organizations. The results are displayed in Table 9.

Table 9. Components of management benefits' packages, selected small Massachusetts municipal utilities.

	A	B	C	D	E
Ashburnham	Yes	75%	Yes	1	No
Boylston	Yes	70%	Yes	1	No
Georgetown	Yes	64%	Yes	1	No
Merrimac	Yes	50%	Yes	0	NA
Princeton	Yes	90%	Yes	2	No
Templeton	Yes	75%	Yes	1	No

Note: The questions were:

- A. Does your organization provide management personnel with health insurance?
- B. If so, what percent of health insurance is paid by the employer?
- C. Does your organization provide management personnel with a pension that is at least partially funded by the employer?
- D. How many members of the management team are provided vehicles?
- E. Can the vehicle be used for personal business?

All management personnel participated in a public employees' pension program. Employee contributions are in the range of 7-11% of salary depending on date of hire and a few other factors. The employer contribution varies. For example, Ashburnham paid \$64000 to the pension system for its 9 employees in the last fiscal year.

Most respondents stated that, in fact, there is *ad minimus* use of employer-provided vehicles for personal reasons, such as errands carried out when traveling to or from work.

## B. Conclusions concerning benefits

It is the conclusion of this analyst, after reviewing national-level data and information for several local organizations, that the benefits offered to executives and the employers' expense for those benefits at BIPCo are well below what would be expected at a firm of its size in Southern New England.

## VIII. Overall conclusions

The purpose of this study was to analyze compensation for three executive-level positions at the Block Island Power Company. This was done by using well-established methods of compensation administration and drawing on national, regional, and local market data. The conclusion reached is that salaries and benefits for the President, Chief Operating Officer, and Secretary-Treasurer are below or within range of what would be

expected at a small, privately-owned power generation and distribution firm in Southern New England. In fact, when considering several other factors, the findings in this study may be conservative.

First, BIPCo is distinctive among small power companies in that it generates and distributes power. Although a few of the comparison firms (e.g. Holyoke, Pascoag, Wakefield, and Westfield) also distribute gas and/or water, very few (and only one with fewer than 3000 customers) generate power. The exception is the Princeton, MA municipal utility, which generates a small amount of its own electricity through a wind farm. All of the other small utilities with whom this analyst spoke stated that they are strictly distributors and purchase electricity from larger firms or a cooperative venture (e.g. the Connecticut Municipal Electric Energy Cooperative). The added duties, risks, and responsibilities of power generation should be considered when assessing executive compensation.

Second, while the executive salaries at BIPCo are low, benefits for executives are nearly nonexistent. Table 7 shows that 30% of total compensation is a reasonable estimate for the amount an employer pays for benefits for a manager at a small, New England-based utility. Executive benefits at BIPCo are 2.9% of total compensation for the three positions under review. It is easy to see that if one increases the ranges in Table 6 by 30% to get a measure of total compensation, BIPCo total executive compensation would fall well below range minima.

Third, the salary comparisons in Section VI, subsection A, are based on the increases proposed by BIPCo in the most recent PUC filing, not on the current salaries being paid, or on the DPUC's recommendation to the PUC. If those rates were considered, the BIPCo executives would, again, fall well below the range minima estimated with market data.

It is the conclusion of this analyst, after reviewing all available evidence, that the salary and benefits for the President, Chief Operating Officer, and Secretary-Treasurer of BIPCo are at or below what would be expected at a comparable firm.





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### **EDUCATION**

Michigan State University, School of Labor and Industrial Relations, Ph.D. 1996. Major field: Collective Bargaining. Minor field: Organizational Behavior and Human Resource Management. Cognate areas: Sociology (Organizational and Industrial) and History (U.S. Labor History). Dissertation: *Public Policy and the Viability of Local Collective Bargaining Relationships Across Manufacturing Industries in the 1980s*.

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### **EMPLOYMENT HISTORY**

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University of Rhode Island, Instructor and Research Coordinator, Labor Research Center, 1992-1996.

University of Detroit-Mercy, College of Business Administration, Adjunct Faculty, 1992.

Michigan State University, Research Assistant, School of Labor and Industrial Relations, 1988-1992, and Institute for Public Policy and Social Research, 1988-1991.

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State of Rhode Island, Department of Transportation, Engineering Technician, 1984-1988.

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### **TEACHING EXPERIENCE**

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LRS 542 Labor Relations and Collective Bargaining. Fall 1994-present.

MGT 640 Compensation Administration. Spring 1995-present.

SOC 320 Organizations (formerly Formal Organizations). Fall 1999-present.

