



PASCOAG
UTILITY DISTRICT

Pascoag Electric • Pascoag Water

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September 14, 2021

Rhode Island Public Utilities Commission
Ms. Luly Massaro
Commission Clerk
89 Jefferson Blvd.
Warwick, RI 02888

Re: RIPUC Docket No. 5134
Division's Third Data Request

Dear Ms. Massaro:

On behalf of Pascoag Utility District Electric Department (Pascoag or the District), we herewith file an original and nine copies of Pascoag's responses to Division's Third Set of Data Requests.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Harle J Young
Manager of Finance and Customer Service

Service list

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN RE: PASCOAG UTILITY DISTRICT : DOCKET NO. 5134
APPLICATION TO CHANGE RATES :**

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DIV 3-1 Refer to Schedule DGB-RY-3, Account Number 930.21, Misc. General Expense. Also, refer to the invoice for PUC Assessment Fee of \$37,491 due by January 18, 2021, which was provided in the response to DIV 1-13, and to the response to DIV 1-7, which shows an amount of \$39,210 recorded on 1/1/2020 for the Assessment invoice.

- a. Does Pascoag agree that it would be reasonable to use the most recent verifiable PUC Assessment Fee amount, which appears to be the \$37,491 that was provided in response to DIV 1-13, as the rate year expense for the PUC Assessment? If not, explain fully why not.
- b. Did Pascoag record the entire of the PUC Assessment Fees in Account 930.21 in the test year? If not, please show Pascoag's accounting for the PUC Assessment Fee for the test year, showing the amounts recorded in each account.
- c. What other expenses besides the PUC Assessment Fee were recorded in Account 930.21 for the test year? Please provide a detailed listing as to what else is included in the \$75,153 test year balance for this account besides the PUC Assessment Fee.
- d. Has Pascoag used a multi-year average approach to derive its proposed rate year amount of \$70,040 for Account 930.21? (Note C on tab "RY-3" of Mr. Bebyn's Excel file that corresponds with Schedule DGB-RY-3 suggests that a five-year average was used; but it appears that a three-year average may have actually been used.
- e. If the answer to part d is "yes" please identify the amounts of PUC Assessment in each year of the multi-year period that was used by Pascoag in deriving the Company's proposed rate year amount for Account 930.21.

Response:

- a) Yes.
- b) Yes. PUD is billed once a year around December of each year. The Entry of for the Test Year was posted to PUD's General Ledger in January of 2020 which

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is included in the July 2019 to June 2020 Test Year.

c) This account is a catch-all for PUD administrative costs. This account includes the PUC assessment along with supplies purchased by credit cards and reimbursements of petty cash.

d) The Note C on tab "RY-3" of Mr. Bebyn's Excel file is a typo regarding the figure being a five-year average. The amount is a three-year average supported by the three years (17, 18 & Unadjusted Test Year) column presented on Schedule DGB-TY-2.

e) The multi-year approach used was a three-year average which uses FY 2017, FY 2018 & Unadjusted Test Year and is presented on Schedule DGB-TY-2.

Witness Responsible: David G. Bebyn, CPA

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DIV 3-2 Massachusetts Formula Three Factor Based Allocation.

- a. Does Mr. Bebyn or Pascoag have experience or familiarity with the use of a multi-factor-based allocator for public utilities for common costs, such as what is referred to at times in the utility industry as the Massachusetts Factor or Massachusetts Formula. In general, the Massachusetts Formula considers three factors: property, payroll, and sales/revenue, to determine an allocation of common costs among the utility operations. Other formulations identified from an internet search to facilitate your response include:

Three-Factor Formula – This formula uses three fractions representing the ratios of a company's property, payroll, and sales/revenue to its total property, payroll, and sales. ... In the classic version of this formula, each of the factors has equal weight in the calculation.

And

The Massachusetts formula is based on the ratio of direct labor, capital investment and gross revenue of each affiliate to total direct labor, capital investment and gross revenue.

