

SUEZ WATER RHODE ISLAND, INC.
Docket No. 4800
Second Set of Data Requests of the
Division of Public Utilities and Carriers
June 29, 2018

2-16
(Gil)

2-16 Regarding COMM 1-19:

- a. Please explain why the PUC should approve a 3% salary increase when the actual increase was 2.61%?
- b. Please provide the incentive compensation paid to each employee in the past 3 years, and indicate whether ratepayers or shareholders fund the incentive compensation. In your response, provide a chart that lists each employee and the STIP and/or Bonus received for each year.

Response:

- a. Per the Company's response to DIV 3-9 part a.b. "The 3.00% salary increase was an estimated increase based upon average increase over recent years. Salary increases are to become effective on April 1, 2018. After the actual salaries are known, Exhibit 3, Schedule 2A will be updated." Exhibit 3, Schedule 2A was updated in the Company's response to COM 1-19.

The Company's responses to DIV 3-9 and COM 1-19 are attached hereto.

- b. Please refer to COM 2-16 Attachment 3 for the incentive compensation paid to each employee in the past 3 years.

Under the Company's current rates, customers fund 60% of STIP, which represents the personal goals of employees, and 100% of Bonuses for non-exempt employees. Therefore, 40% of STIP is currently funded by shareholders. In his pre-filed testimony, Division Witness Smith recommended no changes to these allocations.

SUEZ WATER RHODE ISLAND, INC.
Docket No. 4800
Third Set of Data Requests of the
Division of Public Utilities and Carriers
March 5, 2018

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(Arp)
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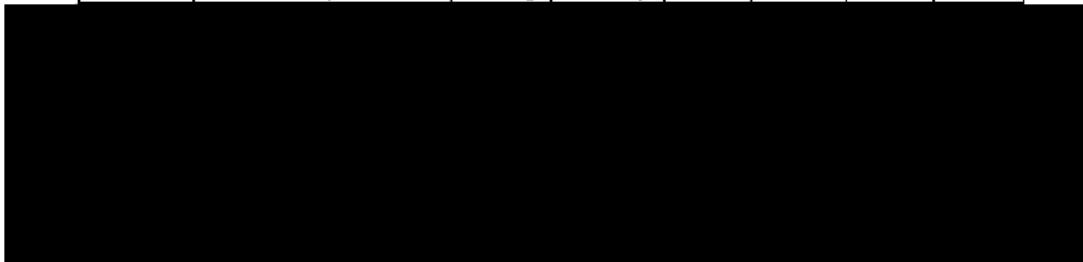
3-9 Payroll Expense. Refer to page 4 of the direct testimony of Company witness Katherine Arp and Exhibit 3 (Arp), Schedule 2A from the Company's filing.

- a. Referring to Exhibit 3 (Arp), Schedule 2A (page 1), please explain fully and show in detail how the 3.00% salary increases that were applied to the 2017 hourly rates (projected 2018 base salaries) and projected 2018 hourly rates (projected 2019 base salaries) were determined.
- b. Please state whether the 3.00% salary increase has been applied to the 2017 hourly rates (for 2018 base salaries). If so, state the specific date the 3.00% increase was granted. If not, when does the Company anticipate granting the 2018 salary increases?
- c. For each calendar year 2014, 2015, 2016 and 2017, please provide the actual salary increase percentages that were granted to each category of SWRI's employees (e.g., hourly, union, salaried, etc.). In your answer, for each year, please state the specific date in which the salary increases to each group of employees were granted.
- d. Referring to Exhibit 3 (Arp) Schedule 2A (pages 2- 3), please explain fully and show in detail the rationale for including the "Labor Transferred In" amount of \$10,023 in the derivation of the rate year payroll expense.

Response:

- a.b. The 3.00% salary increase was an estimated increase based upon average increase over recent years. Salary increases are to become effective on April 1, 2018. After the actual salaries are known, Exhibit 3, Schedule 2A will be updated.
- c. The salary increases are granted April 1st of each year (2014, 2015, 2016, and 2017)

Hiring Date	Position Description	Bargaining / Non-Barg	Exempt/ Non-Exempt	2014 Merit 4/1/2014	2015 Merit 4/1/2015	2016 Merit 4/1/2016	2017 Merit 4/1/2017
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- d. "Labor Transferred In" is part of SWRI's total payroll expense and represents charges from the regional office in NY for management, customer service, and finance assistance.

This calculation detail can be found in Exhibit 3, Schedule 2A.

