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Witness: Donald J. Scacco Jr., Christopher E. Colorio, John P. Dipaola-Tromba, Sean D. Redding, Jenna Turner and Mark P. Baldwin
Request from: Office of Consumer Counsel

Question:

(Double Time) Please explain all rationales and provide all justification for the Company's choice to pay external line crews and/or vegetation contractors double time.

Response:

"Double time" is a special pay category that is applicable only in certain, limited contractual situations where "premium" pay is required for the work performed. The Company does not have latitude to eliminate premium pay because it is a standard industry practice to differentiate different pay levels for different types of work. Refusing to pay these work premiums would put the Company significantly out of step with other electric companies hiring the same crews. If the Company cannot offer appropriate premium pay for the appropriate work status, it will be unable to attract the necessary qualified crews to perform work on the distribution system.

For example, the Company's compensation for external line crews is differentiated among work functions performed during blue sky operations, gray sky operations, and during qualifying emergency events. Differing work functions (and associated pay scales) are needed to ensure the timely availability, mobilization, and retention of qualified external resources necessary to safely restore electric service. The distinction between "double-time" and other premium rate designations is primarily a matter of nomenclature.

<u>Internal Line Crews and Other Personnel Subject to Collective Bargaining Agreements</u>

As noted in response to OCC-046[i], the Company's collective-bargaining employees are eligible for premium pay rates associated with a differentiated work status. Specifically, Eversource bargaining unit employees are eligible for three separate rates of pay depending on their work status. These three rates are Straight Time ("ST"), subject to an Overtime ("OT") multiplier of 1.5 times the straight-time rates and additional premium rates paid at a multiplier of two times straight time. Please refer to the response to OCC-046 describing the circumstances under which bargaining unit employees are eligible for the additional premium rates.

External Contractors Subject to Collective Bargaining Agreements, Normal Operations

With very few exceptions, external contractors working on the Company's system are also members of collective bargaining units that have pay-rate structures similar to the Company's internal collective bargaining units. For external line crews, whether working on the system during normal operations or in response to storm work, the crews work pursuant to contractual terms the Company has competitively solicited and negotiated with the vendor. The Master Service Agreements for all transmission and distribution construction crews performing work during normal operations contain the following language with respect to the applicability of premium pay, which is consistent with the applicability of premium rates for the Company's internal collective bargaining units:

> 3.3.3 "Double Time" applies to Sundays and Holidays when requested to Work by the Owner Representative for the affected Project, however, Holidays worked as Make-Up Days shall not be billed as Double Time but instead shall be billed as Straight Time;
>
> Notwithstanding anything to the contrary in the Agreement Documents, Contractor shall perform Work using Overtime and/or Double Time rates only after written authorization by the Owner Representative for the affected Project, which may be granted or withheld in such Owner Representative's sole discretion, or as required by Law, and in such authorized cases, applicable Overtime and Double Time rates shall be used for Contractor's non-exempt Resources. Double Time billing rates for Holidays shall only apply to Holidays designated in this Agreement as listed in Master Service Agreement, Article 1). Contractor shall not be reimbursed for Holidays beyond the hours actually worked by Contractor's Resources. No reimbursement will be made for Holidays not worked. Owner shall not be billed for Contractor's holidays. Contractor shall not be entitled to premium time quoted, estimated and/or otherwise anticipated, but not actually worked.

External Crews Working on Storm Restoration

Storm response often requires contractors to rapidly mobilize personnel and equipment from outside the Company's service territory, work extended hours under hazardous conditions, and remain available for prolonged restoration efforts. In addition, with very few exceptions, external contractors working on the Company's system for storm response are collective bargaining units that have pay-rate structures similar to the Company's internal collective bargaining units.[1] To remain commercially reasonable and ensure consistency with prevailing labor practices, the

[1] Although internal crews and external crews working storm restoration are typically both working subject to collective bargaining agreements, external vendor rates charged to the Company will include other costs, required by the vendor to conduct its business, including the vendor's own overhead costs and profit margin.

Company's competitively procured contracts incorporate compensation structures that align with collective bargaining unit labor obligations for storm work. This approach enables contractors to recover the labor costs they are contractually obligated to pay to their employees and ensures the Company remains competitive in securing qualified resources during emergency events. During widespread regional storms, utilities compete simultaneously for a limited pool of experienced line crews and it's not reasonable to have the expectation that the Company can obtain crews for cut rates rather than the rates that all other electric companies are paying.