- b. If your response to part (a.) is "yes" please explain the familiarity with using a multi-part factor for allocating common costs among a utility's operations.
- c. For Pascoag, could a multi-factor allocator possibly be used to allocate some of Pascoag's common costs among Pascoag's electric and water utility division operations? If not, explain fully why not.
- d. For purposes of its accounting and financial statement presentation, such as the breakouts between electric utility division and water utility division on its 2020 financial statements and accompanying supplemental information, does Pascoag use an allocator or an allocation factor for common costs, such as for certain expenses within the administrative and general expense area or other common costs? If not, explain why not. If so, please provide a description of the allocation factor that is used, show how it is developed, and show how

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it is applied.

- e. Do the Pascoag electric and water utility operations share any buildings or office facilities?
- f. If the answer to part e is "yes" please explain how the cost of such shared buildings and office facilities are allocated between Pascoag's electric and water utility operations.
- g. Schedule DGB-RY-8 uses an allocation of 80% to electric and 20% to water. Please identify and provide the supporting documentation showing in detail how that 80/20 allocation was developed.

Response:

- a) Mr. Bebyn nor Pascoag is familiar with the Massachusetts Factor or Massachusetts Formula utility industry for allocation of cost. Mr. Bebyn is familiar with the concepts and has utilized multi-allocation factors when performed in steps.
- b) Mr. Bebyn's familiarity with the concepts of and use of multi-allocation factors is when they are performed in steps. For example, in the Cost of service model, general and overhead cost allocators (allocators G, A and R on Schedule DBG-COS-2) are calculated once all of the other allocations are performed. These factors, however, are used for allocating the functional costs of the electrical division. As explained in response to DIV 2-10 & DIV 2-11, allocations between the water and electrical division are based on the payroll for labor items and customer counts for general items.
- c) No. Pascoag is hesitant to use a multi-factor allocator to allocate some of Pascoag's common costs, particularly dealing with factors that use assets and revenues. The problem with using assets is that it is much more expensive to run a pipe in the ground compared to running an overhead line. The pipe in the ground is less likely to have damage from weather-related storms where the overhead lines are very susceptible to damage. In addition, Pascoag requires two full-time water service employees to maintain the water system while the electrical system is maintained by nine full-time employees. The ratio of full-time employees to maintain each division would be an 82/18 split of electrical and water. In

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comparison, the split of Pascoag capital assets net of depreciation would be a 29/71 split between electrical and water. Furthermore, if the transportation asset alone were used, the results would closely match the 80/20 split resulting from customers served. The net book value of the transportation equipment as of August 2021 is \$499,104, whereas the water is \$111,856.

Regarding revenues, based upon the 2020 financials, the breakdown of Electrical Division revenues (\$7,974,984) to Water Division revenues (\$1,065,699), there is an 88/12 split of electrical and water. Using revenue as an allocator would further reduce the allocation water is already providing. There is also a complicating factor regarding Pascoag's water revenues. Pascoag's water system was established to provide water-based upon its own wells. In 2001 Pascoag had to close down its wells due to petroleum contamination, including methyl tert-butyl ether (MTBE) from an off-site gasoline storage tank. As a result, Pascoag had to purchase its water from the Harrisville Fire, which makes up nearly a third of the Water Division's expenditures. If a third of the water revenue were reduced for this factor, the split would be more like a 91/9 split of electrical and water.

d) Yes. Pascoag allocates Administrative office supplies and expenses from Account 921.000 and Credit card processing fees from Account 930.21. These costs are assigned based upon the 80/20 allocator previously mentioned above. The contribution for this expense is recorded as a Rental revenue in Account 408-4550.

e) Yes.

f) Pascoag allocates utility expenses and trash removal from Account 930.21 along with custodial expenses from Account 921.010. PUD once again bases this allocation upon the total number of customers. There are 4671 customers in electric and 1086 customers in water. These counts result in an 80/20 split. The contribution for this expense is recorded as a Rental revenue in Account 408-4550.

g) Please see the response to DIV 2-10.

Witness Responsible: David G. Bebyn, CPA

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DIV 3-3 Refer to the Company's response to DIV DR set 1, specifically to the Excel files for DIV 1-1 thru 1-35 excluding 1-7 [1-1 DGB Test Year, Rate Year & COS schedules.xls]. On the "RY-3" tab, note C indicates that a five-year average is being used: "(C) = Five -year average used for rate year."