Labor Transferred in:	
Total Labor	Rate Year \$ 837,587
Transferred in Rate (See "Exhibit 3 Schedule 2B")	1.20%
Rate Year Transferred In	\$ 10,023

PUBLIC/REDACTED VERSION

**SUEZ WATER RHODE ISLAND, INC.
Docket No. 4800
COMMISSION'S FIRST SET OF DATA REQUESTS DIRECTED TO
SUEZ WATER RHODE ISLAND, INC. (SWRI)
May 7, 2018**

**COM 1-19
(Arp)**

COM 1-19 When did the 3% salary increase for 2017 become effective? When did/will the 3% salary increase for 2018 be effective? Are these increases included in the schedules provided in this filing? Provide the incentive compensation paid to each employee in the past 3 years, and indicate whether ratepayers or shareholders fund the incentive compensation.

Response:

- a) The salary increases are granted April 1st of each year.
- b) The Rate Case included 3% salary increases on Exhibit 3 Schedule 2A. The actual salary increase on April 1st, 2018 was 2.61%, please refer to 1-19 Attachment for the updated Exhibit 3 Schedule 2A.
- c) Please see below the incentive compensation paid.

Year	STIP	Bonus
2015	\$ 31,535	\$10,994
2016	\$ 41,434	\$ 5,029
2017	\$ 29,005	\$ 9,136

In the last rate case, Docket No. 4434, the Division Witness, Mr. Thomas Catlin recommended that the non-financial portion of STIP should be allowed and recovered from ratepayers. As such, he recommended allowing 50% of the STIP payment. See 1-19 Attachment which is a copy of the adjustment attached to the Order from the last case.

COM 1-19 Attachment
(Arp)
Page 1 of 3

SUEZ Water Rhode Island, Inc.
Wages and Salaries Expense
Various Account Numbers
For the Rate Year

Exhibit 3 (Arp)
Schedule 2 UPDATED
Page 1 of 1

Purpose and Description: To normalize Test Year salaries and projected pay increase. See "Exhibit 3 Schedule 2A Page 3 of 3" and "Exhibit 3 Schedule 1C" for account number allocation.

Line No.	Description	Amount
1	Rate Year Payroll Expense	\$ 652,578 (a)
2		
3	Test Year Per Books	<u>511,720 (b)</u>
4		
5	Payroll Adjustment	<u>\$ 140,857</u>
6		
7		
8		

<u>Notes:</u>		
11	(a) Total Labor	834,833
12	Labor Capitalized/Transferred Out (Exhibit 3 Sch 2A)	(192,245)
13	Labor Transferred In (Exhibit 3 Sch 2A)	<u>9,990</u>
14		<u>652,578</u>
15		
16		
17	(b) Total Labor	682,794
18	Labor Capitalized/Transferred Out	(178,651)
19	Labor Transferred In	<u>7,578</u>
20		<u>511,720</u>
21		

PUBLIC/REDACTED VERSION

**SUEZ Water Rhode Island, Inc.
Wages and Salaries Expense Workpapers
Various Account Numbers
For the Rate Year**

COM 1-19 Attachment
(Arp)
Page 2 of 3

Line No.	Hiring Date	Job Title	FLSA	09/30/2017 Hourly Rate	09/30/2017 Salary	2018 Salary	Projected 2019 Base Salary with 3.00% Increase	Incentive Compensation Target %	Incentive Compensation	Overtime	Rate Year Labor
1	9/4/2010	Mgr Rhode Island (a)	Exempt	\$							
2	7/6/1999	Foreman	Exempt								
3	7/3/2017	Supv Customer Contact&Billing	Exempt								
4	2/22/2016	Superintendent	Exempt								
5	1/1/1980	Chief Operator	Non-exempt								
6	7/5/1988	Meter Reader	Non-exempt								
7	2/7/2011	Sr Cust Serv Rep	Non-exempt								
8	7/1/2013	Sr Cust Serv Rep	Non-exempt								
9	11/2/2015	Service Person	Non-exempt								
10	12/14/2015	Service Person	Non-exempt								
11	10/1/2018	Customer service/data entry tech	Non-exempt								
12											
13		Total Labor			\$ 648,338	\$ 665,288	\$ 731,007		\$ 48,251	\$ 55,575	\$ 834,833
14											
15		Labor Capitalized/Transferred Out (See "Exhibit 3 Schedule 2B")		-23.03%							\$ (192,245)
16		Labor Transferred In (See "Exhibit 3 Schedule 2B")		1.20%							\$ 9,990
17											
18		Total Rate Year Labor									<u>\$ 652,578</u>

