The Narragansett Bay Commission
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Vincent J. Mesolella
Chairman

Raymond J. Marshall, P.E.
Executive Director

December 1, 2010

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

Subject: NBC's Responses to the Second Set of Data Requests from the Division of Public Utilities and Carriers – Docket 4205

Dear Ms. Massaro:

Enclosed please find NBC's Responses to the Second Set of Data Requests from the Division of Public Utilities and Carriers as part of Docket 4205.

Sincerely,

Karen L. Giebink
Director of Administration and Finance

DIV. 2-1. In Docket No. 4026, the union pension contribution for FY 2010 was based on a contribution rate of 25.03 percent applied to salaries of $5,172,761 for an allowed expense of $1,294,742. Please identify the actual contribution rate for FY 2010 underlying actual FY 2010 expense of $1,104,451 and explain why the agreed upon 25.03 percent was not contributed.

Answer: The employer pension contribution (expense) is the contribution rate (percentage) times the actual union covered payroll. NBC received an e-mail from the Employees' Retirement System of Rhode Island after the new fiscal year began that the employer contribution rate for FY 2010 would be 21.64% (see attached email). The covered payroll for FY 2010 was $5,088,974. Therefore the employer contribution was approximately $1,104,451.

The 25.03% was based upon the best available information at the time. An article in the Providence Journal reported that the state Retirement Board had voted to increase the employer contribution rate for the upcoming year to 25.03% (see attached).

Also attached to this response is the FY2012 employer contribution rate provided by the Employees' Retirement System of Rhode Island.

Foster, Leah

From: Duckworth, Joan
Sent: Thursday, July 09, 2009 12:30 PM
To: Foster, Leah; Marandola, Crystine
Cc: Sherman, Patricia
Subject: FW: Deferred Employer Contributions

Leah: This is the new Employer Contribution Rate; I will have to hold off on submitting the file into ANCHOR until they load the new rate. We will have to submit a new summary sheet to payables with the additional .51% for this pay period and I will have to adjust the file that I submit to ANCHOR. We will have to wait on the adjustments until I hear from Tish.

From: Sherman, Patricia [mailto:PSherman@ersri.org]
Sent: Thursday, July 09, 2009 12:07 PM
To: Duckworth, Joan
Subject: RE: Deferred Employer Contributions

Joan~

I have the revised ER rate for FY 09 & FY 10. FY 2009 FY 2010

It is 21.64%.• Test Year

You can create your files with the revised rate for your current payrolls. The rates are not loaded into the ANCHOR system yet, so they may suspend if you load them today.

As far as the adjustments are concerned for the revised FY 09 rate, I have not received word on how we are handling that yet. I will let you know as soon as I can.

Let me know if you have questions.

Thanks.

Tish Sherman, Data Systems Manager
Employees Retirement System of RI
40 Fountain Street, 1st Floor
Providence, RI 02903
(401) 457.3990 office
(401) 222.2430 fax

-----Original Message-----
From: Duckworth, Joan [mailto:JDuckworth@narrabay.com]
Sent: Tuesday, July 07, 2009 11:59 AM
To: Sherman, Patricia
Cc: Foster, Leah
Subject: Deferred Employer Contributions

Trish: Our Controller Leah Foster is looking for the Employers Contribution percentage for all of the deferred pay periods. We received a letter from Zachary Saul with the notification that we will have to make payment by July 15th but we have not received any other notifications as to how much the Employers Contribution will be. I don't have Mr. Saul's phone number only the main office number but I thought that you may know the new percentage. You can email or give me a call at 401-461-8848. Thanks!

****

The Providence Journal
projo.com

Politics

Comments 9| Recommend 0

Flood of retirements strains state system

01:00 AM EST on Thursday, December 11, 2008

By Steve Peoples

Journal State House Bureau

PROVIDENCE — Governor Carcieri has cut the state's work force to its lowest level in recent memory, leaning heavily on a change in retirement benefits that pushed hundreds of workers into retirement earlier than they had planned.

