

Commission Data Request 1-1

Request:

- Comm 1-1 Mr. Farley indicates in his testimony that his organization has several concerns regarding the impact of the NGrid proposal on large C & I customers. In public testimony, a representative of Toray Plastics also indicated that the NGrid proposal, if passed, would have substantial impacts on their cost of business and on the company's ability to maintain local employment. Please provide the following:
- a) The potential bill impact of the NGrid proposal on the ten largest employers in your organization if approved by the Commission. Please provide this data based upon actual known load factors for the last 12 months available. Please provide separate line item calculations for distribution; backup; and other line items potentially impacted by the NGrid proposal.
 - b) Please provide the Commission with existing total employment levels (as of October 31, 2009) for the ten largest employers within your organization. Only list totals for facilities located in Rhode Island. Also, please provide the overall median annual salary for these employees.
 - c) Please provide the Commission with planned job growth or reductions in Rhode Island for the same organizations listed above over the next 12 months, assuming current electric rates stay in effect. Please provide the expected overall median annual salary for these jobs.
 - d) Describe, to the extent possible, how these staffing projections may be impacted for these employers based upon the potential impact of electricity costs as identified in question 1. Please provide information by employer, if possible.

Response:

At the time TEC-RI received this data request, it did not have any of the requested data in its possession or control. Despite its best efforts, TEC-RI still has been unable to acquire most of the information requested. We cannot, of course, provide what we do not have. Therefore, we are providing what we have been able to collect.

For part (a) of the request, the Company is preparing a response to a record request that was issued by the Commission on Friday November 13, 2009 during the testimony of Howard Gorman that will provide information to address part (a) of this request. This is fortuitous, as National Grid is in fact in the best position to provide these data and analyses.

For part (b) of the request, we are able to provide data that comes from the Rhode Island Economic Development Corporation.

Parts (c) and (d) of the request are speculative in nature. Our member firms found it very difficult to answer these speculative questions with definite numbers.

(a)

Please see the information that will be provided by National Grid.

(b)

For TEC-RI's large employers, we obtained data from the Economic Development Corporation about reported employment levels and Rhode Island industry average salaries. In certain cases, we updated the record with specific data provided directly by certain members. Several members consider salary data to be proprietary and confidential, so we have not identified the members by name in order to preserve confidentiality. These data appear in the following table:

Company	Employment	Last Updated	2008 RI Industry Average Wage
Member A	4,455	09-May	\$ 56,700
Member B	1,074	06-Dec	*
Member C	1,000	09-Jul	\$ 39,512
Member D	1,270	09-Jul	\$ 50,004
Member E	7,769	09-Jul	\$ 47,086
Member F	930	02-Jan	\$ 50,004
Member G	1,672	06-Dec	\$ 68,674
Member H	912	09-Aug	\$ 50,004
Member I	13,535	09-Nov	\$ 57,707
Member J	600	09-Jul	\$ 47,162

* data not available or not used

(c)

Several members consider hiring and layoff plans, as well as salary data to be proprietary and confidential. For those that did give us a response, most report that they are not planning to lay off, but they are also not planning to add jobs.

One member is projecting a deficit in the next fiscal year that amounts to over 10% of their current year payroll. The review committee will make their recommendations in December 2009 and they may include some reductions in staff. They are offering a voluntary early retirement program to minimize possible layoffs.

Another member completed a manufacturing shutdown in the past 12 months that reduced its RI employment by 130.

(d)

Several members made the point that layoffs are a delicate labor issue and refused to speculate about this question. Others stated that they would work harder to cut costs in other areas and try to keep employment levels where they are. One stated that this proposed increase in electricity costs would further exacerbate projected budget shortfalls and could result in further personnel reductions.

The electricity price is not the only factor to consider when making decisions about job growth or reductions. Also, one 12 month period may be too short a time frame to examine to see the impact. Electricity price increases contribute to the overall change in cost structure that impacts job prospects. Many companies will try to compensate for these cost increases in other categories by taking actions such as limiting travel, prohibiting overtime, and not filling vacancies. Layoffs and pay cuts are a last resort. Electricity cost increases directly reduce profits for the companies, and thus their incentive to continue doing business in Rhode Island is reduced. Over time, companies can reach the point where there is no more room to absorb this type of cost increase.

Our members were adamant about the bigger picture - that we are losing competitiveness in Rhode Island.

The real issue is that Rhode Island is not as competitive as other regions. There is the direct issue of employment here, and secondary effects on our people who pay taxes. Rhode Island is already struggling. Electricity price increases further handicap the ability of our members to be competitive as a business and offer jobs.

One member who does business across the country reported that RI is in the top 3 states for energy rates charged.

Another member described in straightforward terms the competitiveness issue:

“Energy is a fixed cost of doing business. In the past year, we increased customer prices to compensate for the energy cost increase. One customer we had for 30 years pulled out and purchased from China instead. The second customer decreased their volume by 50%. The shift in volume increased our product costs by 13% and the increased volume to our competitors decreased their product costs. We have invested \$500,000 in capital funds in the past two years to reduce our electricity usage just to see the money go back out the door with [energy] price increases. It’s very discouraging. ”