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May 22, 2023

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

**Re: *Docket No. 22-47-WW- The Narragansett Bay Commission
General Rate Filing***

Dear Ms. Massaro:

Enclosed please find an original and nine copies of the following:

1. The Narragansett Bay Commission's Revised Response to the Rhode Island Division of Public Utilities and Carrier's Data Requests (Set 8).

This revision fixes an error on page 3 of the response:

“Finally, assume NBC limited the rate year COLA/merit increase for non-union employees to 2.5%. Based on the interim year average number of filled non-union FTEs of 155.6, the non-union rate year salaries would be ~~\$12,424,681~~ \$12,735,298, which is still higher than NBC's rate year request of ~~\$12,735,298~~ \$12,604,344.”

Please note that an electronic copy of this document has been provided to the service list. Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

cc: Docket 22-47-WW Service List (*via electronic mail*)

Div. 8-1: Please provide the following information, preferably in Excel, concerning what the non-union pay amounts for FY2024 would be under each of the following two scenarios:

- a. a 4.145% increase applied only to non-union employees earning up to \$68,300 (the approximate union U7 top of range annual pay amounts) and a 2.5% increase applied to non-union employees that have annual salaries of more than \$68,300 per year.
- b. a 4.145% increase applied only to non-union employees earning \$74,500 (the approximate union U8 top of range annual pay amounts) and a 2.5% increase applied to the non-union employees that have annual salaries of more than \$74,500 per year.

Response (revised):

- a. and b. NBC does not have this information because NBC's rate year request for non-union salaries and wages was based on the actual salary amounts paid in the test year not on annual salaries by position. NBC used the test year amount as the basis for the rate year calculation to take into consideration turnover and vacancies, a method consistent with prior rate cases. If NBC had based its request on salaries by position for all budgeted positions, it may have been overstated unless a turnover or vacancy rate were applied to those figures. However, in further reviewing this issue, the use of actual test year salaries likely resulted in an understatement of NBC's rate year non-union salary requirements. The reason for this is the test year (FY 2022) amount was based on the total salaries paid and the average number of filled non-union FTEs during the test year. However, the average number of filled non-union FTEs has increased in the interim year (FY 2023) and is anticipated to further increase in the rate year (FY 2024).

NBC is continuing to recover from the hiring and retention challenges faced during COVID to address staffing needed to support the operation and maintenance of the wastewater treatment and collection system and compliance with federal mandates. NBC is managing the construction of the \$893.2 million CSO Phase IIIA Facilities which includes an 11,600-foot-deep rock tunnel in Pawtucket and several other complex construction projects. These major construction activities require NBC oversight, coordination, financing, record-keeping, and reporting. NBC is also addressing resiliency concerns through the planning, design and construction of other significant projects included in the Capital Improvement Program (CIP). In addition to the CIP, NBC is addressing climate change impacts and aging infrastructure issues through facilities maintenance initiatives, major wastewater treatment plant upgrades, and environmental hardening activities. Management

has also identified staffing needs required to ensure compliance with anticipated environmental compliance issues such as per-and poly-fluoroalkyl substances (PFAS). Critical cybersecurity needs have also been identified.

To boost staffing, hiring efforts have increased and different channels for recruiting have been built. A new software system has been implemented to allow NBC to post positions on a wider variety of job boards. NBC has also explored alternate sources of candidates. Regarding retention, NBC is working to increase employee engagement and enhance the employee onboarding process so that new hires know the mission of NBC and can feel part of the team with all the information and knowledge they need to succeed. Tuition reimbursement, a program already in existence, is being highlighted as a benefit so that our entry level workers can come in and work their way up within the company to enhance success in succession planning and retention of industry knowledge. NBC was also hoping to enhance retention through the offer of more competitive salaries and benefits, including annual adjustments.