But the exodus has put an unexpected strain on Rhode Island's public retirement system.

There are now fewer active employees paying into the pension system and more people collecting retirement payments than had been predicted.

The result is a projected hole of $20.4 million that Rhode Island taxpayers will make up in the coming year. That price tag may be offset by savings this year, but the jump in those collecting pensions also adds $33 million to the retirement system's already massive unfunded liability, according to a report by the state's actuary, Texas-based Gabriel Roeder Smith & Company, that was made public yesterday.

Officials interviewed yesterday dismissed the new costs as necessary and relatively insignificant given the overall savings from the retirement of 1,521 state employees between May 1 and Sept. 30.

The governor's office says it could save taxpayers $107.6 million if none of the vacancies is filled (not including $18.8 million distributed for things like unused sick and vacation time).

"This is something that is a good story for us in the medium and long term," said General Treasurer Frank T. Caprio, who heads the state pension system. "The State of Rhode Island reduced its employee cost by 18 percent. Whether you are a private company, a family-owned company or any other organization, to reduce your payroll costs by 18 percent in one year is a major accomplishment and I believe a victory for the taxpayers."

The governor's personnel office reports that the state currently employs the equivalent of 13,302 full-time workers.

That's the lowest level that state personnel administrator Anthony Bucci can remember. The House Fiscal Office has tracked employee data since 1994 and could not find a lower employment total.

Even the Rhode Island Public Expenditure Council could not determine when the state had fewer than 13,302 full-time workers. The business-backed organization tracked employment levels back to 1990, when nearly 17,500 people were on Rhode Island's payroll.

"Even with the retirement payouts and the added costs to the pension, we are still seeing a significant savings in personnel," the governor's spokeswoman, Amy Kempe, said.

But the state Retirement Board was forced to address the unexpected pension costs yesterday.

Following a recommendation by the actuary, the board voted unanimously to close the projected $20.4-million gap by changing the formula used to determine the state's annual contribution to the pension system. Its contribution rate for the coming year jumped from 20.69 percent to 25.03 percent.

State employees contribute a portion of their salary — currently 8.75 percent as set by law — to their pensions. But that's not enough to cover the costs. Yesterday's vote means that taxpayers will contribute $147.8 million to the system next year.

The contribution would have been $20.4 million short had the board not changed the rate, according to Frank J. Karpinski, executive director of the retirement system.

"You got more people going out the door than what we expected. You took a little bit of a bath, so to speak," he said, noting that over the long term, taxpayers won't pay more than they would have. It's just that a new burden was shifted to next year, he said.

The actuarial report released yesterday also notes that the pension fund "has had significant losses" in recent months. While it did not detail the losses, the treasurer's office later reported the fund had slipped to $6.2 billion as of Oct. 31; it was worth $8.3 billion on Jan. 1.

The loss — about 25 percent — is better than the national "policy benchmark" of 27 percent, according to Caprio.

"Even though markets have retreated over the last year, Rhode Island has not had any forced liquidations," he said. "We have the necessary cash on hand to meet our obligations. Many other funds cannot say that."

speoples@projo.com

FY 2012

Employees' Retirement System of Rhode Island

Rates Memo

TO: **Joan Duckworth,**
Narragansett Bay Commission
One Service Road
Providence, RI 02905

FROM: FRANK J KARPINSKI, Executive Director

DATE: September 22, 2010

RE: AGENCY# 2300, Narragansett Bay Commission

The following rates will be effective July 01 2011, for agency# 2300

Employee	**8.75%**
Employer:	**22.98%**
Federally Funded:	**0%**
Dept of Education:	**0%**

The following benefits exist for Agency# 2300

Compounded COLA

Please note these rates are based on the assumption that the same retirement benefit package will be offered for the entire period as was in place when the corresponding actuarial valuation was performed. If this will not be the case, these rates should not be used for budgeting purposes and you should contact our office as soon as possible so we can work with you to provide appropriate contribution rates.