- a. Please confirm that all rate year amounts on the "RY-3" tab that have the note C reference, are actually being derived using a three-year average from the amounts listed by expense account on tab "TY-2". If this cannot be confirmed, please explain.
- b. If any of the amounts on the "RY-3" tab with a note C reference are actually being derived using a five-year average, please provide the information for each of the five years, by account, and show how the five-year average for each account for the accounts listed on the "RY-3" tab was derived.

Response:

- a) The Note C on tab "RY-3" of Mr. Bebyn's Excel file is a typo regarding the figure being a five year average. The figure is a three-year average which is supported by the three-year average (17, 18 & Unadjusted Test Year) column presented on Schedule DGB-TY-2.
- b) Please see the response to DIV 3-3a.

Witness responsible: David G. Bebyn, CPA

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DIV 3-4 Direct labor cost amounts and allocation of components of compensation between Pascoag's electric and water utility divisions.

- a. Do the amounts listed on Schedules DGB-RY-4a, DGB-RY-4b, DGB-RY-5, DGB-RY-6 and DGB-RY-7 show total labor costs for Pascoag for the combined Pascoag electric and water utilities?
- b. Besides the labor cost amounts that are listed on Schedules DGB-RY-4a, DGB-RY-4b, DGB-RY-5, DGB-RY-6 and DGB-RY-7, does Pascoag have other labor cost amounts that are not listed on those schedules but which are charged to the Pascoag water utility division? If so, please list those amounts for periods similar to those presented on the above-referenced schedules.
- c. Do any of the positions listed under "Operations" on Schedule DBG-RY-6 perform work for or charge or allocate time to Pascoag's water utility division? If so, please identify which positions listed under "Operations" on Schedule DBG-RY-6 perform work for and charge or allocate time to Pascoag's water utility division, and show how the allocation to the water division is determined.
- d. Referring to the line items listed on Schedule DGB-7 for the "Admin expense transfer" is the sole purpose of that "Admin expense transfer" to transfer cost from Pascoag's electric utility division to Pascoag's water utility division?
- e. If the response to part d is "no" please explain fully.

Response:

- a) Schedules DGB-RY-4a, DGB-RY-4b, DGB-RY-5 and DGB-RY-6 show the total labor costs for Pascoag for the combined Pascoag electric and water utilities. Schedule DGB-RY-7 shows the allocation between the electrical and water divisions.
- b) No.

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- c) No.
- d) Yes.
- e) Please see the response to DIV 3-4d.

Witness responsible: David G. Bebyn, CPA

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DIV 3-5 Refer to Schedule DGB-RY-4a:

- a. For each position listed on Schedule DGB-RY-4a, please provide the actual percentage salary/wage increase that has occurred for the interim year, and state the effective date of that salary/wage increase for each position.
- b. What is the anticipated effective date for each of the projected salary/wage increases listed on Schedule DGB-RY-4a to get from the "Interim Year Compensation" to the "Rate Year Compensation"?
- c. Have any of the projected salary/wage increases that are listed on Schedule DGB-RY-4a to get from the "Interim Year Compensation" to the "Rate Year Compensation" become effective through July 31, 2021? If so, please identify the effective date for each such salary/wage increase and the actual percent increase that became effective for each position.
- d. Referring to notes (a), (b), (e) and (f) on Schedule DGB-RY-4a, is the presentation effectively assuming that each of those positions is being filled for a full year, with a 3% pay increase for the interim year and another 3% increase for the rate year, with no vacancies or periods occurring during the rate year when positions are unfilled? If not, please explain.
- e. Why is a 4% pay increase reflected from the test year to the interim year, and another 4% pay increase from the interim year to the rate year, for only two positions (AGM-OPS and Manager Fin & CS), when all of the other positions are showing a 3% pay increase for each of those two steps, to arrive at the District's proposed Rate Year amounts?
- f. What was the actual overtime amount for the 12-month period ending June 30, 2021?