SOC 432 Work, Employment, and Society (formerly Industrial Sociology). Spring 2003-present

LRS/MGT 500 Labor Relations and Human Resources, Fall 2004

LRS 534 Information Sources and Uses in Industrial Relations and Labor Economics. Spring 1993-Spring 2000.

MGT 641 Human Resource Development. Fall 1998, Fall 1999.

URI 101 Traditions and Transformations. Fall 1997.

University of Rhode Island, Executive MBA Program.

Coordinator and principal instructor, Human Resource Management module, Spring/Summer, 1999 and 2000.

Taught units on Human Resources, Human Resource Information Systems, Compensation, and Labor Relations, Fall 1993, Spring 1997, Spring 1998, Summer 2001.

University of Massachusetts-Amherst, M.S. in Union Leadership and Administration.

Labor 697I Individual and Group Behavior in Organizations. Summer, 1996.

University of Detroit-Mercy, College of Business Administration, Adjunct Instructor.

MGT 542 Labor-Management Relations in Arbitration, Spring 1992.

### **OTHER ACADEMIC EXPERIENCE**

University of Trier (Germany), Institute for Industrial Relations and Labor Law in the European Union. Visiting Professor, April-June, 2004.

Hans Böckler Stiftung, Düsseldorf. Visiting Researcher, January-March, 2004.

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### Published Reports

- Bodah, Matthew M. 2004. *Labor Arbitration and the Construction Industry: A Guide to Current Practices and Issues*. National Academy of Arbitrators.
- Bodah, Matthew M. 2005. *2004 Statewide Survey of Childcare Rates in Rhode Island*. RI Department of Labor & Training/RI Department of Human Services.
- Bodah, Matthew M. 2003. *2002 Statewide Survey of Childcare Rates in Rhode Island*. RI Department of Labor & Training/RI Department of Human Services.

### Chapter in Report

- Bodah, Matthew M. 2001. Report of findings: interviews with United Brotherhood of Carpenters stewards. In Ken Halperin and Vernon McDougall, *Intervention Studies of Construction Safety and Health*, Washington, DC: Center to Protect Workers Rights. National Institute for Occupational Safety and Health, Center for Disease Control, Report Number 7 R01 CCR317873-01.

### Book Reviews

- Bodah, Matthew M. 2001. Review of *Labored Relations: Law, Politics and the NLRB* by William B. Gould IV, *British Journal of Industrial Relations*, 39(4): 630-632.
- Bodah, Matthew M. 1992. Review of *More Profile than Courage: The New York Transit Strike of 1966* by Michael Marmo, *Journal of Labor Research*, 13(1): 144-146.

### Press Article

- Bodah, Matthew M. and Richard McIntyre. 1997. Fidelity labor woes part of a larger trend. Business Commentary Page, *Providence Journal-Bulletin*, June 21.

## Edited Volume

Roberts, Karen; Burton, John F. Jr. and Matthew M. Bodah (editors). 2005. *Workplace Injuries and Diseases: Prevention and Compensation* (Essays in honor of Terry Thomason). Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

## **UNPUBLISHED WORK**

### Refereed/Competitively-Selected Research Presentations

Bodah, Matthew M. and Martin Schneider. Forthcoming (2006). Discretion and performance: a cross-national comparison of public governance. Labor and Employment Relations Association Meetings, Boston, January 7.

Bodah, Matthew M. 2005. Project labor agreement dispute resolution procedures. Labor and Employment Relations Association Meetings, Philadelphia, January 7.

McIntyre, Richard and Matthew M. Bodah. 2002. The US and ILO Conventions No. 87 and No. 98: The Freedom of Association and Right to Bargain Collectively. AFL-CIO/Michigan State University Conference on Workers Rights, East Lansing, MI, October 11, 2002.

McHugh, Patrick P; Yim, Seong Jae; and Matthew M. Bodah. 2001. Labor-management cooperation: codification, implementation, and effectiveness. Industrial Relations Research Association Meetings, New Orleans, January 5.

McHugh, Patrick P. and Matthew M. Bodah. 2000. Professionalism and union voting intentions: the case of pharmacists. Seventh Biennial Bargaining Group Conference, East Lansing, Michigan, May 13.

Coates, David; Bodah, Matthew M. and Steve Ludlam. 2000. Trade unions and the "Third Way" in Britain and the United States. Political Studies Association (UK), London, April 11.

McHugh, Patrick P. and Matthew M. Bodah. 2000. Union voting intentions of professionals: pharmacists' general and specific beliefs about unions. Industrial Relations Research Association Meetings, Boston MA, January 7.

Bodah, Matthew M. 1999. Congressional influence on labor policy: how congress has influenced outcomes without changing the law. Industrial Relations Research Association Meetings. New York, NY. January 5.

