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MISSOURI PUBLIC SERVICE COMMISSION

**REGULATORY REVIEW DIVISION
UTILITY SERVICES - AUDITING**

SURREBUTTAL TESTIMONY

OF

CHARLES R. HYNEMAN

**KCP&L GREATER MISSOURI OPERATIONS COMPANY
GREAT PLAINS ENERGY, INC.**

CASE NO. ER-2012-0175

Jefferson City, Missouri
October 2012

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**** Denotes Highly Confidential Information ****

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Staff Exhibit - 297

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GMO Witness	Issue
Mark Foltz	Pension Plan Salary Increase Assumption
Mark Foltz	GMO Supplemental Executive Retirement Plan (SERP)
Darrin Ives	Regulatory Lag
Darrin Ives	Organizational Realignment Voluntary Separation Program (ORVS)
John Carlson	Transmission Expense
Melissa Hardesty	GMO Fuel Adjustment Clause Deferred Income Taxes
Ryan Bresette	GMO Hedge Settlements

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Pension Plan Salary Increase Assumption

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Q. Please summarize Staff's position on this issue.

5

A. In this rate case and in GMO's companion KCPL rate case, the Company is seeking rate recovery of \$83 million in pension expense for its employees and KCPL's share of its pension costs for WCNOE employees. This amount includes \$61 million for KCPL and \$22 million for GMO.

9

KCPL's management controls two defined benefit pension plans (a union plan and a management plan) that covers all Company employees. GMO has no employees as all Company employees are KCPL employees. GMO is allocated a percentage of the total pension costs (excluding WCNOE pension costs and pension expense trackers which are accounted for separately for KCPL and GMO) based on the amount calculated by KCPL and its pension actuaries under Financial Accounting Standard No. 87.

15

A defined benefit plan is a pension plan designed to provide participants a specific payment amount at retirement. This amount is typically delivered as a monthly annuity payment. Traditional defined benefit pensions feature a benefit formula based on a participant's final pay and service at retirement.

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KCPL's defined benefit plans provide benefits based on years of service and final average compensation. One of the estimates that KCPL must use in the calculation

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1 of pension expense is the projected level of future annual salary increases. The salary
2 increase assumption is important because the Company's current level of pension expense is
3 based in part on a projection of future salary levels for its employees. A higher salary
4 increase assumption causes a higher pension liability and a higher pension expense.
5 The annual salary increase assumption used by KCPL management for the Company's
6 current calculation of its pension expense is 4% for its management plan and 4.25% for its
7 union plan.

8 The Staff reviewed the most recent annual reports of all major Missouri regulated
9 utilities and noted that KCPL's salary assumption rates of 4% and 4.25% are the highest of
10 all major Missouri utilities and significantly higher than the all-Missouri utility average of
11 3.25 percent. To reflect the impact on pension expense of a salary increase assumption more
12 in line with other Missouri utilities, the Staff adjusted the Company's annualized pension
13 expense by reflecting the effect of a 3.5% average salary increase assumption for both the
14 management and union pension plans.

15 Q. What were the comparable rate assumptions used by other Missouri utilities?

16 A. AmerenUE is using a salary increase assumption rate of 3.5%, The Empire
17 District Electric Company (Empire) - 3.5%, Laclede Gas Company - 3%, Missouri-American
18 Water Company - 3.25%, and Southern Union Company (parent company of Missouri Gas
19 Energy) - 3.02%.

20 Q. Why did the Staff impute a rate of 3.5% for KCPL when the average rate for
21 all regulated Missouri utilities is 3.25%?

22 A. While the use of a Missouri average rate would certainly be reasonable for the
23 Staff to use in this case, the Staff took a more conservative approach by using a 3.5% rate,

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1 | which is the rate currently used by Missouri's other two regulated investor-owned electric
2 | utilities, AmerenUE and Empire.

3 | Q. In his rebuttal testimony Mr. Foltz described the generally accepted
4 | accounting principles (GAAP) that govern KCPL's pension plan. Was his testimony
5 | complete as to this issue?

6 | A. No. Mr. Foltz correctly describes how KCPL's pension plans are generally
7 | governed by Accounting Standards Codification Topic 715 *Compensation – Retirement*
8 | *Benefits*, (ASC 715), which was previously referred to as Financial Accounting Standard
9 | No. 87 (FAS 87), *Employers' Accounting for Pensions*. However, Mr. Foltz failed to note
10 | that KCPL's pension plan costs are also governed by Accounting Standards Codification
11 | Topic 980, *Regulated Operations* (ASC 980), which was previously referred to FAS 71,
12 | *Accounting for the Effects of Certain Types of Regulation*. For consistency purposes I will
13 | refer to ASC 715 and FAS 87 as well as ASC 980 and FAS 71 synonymously.

14 | Q. What is the objective of FAS 87?

15 | A. The fundamental objective of FAS 87 was to recognize an employee's
16 | pension cost over the period that the employee provides service to his or her employer.
17 | A pension benefit is part of the compensation paid to an employee for services. In a defined
18 | benefit pension plan, the employer promises to provide, in addition to current wages,
19 | retirement income payments in future years after the employee retires or terminates service.
20 | Generally, the amount of benefit to be paid depends on a number of future events that are
21 | incorporated in the plan's benefit formula, often including how long the employee and any
22 | survivors live, how many years of service the employee renders, and the employee's

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1 compensation in the years immediately before retirement or termination. FAS 87

2 paragraph 46 states:

3 Assumed compensation levels shall reflect an estimate of the actual
4 future compensation levels of the individual employees involved,
5 including future changes attributed to general price levels,
6 productivity, seniority, promotion, and other factors. All assumptions
7 shall be consistent to the extent that each reflects expectations of the
8 same future economic conditions, such as future rates of inflation.

9 Q. Mr. Foltz seems to understand the Staff's adjustment as imputing pension
10 assumptions of other Missouri utilities on to KCPL. Is this true?

11 A. No. The Staff found that KCPL management, compared to other regulated
12 utilities in Missouri, was using an excessive salary increase assumption in the calculating of
13 pension expense for ratemaking purposes in this case. The Staff's adjustment simply
14 adjusted the future salary increase assumption used to calculate pension expense to a more
15 reasonable amount.

16 Q. Does Mr. Foltz believe it is appropriate to base KCPL management's salary
17 escalation assumption on the assumptions used by other companies?

18 A. No; however, Mr. Foltz is mischaracterizing the Staff's position. The Staff
19 developed an average of the salary escalation assumption used by all Missouri regulated
20 utilities and increased that average by an additional 8 percent to arrive at an assumption that,
21 although above the average Missouri percentage, it believes is reasonable to use in the
22 calculation of pension expense to include in KCPL's cost of service in this rate case.

23 It is important to emphasize that in its adjustment Staff is only addressing the issue of
24 estimates of future events, primarily inflation and related salary increases, that should be the
25 same or very similar for all of the regulated utilities in Missouri. The Staff's adjustment does

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1 not address KCPL or KCPL-employee specific factors, but general factors that are driven by
2 unpredictable future events.

3 There is no reason to believe that KCPL is better at predicting the future than any
4 other Missouri utility, and Mr. Foltz certainly did not provide any evidence that KCPL
5 management is superior to the management of other Missouri utilities in this regard. In
6 addition, there is also no reason to believe that KCPL will have more employee promotions
7 or higher salary increases than the other regulated Missouri utilities, and Mr. Foltz certainly
8 did not provide any evidence to this effect either.

9 Q. Why does Mr. Foltz hold the opinion that it is improper to compare KCPL's
10 salary increase assumption to those of other Missouri utilities?

11 A. At pages 3 and 4 of his rebuttal testimony Mr. Foltz lists certain factors which
12 he believes "make it difficult to compare one company's salary assumption with that of
13 another company". These are factors that influence the degree of salary changes throughout
14 an employee's career such as promotions within their department, transfers to more highly
15 compensated jobs elsewhere in the corporation, and an employee's level of seniority and
16 placement within an employee's job salary range.

17 At page 5 of his rebuttal testimony he provides four reasons why he holds this view.

18 They are:

19 1. The determination of assumptions to be used in calculating
20 KCPL's pension cost should be based on KCPL's specific facts and
21 reflect an estimate of the actual future compensation levels of the
22 individual employees involved.

23 2. The Company does not have knowledge of the other companies'
24 demographics or insight as to how other companies view future
25 compensation increases.

26 3. Using other companies' assumptions is clearly not consistent with
27 GAAP and, therefore, it is inappropriate to base assumptions regarding

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1 the Company's pension plans on the assumptions used by other
2 companies, especially when actual historic company amounts have
3 been higher than the current assumptions being used.

4 4. Many factors influence salary adjustments other than merit
5 increase, and those factors can vary widely among companies,
6 rendering company comparisons of dubious value.

7 Q. Would the Staff need knowledge of the Missouri utilities' demographics or
8 insight as to how other Missouri regulated utility companies view future salary escalation
9 increases to set a reasonable salary increase assumption?

10 A. No, not at all. By doing an analysis of the salary increase assumption used by
11 other regulated utilities in Missouri the Staff was using a method referred to as
12 benchmarking. In the area of employee compensation, benchmarking is a very common
13 method of determining the reasonableness of various components of compensation, such as
14 salaries and pensions.

15 Q. Has KCPL management used the benchmarking process in developing what it
16 considers reasonable compensation levels for several years?

17 A. Yes, it has. It is common for regulated utilities to use a benchmarking process
18 to determine reasonable ranges of employee compensation. KCPL extensively uses this
19 process. Early in the Staff's rate case audit for this proceeding I attended a meeting with
20 KCPL's Human Resources Department employees who specialize in the area of employee
21 compensation. They explained KCPL's extensive use of benchmarking in comparing its
22 employee compensation with other regulated utility companies and even with other non-
23 regulated companies.

24 Kelly R. Murphy, a GMO witness in this case, also provided testimony in KCPL's
25 current rate case in Kansas, Docket No. 12-KCPE-764-RTS. At page 6 of her rebuttal

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1 testimony in the Kansas rate case she described KCPL's use of benchmark studies in the area
2 of employee compensation. She stated that KCPL uses "market studies and surveys to
3 evaluate competitive compensation levels and to set our overall compensation package."
4 Similarly, the Staff used a survey of Missouri utility companies to evaluate the
5 reasonableness of KCPL's pension expense.

6 Q. Has KCPL hired an outside consultant to do a benchmarking study on KCPL's
7 pension plan costs compared to other utility pension plan costs?

8 A. Yes, it has. KCPL hired Deloitte Consulting to perform a Benefits Program
9 Review of KCPL primarily focusing on KCPL's pension plans. From its review Deloitte
10 provided to KCPL a report ("Deloitte Report") on its findings. A copy of this Report is
11 attached as Schedule CRH-1HC to my rebuttal testimony in this case. While the
12 Deloitte Report refers to GPE, or to Great Plains Energy's pension plans, these are the same
13 as KCPL's pension plans. GPE is the parent company of KCPL and has no pension plans of
14 its own.

15 Q. What conclusions did Deloitte make from its review?

16 A. In its Report to KCPL, Deloitte concluded the following:

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Q. Do the results of the Deloitte Report, commissioned and funded by KCPL, support the Staff's use of benchmarking techniques to determine a reasonable level of KCPL's pension cost to include for ratemaking purposes in this case?

A. Yes. Like Deloitte, the Staff performed a similar, although more focused and smaller in scope benchmark analysis of KCPL's pension costs.

Q. How was the GPE peer group selected by Deloitte Consulting?

A. ** _____

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Q. Did you use the same criteria to select its peer group of companies on which to perform its peer group analysis as Deloitte?

A. Yes. I used all of the Deloitte factors with the exception of size of workforce and revenue. In addition, the Staff's five-company sample included two of the very same companies (AmerenUE and Empire) included in the Deloitte study.

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1 Q. What external data did Deloitte rely on in performing its benchmark study of
2 pension plans for the KCPL pension review?

3 A. In its Report to KCPL, Deloitte listed the following sources that it relies on in
4 the performance of its pension benchmarking study:

5 ** _____
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7 _____
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11 _____ **

12 Q. Did you rely on similar data in your benchmark analysis of the pension
13 assumptions used by Missouri regulated utilities?

14 A. Yes. I relied primarily on utility financial reports and SEC Form 10-K
15 financial statements as this data is publicly available.