Response:

- a) Please see the attachment to DIV 3-5a.
- b) Salary increases occur at the beginning of the fiscal year on January 1st. The Interim Year uses the FY 2021 increase and the Rate Year uses the FY 2022 increase. The calculation for the increases are shown on Schedule DGB-RY-4a.
- c) Yes.

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d) Yes.

e) The data request mentioned that the two positions were the (AGM-OPS and Manager Fin & CS). Please Note; that the two position listed on Schedule RY-4a that received the 4% increases were the MANAGER Fin & CS and the SUPERVISOR Admin. These the MANAGER Fin & CS and the SUPERVISOR Admin positions were previously filled with individuals who have retired in the past few years. The individuals who advanced into these positions were at a lower pay grade. These two positions received a slightly higher increase to reflect the extra duties until their pays align with the compensation for these positions, which will occur for FY 2022.

f) Please see the attachment to DIV 3-5f.

Witness responsible: Harle Young and David G. Bebyn, CPA

Compensation - 2021				
TITLE	Annual Compensation 2020	Final Adjusted Comp - (manager discretion) 2021	Hourly 2021	
GM-CEO	\$ 145,730.31	\$ 148,848.94	\$ 71.56	2.14%
AGM-OPS	\$ 111,169.17	\$ 114,281.91	\$ 54.94	2.80%
MANAGER Fin & CS	\$ 96,932.51	\$ 101,779.13	\$ 48.93	5.00%
LINE FOREMAN	\$ 93,909.49	\$ 96,538.96	\$ 46.41	2.80%
SUPERVISOR Admin.	\$ 79,701.93	\$ 83,687.03	\$ 40.23	5.00%
HR COORDINATOR	\$ 64,667.25	\$ 66,930.60	\$ 32.18	3.50%
ARBORIST	\$ 57,819.05	\$ 59,437.98	\$ 28.58	2.80%
SYSTEM TECH	\$ 52,500.00	\$ 54,600.00	\$ 26.25	4.00%
Project Coordinator	\$ 50,837.19	\$ 52,260.64	\$ 25.13	2.80%
CUSTSERV REP	\$ -	\$ -		
CSR Head Clerk	\$ 49,868.87	\$ 51,265.20	\$ 24.65	2.80%
CSR Clerk	\$ 46,279.55	\$ 47,575.38	\$ 22.87	2.80%
CSR Clerk	\$ 46,279.55	\$ 47,575.38	\$ 22.87	2.80%
UTILITY WKR -				
Tree Crew	\$ 33,990.00	\$ 34,941.72	\$ 16.80	2.80%
FIRST CLASS - A	\$ 89,181.24	\$ 91,678.31	\$ 44.08	2.80%
FIRST CLASS - B	\$ 75,831.90	\$ 77,955.20	\$ 37.48	2.80%
SECOND CLASS - A	\$ 72,342.37	\$ 74,367.96	\$ 35.75	2.80%
SECOND CLASS - B	\$ 65,982.46	\$ 67,829.97	\$ 32.61	2.80%
THIRD CLASS - A	\$ 61,249.44	\$ 62,964.43	\$ 30.27	2.80%
THIRD CLASS - B	\$ 59,138.11	\$ 60,793.97	\$ 29.23	2.80%

Payroll/Labor
Pay Information

Pay Date: 07/01/2020 To 06/30/2021

Empl Name	Overtime Hrs	Total Hours	Overtime Amt	Total Amount
6 CHRISTOPHER PICCARDI	125.00	125.00	8,524.25	8,524.25
9 ROBERT LEDUC	55.50	55.50	3,595.86	3,595.86
12 JULIE CHOQUETTE	6.00	6.00	200.25	200.25
13 MATTHEW DUPUIS	15.00	15.00	625.50	625.50
14 CATHLEEN GILMOUR	10.50	10.50	497.84	497.84
15 DOUGLAS MENARD	128.00	128.00	8,104.86	8,104.86
16 GARY KIMATIAN	67.50	67.50	4,259.25	4,259.25
19 CRAIG KOPRUSAK	157.00	157.00	9,975.24	9,975.24
20 MORGAN WILLIAMS	2.50	2.50	91.65	91.65
24 TORIANA RUDIS	10.00	10.00	360.21	360.21
26 GLEN DERBY	208.50	208.50	11,119.93	11,119.93
30 MATTHEW DUNN	31.00	31.00	1,175.16	1,175.16
35 TYLER GAUTREAU	50.50	50.50	1,375.42	1,375.42
36 JENNA ANTHONY	7.00	7.00	233.63	233.63
Grand Total:	874.00	874.00	\$ 50,139.05	\$ 50,139.05