Based on the projected higher average number of non-union 160.9 FTEs in the rate year, NBC's proposed amount for non-union salaries and wages likely won't provide enough money to even support a 2.5% COLA/Merit increase to non-union employees in the rate year. By way of example, NBC has produced 3 schedules attached to this response. The first schedule shows NBC's originally filed proposal of a 5% COLA/Merit increase for non-union employees for the rate year, which results in rate year non-union salaries and wages of \$12,604,344. However, this was based on the test year average number of non-union FTEs of 150.3. If the interim year average number of non-union FTEs of 155.6 is used, the rate year non-union salaries are \$13,045,915. If the same increase from the test year to the interim year is applied to the rate year, the average number of non-union FTEs will increase by 5.3 for a total of 160.9 FTEs. Under this scenario, the non-union salaries will be \$13,476,716 and even with the amount requested by NBC in its original filing will result in a cost of service that is less than the projected rate year amount based on the higher average number of filled non-union FTEs.

Now, assume NBC limits the proposed rate year non-union COLA/Merit increase to 4.145% to match the union COLA/step increase. Based on the interim year average number of non-union FTEs of 155.6, the non-union salary requirement would be \$12,939,684 which is higher than what NBC requested in the original rate year as filed. If the average number of filled non-union FTEs is increased in the rate year based on the same rate of increase in the interim year over the test year to 160.9, then the non-union salaries in the rate year at 4.145% would be \$13,366,977, which again is higher than NBC’s pending request.

Finally, assume NBC limited the rate year COLA/merit increase for non-union employees to 2.5%. Based on the interim year average number of filled non-union FTEs of 155.6, the non-union rate year salaries would be \$12,735,298, which is *still* higher than NBC’s rate year request of \$12,604,344. If the average number of non-union FTEs increases to 160.9 as is now projected based on what has occurred in the interim year, then the non-union salaries under this scenario will be \$13,155,842 which again is far more than NBC’s pending request.

Annual Non-Union Salaries and Wages

INTERIM YEAR (FY 2023)			
Interim Year w/Vacancy Adjustment at 2.5%	\$		12,424,681
RATE YEAR (FY 2024)			
Division Testimony	\$		12,304,240
NBC As Filed			12,604,344
Projected Rate Year	155.6 FTEs		160.9 FTEs
Vacancy Adjustment at 5.0% COLA/Merit	\$	13,045,915	\$ 13,476,716
Vacancy Adjustment at 4.145% COLA/Merit		12,939,684	13,366,977
Vacancy Adjustment at 2.5% COLA/Merit		12,735,298	13,155,842

As shown in the table above, under each of these scenarios, based on the interim year average number of non-union FTEs of 155.6 and a forecasted rate year average number of non-union FTEs of 160.9, the cost of service as proposed by the Division in the rebuttal testimony will be less than a 2.5% COLA/Merit increase for the projected average number of FTE’s in the rate year.

**Narragansett Bay Commission
Personnel Adjustment
Non-Union Regular Account 52300**

	FTE		
	Test Year	Projected RY	Projected RY
Projected FTE		155.6	160.9
Test year (FY 2022) FTE	150.3	150.3	150.3
Additional FTEs		5.3	10.6
Non-Union COLA/Merit 7/1/22 (FY 2023)	2.500%	2.500%	2.500%
Non-Union Merit/COLA 7/1/23 RY (FY 2024)	5.000%	5.000%	5.000%
	As filed	Projected RY	Projected RY
Adjusted Test Year FY 2022 (FTE 150.3)	\$ 11,711,353	\$ 11,711,353	\$ 11,711,353
Vacancy Rate Adjustment			
Interim Year	-	410,287	410,287
	-	410,287	410,287
Base Salary	11,711,353	12,121,640	12,121,640
7/1/22 COLA/Merit Percent	2.5%	2.5%	2.5%
7/1/22 COLA/Merit \$	292,784	303,041	303,041
7/1/22 Total Salaries (FY 2023) (FTE 155.6)	12,004,137	12,424,681	12,424,681
Vacancy Rate Adjustment			
Rate Year			410,287
	12,004,137	12,424,681	12,834,968
7/1/23 COLA/Merit Percent	5.0%	5.0%	5.0%
7/1/23 COLA/Merit \$	600,207	621,234	641,748
7/1/23 Total Salaries (RY)(FTE 160.9)	12,604,344	13,045,915	13,476,716
Rate Year Adjustment	\$ 892,991	\$ 1,334,562	\$ 1,765,363
Test Year Non Union Salaries		\$ 11,711,353	\$ 11,711,353
Average Non Union Salary FY 2022		77,903	77,903
Interim decrease in vacancy rate (155.6 - 150.3)		5.3	5.3
Rate Year decrease in vacancy rate (160.9 - 155.6)			5.3
Total Salary Vacancy rate reduction		\$ 410,287	\$ 820,574