16 Q. Do other utilities compare pension assumptions with peer companies to
17 determine reasonableness?

18 A. Yes they do. DPL Inc. and The Dayton Power and Light Company ("DPL")
19 describes how it reviews peer data to verify the reasonableness and appropriateness in its
20 SEC Form 10-K filed with the SEC on March 28, 2012:

21 Our overall discount rate was evaluated in relation to the Hewitt Top
22 Quartile Yield Curve which represents a portfolio of top-quartile AA-
23 rated bonds used to settle pension obligations. Peer data and historical
24 returns were also reviewed to verify the reasonableness and
25 appropriateness of our discount rate used in the calculation of benefit
26 obligations and expense. (Page 106)

27 Our expected return on plan asset assumptions, used to determine
28 benefit obligations, are based on historical long-term rates of return on
29 investments, which use the widely accepted capital market principle
30 that assets with higher volatility generate a greater return over the long

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1 run. Current market factors, such as inflation and interest rates, as
2 well as asset diversification and portfolio rebalancing, are evaluated
3 when long-term capital market assumptions are determined. Peer data
4 and historical returns are reviewed to verify reasonableness and
5 appropriateness. (Page 105)

6 Q. Mr. Hyneman, based on your analysis of this issue, what have you found to
7 be the overriding and most significant factor in the process to arrive at estimates of future
8 salary increases?

9 A. The most important estimate on which this assumption is based is the estimate
10 of future changes in general price levels (inflation).

11 Q. Did you review the changes in general price levels in the Midwest region over
12 the past several years?

13 A. Yes. The chart below shows the annual inflation increases in the
14 U.S. Midwest region from 2002 through 2011. According to the Consumer Price
15 Index (CPI)-All Urban Consumers Bureau of Labor Statistics, Department Of Labor, the
16 CPI in the Midwest has been below 3% in 11 years of the 15 year period of 2007-2011.
17 For the last 10 years, the inflation rate has averaged 2.2%. For the last 3 years, the inflation
18 rate was 1.5%:

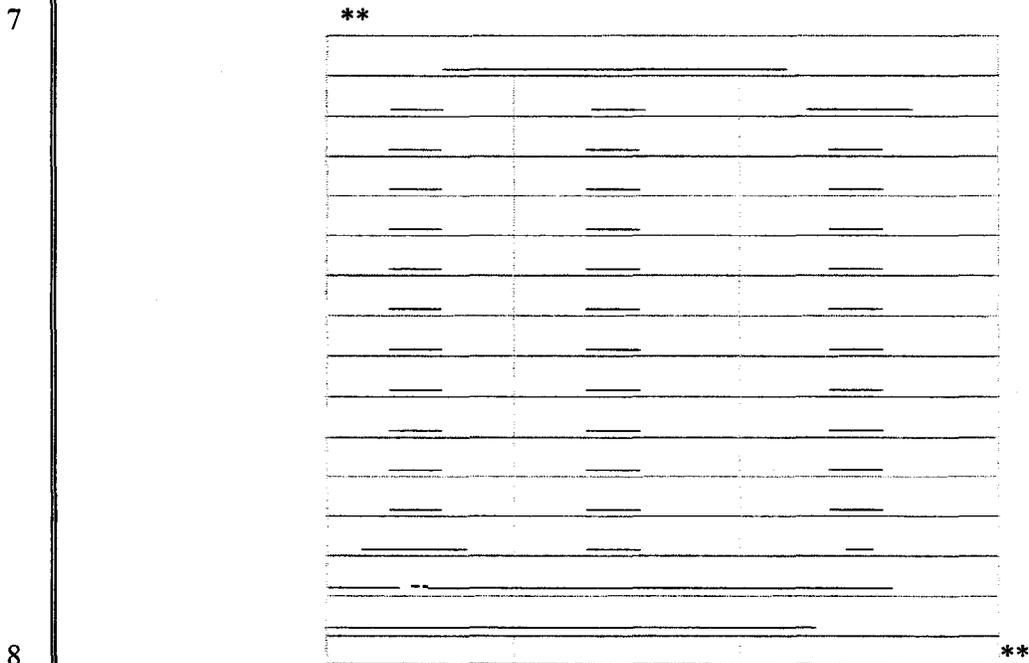
19

Year	Annual % Increase
2002	1.2
2003	1.9
2004	2.4
2005	3.2
2006	2.4
2007	2.7
2008	3.7
2009	-0.6
2010	2.0
2011	3.2

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1 Q. How do these general inflation level changes in the Midwest compare with
2 KCPL's historical compensation increases?

3 A. The chart below reflects KCPL responses to Staff data requests in KCPL Case
4 No. ER-2012-0174 and in previous KCPL rate cases and what KCPL asserts are its
5 compensation increases from 2003 through 2013 (estimated). No estimated compensation
6 increases for KCPL's unions were available for 2013:



9 Q. What do these charts demonstrate?

10 A. These charts demonstrate that KCPL did not reflect the impact of the current
11 economic crisis that began in 2008 and continues today in its management compensation
12 until 2011, and it very modestly reflected these economic conditions in its union employee
13 compensation beginning in 2012.

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Q. Please comment on Mr. Foltz's assertion that using other companies' assumptions is clearly not consistent with GAAP and, therefore, it is "inappropriate to base assumptions regarding the Company's pension plans on the assumptions used by other companies, especially when actual historic company amounts have been higher than the current assumptions being used."

A. First, as previously noted, it is not true that Staff uses other companies' assumptions in any manner. The Staff simply used an average of similarity-situated companies in the same regulated utility industry and in the same small geographic area as a benchmark for the reasonableness of a KCPL management estimate that the Staff found to be too high.

Second, and as Mr. Foltz very well knows, KCPL does not account for a significant part of its pension plan in accordance with GAAP as he uses the term here, specifically, FAS 87. A significant part of KCPL's pension costs are determined using methods and procedures authorized by the Commission, which, in effect, become GAAP under FAS 71. So while Mr. Foltz is wrong for stating the Staff is using other companies' assumptions, the Staff's use of an average salary escalation increase rate pension assumption is certainly appropriate and fully consistent with GAAP under either FAS 87 or FAS 71. Mr. Foltz, should be aware that Staff's pension adjustment is fully consistent with the GAAP KCPL

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1 uses for its pension expense, including the accounting for annual expense and GMO and
2 KCPL pension trackers.

3 Q. Please continue.

4 A. What is in dispute here is nothing more than KCPL management's view of the
5 future. KCPL management may have a view about future levels of inflation different from
6 other Missouri utilities. KCPL may have a much more generous outlook about future pay
7 raises for its employees. But just because KCPL's management has these views does not
8 make them reasonable. The Staff has shown that they are not reasonable and KCPL has not
9 shown that they are reasonable.

10 As noted above, the FASB described in general how the future compensation
11 assumption is to be developed and the FASB indicates that the most significant factor in the
12 development of this assumption is future inflation levels. FAS 87, paragraph 46 states:

13 Assumed compensation levels shall reflect an estimate of the actual
14 future compensation levels of the individual employees involved,
15 including future changes attributed to general price levels,
16 productivity, seniority, promotion, and other factors. All assumptions
17 shall be consistent to the extent that each reflects expectations of the
18 same future economic conditions, such as future rates of inflation.

19 It could very well be that KCPL management is just not very good at predicting future
20 inflation levels and its predicting methodology is prone to estimate future inflation levels to
21 be at the high end of a reasonableness range. But the future inflation level in Missouri should
22 be generally same for each and every employee of all of the utilities included in Staff's
23 analysis. And the general consensus of all Missouri regulated utilities is that, based on
24 estimates of future inflation rates and utility-specific estimates of pay increases, on average,
25 the most current reasonable level of future compensation increase is 3.25%.

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1 Q. By using a compensation increase assumption of 3.5% and assuming the
2 estimate of future inflation rate is the same for all Missouri utilities, is the Staff allowing for
3 KCPL to have higher actual compensation increases or increases in other factors than is
4 currently embedded in the 3.5% future compensation increase assumption used by Staff to
5 calculate KCPL's pension costs in this case?

6 A. Yes. Staff is using a 3.5% future compensation increase assumption in this
7 case which is an increase of 8% over the average 3.25% pension assumption used by
8 Missouri's regulated utilities.

9 Q. Please comment on Mr. Foltz's assertion that many factors influence salary
10 adjustments other than merit increases, and those factors can vary widely among companies,
11 rendering company comparisons of dubious value".

12 A. The primary component of the compensation increase assumption is annual
13 salary increases. The primary driver of this increase, as suggested by the FASB, is the rate of
14 general price increases or inflation. I agree with Mr. Foltz that this assumption is affected by
15 other factors but it is intuitive that these other factors would have a significantly smaller
16 impact than inflation and normal merit salary increases. When you consider the impact on
17 KCPL's assumption of its company-specific data as being different from average utility data,
18 the impact would almost certainly be relatively insignificant.

19 Q. Please explain.

20 A. As noted above, the primary factor in the compensation increase pension
21 assumption is inflation and the impact of inflation on normal employee salary increases. It is
22 logical to assume that future inflation in Missouri will affect all Missouri utilities equally and
23 put an equal pressure on compensation increases. A secondary factor that would affect the

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1 salary increase assumption would be future employee promotions. So even if KCPL has
2 more frequent employee promotions than the average Missouri utility, a fact that is not
3 supported by any evidence, this impact on the pension assumption would probably be
4 immaterial, in my opinion.

5 Q. Do you agree with Mr. Foltz that inter-company comparisons of the rate of
6 compensation increase pension assumption are of dubious value?

7 A. No. I do not agree, and apparently, neither does the FASB.

8 Q. Does the FASB believe inter-company comparisons of the rate of
9 compensation increase pension assumption is valuable?

10 A. Yes, it does. The FASB stated in paragraph 221 of FAS 87 that information
11 about the rate of compensation increase assumption is essential if users of a company's
12 financial information (including the Staff) are to make meaningful comparisons among
13 companies (including regulated Missouri utility companies) that use different rate of
14 compensation increase assumptions:

15 Information about Assumptions

16 221. The Board agreed that information about certain assumptions is
17 useful and this Statement requires disclosure of the assumed weighted-
18 average discount rate and rate of compensation increase. It noted that
19 those two assumptions have the most significant impact on the
20 amounts of net periodic pension cost and the projected benefit
21 obligation and that those two assumptions are related. It also noted that
22 their effect on reported amounts is relatively easy to understand. The
23 Board concluded that information about those two assumptions is
24 essential if users are to be able to make meaningful comparisons
25 among employers using different assumptions. For the same reasons,
26 when the Board decided to allow the use of an expected long-term rate
27 of return on plan assets different from the discount rate, it concluded
28 that disclosure of that assumption should be required.

29 [Emphasis added]

1 Q. Did Mr. Foltz include a chart on page 5 of his rebuttal testimony reflecting
2 what he purports to be past KCPL and GMO salary increases?

3 A. Yes. Mr. Foltz included the same chart in his rebuttal testimony in KCPL's
4 companion rate case which he filed on September 5, 2012. On September 26, 2012 I asked if
5 Mr. Foltz had any workpapers to support the numbers on the chart. I was informed that these
6 numbers came from the Company's actuary and the workpapers would not be available until
7 October 5th. On October 8, 2012 Staff still had not received these workpapers. On October
8 8th, I contacted the Company again and asked for a copy of the workpapers. Staff finally
9 received these workpapers on October 9, 2012. However, these workpapers were received
10 too late for the Staff's KCPL surrebuttal filing and too late for any meaningful analysis in
11 this surrebuttal testimony.

12 **GMO Supplemental Executive Retirement Plan (SERP)**

13 Q. What is a SERP?

14 A. A SERP is a non-qualified plan for pension compensation that
15 provides pension payments to highly-compensated former executives over and above the
16 pension payments these individuals receive under a company's regular "all-employee"
17 qualified pension plan. A SERP can be a simple "restoration" plans designed simply to
18 replace the pension benefits to highly-compensated executives restricted by the Internal
19 Revenue Service (IRS). The IRS restricts, through the application of compensation limits,
20 the amount of pension benefits allowable under a company's qualified pension plan.

21 In addition to including the pension benefits restricted and limited by the IRS,
22 a SERP can also include pension benefit payments based on employee bonus compensation,
23 incentive compensation, enhanced benefits for selected executives and other factors.

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1 Q. What is a Non-Qualified Plan?

2 A. A non-qualified plan is any retirement, savings or deferred compensation plan
3 for employees that do not meet all of the tax and labor law requirements that are applicable to
4 qualified pension plans. Non-qualified plans are usually used to provide benefits to a select
5 group of executives within a company and are, therefore, subject to different tax and
6 accounting treatments.