Payroll/Labor Pay Information

PARAMETERS ENTERED:

Pay Date: 07/01/2020 To 06/30/2021

Column 1 Pays: 1

Column 1 Taxable Benefits: None

Column 1 Label: Overtime

Column 2 Pays: None

Column 2 Taxable Benefits: None

Column 2 Label:

Column 3 Pays: None

Column 3 Taxable Benefits: None

Column 3 Label:

Employee: All

Division: 1

Job Class: All

Department: All

Supervisor: All

Group By: None

Page Break On Group By: Yes

Sort By: Employee

Display Amounts: Yes

Payroll/Labor
Pay Information

09/09/2021 11:19:16 am

Pay Date: 07/01/2020 To 06/30/2021

Empl Name	StandbyPay Hrs	Total Hours	StandbyPay Amt	Total Amount
6 CHRISTOPHER PICCARDI	0.00	0.00	700.00	700.00
9 ROBERT LEDUC	0.00	0.00	1,750.00	1,750.00
11 DESARAE DOLAN	0.00	0.00	900.00	900.00
12 JULIE CHOQUETTE	0.00	0.00	900.00	900.00
13 MATTHEW DUPUIS	0.00	0.00	700.00	700.00
14 CATHLEEN GILMOUR	0.00	0.00	900.00	900.00
15 DOUGLAS MENARD	0.00	0.00	4,200.00	4,200.00
16 GARY KIMATIAN	0.00	0.00	1,050.00	1,050.00
19 CRAIG KOPRUSAK	0.00	0.00	3,150.00	3,150.00
20 MORGAN WILLIAMS	0.00	0.00	800.00	800.00
24 TORIANA RUDIS	0.00	0.00	1,000.00	1,000.00
26 GLEN DERBY	0.00	0.00	5,250.00	5,250.00
30 MATTHEW DUNN	0.00	0.00	1,400.00	1,400.00
35 TYLER GAUTREAU	0.00	0.00	350.00	350.00
36 JENNA ANTHONY	0.00	0.00	600.00	600.00
37 LINDA CARDINAL	0.00	0.00	200.00	200.00
Grand Total:	0.00	0.00	\$ 23,850.00	\$ 23,850.00

Payroll/Labor Pay Information

PARAMETERS ENTERED:

Pay Date: 07/01/2020 To 06/30/2021

Column 1 Pays: 10, 12

Column 1 Taxable Benefits: None

Column 1 Label: StandbyPay

Column 2 Pays: None

Column 2 Taxable Benefits: None

Column 2 Label:

Column 3 Pays: None

Column 3 Taxable Benefits: None

Column 3 Label:

Employee: All

Division: 1

Job Class: All

Department: All

Supervisor: All

Group By: None

Page Break On Group By: Yes

Sort By: Employee

Display Amounts: Yes

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DIV 3-6 Refer to Schedule DGB-RY-4b.

- a. How was the "Covered by DSM" amount of \$27,828 in the "Rate Year Compensation" determined?
- b. Is the District removing the amount of Rate Year Payroll that is "Covered by DSM" from its requested rate year operating expenses that would be recovered in base rates?
- c. If the answer to part b is "yes" - please identify specifically where the "Covered by DSM" amounts are being removed on Schedule DGB-RY-3.
- d. If the answer to part b is "no" – please explain the reason for the subtraction of the "Covered by DSM" amounts on Schedule DGB-RY-4b.
- e. Why is there a different "Rate Year Compensation" amount for "Overtime & Standby" on Schedule DGB-RY-4b (\$59,513) and Schedule DGB-RY-6 (\$64,300)?
- f. Which amount for "Overtime & Standby" is being requested as rate year expense by the District?