FY 2022		
Non Union		
Budget FTE	Test Year Filled FTE	Unfilled Positions
169	150	19
169	151	18
169	151	18
169	150	19
169	151	18
169	151	18
169	149	20
169	147	22
169	149	20
169	151	18
169	151	18
169	153	16
Average	150.3	

FY 2023		
Non Union		
Budget FTE	Test Year Filled FTE	Unfilled Positions
176	154	22
176	154	22
176	156	20
176	156	20
176	155	21
176	155	21
176	154	22
176	155	21
176	157	19
176	160	16
Average	155.6	

**Narragansett Bay Commission
Personnel Adjustment
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Test year (FY 2022) FTE	150.3	150.3	150.3
Additional FTEs		5.3	10.6
Non-Union COLA/Merit 7/1/22 (FY 2023)	2.500%	2.500%	2.500%
Non-Union Merit/COLA 7/1/23 RY (FY 2024)	5.000%	4.145%	4.145%
	As filed	Projected RY	Projected RY
Adjusted Test Year FY 2022 (FTE 150.3)	\$ 11,711,353	\$ 11,711,353	\$ 11,711,353
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7/1/22 Total Salaries (FY 2023) (FTE 155.6)	12,004,137	12,424,681	12,424,681
Vacancy Rate Adjustment			
Rate Year			410,287
	12,004,137	12,424,681	12,834,968
7/1/23 COLA/Merit Percent	5.0%	4.145%	4.145%
7/1/23 COLA/Merit \$	600,207	515,003	532,009
7/1/23 Total Salaries (RY)(FTE 160.9)	12,604,344	12,939,684	13,366,977
Rate Year Adjustment	\$ 892,991	\$ 1,228,331	\$ 1,655,624
Test Year Non Union Salaries		\$ 11,711,353	\$ 11,711,353
Average Non Union Salary FY 2022		77,903	77,903
Interim decrease in vacancy rate (155.6 - 150.3)		5.3	5.3
Rate Year decrease in vacancy rate (160.9 - 155.6)			5.3
Total Salary Vacancy rate reduction		\$ 410,287	\$ 820,574

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**Narragansett Bay Commission
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7/1/22 Total Salaries (FY 2023) (FTE 155.6)	12,004,137	12,424,681	12,424,681
Vacancy Rate Adjustment			
Rate Year			410,287
	12,004,137	12,424,681	12,834,968
7/1/23 COLA/Merit Percent	5.0%	2.500%	2.500%
7/1/23 COLA/Merit \$	600,207	310,617	320,874
7/1/23 Total Salaries (RY)(FTE 160.9)	12,604,344	12,735,298	13,155,842
Rate Year Adjustment	\$ 892,991	\$ 1,023,945	\$ 1,444,489
Test Year Non Union Salaries		\$ 11,711,353	\$ 11,711,353
Average Non Union Salary FY 2022		77,903	77,903
Interim decrease in vacancy rate (155.6 - 150.3)		5.3	5.3
Rate Year decrease in vacancy rate (160.9 - 155.6)			5.3
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176	156	20
176	155	21
176	155	21
176	154	22
176	155	21
176	157	19
176	160	16
Average	155.6	

CERTIFICATION

I hereby certify that on May 22, 2023, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

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DOCKET NO. 22-47-WW
The Narragansett Bay Commission's Response
To the Division of Public Utilities and Carriers
Data Requests
Set 8



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