7 Q. How did the Staff develop its GMO-MPS SERP cost of service
8 recommendation in this case?

9 A. The Staff's revenue requirement recommendation for GMO-MPS is the
10 test-year amount of recurring (non lump-sum) SERP payments made by GMO-MPS to its
11 former executives and other highly-compensated employees as appropriately adjusted and
12 allocated to GMO-MPS by the Staff. These adjustments are listed at page 8 lines 7
13 through 14 of Mr. Foltz's rebuttal testimony. Mr. Foltz takes issue with three of the four
14 Staff adjustments.

15 Q. Are you familiar with the history of GMO's SERP, or more appropriately, the
16 Aquila SERP?

17 A. Yes. I have been familiar with the Aquila SERP through my review in Aquila
18 revenue requirement audits at since at least 2001. The Aquila SERP was part of the
19 liabilities acquired by GPE when it acquired certain assets of Aquila in July 2008.

20 Q. Is the Aquila SERP that was acquired by GPE a simple restoration
21 plan SERP?

22 A. No. The Aquila SERP was amended over the years to include many of the
23 additional benefits described above.

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1 Q. Briefly describe the history of the Aquila SERP.

2 A. Prior to 1998, Aquila's SERP was a restoration plan designed to provide
3 pension benefits to selected highly-compensated executives that would have been received
4 by these executives but for the existence of the IRS pension plan compensation limits.
5 On January 1, 1998, the SERP was amended to include executive compensation under
6 Aquila's nonqualified deferred compensation plan. This benefit came to be known as the
7 "Basic SERP Benefit." It was at this point that Aquila's SERP changed course from a
8 benefit restoration plan to a plan that provides benefits over and above what was provided by
9 Aquila's all-employee qualified pension plan.

10 On August 4, 1998, the Change in Control provisions of Aquila's SERP were
11 amended to make it easier for an attempted takeover to meet the SERP's definition of
12 Change in Control.

13 On November 29, 2000, Aquila again amended the Change in Control provisions of
14 the plan by requiring Aquila to make an irrevocable contribution to a SERP trust. The
15 amount that is required to be contributed to the SERP trust is the amount that would equal the
16 value of the SERP benefits payable under the plan as of the date of the Change in Control.
17 This change was added, it appears, not only as a "poison pill" that served as a detriment to
18 the potential takeover of Aquila, but also as a "golden parachute" as a means to ensure that
19 funds were available to pay Aquila's executives the SERP benefits that have accrued to the
20 date of that Change in Control.

21 Aquila's SERP was amended again on June 28, 2001. This amendment provided, in
22 addition to Aquila's Basic SERP Benefit, a "Bonus SERP Benefit" and a "Supplemental
23 SERP Benefit." The following explanations of these additional benefits are provided in a

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1 document, which is a part of the SERP, entitled Summary of Modifications, UtiliCorp United
2 Inc. Supplemental Executive Retirement Plan (As Amended and Restated Effective
3 January 1, 2001):

4 -The Bonus SERP Benefit is designed to provide executives an
5 additional retirement benefit based on the executive's annual bonus
6 pay.

7 -The Supplemental SERP Benefit is designed to provide
8 executives employed in pay bands I-IVa an additional market-based
9 retirement benefit.

10 Q. Has Staff included GMO's recurring SERP payments in its cost of service in
11 this case?

12 A. Yes. Included in Staff's revenue requirement recommendation is an adjusted
13 and annualized level of actual monthly recurring SERP payments made by GPE to former
14 Aquila executive officers and other highly compensated former employees.

15 Q. Mr. Hyneman, in your opinion, did GMO make any attempt to in its direct
16 rate increase filing to include a reasonable level of GMO SERP costs?

17 A. No.

18 Q. Please explain.

19 Q. In its direct filing GMO sought to charge its current Missouri regulated
20 customers with former Aquila executive SERP payments that were based on service to
21 Aquila's nonregulated operations. There was no attempt made by GMO to remove
22 nonregulated SERP expenses from the level of SERP expenses it seeks in this case. Only
23 after this attempt was discovered by Staff in its rate case audit did GMO finally agree
24 (at page 9, line 3 of Mr. Foltz's rebuttal testimony) that these costs should not be charged to
25 its customers and the Staff's adjustment is appropriate.

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1 Q. Did Mr. Foltz explain why GMO sought recovery from its Missouri regulated
2 customers for SERP payments based on Aquila's nonregulated operations?

3 A. No. Mr. Foltz did not explain if this was an oversight or an error.

4 Q. In addition to seeking rate recovery of SERP related to nonregulated
5 operations, can you provide another example where it is clear that GMO made no attempt to
6 propose a reasonable level of SERP expenses in its direct filing in this case?

7 A. Yes. In its direct rate increase filing GMO sought recovery of SERP
8 payments to 14 former Aquila executives. One of these executives is Mr. Edward
9 Muncaster. The SERP amount currently paid by GPE to Mr. Muncaster reflects
10 approximately 20 years of service to Mr. Muncaster's employer prior to joining Aquila.

11 Q. Are you aware of the service Mr. Muncaster provided to Aquila?

12 A. I am aware that Mr. Muncaster was an employee of Aquila for a period of
13 time and retired on January 1, 2001. On September 28, 1993 Mr. Muncaster signed a
14 Temporary Employee Contract Agreement to provide Corporate Relations services under the
15 direction of Mr. Robert Green and Mr. Richard Green. In a document filed with the
16 Securities and Exchange Commission on March 15, 1994 Aquila described how
17 Mr. Muncaster and Aquila reached an agreement where his SERP pension benefits would be
18 based, not only on his service to Aquila in the area of Public Relations, but also for the
19 19.5 years of service he provided to his former employer:

20 In addition, the Company and Mr. Muncaster have entered into a
21 supplemental retirement agreement which provides pension benefits
22 based upon service with his previous employer. Such agreement
23 credits Mr. Muncaster with 19.5 years of additional service.
24 [Aquila Inc. SEC Form DEF 14A filed March 15, 1994, page 11]

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1 Q. Based on your findings related to the Aquila SERP that GMO sought in this
2 rate case to charge its ratepayers for SERP payments based on executive service to
3 nonregulated operations and the 19.5 bonus years of service provided to Mr. Muncaster, do
4 you believe that GMO exercised due care in its development of an appropriate level of SERP
5 in this case?

6 A. Unless GMO has a reasonable explanation for these Staff findings I can only
7 conclude that GMO did not exercise due care in the development of its SERP revenue
8 requirement proposal in this case.

9 Q. What is Staff's policy and philosophy on ratemaking treatment of
10 SERP costs?

11 A. Because of its unique nature and the fact that it represents an additional
12 executive pension benefit over and above what is already provided in the regular pension
13 plan, the Staff treats SERP costs somewhat differently than normal employee pension costs.
14 The Staff's policy has been and continues to be that it will recommend SERP costs to be
15 included in cost of service if they are not significant in amount, are reasonably provided for,
16 and able to be quantified under the known and measurable standard.

17 This policy and philosophy was described in more detail in my February 27, 2004
18 surrebuttal testimony Case No. ER-2004-0034, Aquila's (now GMO) 2004 rate case:

19 Page 5:

20 The Staff's general treatment of SERP expenses is that if the costs are
21 reasonable in amount and accounted for on a pay-as-you go basis, then
22 the Staff usually recommends that the Commission allow the SERP
23 expenses in the utility's revenue requirement.

24 I have reviewed the Staff treatment of SERP expenses in several recent
25 Missouri utility rate cases. Empire District Electric Company's
26 (Empire) latest rate case was Case No. ER-2002-424. In 2001, Empire
27 recorded \$14,560 in SERP costs (Staff Data Request No 110, Case No.

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1 ER-2002-0424). The Staff and Empire agreed on the method of
2 accounting for pension expense in Case No. ER-2002-0034 which
3 resulted in \$0 SERP expense included in Empire's revenue
4 requirement in that case, which was settled by the Commission's
5 acceptance of a stipulation and agreement. In Laclede Gas Company's
6 last rate case, Case No. GR-2002-356, and AmerenUE's last gas rate
7 case, Case No. GR-2003-0517, the Staff allowed SERP costs on a pay-
8 as-you go basis using an average of test year and previous year SERP
9 payments. Both of these cases were settled by the Commission's
10 acceptance of stipulations and agreements. Since Kansas City Power &
11 Light Company has not filed a rate case since 1985, there is no
12 information readily available to determine how the Staff treated
13 KCPL's SERP expenses in its last rate case audit, or if KCPL even had
14 a SERP plan in 1985.

15 Page 12:

16 Some SERPs are strictly pension restoration plans with reasonable
17 costs and proper accounting and are eligible to be considered for
18 ratemaking purposes. While other SERPs include golden parachute
19 type Change in Control provisions, with executive compensation and
20 benefits in excess of what is covered in the all-employee qualified
21 pension plan. The costs of this type of SERPs should not be included
22 in a utility's cost of service.

23 Page 13

24 The Staff recommends to the Commission that in any future rate case,
25 it allow recovery only if Aquila's SERP costs are (1) accounted for on
26 a pay-as-you go basis, (2) the costs are reasonable considering
27 Aquila's SERP expenses in previous years, (3) the terms and
28 conditions of the SERP allow for the calculation of the SERP benefit
29 only at the amount that is limited by tax law compensation limits, and
30 (4) the SERP does not include Change in Control provisions which act
31 in the manner of a "poison pill" or executive "golden parachutes."

32 Q. Earlier you listed one of the criteria for SERP costs to be included in a
33 utility's costs of service is that the "the terms and conditions of the SERP allow for the
34 calculation of the SERP benefit only at the amount that is limited by tax law compensation
35 limits." Please explain.

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1 A. SERPs are classified as Non-qualified Retirement Plans which includes a
2 broad range of plans with varying characteristics and various levels of compensation. These
3 plans range from basic plans designed simply to restore the pension benefits lost due to
4 Internal Revenue Service limitations (Restoration Plans) to plans designed simply to provide
5 additional compensation and benefits to company executives. The Staff only supports
6 ratemaking recovery of the SERP pension benefits designed to restore the benefits that have
7 been limited or eliminated because of Internal Revenue Code restrictions.

8 The basic purpose of a SERP is to restore the benefits that have been affected by the
9 Internal Revenue Service. A restoration plan is a non-qualified plan that restores benefits
10 lost under qualified plan limitations imposed by the Internal Revenue Code. Restoration
11 plans can be designed to supplement either a defined benefit or a defined contribution plan.

12 SERPs that are not simply Restoration Plans, such as the Aquila SERP, are designed
13 to enhance or supplement the level of benefits already provided for by the company's regular
14 qualified pension plan. These SERPs go above and beyond the purpose of restoration plans.

15 Q. Have other state utility regulatory commissions concluded that SERP costs
16 should not be included at all in rates charged to utility customers?

17 A. Yes. In preparation for this testimony I did a limited review of other
18 regulatory commission's treatment of SERP for ratemaking purposes and found that the
19 question of whether or not to include SERP expenses in utility rates is a controversial issue.
20 For example, the Arizona Public Service Commission expressed its conclusions in its
21 Opinion and Order in Docket No. G-0155A-07-0504, Decision No. 70665 where it rejected
22 the inclusion of SERP in utility rates:

23 Staff witness Smith and RUCO witness Moore recommend a total
24 disallowance of SERP expenses. Mr. Smith cites to the prior

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1 Southwest Gas rate case, as well as the subsequent UNS Gas, 9PS, and
2 UNS Electric cases, wherein the Commission disallowed SERP costs.
3 Mr. Moore stated that SERP costs are not a necessary cost for
4 providing service and indicated that the high-ranking officers covered
5 by the SERP are already fairly compensated for their work and are
6 provided a comprehensive array of benefits in addition to salaries.
7 (RUCO Ex. 3 at 30.)

8 We agree with Staff and RUCO that the SERP expenses sought by
9 Southwest Gas should once again be disallowed. We do not believe
10 any material factual difference exists in this case that would require a
11 result that differs from the Company's prior case. In that case, we
12 stated:

13 [W]e believe that the record in this case supports a finding that
14 the provision of additional compensation to Southwest Gas'
15 highest paid employees to remedy a perceived deficiency in
16 retirement benefits relative to the Company's other employees
17 is not a reasonable expense that should be recovered in rates.
18 Without the SEW, the Company's officers still enjoy the same
19 retirement benefits available to any other Southwest Gas
20 employee and the attempt to make these executives "whole" in
21 the sense of allowing a greater percentage of retirement
22 benefits does not meet the test of reasonableness. If the
23 Company wishes to provide additional retirement benefits
24 above the level permitted by IRS regulations applicable to all
25 other employees it may do so at the expense of its shareholders.
26 However, it is not reasonable to place this additional burden on
27 ratepayers. (Decision No. 68487 at 19.)

