



Department of Transformation and Shared Services

Ex. P  
Governor Asa Hutchinson  
Secretary Amy Fecher  
Director Kay Barnhill

June 15, 2022

The Honorable David Wallace, Co-Chairperson  
The Honorable David Hillman, Co-Chairperson  
Uniform Personnel Classification and  
Compensation Plan Subcommittee  
Joint Budget Committee  
State Capitol Building, Room 315  
Little Rock, Arkansas 72201

Dear Senator Wallace and Representative Hillman:

The Office of Personnel Management (OPM) submits a request from the Public Service Commission (PSC) for your review. The Public Service Commission is requesting the establishment of a salary administration grid for public utility subject matter experts within the agency. Information pertaining to the requested grid along with the impacted classifications are displayed below:

<b>CLASS CODE</b>	<b>CLASSIFICATION</b>	<b>GRADE</b>	<b>SALARY RANGE</b>
X064C	PSC Public Utility Auditor	GS08	\$45,010 - \$65,264
A046C	PSC Rate Case Analyst	GS09	\$50,222 - \$72,821
X033C	PSC Senior Public Utility Auditor	GS11	\$62,531 - \$90,669
A028C	PSC Senior Rate Case Analyst	GS11	\$62,531 - \$90,669
A013C	PSC Director of Revenue Requirements	GS12	\$69,776 - \$101,175
G299C	PSC Electric Cooperative Manager	GS12	\$69,776 - \$101,175
B015C	Engineer Supervisor	GS12	\$69,776 - \$101,175
G278C	PSC Research and Policy Director	GS14	\$86,887 - \$125,986
X001C	PSC Director of Electric Utilities Section	GS14	\$86,887 - \$125,986
A129C	PSC Quality Services Director	GS14	\$86,887 - \$125,986
N043N	PSC Director of Financial Analysis	GS14	\$86,887 - \$125,986
A130C	PSC Rates and Demand Resources Director	GS14	\$86,887 - \$125,986
N248N	PSC Director of Pipeline Safety	GS14	\$86,887 - \$125,986
P080C	PSC Director of Telecommunications and Consumer Services	GS14	\$86,887 - \$125,986

**JUSTIFICATION**

The Public Service Commission is requesting a salary administration grid in order to address ongoing recruitment and retention issues within the agency. According to the PSC, the positions within the impacted classifications have been advertised multiple times resulting in few qualified applicants and when qualified applicants are hired, PSC is unable to keep them due to noncompetitive salaries. As displayed in the table below, the combined turnover rate for all impacted positions within the past year is 16.22%. Statewide turnover for the entire State of Arkansas has been 13.56% within the past year.

<b>CLASS CODE</b>	<b>CLASSIFICATION</b>	<b>AUTHORIZED POSITIONS</b>	<b>FILLED POSITIONS</b>	<b>TURNOVER</b>
X064C	PSC Public Utility Auditor	5	3	25.00%
A046C	PSC Rate Case Analyst	13	10	9.09%
X033C	PSC Senior Public Utility Auditor	4	3	25.00%
A028C	PSC Senior Rate Case Analyst	7	7	12.50%
A013C	PSC Director of Revenue Requirements	1	1	50.00%
G299C	PSC Electric Cooperative Manager	1	1	0.00%
B015C	Engineer Supervisor	1	1	50.00%
G278C	PSC Research and Policy Director	1	1	0.00%
X001C	PSC Director of Electric Utilities Section	1	1	0.00%
A129C	PSC Quality Services Director	1	1	0.00%
N043N	PSC Director of Financial Analysis	1	1	0.00%
A130C	PSC Rates and Demand Resources Director	1	1	0.00%
N248N	PSC Director of Pipeline Safety	1	0	0.00%
P080C	PSC Director of Telecommunications and Consumer Services	1	0	0.00%
<b>OVERALL TURNOVER RATE</b>				16.22%

According to the proposed salary administration grid, incumbents within the included classifications would be authorized to receive up to midpoint for the grade as a starting salary and would receive a salary increase of up to 5% per fiscal year, not to exceed the maximum salary or the grade. In order to qualify for this increase, an incumbent within the specified classifications must have:

- at least 12 months of service within the classification
- receive a score of highly effective (4) or higher on performance evaluations
- receive a recommendation from their supervisor, or
- receive enhanced credentials as an expert as demonstrated by
  1. attainment of the professional credential for the discipline, or
  2. a master's level degree or higher in a field directly related to the position, or
  3. demonstrated progression of expertise as a subject matter expert (SME) in a key/foundational area of public utility regulation over a 3-year period in proceedings before the Commission

This requested this salary administration grid to address recruitment and retention issues within the department. There are 31 current incumbents within the classifications, and under the proposed grid 28 employees will receive the 5% increase with a total cost of approximately \$102,436.