Please contact me if you have any questions.

40 Fountain Street, Providence, RI 02903-1854 (401) 457-3900 Fax: (401) 222-2430
E-Mail: ersri@ersri.org Web Site: www.ersri.org

DIV. 2-2. In Docket No. 4026, union retiree health benefits for FY 2010 were based on a contribution rate of 7.67 percent applied to salaries of $5,172,761 for an allowed expense of $396,751. Please identify the actual contribution rate underlying actual FY 2010 expense of $292,339 and explain why the 7.67 percent was not contributed.

Answer: NBC received an e-mail dated March 13, 2009 from the Employees' Retirement System of Rhode Island that the contribution rate would be increasing from 3.86% to 7.67% (see attached). NBC then received an e-mail on July 13, 2009 from the Employees' Retirement System of Rhode Island stating that the contribution rate would not be 7.67% but rather 5.62% (see attached).

However, based on Generally Accepted Accounting Principles (GAAP) related to Other Post Employment Benefit (OPEB), NBC was required to book in its financial statements the OPEB liability at the Annual Require Contribution (ARC) of payroll which was 5.73% times the covered payroll of $5,088,973. Therefore, the covered payroll times the ARC rate is approximately the FY 2010 Union Retiree health benefits expense amount of $292,339. See the notes to the financial statements (#15) for a more detailed description of the Union Retiree health post-employment benefits.

Duckworth, Joan

From: Bernard Lane [Bernard.Lane@admin.ri.gov]
Sent: Friday, March 13, 2009 10:19 AM
To: John Monse; Duckworth, Joan
Subject: Re: Post Retirement Percentage Rates, RI Airport Corp, RI Economic Corp, Narragansett Bay Commission

Joan for clarification purposes please be advised the effective date is pay period ending 1/17/2009.

Bernie

Joan,

Please be advised of the rate change below

>>> John Monse 3/13/2009 10:00 AM >>>
Peter,

I spoke with Bernie this morning and I was told that he would speak to his contacts at the agencies.

Bernie,

fyi

The percent rate for Retire Health State through pay period 14 was 3.86%. The rate changed to 7.67% and started with pay period 15. Depending on the notification to the agencies this would require a re-calculation for the difference for pay periods 15, 16, 17 and 18.

If you have any questions regarding this request please contact me, Thank you,

John Monse, Jr.
401-222-1142
attachment

>>> Laurie Hersey 3/12/2009 10:16 AM >>>
John - I forwarded your email to Bernie Lane. Louise Bright was the CBO contact person regarding the above agencies.

I'm sure that Bernie will be able to give you more information.

Laurie

>>> John Monse 3/12/2009 9:37 AM >>>
Laurie,

The percentage rate used for "Retire Health State" for pay periods 1-14 was 3.860%. The rate was increased to 7.670% starting with PP15. I attached page 2 of the Payroll Distribution Analysis for pp14 and 15 for review.

Please advise (as to the) rates used by Rhode Island Airport Corporation, RI economic Development Corporation and Narragansett Bay Commission. As you are aware I billed the agencies listed for the incremental difference for this same situation a few months back.

Thank you,
John Monse, JR.
401-222-1142

Foster, Leah

From: John Monse [jmonse@doa.ri.gov]
Sent: Monday, July 13, 2009 11:00 AM
To: Foster, Leah
Subject: Post Retirement Health Contribution, Rate Change to 5.62%, Narragansett Bay Commission

Leah,

RE: Post Retirement Health Contribution

Starting with pay period #1, pay date 07/10/2009 of Fiscal Year 2010, the rate for Post Retirement Health Contribution for Narragansett Bay Commission has changed to 5.62%.