28 In the recent UNS Gas, APS, and LNS Electric cases, we followed the
29 rationale cited above in disallowing SERP expenses. In Decision No.
30 7001 1, we indicated that SERP costs should not be recoverable and
31 indicated:

32 [The issue is not whether UNS may provide compensation to
33 select executives in excess of the retirement limits allowed by
34 the IRS, but whether ratepayers should be saddled with costs of
35 executive benefits that exceed the treatment allowed for all
36 other employees. If the Company chooses to do so,
37 shareholders rather than ratepayers should be responsible for
38 the retirement benefits afforded only to those executives. We
39 see no reason to depart from the rationale on this issue in the
40 most recent Southwest Gas rate case, and we therefore adopt
41 the recommendations of Staff and RUCO and disallow the
42 requested SEW costs.

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1 For these reasons, we agree with the recommendations of Staff and
2 RUCO that the request for inclusion in rates of SEW expenses should
3 be denied. We therefore adopt the recommendations of Staff and
4 RUCO on this issue.

5 Q. What Commissions other than the Arizona Public Service Commission have
6 rejected utility arguments to recover SERP in utility rates?

7 A. Based on my limited review I found that the Public Utilities Commission of
8 Nevada and the Connecticut Department of Public Utility Control ordered that SERP not be
9 included in utility rates. The Public Utilities Commission of Nevada in its March 2004 Order
10 in Docket No. 03-10001, a Nevada Power Company rate case, expressed its concern about
11 rate recovery of SERP expenses:

12 431. The Commission notes that NPC's contention that SERP is
13 necessary to attract and retain qualified personnel does not comport
14 with recent history. It is common knowledge that NPC has
15 experienced significant turnover in officers over the past few years.
16 Given turnover, the departing executives take the SERP benefit and
17 the customers do not receive in turn the benefit of their continuation of
18 service. Since NPC's rationale does not comport with reality, the
19 Commission finds that Mr. Effron's \$555,000 adjustment to remove
20 SERP costs is accepted.

21 The Connecticut Department of Public Utility Control, in Docket No. 10-12-02, Application of
22 Yankee Gas Services Company, in its June 29, 2011 Decision expressed its concerns about
23 SERP and excluded all SERP from Yankee Gas Services Company's utility rates:

24 Based on the record evidence, the Department denies Yankee's SERP
25 expense. This denial is based on prior rate case denial in Connecticut
26 and other jurisdictions as is discussed above. The Department finds
27 that Connecticut is still in bad economic times and as such, ratepayers
28 cannot afford in rates benefit costs that are above and beyond what the
29 IRS allows for a qualified pension plan. In addition, the Department is
30 not convinced that SERP is necessary to hire or retain executives as
31 was stated by Yankee. The Department's denial is for ratemaking
32 purposes only and Yankee may fund the SERP expense through
33 stockholder funds. The Department finds this denial of the SERP
34 expense, which includes the Yankee direct SERP expense and the

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1 NUSCO allocated SERP expense, to be \$347,000 in RY1 and
2 \$344,000 in RY2.

3 Q. At page 8 of his rebuttal testimony Mr. Foltz takes issue with the fact that the
4 Staff's SERP adjustment limits the amount of annual SERP payments per retired executive to
5 \$50,000 as a reasonableness test. Why did Staff include this reasonableness test in its GMO
6 SERP adjustment?

7 A. Because of their nature, all executive compensation mechanisms are closely
8 monitored for reasonableness, including salary, incentive compensation and bonus. A SERP
9 is no different. Based on my professional experience of reviewing SERP costs for Missouri
10 utilities over the past almost twenty years, I would estimate that a SERP, or supplemental
11 pension payment of \$50,000, is in the top 5 percent of all annual SERP payments of former
12 utility executives I have reviewed and is an appropriate ceiling or reasonableness threshold
13 on the level of SERP costs, per retiree, that should be included in rates.

14 Q. Please continue.

15 A. GMO is currently seeking recovery of annual SERP payments to 14 former
16 Aquila executives. All except 2 of these annual SERP payments, or 86 percent, are less than
17 the Staff's annual limit of \$50,000. Included in this group of former Aquila executives
18 whose SERP payments are less than \$50,000 annually is Aquila's former Senior Vice
19 President of Regulated Operations, Mr. Jon Empson. Mr. Empson had over 22 years of
20 Aquila service and had overall responsibility for the state utility operations in Aquila's seven
21 state service territory as well as the regulatory, legislative and central services functions.

22 Q. Has Mr. Foltz provided any evidence of why a \$50,000 annual per-employee
23 limit for a SERP is unreasonable?

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1 A. No. He merely states that it is expected that executives with more experience
2 will be paid a higher SERP. It is not clear from Mr. Foltz's testimony if he even believes
3 there should be limits on SERP payments to former utility executives.

4 Q. At page 9 of his rebuttal testimony Mr. Foltz explains how he disagrees with
5 the Staff's finding that none of the SERP payments to the former Aquila executives should
6 be allocated to the customers of the former St. Joseph Light & Power Company (SJLP), now
7 GMO-L&P. Please comment.

8 A. Shortly after the Commission issued a Report and Order in Case No.
9 EM-2000-0292 on December 14, 2000 that authorized UtiliCorp to acquire SJLP, UtiliCorp
10 renamed the surviving corporation Aquila, Inc. Since all or nearly all of the former Aquila
11 executives who are currently receiving SERP payments provided most, if not all, of their
12 service to Aquila prior to the merger, the Staff determined that these former Aquila
13 employees provided little or no benefit to GMO's customers in the L&P rate district.
14 Because no benefit was provided, any allocation of the compensation related to the utility
15 service provided by these former Aquila executives would be inappropriate.

16 Q. Do you have an example of how Staff reached this conclusion?

17 A. Yes. At page 8 of his rebuttal testimony Mr. Foltz describes the service of
18 Mr. Dale Wolf, a highly-compensated former Aquila executive with over 39 years of
19 experience. According to Aquila's response to Staff Data Request No. 194.1 in Case No.
20 ER-2005-0436, Mr. Wolf retired on August 31, 2001. So of his 39 years of service, if he did
21 provide any service to SJLP customers, it was only for an eight month period following
22 UtiliCorp's acquisition of SJLP. Also, retired executive John McKinney was employed by
23 Aquila for 26 years and retired in 2003. At most only in 3 of the 26 years as an Aquila

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1 employee could he have possibly provided services to SJLP customers. Finally, another
2 former Aquila executive who is currently receiving SERP payments is Mr. Frank Debacker.
3 Mr. Debacker joined Aquila Inc in 1985 and retired in June 2001. It is clear that
4 Mr. Debacker provided very little or no service to SJLP customers.

5 Q. Did Mr. Foltz attempt to explain why GMO believes it is appropriate to
6 charge SJLP customers for expenses for which they received no benefit?

7 A. His argument at page 9 line 16 of his rebuttal testimony is that 12 of the
8 14 former executives who are receiving SERP payments provided approximately 25% of
9 their years of service with Aquila after the acquisition of SJLP on December 31, 2000.

10 Q. Is this a reasonable argument?

11 A. It could be. This argument essentially says that at least 25% of the costs of
12 some of these former Aquila executives should be allocated to GMO-L&P. If Mr. Foltz
13 proposes such an allocation to GMO-L&P is could be a reasonable position.

14 Q. Did Mr. Foltz propose to allocate Aquila executive SERP payments based on
15 a ratio of employment service that could be attributed to service to SJLP?

16 A. No, he did not. He just assumes that all of the service provided to Aquila by
17 these executives was equally provided to SJLP. Mr. Foltz's own testimony implicitly admits
18 that this assumption is not reasonable.

19 Q. At page 10 of his rebuttal testimony Mr. Foltz states that the Staff excluded
20 GMO-L&P from the allocation base of GMO SERP expenses and used a 2005 allocation
21 factor that includes GMO-L&P in the base factors for the allocation. Is he correct?

22 A. Yes.

23 Q. Is this logically inconsistent as asserted by Mr. Foltz?

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1 A. No. The Staff used an allocation factor for the specific Aquila departments
2 that provided services to the operations of GMO-MPS. That allocation factor was derived to
3 reflect the approximate benefit that this specific Aquila department provided to GMO-MPS
4 and it is the only allocation factor available to the Staff that has been reviewed and audited.
5 While it is true that GMO-L&P was allocated a much smaller level of costs by Aquila, there
6 is no way to impute these GMO-L&P costs to all of Aquila operations and perform a
7 reallocation to arrive at a much more detailed allocation of costs to GMO-MPS. This data is
8 just not available and the impact would be immaterial at best. Any reallocation of these costs
9 would result in an over allocation of the Aquila SERP costs to GMO-MPS and would not be
10 appropriate at all.

11 Q. Also at page 10 of his rebuttal testimony, Mr. Foltz states that it is more
12 reasonable and appropriate and practical to allocate a portion of these costs to MPS using the
13 most current allocation factors, which he defines as 2007 allocation factors. Is he correct?

14 A. No, instead of being reasonable and appropriate it is just the opposite. More
15 importantly, Mr. Foltz's proposal does not reflect an understanding of what costs are actually
16 being allocated in this adjustment.

17 Q. Please explain.

18 A. The Staff is attempting to allocate the percentage of time these former Aquila
19 executives spent on GMO-MPS operations. The Staff has data which provides a reasonable
20 basis for this allocation from Aquila rate case No. ER-2005-0436 based on allocations as of
21 December 31, 2004. It is these 2004 allocation factors that would be more reasonable to use
22 than Mr. Foltz's 2007 allocation factors as the 2004 factors were in place closer to the time
23 when the services provided by these former Aquila executives were performed.

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1 Q. In its SERP adjustment for MPS did KCPL propose to include an allocation of
2 KCPL SERP to GMO?

3 A. Yes.

4 Q. What would be the reason for such an allocation?

5 A. I cannot think of any logical reason to allocate SERP payments made to
6 former KCPL executives who provided little or no benefits to GMO or to GMO customers.
7 The Staff did not allocate any KCPL SERP to GMO cost of service.

8 Q. Did Mr. Foltz take issue with this part of the Staff's adjustment?

9 A. Mr. Foltz did not address this in his list of concerns in his rebuttal testimony
10 and does not indicate that he takes issue with this part of the Staff's GMO SERP adjustment.
11 He does mention that KCPL did allocate KCPL SERP to GMO's cost of service at page 7
12 line 21 of his rebuttal testimony.

13 **Regulatory Lag**

14 Q. Mr. Ives includes a chart at page 3 of his rebuttal testimony. What is the
15 meaning of the earned ROE numbers put forth by Mr. Ives?

16 A. Very little. Mr. Ives' numbers are merely a mathematical calculation of net
17 income divided by equity dollars as reflected in GMO's financial reports. They do not take
18 into consideration the reasonableness or the prudence of the costs GMO incurred during
19 these periods that could have a significant impact on the earned ROE numbers. In addition,
20 there is no indication of the effects of Aquila's extreme financial problems caused by its
21 foray into nonregulated operations on these reported earned ROE numbers for MPS. Finally,
22 there is no indication of the impact of GPE's 2008 acquisition of GMO on these reported
23 earned ROE numbers. All of these factors could have had an impact on ROE and none of

1 these factors are the result of regulatory lag. It would be impossible to quantify the impact of
2 regulatory lag, if any, on the earned ROE numbers in Mr. Ives' schedule.

3 Q. Do you have any general comments concerning Mr. Ives' discussion of
4 regulatory lag in his rebuttal testimony?

5 A. Yes. Mr. Ives devotes a lot of rebuttal testimony complaining that GMO's
6 financial results have not been great because of a bad economy. I do not believe that it is
7 surprising news that companies do not do well in extremely tough economic times like the
8 U.S. has been experiencing since 2008. It does not appear reasonable for Mr. Ives to blame
9 regulatory lag in entirety for conditions that relate, at least in part, to the financial impact of a
10 bad economy that it has had to endure for the past few years. The facts are clear that most
11 companies in the U.S. have had to endure the financial impact of the bad economy.

12 Q. Does Mr. Ives realize the severity of the current economic crisis?

13 A. Yes. In KCPL's companion rate case in Kansas, Docket No. 12-KCPE-764-RTS
14 at page 23 of his recently-filed rebuttal testimony Mr. Ives stated " ... in the last several
15 years the country has been experiencing the most significant economic downturn since the
16 Great Depression."

17 **Organizational Realignment Voluntary Separation Program (ORVS)**

18 Q. At page 43 of his rebuttal testimony, Mr. Ives states that Staff has provided
19 recovery for ORVS-related FAS 88 pension costs in this case. Is this correct?