### RECOMMENDATION

The Office of Personnel Management has reviewed this request from the Public Service Commission and **recommends** approval of a salary administration grid for the classifications as listed above. The agency guarantees that it possesses sufficient funding to support this request.

Your consideration of this request is greatly appreciated.

Sincerely,



Kay Barnhill, Director  
Office of Personnel Management



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SECRETARY OF TRANSFORMATION & SHARED SERVICES

06/03/2022  
DATE

1337

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Donna Gray  
Executive Director  
(501) 682-1794



April 29, 2022

Ms. Kay Barnhill, Director  
Office of Personnel Management  
501 Woodlane, Suite 201  
Little Rock, AR 72201

Re: PSC Requested Subject Matter Expert Salary Grid

Dear Ms. Barnhill:

The Arkansas Public Service Commission (PSC) is requesting authorization to establish a salary administration grid for its public utility subject matter expert positions (GS08, GS09, GS11, GS12, and GS14) within our agency. The intention of this plan is to be more competitive with the public utility sector and is considered vital in maintaining the current professional level of competency and ability of our staff.

This grid is for the purposes of hiring and retaining capable and highly qualified candidates. This is in direct response to employee turnover and the inability to attract a qualified applicant pool. This proposed salary grid would afford the agency a clear path for progression and retention of subject matter expertise critical to operations in compliance with statutory deadlines.

The specific public utility subject matter expert positions are listed below:

**PUBLIC UTILITY SUBJECT MATTER EXPERT POSITIONS**

<b>Class Code</b>	<b>Grade</b>	<b>Title</b>	<b>State Salary Range</b>
X064C	GS08	PSC Public Utility Auditor (5)	\$45,010 - \$65,265
A046C	GS09	PSC Rate Case Analyst (13)	\$50,222 - \$72,822
X033C	GS11	PSC Senior Public Utility Auditor (4)	\$62,531 - \$90,670
A028C	GS11	PSC Senior Rate Case Analyst (7)	\$62,531 - \$90,670
A013C	GS12	PSC Director of Revenue Requirements	\$69,776 - \$101,175
G299C	GS12	PSC Electric Cooperative Manager	\$69,776 - \$101,175
B015C	GS12	PSC Pipeline Safety Program Manager	\$69,776 - \$101,175
G278C	GS14	PSC Research and Policy Director	\$86,887 - \$125,986

X001C	GS14	PSC Director of Electric Utilities Section	\$86,887 - \$125,986
A013C	GS14	PSC Quality Services Director	\$86,887 - \$125,986
N043N	GS14	PSC Director of Financial Analysis	\$86,887 - \$125,986
A130C	GS14	PSC Rates & Demand Resources Director	\$86,887 - \$125,986
N248N	GS14	PSC Director of Pipeline Safety	\$86,887 - \$125,986
P080C	GS14	PSC Director of Telecommunications & Consumer Services	\$86,887 - \$125,986

Despite multiple efforts, we have had a difficult time attracting a qualified applicant pool for several accounting and analyst positions. For example, after one unsuccessful posting for a Public Utility Auditor (GS08), our second posting attracted only two qualified applicants, with one declining the interview upon inquiring about the salary. In addition to the educational requirements, the GS08 Auditor position requires three years of experience in auditing or financial analysis of utility companies, or related and the GS09 Rate Case analyst position requires four years of experience in rate analysis, financial analysis, economic forecasting, or related. Attracting individuals with this level of experience has proven difficult.