Response:

- a) The development of the Rate Year DSM is shown on the bottom of Schedule DGB-RY-4. The calculation began with the Test Year amount of \$22,421, which was the average of FY 2019 (\$26,686.66) and FY 2020 (\$18,155.67). The Rate Year was increased over the Test Year by approximately 25% because FY 2020 costs were abnormally lower since many of the community events were eliminated due to the COVID crisis.
- b) Yes.
- c) Schedule DGB-RY-4a shows the total Rate Year compensation. Schedule DGB-RY4 shows the allocation of Total Rate Year compensation less the portion covered by the DSM plus the amounts for transportation and materials to the various expense accounts. Those expense account allocations are shown on Schedule DGB-RY4 support the amounts presented on schedule DGB-RY-3. The DSM mainly impacts Accounts 920.000 Admin general salaries and 903.000 Customer record/collection.

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- d) Please see the response to DIV 3-6b.

- e) The overtime value on Schedule DGB-RY-6 was in error and the amount for "Overtime & Standby" on Schedule DGB-RY-4b (\$59,513) is correct. Schedule DGB-RY-6 should have populated its Overtime & Standby" from Schedule DGB-RY-4b. Schedule DGB-RY-6 is a support schedule for the calculation of the defined benefit plan (DBP) expense. This schedule does not use the Overtime/stand-by to calculate the DBP expense and as a result, this error will not impact the Rate Year expenditures listed on Schedule DGB-RY-3.

- e) \$59,513.

Witness responsible: Harle Young and David G. Bebyn, CPA

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DIV 3-7 Refer to Schedule DGB-RY-8. Please provide the actual expense for each type of insurance for the 12-month period ending June 30, 2021.

Response:

Please see the attachment to DIV 3-7

Witness responsible: Harle Young and David G. Bebyn, CPA

Commercial Insurance: (Based on actual policies for 2021)

Policy	Total Amount	2022 increases	Electric 80%	Water 20%
Cat pays prepaid 165.01/2165				
Excess Liability 5% increase	11412	11983	9586	2397
General Liability 5% increase	9640	10122	8098	2024
Auto Physical Damage 5% increase	5747	6034	4827	1207
Auto Liability 5% increase	8114	8520	6816	1704
Fiduciary 5% increase	3000	3150	2520	630
Public Officials 5% increase	5046	5298	4239	1060
Premium Credit	-1662	-1662	-1330	-332
Commercial Property 20% increase	16109.42	19331	15465	3866
Crime 5% increase	3189	3349	2679	670
Contractor Equip-PERMA 10% increase	978	1076	861	215
Transportation Bond Starrkweather & Shepley 5% increase			0	525
Employment Practices/Purma Fees 20% increase	9838.34	11806	9445	2361
ERISA (3Year Policy Pd in 2020 \$449.08	150	157	126	31
PURMA / Fee			0	0
Annual Dues	1300	1365	1092	273
2021 Total	\$ 72,862	\$ 80,529	\$ 64,423	\$ 16,631

Employee Benefits: GTL, LTD & LTHC (Based on actual premiums thru June 2021 - prorated for remainder)

Cat Hits 926.02 /2926.02 Employees benefits (VSP, Unium, Principal Life)

LTD, GTL, LTHC, Vision	Electric	Water	Total
Actual thru 6/30/2021	\$ 10,393	\$ 1,359	\$ 11,752
Estimated for 6 months	\$ 10,393	\$ 1,359	\$ 11,752
Total Benefits	\$ 20,786	\$ 2,719	\$ 23,505

Workers Compensation Insurance: (Based on actual policies for 2021)

Cat Hits Prepaid 165.01/2165

	Electric & Office	Water	Total
2021 Premium			\$ -
Total Workers Comp	\$ 23,083.00	\$ 16,620	\$ 23,083