20 A. Yes. Mr. Ives correctly noted that the Staff has held to its "commitment in the
21 Nonunanimous Stipulation and Agreement Regarding Pensions and Other Post-Employment
22 Benefits entered into in GMO's 2010 Rate Case that provided for the deferral and recovery

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1 of pension settlement costs required by Statement of Financial Accounting Standard No. 88
2 (“FAS 88”).”

3 Q. Is this Stipulation and Agreement commitment the only reason why Staff has
4 included ORVS-related FAS 88 costs in GMO’s cost of service in this case?

5 A. Yes. Due to what Mr. Ives refers to as “positive” regulatory lag, by the time
6 current rates are changed from this rate case, KCPL and GMO will have recovered directly in
7 rates significantly more dollars from terminated employee salary and benefits compensation
8 than it expended in severance and other ORVS-related costs, including its FAS 88 pension
9 settlement costs.

10 Q At page 43 of his rebuttal testimony, Mr. Ives states that KCPL and GMO are
11 “merely requesting to recover, on a delayed basis, the one-time costs incurred to provide
12 these substantial customer benefits. I would note to the Commission that the Company
13 incurred these costs in 2011, and if its proposal is granted, the costs won’t be fully recovered
14 until 2017.” Please comment.

15 A. This testimony is factually wrong. As Mr. Ives well knows that GMO and
16 KCPL will not only fully recover the severances costs paid to the ORVS employees but will
17 significantly over-recover these severance payments. As I noted in the Staff’s Cost of Service
18 Report, and provided significant evidentiary support for in my rebuttal testimony, any
19 statement that ORVS costs won’t be fully recovered until 2017 is completely false. These
20 costs are already fully recovered through KCPL and GMO’s continuous rate recovery of the
21 salaries and benefits of the ORVS employees, salaries and benefits which it no longer pays.

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1 Q. At page 42 of his rebuttal testimony, Mr. Ives quotes the Commission's
2 Report and Order in the 2010 Rate Case at paragraph 442. Please comment on the following
3 Commission language quoted by Mr. Ives:

4 As a result of regulatory lag, if a utility experiences a cost decrease,
5 there is a lag in time until that reduced cost is reflected in rates.
6 During that lag, the Company shareholders reap, in the form of
7 increased earnings, the entirety of the benefit associated with the
8 reduced costs. The Company shareholders also reap, in the form of
9 decreased earnings, the entirety of the loss associated with the
10 increased costs.

11 A. I completely agree with these Commission statements.

12 Q. Is the Staff's position on ORVS completely consistent with this
13 Commission language?

14 A. Yes, it is.

15 Q. Does Mr. Ives' testimony state that the Staff's ORVS position is not
16 consistent with this Commission language?

17 A. Yes, he does. He states that the Staff's position attempts to take the
18 shareholder benefit from positive regulatory lag noted by the Commission and utilize that
19 benefit to cover the severance costs that were incurred to create the short-term benefits to
20 shareholders and the long term, perpetual benefits to customers once the benefits are
21 reflected in rates in this rate case.

22 Q. Is Mr. Ives' explanation of the Staff's position correct?

23 A. Not at all. First of all, there is no evidence that there will necessarily be any
24 long-term benefit. Second, Mr. Ives defines "shareholder benefit from positive regulatory
25 lag" as the total dollars KCPL collected in rates for salaries and benefits from the date the
26 Company stopped paying these salaries and benefits until the rates are changed from this case

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1 that will no longer include the salaries and benefits of these 140 former management
2 employees. However, this is an incorrect definition and includes only one-half of the event
3 that caused the regulatory lag. Mr. Ives misses the key point that the only reason this
4 regulatory lag benefit could be realized at all is if the Company engaged in a transaction to
5 pay severance to these employees to entice them to leave the company. When this event is
6 looked at as a complete transaction – payment of severance and then recovery of salaries and
7 benefits – it is clear that the net result is the positive regulatory lag. Mr. Ives is just taking a
8 much too narrow view of the event and puts forth an erroneous definition of “shareholder
9 benefit from positive regulatory lag.”

10 Q. Could you describe, using the Commission language cited above, how the
11 Staff position is fully consistent with this Commission language?

12 A. Yes. As a result of regulatory lag, KCPL and GMO experienced a cost
13 decrease. The Company paid severance to 140 management employees so that it could keep
14 for its shareholders the salaries and benefits it no longer had to pay to these 140 former
15 employees. This positive regulatory lag will continue until the reduced cost of 140 salaries
16 and benefits no longer paid is reflected in rates. During this lag, the Company’s shareholders
17 reap, in the form of increased earnings, the entirety of the benefit associated with the reduced
18 costs. The benefit associated with these reduced costs is the dollar amount of the salaries and
19 benefits over and above the cost of the transaction that caused the benefit – the payment of
20 severance. Staff has made no attempt to seek a deferral or rate recovery through any
21 ratemaking mechanism of the significant positive regulatory lag savings that have and
22 continue to accrue to KCPL’s shareholders.

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1 Q. Does Mr. Ives, who was significantly involved in GPE's acquisition of
2 Aquila, Inc. recognize that KCPL actually does recover savings through regulatory lag?

3 A. Yes. In a 8-K Current Report filed with the Securities and Exchange
4 Commission on February 25, 2008, KCPL described its Aquila acquisition application with
5 the Commission and how KCPL was going to allow naturally occurring positive regulatory
6 lag to retain savings. The savings referenced here are some of the exact same types of
7 savings KCPL realized through ORVS.

8 The filing also withdrew the proposal for a specific synergy savings
9 sharing mechanism, and instead proposed to utilize the natural
10 regulatory lag that occurs between rate cases to retain any portion of
11 synergy savings.

12 Q. You state that the Staff has made no attempt to include the regulatory lag
13 savings that have accrued to the Company's shareholders in rates in this case. If the Staff
14 took such a position, what dollar amount would the Staff sought to be flowed back as a
15 reduction to KCPL and GMO's cost of service?

16 A. As I noted in my rebuttal testimony the total shareholder savings (KCPL and
17 GMO) from the ORVS program is approximately \$34 million. Subtract from this amount the
18 \$13 million cost of the ORVS program that is not being included in KCPL and GMO's cost
19 of service, the net amount that the Staff would likely propose be deferred on KCPL and
20 GMO's books as a regulatory liability to customers is the Missouri jurisdictional portion of
21 \$21 million.

22 Q. Why did the Staff not take this position?

23 A. As I also explained in my rebuttal testimony, the Staff believes that regulatory
24 lag is a natural and essential part of rate of return regulation. Any prolonged or widely
25 focused attempt to manipulate or distort this naturally occurring regulatory lag, such as the

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1 proposals made byGMO in this rate case, will likely result in improper, distorted and unfair
2 utility rates.

3 Q. Would Commission's adoption of GMO's ORVS proposal likely result in
4 improper, distorted and unfair utility rates?

5 A. Yes. GMO is seeking direct rate recovery for a cost that has already been
6 directly recovered in rates through the direct inclusion of the salaries and benefits in GMO's
7 last rate case of the 140 management employees who departed the Company under the ORVS
8 Program. This, by definition, is improper ratemaking and improper ratemaking likely leads
9 to improper utility rates.

10 Q. At page 42 of his rebuttal testimony Mr. Ives makes the following statement:

11 Rates generally reflect costs incurred in a historical test period.
12 Regulatory lag can be positive or negative and can span all areas of
13 cost of service. In other words, regulatory lag is purely the difference
14 between actual results and amounts used in the determination of rates
15 – mostly driven by changes from the historical-based test year utilized
16 in the determination of rates.

17 Do you agree with this testimony?

18 A. I do not agree with the first sentence. Many of a utility's revenues and
19 expenses are annualized and normalized to a level that is expected to be experienced on
20 a going forward basis. In most cases a utility's expenses in a rate case do not match the
21 level incurred in a historical test year. A historical test year is merely a starting point,
22 or benchmark on which to adjust revenues and expenses based on the most current
23 information available.

24 I do agree, however, with Mr. Ives' statement that regulatory lag can be positive
25 or negative and can span all areas of cost of service. This statement is consistent with

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1 the Staff's belief that regulatory lag is a naturally occurring phenomena of rate of
2 return regulation.

3 Finally, I also do not agree that regulatory lag is mostly driven by changes from the
4 historical-based test year utilized in the determination of rates. Changes from the historical-
5 based test year are reflected in all the revenue and expense cost of service adjustments that
6 are used to set rates. The costs incurred by a utility in any selected test year is not reflective
7 at all of the normalized and annualized costs that are included in the cost of service
8 calculations used to set rates.

9 Q. Please comment on the following testimony found at page 42 of Mr. Ives'
10 rebuttal testimony:

11 It is not appropriate to pick an area of positive regulatory lag and
12 attempt to utilize it to cover specific costs; there are many other cost of
13 service areas that experience negative regulatory lag. It can be seen
14 from the comparison of earned returns to authorized returns provided
15 earlier in my testimony that the Company has been impacted by
16 negative regulatory lag over the prior five years by a much greater
17 extent than it has benefitted from any areas of positive regulatory lag.

18 First to be clear, the Staff is not picking an area of positive regulatory lag and attempting to
19 use it to cover specific costs. Staff looks at the ORVS program as one complete transaction.
20 As the saying goes, to make money you have to spend money. To even get the \$34 million
21 regulatory lag savings KCPL had to spend \$13 million in severance. The net effect of the
22 ORVS transaction is that KCPL shareholders reaped the benefit of an additional \$21 million
23 that it would not otherwise have received. This reality should not be ignored.

24 There is also great irony in Mr. Ives' statement that "it is not appropriate to pick an
25 area of positive regulatory lag and attempt to utilize it to cover specific costs; there are many
26 other cost of service areas that experience negative regulatory lag". This is the exact type of

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1 behavior that Mr. Ives, not Staff is engaging in. It is KCPL and GMO who are picking areas
2 of negative regulatory lag (property taxes, transmission expense, rate case expense, etc.) and
3 attempting to use extraordinary regulatory mechanisms, such as trackers, to isolate this
4 regulatory lag when there are other cost of service areas, especially in past years, that have
5 experienced positive regulatory lag.

6 Finally, Mr. Ives attempts to blame regulatory lag for GMO's inability to earn what it
7 considers to be a reasonable rate of return. There are potentially a great number of
8 transactions and events that affect a utility's earnings, including the quality of the utility's
9 management and the reasonableness of its costs, such as employee compensation and
10 benefits, over which it does have significant control.

11 Q. Are you familiar with the testimony of Staff witness Keith Majors in Staff's
12 Cost of Service Report where he recommends the acquisition transition cost amortization be
13 offset by GMO's ORVS savings?

14 A. Yes. Staff's primary position as described by Mr. Majors is that transition
15 costs should no longer be amortized through the cost of service. In the alternative, if the
16 Commission orders the continued amortization of transition costs, Staff recommends that
17 KCPL and GMO offset the remaining transition cost deferral by its respective allocated share
18 of the net savings from ORVS. It is Staff's belief that the transition costs have been fully
19 recovered through regulatory lag, and that any continued shareholder retained acquisition
20 savings, such as KCPL and GMO's net savings from ORVS, should offset any amortization
21 of transition costs through the cost of service.

1 **Transmission Expense**

2 Q. Did GMO witness John Carlson file rebuttal testimony regarding GMO's
3 transmission expense?

4 A. Yes, he did.

5 Q. What was the purpose of his rebuttal testimony?

6 A. He stated the purpose of his rebuttal testimony is to discuss the annualization
7 methodology used to calculate the Southwest Power Pool, Inc. ("SPP") administration
8 charges and transmission costs in net revenue requirement projections.

9 Q. Is Mr. Carlson rebutting any positions taken by the Staff in this case?

10 A. No. His rebuttal testimony on the issue of Staff's annualization of GMO's
11 transmission costs is that he believes the costs are increasing and this increase needs to be
12 addressed in the Staff's true-up audit in this rate case.

13 Q. Does the Staff intend to address GMO's transmission expenses in its
14 true-up audit?

15 A. Yes, it does. Staff will address Mr. Carlson's concerns in its true-up audit of
16 GMO's revenue requirement.

17 **Fuel Adjustment Clause (FAC) Deferred Income Taxes**

18 Q. Did GMO witness Melissa Hardesty provide rebuttal testimony on the
19 appropriateness of the Staff's inclusion in GMO's rate base of the deferred income taxes
20 related to GMO's FAC?

21 A. Yes. Ms. Hardesty is taking the position that the deferred income tax benefits
22 related to GMO's FAC should not be reflected as an offset to GMO's rate base.

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1 Q. Did Ms. Hardesty provide any theoretical ratemaking justification why these
2 deferred taxes should be excluded from GMO's rate base?