If you have already calculated and submitted your payment at the old rate (7.67%) please prepare a worksheet showing the absorption of the over payment against the current payment.

Attach the work sheet to the payment sent to Accounts and Control as a ready reference document for review.

If you have any questions please contact me,

John Monse, JR.
401-222-1142

DIV. 2-3. Please indicate whether any of the new employee positions requested in Docket No. 4026 (or any other new positions) have been filled. If yes, identify the date(s) of hire and salaries in FY 2010.

Answer:

Positions Requested in Docket 4026	Filled	Salary Paid in FY 2010
Lab Technician	12/6/2009	18,969.23
Lab Technician reallocated to Environmental Scientist	5/23/2010	3,923.28
Field Investigator	9/27/2009	20,894.44
Customer Service Representative	1/3/2010	15,155.67

DIV. 2-4. To the extent not provided in response to DIV. 1-8, please identify the number of employees currently subscribing to each type of medical and dental insurance (e.g., HMO, PPO, Family, Single, Waiver).

Answer: The information requested is in the response to DIV 1-8.

DIV. 2-5. Please explain the cause(s) of the increase in postage of over $130,000 in FY 2010 compared to FY 2008 and FY 2009. Indicate whether there were any special or non-recurring mailings.

Answer: This is the result of the conversion to monthly billing that began in October 2009.

DIV. 2-6. Please explain why actual biosolids disposal costs in FY 2010 of $4,098,227 were significantly below the $4,567,257 approved in Docket No. 4026 for FY 2010.

Answer: The actual dry tons in FY 2010 were lower than projected in Docket 4026 and the rate per dry ton for the period of 1/1/10-6/30/10 was $1.80 higher than projected. The combination of these two factors resulted in an overall decrease in expense of $469,030.

DIV. 2-7. Please identify the number of dry tons of biosolids produced at Field's Point and Bucklin Point in each month of FY 2008, FY 2009, FY 2010 and FY 2011 to date. Include an electronic copy in Excel format.

Answer:

DT	Field's Point	Bucklin Point
Jul-07	697	273
Aug-07	610	253
Sep-07	750	216
Oct-07	794	219
Nov-07	717	212
Dec-07	806	141
Jan-08	807	189
Feb-08	800	195
Mar-08	796	201
Apr-08	711	174
May-08	771	218
Jun-08	677	194
Jul-08	620	191
Aug-08	646	240
Sep-08	762	231
Oct-08	680	203
Nov-08	665	176
Dec-08	604	141
Jan-09	727	108
Feb-09	717	137
Mar-09	737	192
Apr-09	723	187
May-09	695	181
Jun-09	629	217
Jul-09	680	215
Aug-09	650	208
Sep-09	577	200
Oct-09	692	179
Nov-09	630	160
Dec-09	743	186
Jan-10	737	160
Feb-10	733	140
Mar-10	608	161
Apr-10	678	176
May-10	750	174
Jun-10	630	196
Jul-10	630	196
Aug-10	612	177
Sep-10	544	171
Oct-10	569	184

DIV. 2-8. Please state whether FY 2010 expenses include any credit card fees. If yes, identify the amount and the account in which way they included.

Answer: Yes, FY 2010 expenses include credit card fees of $87,762. The credit card fees are in the Management and Audit Services account (52670).

DIV. 2-9. Please provide a breakdown of FY 2010 Regulatory Expense by proceeding and/or other activities.

Answer:

FY 2010 Regulatory Expense	
$ 159,044	Annual PUC Assessment
19,791	Permits
10,078	Docket 4026
3,187	Docket 4151
411	Docket D-09-71

DIV. 2-10. Please provide a breakdown of the projected $101,685 costs of this proceeding by provider/type of expense.

Answer:

Projected Rate Case Expense		
$	50,000	Expert Testimony Services
	30,000	Legal Services
	16,570	PUC/Division Expense
	4,500	Billing Inserts
	615	Advertising