Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket No. D.T.E. 02-24/25
Record Request Response

Record Request No.: DTE-RR-60 (Gas)

A. Please identify what the changes in the FICA and Medicare liabilities would be on payroll due to the changes in the non-union wage.
B. Additionally, please provide the respective FICA and Medicare rates as well as the base to which those rates are applied, since FICA tax cuts off at a certain salary level.

Response:

A. The percentage increase in the 2002 payroll amount was reduced from 5% to 4.9%. This reduction from the original estimate was not reflected on MHC-7-18 (Gas) in the update to DTE-RR-06 (Gas) dated September 4, 2002. Utilizing the 4.9% to calculate the payroll increase, the increase in FICA and Medicare tax on line 26 was decreased by $32 from the original filed amount of $8,012.

B. The base Medicare wages for non-union gas of $722,918 was applied to the Medicare rate of 1.45% for a tax amount of $10,482. To arrive at the base FICA wages of $711,184, the base Medicare wages had to be reduced by $11,734 for wages in excess of the $84,900 FICA limit. The base FICA wages for non-union electric of $711,1842 was applied to the FICA rate of 6.2% for a tax amount of $44,093.

See Attachment DTE-RR-60 (Gas) for a detailed calculation of these two taxes. This attachment is also MHC-7-18 (Gas) and DTE-RR-06 (Gas) will be updated for the above changes.

Person Responsible: Mark H. Collin

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
PAYROLL TAX ADJUSTMENT
FOR THE 12 MONTHS ENDED DECEMBER 31, 2001

LINE NO.	DESCRIPTION	NON-UNION HOURLY	NON-UNION SALARY	NON-UNION COMBINED	UNION	TOTAL
	TEST YEAR GAS PAYROLL:					
1	CAPITALIZED	$18,227	$177,345	$195,572	$420,209	$615,781
2	DISTRIBUTION & MAINTENANCE	39,256	381,952	421,208	905,014	1,326,222
3	OTHER DISTRIBUTION	3,803	37,002	40,805	87,675	128,480
4	NON-UTILITY	2,129	20,718	22,847		22,847
5	TOTAL GAS PAYROLL	$63,416	$617,017	680,432	1,412,898	2,093,330
6	LESS NON-UTILITY PORTION			22,847		22,847
7	TOTAL GAS UTILITY PAYROLL			657,585	1,412,898	2,070,483
8	PAYROLL RATE INCREASES-2002			4.90%	3.10%	
9	TEST YEAR TOTAL GAS PAYROLL ADJUSTED FOR 2002 RATE INCREASES			689,807	1,456,697	
10	PAYROLL RATE INCREASES-2003			4.80%	3.00%	
11	TEST YEAR TOTAL GAS PAYROLL ADJUSTED FOR 2002 AND 2003 RATE INCREASES - PAYROLL MEDICARE BASE			722,918	1,500,398	2,223,316
	FICA TAX CALCULATION					
12	LESS GAS PORTION OF EXCESS FICA OF THAT EMPLOYEE WHO EXCEEDS THE FICA MAXIMUM			11,734		
13	SUB TOTAL - PAYROLL FICA BASE			711,184		
14	FICA AT 6.2% (LINE 13 x 6.2%)			44,093	93,025	137,118
	MEDICARE TAX CALCULATION					
15	TEST YEAR TOTAL GAS PAYROLL ADJUSTED FOR 2002 AND 2003 RATE INCREASES (LINE 11)			722,918	1,500,398	2,223,316
16	TOTAL MEDICARE AT 1.45% (LINE 15 x 1.45%)			10,482	21,756	32,238
17	TOTAL GAS FICA AND MEDICARE			54,576	114,780	169,356
18	LESS AMOUNT TO CAPITAL			21,012	44,190	65,202
19	GAS FICA AND MEDICARE EXPENSE			33,564	70,590	104,154
20	LESS TEST YEAR EXPENSE					96,174
21	INCREASE IN EXPENSE					$7,980
22	ORIGINAL INCREASE IN PAYROLL TAX EXPENSE AS FILES USING A 5% PAYROLL INCREASE					8,012
23	REDUCTION IN FICA TAX DUE TO PAYROLL DECREASE FROM 5% TO 4.9%					($32)