Notes:
(a) Became manger of Rhode Island in November 2015

Overtime:					
Year	Hours	Overtime \$	Hour Rate		
2014	1,373	\$ 50,174	\$ 36.54		
2015	1,450	54,323	37.46		
2016	1,426	51,907	36.40		
12M 09/30/2017	1,460	53,580	36.71		
4 yr hrs average X 9/30/17-12M rate	1,427	\$ 52,385			
Overtime with compound salary increase 6.09%		\$ 55,575			

COM 1-19 Attachment
(Arp)
Page 3 of 3

PUBLIC/REDACTED VERSION

**SUEZ Water Rhode Island, Inc.
 Wages and Salaries Expense Workpapers
 Various Account Numbers
 For the Rate Year**

	Job Title	FLSA	Projected 2019 Base Salary Reflecting 3.0% Increase	Overtime Allocation as a Percentage of Base Pay	Rate Year Overtime with 3.0% Increase
35					
36	Chief Operator	N	\$	[REDACTED]	[REDACTED]
37	Meter Reader	N			
38	Sr Cust Serv Rep	N			
39	Sr Cust Serv Rep	N			
40	Service Person	N			
41	Service Person	N			
42	Customer service/data entry tech	N			
43					
44			<u>\$ 369,048</u>	<u>100.00%</u>	<u>\$ 55,575</u>
45					
46					
47					<u>\$ 55,575</u>
48					

Labor Capitalized/Transferred Out:	
	Rate Year
54	
55	Total Labor \$ 834,833
56	
57	Capitalized/Transferred Out Rate
58	(See "Exhibit 3 Schedule 2B") <u>-23.03%</u>
59	
60	Rate Year Capitalized/Transferred Out <u>\$ (192,245)</u>
61	

Labor Transferred in:	
	Rate Year
67	
68	Total Labor \$ 834,833
69	
70	Transferred in Rate
71	(See "Exhibit 3 Schedule 2B") <u>1.20%</u>
72	
73	Rate Year Transferred In <u>\$ 9,990</u>
74	

75

Docket No. 4434
Exhibit 1 (Joint Settlement) Schedule 9

UNITED WATER RHODE ISLAND, INC.

Adjustment to Company Incentive Compensation Expense
Rate Year Ended December 31, 2014

<u>Employee</u>	<u>2012 Base Salary (1)</u>	<u>Incentive Payment % (1)</u>	<u>Non Financial Percentage (2)</u>	<u>Recoverable Incentive Compensation</u>
Manager Rhode Island Superintendent Supervisor Office Total	\$			\$ 14,015
Amount per Company (1)				27,356
Reduction in Total Eligible Incentive Compensation				\$ (13,341)
Amount Charged to Capital at 17.92% (3)				(2,390)
Adjustment to O&M Expense				\$ (10,951)
Adjustment to FICA Taxes (4)				(499)
Total Adjustment to Rate Year Expense				\$ (11,450)

Notes:

- (1) Amounts per Exhibit 3 (Gil), Schedule 2A.
- (2) Per response to Div. 2-17.
- (3) Per Schedule TSC-7, page 2 of 2.

SUEZ WATER RHODE ISLAND
EMPLOYEES INCENTIVES

Actual Payments

	2015 STIP	2015 BONUS
Chief Operator		
Equipment Operator		
Foreman		
Meter Reader		
Mgr Rhode Island		
Service Person		
Sr Cust Serv Rep		
Sr Cust Serv Rep		
Superintendent		
Supv Office		
	\$ 31,535	\$ 10,994

	2016 STIP	2016 BONUS
Chief Operator	\$	
Foreman		
Meter Reader		
Mgr Rhode Island		
Sr Cust Serv Rep		
Sr Cust Serv Rep		
Supv Office		
Mgr Rhode Island		
	\$ 41,434	\$ 6,743

	2017 STIP COM 1-19	2017 STIP	2017 BONUS
Chief Operator			
Foreman			
Meter Reader			
Mgr Rhode Island			
Service Person			
Sr Cust Serv Rep			
Sr Cust Serv Rep			
Superintendent			
Supv Office			
Service Person			
	\$ 29,005	\$ 38,405	\$ 9,137

COM 1-19 \$ 31,535 \$ 10,994

 \$ 41,434 \$ 6,743

 \$ 29,005 \$ 38,405 \$ 9,137

Notes:
[1] Please note that the original response to COM 1-19 inadvertently excluded an adjustment for the Superintendent who was promoted and for the office supervisor who is no longer with the Company. This response corrects those adjustments.