Bodah, Matthew M. 1998. Establishment growth in the construction industry: could "double-breasting" be a factor? Industrial Relations Research Association Meetings, Chicago, January 6.

Bodah, Matthew M. 1996. Public policy and construction labor relations: a decade of change. Fifth Biennial Bargaining Group Conference, Minneapolis, October 11.

#### Invited Research Presentations

Bodah, Matthew M. 2005. Childcare rates in Rhode Island. RI Kidscount conference on childcare. Providence, RI, October 5.

Bodah, Matthew M. 2005. Project labor agreements. Northeast Regional Council of the National Electrical Contractors Association, Newport, RI, September 1.

Bodah, Matthew M. 2004. The political environment of labor relations public policy in the US. University of Trier (Germany), June 15.

Bodah, Matthew M. 2004. The political environment of labor relations public policy in the US. Hans Böckler Stiftung, Düsseldorf. March 30.

Bodah, Matthew M. 2001. Recent labor market dynamics in Rhode Island. Conference of the New England Training and Employment Council, Mystic, CT, November 5, 2001.

Bodah, Matthew M. 2000. Employment projections in the US and Rhode Island. Rhode Island Jobs Corps Board of Directors, North Kingstown, RI, February 4.

Bodah, Matthew M. 1998. Employee leasing and temporary help arrangements in Rhode Island. Faculty Seminar. Kingston, RI, April 3.

Bodah, Matthew M. 1997. Judicial review of arbitrators' decisions. Rhode Island Labor-Management Conference. Providence, RI. November 6.

Bodah, Matthew M. 1997. Innovations in labor-management relations in the construction industry. Connecticut Construction Labor-Management Council. North Haven, Connecticut, June 30, 1997.

Cutcher-Gershenfeld, Joel and Matthew M. Bodah. 1992. Computers and public safety collective bargaining. New Developments in Public Sector Collective Bargaining Conference. Ypsilanti, MI, May 20-21.

#### Unpublished Reports

Bodah, Matthew M; Lardaro, Leonard and John Burkett. 2003. *The labor supply of nurses and nursing assistants in Rhode Island and the United States*. For the RI Department of Human Services and Governor's Advisory Council on Health.



Bodah, Matthew M. 2002. *Apprenticeship programs in Rhode Island*. For the IBEW Local 99 and RI Chapter of the National Electrical Contractors Association.

Bodah, Matthew M. 1998. Temporary worker survey: a summary of findings. Research on behalf of the Campaign for Permanent Jobs, Comite Trabajadores Unidos, Progreso Latino. Presented at press conference, Rhode Island State House, February 3.

### **RESEARCH IN PROGRESS**

Project labor agreements. (Funded by the Electrical Contracting Foundation). With Dale Belman and Peter Philips.

The National Labor Relations Board and the German Federal Labor Courts. With Martin Schneider.

### **GRANTS**

Project labor agreements. Electrical Contracting Foundation. \$140,000

Temporary disability insurance. RI Department of Labor and Training \$40,000

A study of childcare costs in Rhode Island. RI Department of Labor and Training. \$13,000.

Labor markets for individuals who work with the Medicare and Medicaid populations. RI Department of Human Services. \$66,000 (FY 2002); \$90,000 (FY 2003).

Apprenticeship programs in Rhode Island. Supported by IBEW/NECA Labor-Management Committee with funds from the Federal Mediation and Conciliation Service. \$20,000.

The role of construction union stewards in health and safety. Supported by the Center to Protect Workers' Rights with funds from the National Institute for Occupational Safety and Health, Centers for Disease Control. \$37,000

Salaries of municipal official in Rhode Island. Contract research for the Town of Jamestown. \$6,000.

Faculty development grant. University of Rhode Island. \$1000.

### **HONORS**

Campaign for Permanent Jobs/Progreso Latino, Community Service Award, 1999.

University of Rhode Island, Teaching Excellence Award, 1997 nominee.

## SELECTED CONSULTING AND OUTREACH ACTIVITIES

Serving as member of the commission to review Temporary Disability Insurance in Rhode Island. Appointed by the director of the RI Department of Labor and Training. 2003-present.

Drafted proposal to the Federal Mediation and Conciliation Service and served as interim facilitator for statewide labor-management committee (RI Department of Administration and various state employee unions), 2002-2003.

Testified before RI House and Senate on legislation proposed by the RI 21<sup>st</sup> Century Labor-Management Council, Spring 2003.

Served as neutral facilitator in the development of a new compensation program, Rhode Island Department of Education and American Federation of Teachers, Local 2012, 2002-2003.