3 A. None.

4 Q. What is Ms. Hardesty's sole support for her position?

5 A. Ms. Hardesty simply mischaracterizes the Staff's position on rate base
6 inclusion of deferred income taxes in rate base and agrees with her own mischaracterization.

7 Q. Please explain.

8 A. Ms. Hardesty correctly quotes my testimony at page 201 of the Staff's Cost of
9 Service Report, as follows:

10 Both GMO and the Staff are in agreement that the deferred tax impact
11 of individual events and transactions that are included in and/or related
12 to GMO's cost of service in the provision of electric service should be
13 included in GMO's accumulated deferred income tax reserve and
14 included in rate base. (emphasis added)

15 She correctly states that Staff's position recommends rate base inclusion of book-tax timing
16 differences of items included in GMO's cost of service and/or related to GMO's cost of
17 service. But she then states that the Company "agrees" with only half of the Staff's position ,
18 that the item be included in cost of service, but she does not state if the Company agrees with
19 or disagrees with the other half of Staff's position – that the item is related to cost of service.

20 The sole evidence to support her position on this issue is described by Ms Hardesty
21 below:

22 The Company agrees that only deferred taxes associated with items
23 included in cost of service should be included in rate base. In this case,
24 the fuel adjustment clause has been excluded in calculation of cost of
25 service. Therefore, the deferred taxes related to this item should be
26 excluded from rate base.

27 Q. Does Ms. Hardesty explain why ratepayer income tax benefits, such as a
28 reduction in rate base due to book-tax timing differences from GMO's FAC transactions,

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1 should be excluded from rate base given that they are related to GMO's cost of service and
2 utility operations?

3 A. No, she does not. As I stated in my direct testimony in the Staff's Cost of
4 Service Report at page 201, "GMO's fuel adjustment clause is related to GMO's cost of
5 service, and absent evidence to the contrary as to why it should not be included, it should be
6 included in the net amount of deferred taxes reflected in rate base." Since customers pay in
7 rates for the fuel and purchased power expenses that are passed through the FAC, they should
8 also receive any deferred tax benefits in rate base that relate to operation of the FAC in rates.
9 Since these deferred tax benefits are not passed on to customers through the FAC mechanism
10 itself, the tax benefits should be included in base rates.

11 **GMO Hedge Settlements**

12 Q. GMO witness Ryan Bresette states in his rebuttal testimony that this issue
13 had been settled by the Commission's September 4, 2012 Report and Order in Case No.
14 EO-2011-0390. Do you agree that rate recovery of GMO's hedging losses related to
15 purchase power expense is no longer an issue in this case?

16 A. Yes. The Commission was quite clear in its Report and Order that the Staff
17 failed to meet its burden of proof under the Fuel Adjustment Clause that GMO's purchased
18 power hedging losses were imprudent.

19 Q. Will the issue of GMO's hedging losses be reviewed again in the Staff's true
20 up audit in this rate case?

21 A. Yes. The Staff will review GMO's cumulative hedging losses for both
22 purchased power and fuel and make its revenue requirement recommendation at that time.

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1 The Staff will ensure that any proposed adjustment to GMO's hedging losses is consistent
2 with the Commission's Report and Order in Case No. EO-2011-0390.

3 Q. Would you like to address other comments made by Mr. Bresette in this
4 rebuttal testimony?

5 A. Yes, regarding proper accounting for purchased power hedges.

6 Q. Please continue.

7 A. At page 4 of his testimony Mr. Bresette defends GMO's accounting practices
8 regarding purchased power hedges of booking these costs to FERC Account 547, Fuel,
9 instead of FERC Account 555, Purchased Power.

10 Staff continues to have concerns regarding GMO's accounting for purchased power
11 hedges, and does not believe that Mr. Bresette's discussion on this topic in his
12 rebuttal testimony is persuasive. Staff reserves the right to revisit this issue in future
13 proceedings as appropriate.

14 Q. Are you attaching schedules to your surrebuttal testimony?

15 A. Yes. I am attaching one schedule to this testimony:

16 Schedule CRH-SUR-1 – Bureau of Labor Statistics News Release

17 Q. Does this conclude your surrebuttal testimony?

18 A. Yes, it does.

Transmission of material in this release is embargoed until
8:30 a.m. (EDT) Tuesday, July 31, 2012

USDL-12-1528

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EMPLOYMENT COST INDEX – JUNE 2012

Compensation costs for civilian workers increased 0.5 percent, seasonally adjusted, for the 3-month period ending June 2012, the U.S. Bureau of Labor Statistics reported today. **Wages and salaries** (which make up about 70 percent of compensation costs) increased 0.4 percent, and **benefits** (which make up the remaining 30 percent of compensation) increased 0.6 percent.

Chart 1. Employment Cost Index, 3-month percent change, seasonally adjusted, civilian workers, compensation, June 2010-June 2012

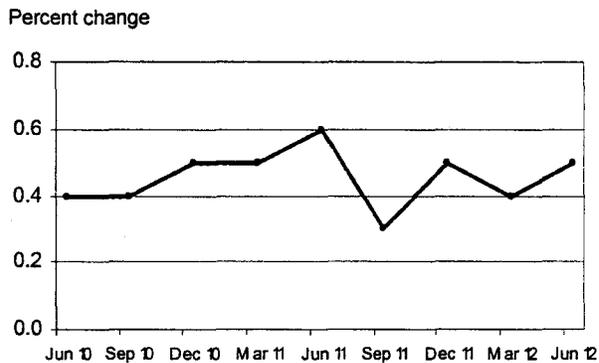
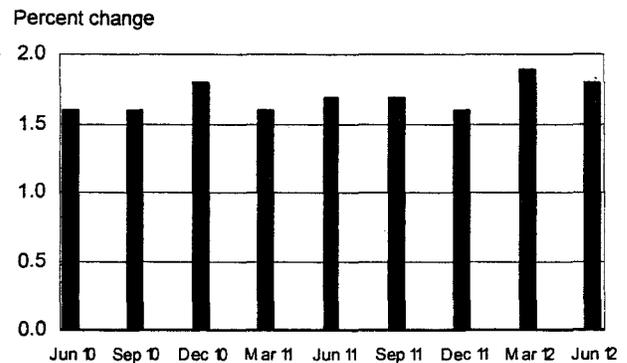


Chart 2. Employment Cost Index, 12-month percent change, not seasonally adjusted, private industry, wages and salaries, June 2010-June 2012



Civilian Workers

Compensation costs for civilian workers increased 1.7 percent for the 12-month period ending June 2012. In June 2011 the increase was 2.2 percent. **Wages and salaries** increased 1.7 percent for the current 12-month period, essentially unchanged from a year ago when wages and salaries increased 1.6 percent. **Benefit costs** increased 2.1 percent for the 12-month period ending June 2012 down from the June 2011 increase, which was 3.6 percent.

Private Industry Workers

Compensation costs for private industry workers increased 1.8 percent over the year. In June 2011 the increase was 2.3 percent. **Wages and salaries** increased 1.8 percent for the current 12-month period. The increase for the 12-month period ending June 2011 was 1.7 percent. The increase in the cost of **benefits** was 1.9 percent for the 12-month period ending June 2012, down from the June 2011 increase of 4.0 percent. Employer costs for **health benefits** decelerated over the year to a 2.4 percent increase, down from the June 2011 increase of 3.6 percent.

Among occupational groups, compensation cost increases for private industry workers for the 12-month period ending June 2012 ranged from 1.4 percent for production, transportation, and material moving occupations to 2.3 percent for sales and office occupations.

Among industry supersectors, compensation cost increases for private industry workers for the current 12-month period ranged from 1.2 percent for both leisure and hospitality and manufacturing to 3.7 percent for information.

State and Local Government Workers

Compensation costs for state and local government workers increased 1.6 percent for the 12-month period ending June 2012, essentially unchanged from the June 2011 increase of 1.7 percent. Values for this series—which began in June 1982—have ranged from 1.3 percent to 9.6 percent. **Wages and salaries** increased 1.1 percent for the 12-month period ending June 2012. A year earlier the increase was 1.2 percent. Prior values for this series, which also began in June 1982, ranged from 1.0 percent to 8.5 percent. **Benefit costs** increased 2.7 percent in June 2012. In June 2011 the increase was 3.0 percent. Prior values for this series, which began in June 1990, ranged from 1.2 percent to 8.3 percent.

The Employment Cost Index for September 2012 is scheduled to be released on Wednesday, October 31, 2012, at 8:30 a.m. (EDT).

Information in this release will be made available to sensory impaired individuals upon request—
Voice phone: (202) 691-5200; Federal Relay Service: (800) 877-8339.

BLS news releases, including the ECI, are available through an e-mail subscription service at:
www.bls.gov/bls/list.htm.

Table A. Major series of the Employment Cost Index
(Percent change)

Category	3-month, seasonally adjusted		12-month, not seasonally adjusted				
	Mar. 2012	June 2012	June 2011	Sep. 2011	Dec. 2011	Mar. 2012	June 2012
CIVILIAN WORKERS¹							
Compensation ²	0.4	0.5	2.2	2.0	2.0	1.9	1.7
Wages and salaries	0.5	0.4	1.6	1.6	1.4	1.7	1.7
Benefits	0.5	0.6	3.6	3.2	3.2	2.7	2.1
PRIVATE INDUSTRY							
Compensation ²	0.4	0.5	2.3	2.1	2.2	2.1	1.8
Wages and salaries	0.5	0.4	1.7	1.7	1.6	1.9	1.8
Benefits	0.3	0.6	4.0	3.3	3.6	2.8	1.9
STATE AND LOCAL GOVERNMENT							
Compensation ²	0.7	0.5	1.7	1.5	1.3	1.5	1.6
Wages and salaries	0.4	0.3	1.2	1.0	1.0	1.0	1.1
Benefits	1.1	0.9	3.0	2.5	2.1	2.3	2.7

¹ Includes private industry and state and local government.

² Includes wages and salaries and benefits.

TECHNICAL NOTE

The Employment Cost Index (ECI) measures the change in the cost of labor, free from the influence of employment shifts among occupations and industries. Detailed information on survey concepts, coverage, and methods can be found in *BLS Handbook of Methods*, Chapter 8, "National Compensation Measures," Bureau of Labor Statistics, on the Internet at www.bls.gov/opub/hom/pdf/homch8.pdf.

Sample size

Data for the June 2012 reference period were collected from a probability sample of approximately 47,400 occupational observations selected from a sample of about 9,500 establishments in private industry and approximately 9,200 occupations from a sample of about 1,400 establishments in state and local governments.

Health insurance data

Data from the ECI that provide 12-month percent changes in employer costs for health insurance in private industry are available at www.bls.gov/ect/sp/ehealth.pdf.

Historical listings

Historical listings that provide all ECI data are available at www.bls.gov/ect/#tables. Included among these listings is one that provides continuous occupational and industry series. This listing uses the Standard Industrial Classification Manual and Census of Population series through 2005 and the North American Industry Classification System and Standard Occupational Classification from 2006 to the present. It provides the official series from the beginning of the ECI in 1975 through the current quarter. For more information on the criteria used in defining continuous series, see the article published in the *Monthly Labor Review* at www.bls.gov/opub/mlr/2006/04/art2full.pdf.

Employer Costs for Employee Compensation data

The costs per hour worked of compensation components, based on data from the ECI, are published in a separate news release titled "Employer Costs for Employee Compensation" (ECEC). The next ECEC release is scheduled for 10:00 a.m. (EDT), Tuesday, September 11, 2012. Historical ECEC data are available in summary documents at www.bls.gov/ect/#tables. Since the ECEC is calculated with current employment weights rather than the fixed weights used in computing the ECI, year-to-year changes in the cost levels usually differ from those in the ECI.