Use Figures below for Next calendar year

Total Insurance Paid in 2021 and Estimate of 2022 Insurance

	Electric-2021	2022 (1)ELE	Water-2021	2022(1)Wtr	Total-2020	Total-2021
Commercial Package	\$ 58,290	\$ 64,423	\$ 15,097	\$ 16,631	\$ 73,387	\$ 81,054
Employee Benefits	\$ 20,786	\$ 22,449	\$ 2,719	\$ 2,936	\$ 23,505	\$ 25,385
Workers Compensation	\$ 16,620	\$ 17,451	\$ 6,463	\$ 6,786	\$ 23,083	\$ 24,237
Total Insurance Expense - 2021:	\$ 95,696	\$ 104,323	\$ 24,279	\$ 26,353	\$ 119,975	\$ 130,677

(1) Based on recommendation of PURMA, Commercial Package increased by between 5% and 20% see above. Workers Compensation also increased by 5%.

Employee Benefits 8%

Budget Projection for 2022:	Electric	Water	Total
	\$ 104,323	\$ 26,353	\$ 130,677

Notes:

- Cat will be able to provide you with the actual invoices for all PURMA and Workers Comp insurances for 2021
- For the GTL, LTD, etc. - run the Transaction Detail report thru 6/30 for the actual amount. Since not much changes, you can staigh-line for the remaining six-month period to get a budget projection for the new year. You might want to check to see if there are any projected increases expected in these policies.
- For the insurance projection for the new year, check w/Diane at PURMA to see what the expected increase is for the upcoming year.
- You can do the same w/the Workers Comp insurance too - Cat should be able to give you a contact at WC that might be able to help with any increases in the upcoming year.
- While most of the commercial insurances a split 80%/20% there are a couple exceptions:
 - Worker's Comp has an actual schedule for electric, water and office staff that you can use
 - Contractor Bond is 100% water (for street repairs)
- We changed the allocation to 80/20 in 2017 to reflect the number of customers
4671 customer elec/1086 customers water=5757

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: PASCOAG UTILITY DISTRICT : DOCKET NO. 5134
APPLICATION TO CHANGE RATES :

**Third Set of Data Requests of the
Division of Public Utilities and Carriers to
Pascoag Utility District**

DIV 3-8 Refer to Schedule DGB-RY-9 and to the response to DIV 1-33 a, specifically to the Excel file "Excel for DIV 1-27 and 1-33\[1-33 a. GL Activity Schools and Seminars.xls] and the tab "12 months ending June 30, 2021."

- a. Are all of the amounts on the Excel file that are labeled as "LABOR DISTRIBUTION-ELECTRIC DIVISION" for Pascoag payroll and benefit costs? If not, what do those "LABOR DISTRIBUTION-ELECTRIC DIVISION" amounts represent?
- b. Are there any amounts for Pascoag payroll and benefit costs included in the "Interim Year" or "Rate Year" amounts on Schedule DGB-9? If so, how much payroll and benefits cost is included in each of the amounts shown on Schedule DGB-9?
- c. Referring to the Excel file "1-33 a. GL Activity Schools and Seminars.xls" - please confirm that the actual schools and seminar expense for the 12 month period ending June 30, 2021 is \$22,841.19, consisting of \$18,602.59 for "LABOR DISTRIBUTION-ELECTRIC DIVISION" and \$4,238.60 for non-labor charges. If this cannot be confirmed, please provide the amounts for the 12-month period ending June 30, 2021 in total and broken out between (1) charges for "LABOR DISTRIBUTION-ELECTRIC DIVISION" and (2) other non-labor charges.
- d. Is the \$13,556 amount for operations that is shown for the rate year on Schedule DGB-9 anticipated to be an annually recurring level for the rate year and beyond? If so, please provide the basis for anticipating that amount will be annually recurring.
- e. For what 12-month calendar period is the "Interim Year" information listed on Schedule DGB-RY-9 supposed to represent?