To control costs to the extent possible within the market framework for external line crews, the Company has developed a procurement process and associated vendor contracts that include cost-effective compensation provisions to ensure the Company is obtaining rates aligned with market value. Through these contracts, the Company no longer pays straight time, overtime (1.5 times straight time), or premium time (two times straight time). Instead, the Company compensates contractors in accordance with the pre-negotiated contractual terms.

OCC-043, Attachment 1 (Pricing Schedule), provides the definition for rates of pay. Specifically, once on system, external crews will either: (1) be paid stand-by prior to the start of an event starting; or (2) be paid a "working rate" once restoration has begun. OCC-043, Attachment 2, provides a copy of "Crew Rate Sheet," that applies to all overhead vendor contracts. In this Crew Rate Sheet, there is no "double" time rate and rate multiples no longer apply during storms for overhead line contractors that are restoring power. When performing storm restoration, crews will charge the "working rate," for all hours worked. The schedule also includes columns for:

- Travel Pre/Post (Mob/De-Mob) Rate Per Hour
- Standby On Call (Home/Hotel) Rate Per Hour
- Working Time Per Hour
- Per Diem Lodging
- Per Diem Meals

In determining the appropriate compensation structure, the Company considers several operational factors, including:

- The need to attract and secure sufficient qualified external line crews during widespread storm events.
- Prevailing labor agreements and compensation practices applicable to many contractor workforces.

- Competition among electric utilities for a limited pool of experienced contractor resources.
- The requirement for rapid mobilization of personnel, specialized equipment, and support resources.
- The expectation that contractor personnel will work extended shifts under hazardous and physically demanding conditions to expedite service restoration.
- The Company's obligation to restore electric service as safely and efficiently as possible while maintaining system reliability.

These contractually established compensation provisions support the Company's ability to obtain the skilled resources necessary to respond effectively to emergency events, fulfill contractors' labor obligations, and minimize restoration durations for customers. The rate structure eliminates ambiguity and confusion to streamline the timekeeping and invoicing process, while maintaining adequate compensation to secure line crews when needed. These rates reflect a fair market value secured through the Procurement Group and established industry practices, rather than more discretionary compensation decisions that would have to be made during an emergency.

Vegetation Management Contractor Rates

Vegetation Management contractor rates are similarly established as straight time, with an overtime multiplier and a Sunday/Holiday multiplier. The overtime and Sunday/Holiday multipliers vary by contract. Examples of overtime multipliers range from 1.35 to 1.5 times straight time. Sunday/Holiday multipliers range from 1.7 to 2.0 times straight time. The Company knows of only one instance of a tree crew contractor billing a premium "double time" rate, which was an out-of-state storm vegetation contractor hired for emergency response.

Prior Referenced Response:

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[i] OCC-046 Question:
(Double Time) Are Eversource employees eligible for double time pay? If so, please indicate each employee position that is eligible and provide all policies and procedures governing eligibility.

OCC-046 Response:
Yes. Eversource's bargaining unit employees are eligible for double straight-time pay based on the terms of the applicable negotiated union contract. Specifically, bargaining unit employees are eligible for three separate rates of pay depending on their work status. These three rates are Straight Time ("ST"), subject to an Overtime ("OT") multiplier of 1.5 times the straight-time rates; and additional premium rates that are paid at a multiplier of two times straight time. Bargaining unit employees are eligible for this additional premium rate under the following circumstances: (1) when they work on Sunday or their second scheduled day off in a calendar week; (2) when they work on holidays outside of their normally scheduled hours; (3) when they work more than 16 hours within a 24- hour period, until such time as they receive eight consecutive hours off; (4) when their vacation is cancelled during an all-hands event and they are required to work any hours during the week that they were scheduled to be on vacation; and (5) when non-RSO/RSE employees earn rest time by working more than one hour during the 8-hour window prior to the start of their regular shift and are unable to take the rest time during that shift ("rest time worked").

OCC-046, Attachment 1 through OCC-046, Attachment 4, provide excerpts of each union contract delineating the terms for premium pay.

The pertinent extracts from the currently effective union contracts that are included as OCC-046, Attachment 1 through OCC-046, Attachment 4, are as follows:

1. Local 457, International Brotherhood of Electrical Workers (IBEW), October 1, 2024 through October 1, 2028
2. Local 420 and 427, IBEW, June 1, 2022 thought June 1, 2026
3. Local 457, IBEW, April 1, 2024 through April 1, 2028 (Customer Service)
4. Local 457, IBEW, September 1, 2024 through September 1, 2028 (CONVEX)