Table 1. Employment Cost Index for total compensation¹, by occupational group and industry

(Seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)		Percent changes for 3-months ended-							
	Mar. 2012	June 2012	Sep. 2010	Dec. 2010	Mar. 2011	June 2011	Sep. 2011	Dec. 2011	Mar. 2012	June 2012
Civilian workers										
All workers ²	116.2	116.8	0.4	0.5	0.5	0.6	0.3	0.5	0.4	0.5
Industry										
Goods-producing industries ³	114.0	114.5	.8	.4	.5	1.0	.3	.7	-2	.4
Manufacturing	113.3	113.8	.9	.5	.6	1.2	.3	.7	-3	.4
Service-providing industries ⁴	116.8	117.4	.4	.5	.5	.5	.3	.4	.7	.5
Education and health services	117.6	118.1	.4	.4	.4	.3	.2	.4	.8	.4
Education services	117.3	117.8	.3	.4	.4	.3	.1	.4	.6	.4
Elementary and secondary schools	117.3	117.8	.3	.3	.3	.3	.0	.3	.6	.4
Junior colleges, colleges, universities, and professional schools	116.7	117.4	.2	.8	.4	.2	.3	.3	.7	.6
Health care and social assistance ⁵	117.9	118.5	.4	.4	.3	.4	.3	.5	.9	.5
Hospitals	118.3	118.9	.4	.7	.3	.4	.4	.4	.3	.5
Nursing and residential care facilities	115.0	115.2	.4	.3	.4	.5	.3	.3	.4	.2
Public administration	119.0	119.8	.8	.3	.5	.3	.1	.3	.7	.7
Private industry workers										
All workers	115.7	116.3	.4	.5	.5	.8	.4	.5	.4	.5
Occupational group										
Management, professional, and related	116.2	117.0	.5	.5	.5	.7	.3	.6	.3	.7
Management, business, and financial	115.7	116.8	.4	.6	.5	.9	.4	.5	.3	1.0
Professional and related	116.6	117.1	.6	.5	.5	.6	.2	.6	.5	.4
Sales and office	115.1	115.7	.4	.6	.5	.8	.4	.4	.8	.5
Sales and related	112.0	112.4	.1	.6	.5	1.1	.5	.4	1.4	.4
Office and administrative support	117.3	118.0	.6	.5	.6	.6	.4	.5	.4	.6
Natural resources, construction, and maintenance	116.5	116.8	.4	.4	.4	.8	.5	.4	.5	.3
Construction, extraction, farming, fishing, and forestry	116.7	116.9	.6	.2	.5	.3	.4	.5	.2	.2
Installation, maintenance, and repair	116.1	116.7	.2	.5	.5	1.2	.7	.3	.8	.5
Production, transportation, and material moving	114.5	114.9	.7	.4	.4	1.1	.3	.7	.0	.3
Production	113.8	114.2	.6	.5	.5	1.3	.3	.7	-3	.4
Transportation and material moving	115.6	115.9	.9	.4	.4	.7	.3	.7	.5	.3
Service occupations	115.9	116.4	.4	.4	.6	.3	.2	.6	.3	.4
Industry										
Goods-producing industries ³	114.0	114.5	.7	.4	.6	.9	.3	.7	-1	.4
Construction	114.8	115.1	.4	.1	.2	.4	.4	.5	.3	.3
Manufacturing	113.3	113.8	.9	.5	.6	1.2	.3	.7	-3	.4
Aircraft manufacturing	98.8	99.2	6.5	.3	2.3	.6	-5.7	.3	1.8	.4
Service-providing industries ⁶	116.3	116.9	.4	.5	.6	.6	.4	.4	.7	.5
Trade, transportation, and utilities	115.3	115.8	.2	.5	.5	.8	.5	.6	.9	.4
Wholesale trade ⁷	113.8	114.3	-.1	.8	.3	1.3	.8	.8	.6	.4
Retail trade	115.1	115.7	.0	.1	.5	.7	.4	.4	.6	.5
Transportation and warehousing	115.8	116.2	.9	.7	.8	.4	.4	.4	1.7	.3
Utilities	122.9	124.4	1.0	.6	.9	.7	1.0	.9	.3	1.2
Information	115.2	116.3	.4	.1	1.4	.4	.1	.4	2.2	1.0
Financial activities	114.4	115.3	.4	1.0	1.0	.6	.7	.3	-2	.8
Finance and insurance	114.6	115.4	.4	1.1	1.0	.5	.7	.2	-3	.7
Credit intermediation and related activities	114.5	114.8	.7	1.2	1.3	.3	1.0	-.1	.1	.3
Insurance carriers and related activities	115.2	115.9	.4	.4	.7	.8	.4	.7	-4	.6

See footnotes at end of table.

Table 1. Employment Cost Index for total compensation¹, by occupational group and industry — Continued

(Seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)		Percent changes for 3-months ended-							
	Mar. 2012	June 2012	Sep. 2010	Dec. 2010	Mar. 2011	June 2011	Sep. 2011	Dec. 2011	Mar. 2012	June 2012
Industry										
Real estate and rental and leasing	113.3	114.5	0.4	0.7	0.8	0.7	1.1	0.6	0.1	1.1
Professional and business services	117.8	118.4	.6	.6	.6	1.0	.2	.5	.4	.5
Professional, scientific, and technical services	120.5	120.9	.8	.8	.5	.9	.3	.6	.3	.3
Administrative and support and waste management and remediation services	114.4	115.1	.5	.4	.4	.8	.0	.4	.5	.6
Education and health services	117.5	118.1	.4	.4	.3	.5	.3	.6	.8	.5
Education services	117.7	118.2	.5	.6	.3	.6	.3	.8	.3	.4
Junior colleges, colleges, universities, and professional schools	117.8	118.4	.5	.5	.4	.3	.3	.6	.9	.5
Health care and social assistance ⁵	117.5	118.1	.4	.4	.3	.4	.3	.5	.9	.5
Hospitals	117.9	118.5	.4	.6	.3	.4	.3	.4	.3	.5
Nursing and residential care facilities	114.3	114.5	.4	.2	.4	.5	.4	.2	.4	.2
Leisure and hospitality	115.4	116.2	.1	.3	.3	.3	.2	.2	.2	.7
Accommodation and food services	116.0	116.9	.1	.3	.4	.3	.2	.2	.0	.8
Other services, except public administration	116.4	116.9	.5	.3	.5	.4	.4	.8	.4	.4
State and local government workers										
All workers	118.4	119.0	.3	.5	.5	.3	.3	.3	.7	.5
Industry										
Education and health services	117.6	118.1	.3	.5	.5	.3	.1	.3	.6	.4
Education services	117.2	117.7	.2	.5	.4	.3	.1	.3	.7	.4
Schools	117.1	117.7	.2	.5	.4	.3	.0	.3	.6	.5
Elementary and secondary schools	117.4	117.9	.2	.3	.4	.3	.0	.3	.6	.4
Health care and social assistance ⁵	121.0	121.6	.5	.9	.8	.3	.4	.3	.7	.5
Hospitals	119.9	120.5	.3	.9	.7	.3	.4	.3	.5	.5
Public administration	119.0	119.8	.8	.3	.5	.3	.1	.3	.7	.7

¹ Includes wages, salaries, and employer costs for employee benefits.

² Includes workers in the private nonfarm economy except those in private households, and workers in the public sector, except the federal government.

³ Includes mining, construction, and manufacturing.

⁴ Includes the following industries: wholesale trade; retail trade; transportation and warehousing; utilities; information; finance and insurance; management of companies and enterprises; administrative and waste services; educational services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; other services, except public administration; and public administration.

⁵ Includes ambulatory health care services and social assistance, not

shown separately.

⁶ Includes the following industries: wholesale trade; retail trade; transportation and warehousing; utilities; information; finance and insurance; real estate and rental and leasing; professional and technical services; management of companies and enterprises; administrative and waste services; education services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; and other services, except public administration.

⁷ The wholesale trade compensation series is seasonal as of the 2012 revision. Seasonality was first found in the 2007 revision and the series continued to be seasonally adjusted until the 2010 revision when it was discontinued for two years, as seasonality was not found. Historical data for this series is published beginning with March 2002.

Table 2. Employment Cost Index for wages and salaries, by occupational group and industry

(Seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)		Percent changes for 3-months ended-							
	Mar. 2012	June 2012	Sep. 2010	Dec. 2010	Mar. 2011	June 2011	Sep. 2011	Dec. 2011	Mar. 2012	June 2012
Civilian workers										
All workers ¹	115.3	115.8	0.3	0.4	0.4	0.4	0.4	0.3	0.5	0.4
Industry										
Goods-producing industries ²	114.0	114.5	.5	.2	.4	.4	.4	.4	.4	.4
Manufacturing	113.5	114.0	.5	.4	.5	.5	.4	.5	.4	.4
Service-providing industries ³	115.6	116.1	.3	.4	.4	.4	.3	.4	.5	.4
Education and health services	115.9	116.3	.2	.4	.4	.3	.1	.4	.5	.3
Education services	114.9	115.2	.1	.4	.4	.3	.0	.4	.4	.3
Elementary and secondary schools	114.6	114.9	.1	.3	.4	.2	.0	.4	.3	.3
Junior colleges, colleges, universities, and professional schools	114.8	115.3	.2	.5	.4	.3	.2	.3	.6	.4
Health care and social assistance ⁴	117.1	117.5	.3	.3	.2	.4	.3	.4	.8	.3
Hospitals	117.5	118.0	.3	.4	.3	.4	.3	.3	.3	.4
Nursing and residential care facilities ⁵	114.2	114.4	.4	.1	.3	.4	.2	.1	.4	.2
Public administration	115.5	115.9	.3	.2	.3	.3	.2	.2	.5	.3
Private industry workers										
All workers	115.3	115.8	.4	.4	.4	.5	.4	.4	.5	.4
Occupational group										
Management, professional, and related	116.1	116.9	.4	.4	.4	.4	.3	.4	.3	.7
Management, business, and financial	115.5	116.6	.3	.5	.3	.5	.5	.3	.3	.9
Professional and related	116.6	117.2	.5	.4	.3	.4	.3	.5	.4	.5
Sales and office	114.6	115.1	.3	.6	.4	.5	.5	.4	.9	.4
Sales and related	112.3	112.5	-.1	.8	.1	.8	.6	.4	1.6	.1
Office and administrative support	116.3	117.0	.6	.4	.5	.4	.5	.3	.4	.6
Natural resources, construction, and maintenance	115.8	115.9	.2	.3	.4	.5	.6	.3	.3	.1
Construction, extraction, farming, fishing, and forestry	115.8	116.0	.4	.2	.5	.3	.3	.3	.1	.2
Installation, maintenance, and repair	115.7	115.8	-.1	.4	.4	.8	.9	.2	.6	.1
Production, transportation, and material moving	113.8	114.1	.6	.3	.3	.4	.4	.4	.8	.3
Production	113.2	113.5	.4	.2	.5	.4	.4	.4	.7	.3
Transportation and material moving	114.6	114.8	.7	.4	.3	.4	.2	.4	1.0	.2
Service occupations	115.3	115.9	.4	.4	.4	.2	.2	.6	.1	.5
Industry										
Goods-producing industries ²	114.0	114.5	.5	.3	.4	.5	.4	.4	.4	.4
Construction	114.0	114.4	.5	-.2	.2	.4	.4	.4	.0	.3
Manufacturing	113.5	114.0	.5	.4	.5	.5	.4	.5	.4	.4
Aircraft manufacturing	118.9	119.7	.8	.5	.3	1.0	.7	.6	.7	.7
Service-providing industries ⁶	115.7	116.3	.4	.5	.3	.5	.4	.3	.6	.5
Trade, transportation, and utilities	114.1	114.5	.1	.5	.1	.5	.6	.5	1.0	.4
Retail trade	115.2	115.5	-.1	.2	.4	.4	.7	.6	.6	.2
Transportation and warehousing	113.9	114.3	.9	.6	.3	.3	.2	.3	1.5	.4
Utilities	119.6	121.0	.9	.4	.9	.8	.6	.6	.4	1.1
Information	113.3	113.9	.4	.0	1.4	.1	.1	.4	.5	.5
Financial activities	114.4	115.5	.3	1.2	.6	.1	.8	.1	.3	1.0
Finance and insurance	115.1	116.2	.4	1.3	.5	.1	.7	.0	.3	1.0
Credit intermediation and related activities	113.0	114.0	.6	1.4	1.2	-.4	1.0	-.4	.8	.9
Insurance carriers and related activities	115.3	115.7	.3	.5	.3	.5	.4	.8	.2	.3

See footnotes at end of table.