Conducted salary survey and analysis for the Town of Jamestown, RI. 1999-2000.

Served as member of the Rhode Island Senate study group on healthcare. Appointed by the chair of the senate HEW committee. Winter-Spring, 1999-2000.

Testified before legislative commission studying issues concerning temporary workers. March 29, 1999 and June 7, 1999.

Mediated contract dispute between the State of Rhode Island and the Rhode Island Brotherhood of Correctional Officers, April-May, 1998

## PRESS CITATIONS

Guest on WRNI news program *Focus RI* discussing state employee compensation, July 11, 2003.

Cut from a different fabric. *Providence Journal*, June 24, 2001. Lynn Arditi, staff writer.

Publicity could hurt recruitment efforts. *Honolulu Advertiser*, April 22, 2001. Alice Keesing, staff writer.

Guest on WBUR (Boston) news program *Here and Now* discussing mandatory overtime issues and the Verizon/CWA strike, August 14, 2000.

Union work done on state time cost taxpayers \$783,000. *Providence Journal-Bulletin*, May 23, 1999. Katherine Gregg, staff writer.

Cianci's Giveaway. *Providence Journal-Bulletin*, February 25, 1998. Quoted in unsigned editorial.

Adding bosses to union raises concern. *Providence Journal-Bulletin*, February 19, 1998, Ken Mingis, staff writer.

Local analysts say Teamsters did it right. *Providence Journal-Bulletin*, August 20, 1997. Jody McPhillips, staff writer.

Appeared on television program *Cross Currents* as labor relations expert discussing the UPS/Teamsters strike. WJAR-TV 10, August 17, 1997.

Police arrest protesters at Fidelity construction site. *Providence Journal-Bulletin*, April 23, 1997, Lynn Arditi, staff writer.

### **SELECTED UNIVERSITY, PROFESSIONAL, AND COMMUNITY SERVICE ACTIVITIES**

Search committee member, Dean, College of Business Administration, current

Labor and Employment Relations Association, National Chapter Advisory Committee, 1999-present

Greater Rhode Island Labor and Employment Relations Association, president, 1998-2001; secretary, 2001-present

American Association of University Professors (URI chapter), nominating committee member, 1999-present

St. Mary Parish, Newport, RI, lay ministry team, Catholic Charities Fund volunteer, 1992-present

URI Graduate Council, member, 2001- 2004

American Association of University Professors (URI chapter), newsletter editor, 2001-2003.

University Council of Industrial Relations and Human Resource Programs, secretary-treasurer, 1997-2002

*Rhode Island Citizen* magazine, editorial board member, 2000-2002.

Feinstein Center for a Hunger Free America, board member, 1999-2002

Search committee for AAUP executive director, co-chair, 2000.

University Judicial Board, member, 1999-2000.

Faculty Senate Library Committee, member, 1997-1999.

Professional Memberships

Labor and Employment Relations Association, Academy of Management, American Sociological Association, Eastern Sociological Association, Rhode Island Labor History Society



**Block Island Power Company**  
**Position Description**

Date: December 1, 2005  
FLSA: Exempt

Job Title: President  
Reports to: Board of Directors

Position Purpose:

The incumbent in this position has ultimate responsibility for the direction, management, and administration of BIPCo.

Principal Tasks and Accountabilities:

- Directs, plans, and implements policies of BIPCo in accordance with the corporate charter and the directions of the Board of Directors.
- Directs activities of BIPCo to plan procedures, establish responsibilities, and coordinate functions among the various activities of the firm (power generation and distribution).
- Directs contact with regulatory agencies.
- Analyzes operations to evaluate performance of BIPCo and its staff and to determine areas of cost reduction and business plan improvement.
- Confers with members of the Board of Directors, managers, supervisors, and staff to establish policies and formulate plans.
- Reviews financial statements and sales and activity reports to ensure that BIPCo's objectives are being met.
- Reviews operations to assure regulatory compliance.
- Coordinates the activities of BIPCo in buying and selling investment products and financial services.
- Negotiates and deals with all external organizations including, but not limited to, federal, state, and local government agencies, and private non- and for-profit organizations.
- Assigns and delegates responsibilities to subordinates, establishes internal control procedures, and serves on the Board of Directors.

Knowledge, Skills, Abilities, and Experience:

- Knowledge of business and management principles involved in strategic planning, resource allocation, leadership, and the coordination of business activities.
- Specific knowledge of the power generation and distribution industry, including the business environment and regulatory requirements.
- Skill in judgment, decision-making, critical thinking, and the management of financial resources.
- Ability in oral and written communications, reasoning, and problem-solving.
- Extensive experience at the executive level in management or administration of a firm, agency, or other organization.