Response:

- a) Yes.
- b) The first line item on Schedule DGB-RY-9 labeled "Operations" is the payroll and benefits cost. This line item also corresponds to Schedule DGB-RY-4 line "Schools & seminars (LABOR ONLY)."
- c) Pascoag confirms that the actual schools and seminar expense for the 12 months ending June 30, 2021 is \$22,841.19, consisting of \$18,602.59 for "LABOR DISTRIBUTION-ELECTRIC DIVISION" and \$4,238.60 for non-labor charges.

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: PASCOAG UTILITY DISTRICT : DOCKET NO. 5134
APPLICATION TO CHANGE RATES :

**Third Set of Data Requests of the
Division of Public Utilities and Carriers to
Pascoag Utility District**

d) Yes. Except for the interim period, the labor portion typically ran around \$10,000 per year, corresponding to the test year number. COVID impacted the interim year and there was more opportunity to take advantage of in-house training. The rate year labor actual ends up being an average of the test year and the 12 months ending June 30, 2021 for labor costs.

e) The numbers in the interim column were obtained from the Fiscal Year 2021 Budget, which represented the 12 month calendar year 2021 projections.

Witness responsible: David G. Bebyn, CPA

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: PASCOAG UTILITY DISTRICT : DOCKET NO. 5134
APPLICATION TO CHANGE RATES :

**Third Set of Data Requests of the
Division of Public Utilities and Carriers to
Pascoag Utility District**

DIV 3-9 Please refer to the Pascoag Utility District Financial Statements as of and for the Year Ended December 31, 2020.

- a. Is the proportion of electric and water district revenues to total Pascoag revenues approximately 88% of the gross revenues of the District are for the electric utility while water sales revenues make up the remaining 12%? If not, please explain and provide percentages.
- b. What are the total amounts of direct labor costs for Pascoag for 2020 and what are the amounts for the electric utility and water utility as dollar amounts and as a percentage of total direct labor costs?
- c. c. Refer to the following table, which is from page 5 of the 2020 financial statements:

	2020		
	Electric	Water	Total
Current assets	\$ 3,577,525	\$ 1,597,064	\$ 5,174,589
Noncurrent assets	6,580,144	8,350,118	14,930,262
Deferred outflows of resources	202,881	-	202,881
 Total assets and deferred outflows of resources	\$ 10,360,550	\$ 9,947,182	\$ 20,307,732

Do electric assets represent approximately 51% of total Pascoag assets and water assets about 49%? If not, please state the percentages and show how they are calculated.

- d. Refer to the following table, which is from page 9 of the 2020 financial statements and shows net depreciated plant in service (capital assets net of depreciation):

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: PASCOAG UTILITY DISTRICT : APPLICATION TO CHANGE RATES : DOCKET NO. 5134

**Third Set of Data Requests of the
Division of Public Utilities and Carriers to
Pascoag Utility District**

Pascoag Utility District's
Capital Assets
(Net of depreciation)

	<u>2020</u>		
	<u>Electric</u>	<u>Water</u>	<u>Total</u>
Land and land rights	\$ 140,053	\$ 178,736	\$ 318,789
Construction in progress	931,698	2,981,037	3,912,735
Buildings	250,830	52,800	303,630
Equipment	<u>1,812,292</u>	<u>4,376,741</u>	<u>6,189,033</u>
Total	<u>\$ 3,134,873</u>	<u>\$ 7,589,314</u>	<u>\$ 10,724,187</u>

Based on the amounts shown in the above table do the electric assets represent approximately 29% of Pascoag capital assets net of depreciation and water assets about 71%? If not, please state the percentages for each utility of net depreciated capital assets and show how they are calculated.

- e. Does Pascoag have an opinion as to, if a plant or asset-based allocator were to be used for certain common costs, such as commercial property insurance or other common costs that have a relationship to assets, whether the plant-based allocation should be based on total assets or net depreciated assets? If so, please explain.

Response:

- a) Yes.
- b) The Gross wages for 2020 was \$1,463,894.80 both water and electric. The wages for just the water division employees was \$129,034.57. The ratio of direct employees for each division would be an 91/09 split of electrical and water.
- c) Yes.
- d) Yes.
- e) Please see the response to DIV 3-2c.

Witness responsible: Harle Young and David G. Bebyn, CPA