When we are able to hire qualified applicants, retention then becomes an issue and further causes difficulty in filling manager and director positions. Public utilities are our biggest competition for well qualified individuals in this unique and complex industry sector. The U.S. Bureau of Labor Statistics continues to report utilities are the highest paid private sector in the nation. (See <https://www.bls.gov/news.release/empsit.t19.htm>) Both auditors and analysts are able to gain training and knowledge of the regulatory environment in our agency and then often seek out employment from or are sought by our local utilities. By way of example, a recently promoted (from GS09 to GS11) and highly capable analyst was able to find employment with a local utility for a \$30,000 increase in salary. This pay discrepancy is not unusual. Not being able to offer a reasonably competitive salary is a significant hinderance to attracting and retaining employees in our industry.

Based on our research of utility job postings we have several observations. An analyst position (requiring 3 years of experience), similar to our GS09 Rate Case Analyst position would be eligible for a salary range of \$69,800-\$104,800. A senior level analyst similar to our GS11 position (requiring 5 years of experience) would be eligible for \$71,550-\$107,400, with a Rates Specialist position (requiring 9-10 years of experience) as recently advertised by a local utility, offering a salary range of \$93,000-\$121,200 per year. Recent utility managerial job postings with a different local utility advertised Regulatory Manager positions (akin to our GS12 Manager and GS14 Director positions) requiring a minimum of 5 years of experience and offering a salary range of \$93,000-\$153,450.

Our team of managers and directors serve as our project managers on all docketed proceedings before the Commission and also serve as lead subject matter experts and witnesses. These key leadership and highly knowledgeable and trained resources are

critical to the fulfillment of the agency's charge to ensure safe and reliable service at just and reasonable rates.

Our agency's workload continues to grow at an unprecedented rate with issues on the forefront of the everchanging utility environment. For example, legislation authorizing utilities to request annual adjustments to rates, the rapid expansion of renewable energy owned by both customers and utilities, and the necessary participation in regional transmission organizations have significantly increased the agency's workload over the last decade without a concomitant increase in personnel. Several positions regularly require working hours well in excess of 40 hours each week. Staff endeavors to thoroughly and successfully address the complex and ever evolving issues brought before the Commission and in order to do so it is imperative that we attract and retain professional, capable, and highly qualified individuals. It takes three to five years for new hires to gain the foundational experience, competency, and expertise which is far too often lost due a lack of competitive salary. When our agency loses trained and competent employees, utility customers of Arkansas lose, too. Our intent with this request is to be reasonably competitive with the utility sector in an effort to attract and retain highly capable employees.

Given this purpose and the noted challenges, the PSC proposes the following salary grid administration:

1. After twelve (12) months of service in the indicated position; and
2. a clear pattern of Role Model (PE rating 5) or Highly Effective (PE rating 4) job performance; and
3. a recommendation by the employee's supervisor; or
4. enhanced credentials as an expert as demonstrated by;
  - attainment of the professional credential for the discipline (e.g., Certified Public Accountant for GS08 and GS11 auditor positions, Certified Depreciation Professional for depreciation experts, Certified Rate of Return Analyst for finance experts); or
  - a master's level degree or higher in a field directly relevant to the position; or
  - demonstrated progression of expertise as a subject matter expert in a key and foundational area(s) of public utility regulation over a 3-year period in proceedings before the Commission.

The employee would then be eligible for up to a 5% salary increase, per fiscal year, not to exceed the maximum for the grade level of the position. Any disciplinary action or managerial intervention will be taken into account before a recommendation is made.

These job classifications would be authorized to pay up to the midpoint salary of the Career Service Pay Plan as a starting rate of pay if the minimum qualifications (as determined by the Office of Personnel Management), and the additional qualifications specified are met by the prospective candidate for the job.

Ms. Kay Barnhill  
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There are 39 positions within the proposed classifications which could potentially be eligible over time under the proposed grid. Based on current information, the cost of implementation on an annual basis assuming full eligibility would not exceed \$120,082, inclusive of benefits.

This proposal would be implemented at the discretion of the PSC Chairman and based on recommendations from the General Staff Executive Director for advocacy staff and the Chief of Staff of the Commission for advisory staff, and will be based on the availability of revenues.

Thank you for your consideration and please let me know if you have any questions or need further information.

Sincerely,

A handwritten signature in cursive script that reads "Donna Gray".

Donna Gray

cc: Ted Thomas  
Victoria Peterson  
Vikki Moore-Hearn