**Block Island Power Company**  
**Position Description**

Date: December 1, 2005  
FLSA: Exempt

Job Title: Chief Operating Officer  
Reports to: President

Position Purpose:

The incumbent in this position plans, directs, and coordinates the daily operations of BIPCo. He/she is responsible for managing staff and directing the use of equipment, resources, and physical capital.

Principal Tasks and Accountabilities:

- Directs and coordinates the daily activities of BIPCo concerning the generation and distribution of electricity.
- Oversees the acquisition and installation of power generation, distribution, and related equipment.
- Oversees the maintenance of power generation and distribution equipment.
- Procures fuel for power generation operations and is responsible for procurement contracts.
- Directs BIPCo's communications' system, including the installation and maintenance of communications' equipment.
- Supervises and manages the work and employment of generation plant staff.
- Works closely with the President, General Manager, and others in fulfilling BIPCo's business strategy and in assuring regulatory compliance
- Assigns and delegates responsibilities to subordinates.

Knowledge, Skills, Abilities, and Experience:

- Knowledge of business and management principles involved in resource allocation, production methods, and the coordination of people and resources.
- Specific knowledge of the power generation and distribution industry, including technical advances and regulatory requirements.
- Skill in judgment, decision-making, managing time, and motivating people.
- Ability in oral and written communications, reasoning, and technical problem-solving.
- Experience (at least five years) in operations or general management of a firm, agency, or other organization.

**Block Island Power Company**  
**Position Description**

Date: December 1, 2005  
FLSA: Exempt

Job Title: Secretary-Treasurer  
Reports to: President

Position Purpose:

The incumbent in this position plans, directs, and coordinates the financial activities of BIPCo, and is responsible for maintaining documents essential to the firm's operation.

Principal Tasks and Accountabilities:

- Directs and coordinates financial planning, budgeting, and investment activities at BIPCo.
- Directs and develops internal control policies, guidelines, and procedures for such activities as budget administration, cash and credit management, and accounting.
- Oversees the preparation of financial statements, business activity reports, annual budgets, and reports required by regulatory agencies.
- Advises management on short- and long-term financial objectives.
- Analyzes the financial details of past, present, and expected operations to identify opportunities and areas for improvement.
- Oversees and/or executes the receipt, disbursement, and banking of funds.
- Deals with financial institutions and government agencies on a variety of financial matters including loans.
- Maintains records of the Board of Directors and the executive functions of BIPCo.
- Works closely with the President and Board of Directors on business strategy and regulatory compliances.
- Assigns and delegates responsibilities to subordinates.

Knowledge, Skills, Abilities, and Experience:

- Knowledge of economic and accounting principles and practices, the financial markets, banking, and the analysis and reporting of financial data.
- Specific knowledge of the power generation and distribution industry, including financial threats and opportunities and regulatory requirements.
- Skill in managing financial resources, making financial judgments, decision-making, and complex problem solving.
- Ability in oral and written communications, reasoning, and technical problem-solving.
- Experience (at least five years) in financial or general management of a firm, agency, or other organization.



**Block Island Power Company**  
**Position Description**

Date: December 1, 2005  
FLSA: Exempt

Job Title: General Manager  
Reports to: Chief Operating Officer

Position Purpose:

The incumbent assists in planning, directing, and coordinating the daily operations of BIPCo. He/she is responsible for managing staff, directing the use of equipment, handling distribution issues, and dealing with customers.

Principal Tasks and Accountabilities:

- Assists in directing and coordinating the daily activities of BIPCo concerning the generation and distribution of electricity.
- Deals with distribution matters including line maintenance and matters concerning transformers and substations.
- Oversees new customer installation and meter reading.
- Oversees billing and customer complaints.
- Deals with state and local agencies.
- Supervises and manages the work and employment of office staff.
- Supervises and manages the work of line and other outside installation and repair staff.
- Works closely with the President, Chief Operating Officer, and others in fulfilling BIPCo's business strategy and in assuring regulatory compliance
- Assigns and delegates responsibilities to subordinates.

Knowledge, Skills, Abilities, and Experience:

- Knowledge of business and management principles involved in resource allocation, production methods, and the coordination of people and resources.
- Specific knowledge of the power generation and distribution industry, including technical advances and regulatory requirements, with a particular emphasis on customer service and electrical distribution issues.
- Skill in judgment, decision-making, managing time, and motivating people.
- Ability in oral and written communications, reasoning, and technical problem-solving.
- Experience (at least five years) in operations or general management of a firm, agency, or other organization.