Table 2. Employment Cost Index for wages and salaries, by occupational group and industry — Continued

(Seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)		Percent changes for 3-months ended—							
	Mar. 2012	June 2012	Sep. 2010	Dec. 2010	Mar. 2011	June 2011	Sep. 2011	Dec. 2011	Mar. 2012	June 2012
Industry										
Professional and business services	117.6	118.2	0.7	0.6	0.3	0.9	0.2	0.3	0.4	0.5
Professional, scientific, and technical services	120.2	120.7	.8	.8	.4	1.0	.3	.3	.2	.4
Administrative and support and waste management and remediation services	114.2	114.9	.5	.4	.2	.6	.1	.4	.5	.6
Education and health services	116.9	117.4	.4	.4	.2	.5	.3	.5	.7	.4
Education services	117.2	117.5	.7	.5	.3	.4	.4	.8	.4	.3
Junior colleges, colleges, universities, and professional schools	116.9	117.3	.4	.4	.4	.3	.3	.5	.9	.3
Health care and social assistance ⁴	116.8	117.3	.4	.3	.2	.5	.2	.5	.7	.4
Hospitals	117.4	117.9	.2	.5	.3	.4	.3	.4	.4	.4
Leisure and hospitality	115.9	116.9	-.1	.3	.0	.3	.2	.2	.1	.9
Accommodation and food services	116.4	117.5	.0	.3	.2	.4	.3	.2	-.1	1.0
Other services, except public administration	115.9	116.4	.4	.3	.4	.2	.4	.8	.3	.4
State and local government workers										
All workers	115.3	115.6	.1	.4	.4	.3	.1	.3	.4	.3
Industry										
Education and health services	114.9	115.2	.0	.4	.4	.2	.0	.4	.3	.3
Education services	114.4	114.8	.0	.4	.4	.2	.0	.3	.4	.3
Schools	114.4	114.8	.0	.4	.4	.2	.0	.3	.4	.3
Elementary and secondary schools	114.6	114.9	.1	.4	.3	.2	.0	.3	.4	.3
Health care and social assistance ⁴	118.7	119.0	.1	.6	.4	.3	.2	.3	.5	.3
Hospitals	118.0	118.5	.1	.5	.4	.2	.3	.2	.5	.4
Public administration	115.5	115.9	.3	.2	.3	.3	.2	.2	.5	.3

¹ Includes workers in the private nonfarm economy except those in private households, and workers in the public sector, except the federal government.

² Includes mining, construction, and manufacturing.

³ Includes the following industries: wholesale trade; retail trade; transportation and warehousing; utilities; information; finance and insurance; real estate and rental and leasing; professional and technical services; management of companies and enterprises; administrative and waste services; educational services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; other services, except public administration; and public administration.

⁴ Includes ambulatory health care services and social assistance, not shown separately.

⁵ The civilian nursing and residential care facilities wage series is seasonal as of the 2011 revision. The first seasonally adjusted estimates were published with the 2008 revision and the series continued to be seasonally adjusted until the 2010 revision when it was discontinued. Historical data for this series is published beginning with March 2003.

⁶ Includes the following industries: wholesale trade; retail trade; transportation and warehousing; utilities; information; finance and insurance; real estate and rental and leasing; professional and technical services; management of companies and enterprises; administrative and waste services; education services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; and other services, except public administration.

Table 3. Employment Cost Index for benefits, by occupational group and industry

(Seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)		Percent changes for 3-months ended--							
	Mar. 2012	June 2012	Sep. 2010	Dec. 2010	Mar. 2011	June 2011	Sep. 2011	Dec. 2011	Mar. 2012	June 2012
Civilian workers										
All workers ¹	118.5	119.2	0.8	0.6	1.1	1.1	0.3	0.7	0.5	0.6
Private industry workers										
All workers	116.7	117.4	.8	.5	1.1	1.4	.3	.8	.3	.6
Occupational group										
Management, professional, and related	116.4	117.1	.6	.7	1.1	1.3	.3	1.0	.4	.6
Sales and office	116.6	117.4	.6	.4	1.1	1.3	.4	.4	.7	.7
Natural resources, construction, and maintenance	117.9	118.7	.8	.5	.6	1.1	.6	.9	.6	.7
Production, transportation, and material moving	116.0	116.7	1.1	.7	.8	2.4	.1	1.1	-1.3	.6
Service occupations	117.7	118.0	1.0	.6	1.0	.6	.3	.8	.6	.2
Industry										
Goods-producing industries ²	114.0	114.5	1.2	.5	.9	1.9	.1	1.1	-1.0	.4
Manufacturing	112.9	113.4	1.5	.8	1.1	2.3	.0	1.1	-1.6	.4
Service-providing industries ³	117.8	118.5	.5	.5	1.2	1.2	.3	.7	.9	.6
State and local government workers										
All workers	124.9	126.0	.9	.7	.9	.4	.4	.4	1.1	.9

¹ Includes workers in the private nonfarm economy except those in private households, and workers in the public sector, except the federal government.

² Includes mining, construction, and manufacturing.

³ Includes the following industries: wholesale trade; retail trade; transportation and warehousing; utilities; information; finance and insurance;

real estate and rental and leasing; professional and technical services; management of companies and enterprises; administrative and waste services; education services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; and other services, except public administration.

Table 4. Employment Cost Index for total compensation¹, for civilian workers, by occupational group and industry

(Not seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)			Percent changes for—					
	June 2011	Mar. 2012	June 2012	3-months ended—			12-months ended—		
				June 2011	Mar. 2012	June 2012	June 2011	Mar. 2012	June 2012
Civilian workers									
All workers ²	114.8	116.2	116.8	0.7	0.6	0.5	2.2	1.9	1.7
Excluding incentive paid occupations ³	115.2	116.7	117.2	.5	.6	.4	2.1	1.8	1.7
Occupational group									
Management, professional, and related	115.2	116.8	117.3	.4	.9	.4	2.1	1.8	1.8
Management, business, and financial	114.7	116.2	117.2	.7	.8	.9	2.3	2.0	2.2
Professional and related	115.4	117.1	117.4	.3	.8	.3	1.9	1.7	1.7
Sales and office	113.7	115.4	116.2	1.0	.7	.7	2.2	2.5	2.2
Sales and related	109.8	111.4	112.7	1.8	.5	1.2	2.1	3.2	2.6
Office and administrative support	116.1	117.7	118.3	.6	.8	.5	2.4	2.0	1.9
Natural resources, construction, and maintenance	115.2	116.7	117.3	.9	.5	.5	2.0	2.2	1.8
Construction, extraction, farming, fishing, and forestry	115.6	116.7	117.2	.6	.2	.4	1.7	1.6	1.4
Installation, maintenance, and repair	114.7	116.6	117.3	1.2	.9	.6	2.4	2.9	2.3
Production, transportation, and material moving	113.9	114.9	115.4	1.1	.3	.4	2.8	2.0	1.3
Production	113.2	113.9	114.4	1.3	.1	.4	2.9	1.9	1.1
Transportation and material moving	114.7	116.2	116.7	.8	.5	.4	2.5	2.1	1.7
Service occupations	115.9	117.3	117.6	.2	.6	.3	1.9	1.4	1.5
Industry									
Goods-producing industries ⁴	113.2	114.1	114.7	1.0	.2	.5	2.6	1.8	1.3
Manufacturing	112.7	113.4	114.0	1.2	.3	.5	3.3	1.8	1.2
Service-providing industries ⁵	115.0	116.6	117.2	.6	.7	.5	2.1	2.0	1.9
Education and health services	115.7	117.5	117.9	.2	.6	.3	1.6	1.7	1.9
Education services	115.5	117.1	117.3	.0	.3	.2	1.5	1.4	1.6
Elementary and secondary schools	115.7	117.1	117.3	.0	.3	.2	1.3	1.2	1.4
Junior colleges, colleges, universities, and professional schools	114.8	116.7	116.9	-.2	.6	.2	1.7	1.5	1.8
Health care and social assistance ⁶	115.9	118.0	118.5	.3	1.0	.4	1.6	2.2	2.2
Hospitals	116.9	118.5	118.9	.3	.6	.3	1.9	1.7	1.7
Nursing and residential care facilities	113.9	115.0	115.3	.4	.6	.3	1.5	1.4	1.2
Public administration	117.6	119.1	119.5	.1	.8	.3	1.9	1.4	1.6

¹ Includes wages, salaries, and employer costs for employee benefits.

² Includes workers in the private nonfarm economy except those in private households, and workers in the public sector, except the federal government.

³ The index for this series is not strictly comparable with other series in this table.

⁴ Includes mining, construction, and manufacturing.

⁵ Includes the following industries: wholesale trade; retail trade;

transportation and warehousing; utilities; information; finance and insurance; real estate and rental and leasing; professional and technical services; management of companies and enterprises; administrative and waste services; educational services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; other services, except public administration; and public administration.

⁶ Includes ambulatory health care services and social assistance, not shown separately.

Table 5. Employment Cost Index for total compensation¹, for private industry workers, by occupational group and industry

(Not seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)			Percent changes for--					
	June 2011	Mar. 2012	June 2012	3-months ended--			12-months ended--		
				June 2011	Mar. 2012	June 2012	June 2011	Mar. 2012	June 2012
Private industry workers									
All workers	114.3	115.7	116.4	0.9	0.6	0.6	2.3	2.1	1.8
Excluding incentive paid occupations ²	114.9	116.2	116.8	.8	.6	.5	2.3	1.9	1.7
Occupational group									
Management, professional, and related	114.8	116.4	117.1	.6	.9	.6	2.3	2.0	2.0
Excluding incentive paid occupations ²	115.1	116.5	117.1	.7	.8	.5	2.5	1.9	1.7
Management, business, and financial	114.5	116.0	116.9	.8	.9	.8	2.5	2.1	2.1
Excluding incentive paid occupations ²	114.9	116.3	117.1	.7	.8	.7	2.7	1.9	1.9
Professional and related	115.1	116.8	117.3	.4	1.0	.4	2.2	1.9	1.9
Sales and office	113.3	115.0	115.9	1.1	.7	.8	2.3	2.6	2.3
Excluding incentive paid occupations ²	115.0	116.6	117.2	.6	.7	.5	2.0	2.0	1.9
Sales and related	109.8	111.4	112.6	1.9	.6	1.1	2.1	3.3	2.6
Excluding incentive paid occupations ²	113.6	114.8	115.4	.8	.5	.5	1.3	1.9	1.6
Office and administrative support	115.8	117.5	118.1	.6	.9	.5	2.4	2.1	2.0
Natural resources, construction, and maintenance	114.9	116.3	117.0	1.0	.4	.6	2.0	2.2	1.8
Construction, extraction, farming, fishing, and forestry	115.5	116.6	117.1	.6	.1	.4	1.7	1.6	1.4
Installation, maintenance, and repair	114.2	116.1	116.8	1.4	1.0	.6	2.4	3.1	2.3
Production, transportation, and material moving	113.5	114.5	115.1	1.2	.3	.5	2.7	2.0	1.4
Excluding incentive paid occupations ²	113.8	114.6	115.2	1.1	.1	.5	2.8	1.8	1.2
Production	113.2	113.8	114.4	1.3	.0	.5	2.9	1.9	1.1
Excluding incentive paid occupations ²	113.4	114.0	114.5	1.3	.0	.4	3.0	1.9	1.0
Transportation and material moving	114.0	115.5	116.0	.9	.5	.4	2.5	2.2	1.8
Service occupations	114.7	116.0	116.4	.2	.5	.3	1.8	1.3	1.5
Industry and occupational group									
Goods-producing industries ³	113.2	114.1	114.7	1.1	.3	.5	2.6	1.9	1.3
Excluding incentive paid occupations ²	113.7	114.5	115.0	1.1	.3	.4	2.8	1.8	1.1
Management, professional, and related	112.1	113.2	113.8	1.2	.8	.5	3.2	2.2	1.5
Sales and office	111.4	113.5	114.5	.9	.9	.9	2.4	2.8	2.8
Natural resources, construction, and maintenance	115.2	115.8	116.3	.9	-.1	.4	1.9	1.4	1.0
Production, transportation, and material moving	113.0	113.4	114.0	1.3	-.2	.5	2.9	1.6	.9
Construction	113.6	114.6	115.2	.7	.1	.5	1.2	1.6	1.4
Manufacturing	112.7	113.4	114.0	1.2	.3	.5	3.3	1.8	1.2
Management, professional, and related	112.0	113.2	113.7	1.0	.9	.4	3.7	2.1	1.5
Sales and office	113.2	115.1	115.4	.9	1.2	.3	3.9	2.6	1.9
Natural resources, construction, and maintenance	114.0	113.7	114.5	1.8	-.4	.7	3.5	1.5	.4
Production, transportation, and material moving	112.8	113.1	113.8	1.3	-.3	.6	2.9	1.5	.9
Aircraft manufacturing	102.7	99.2	99.4	.4	2.6	.2	10.0	-3.0	-3.2

See footnotes at end of table.

Table 5. Employment Cost Index for total compensation¹, for private industry workers, by occupational group and industry — Continued

(Not seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)			Percent changes for—					
	June 2011	Mar. 2012	June 2012	3-months ended—			12-months ended—		
				June 2011	Mar. 2012	June 2012	June 2011	Mar. 2012	June 2012
Service-providing industries ⁴	114.6	116.3	117.0	0.7	0.9	0.6	2.2	2.2	2.1
Excluding incentive paid occupations ²	115.3	116.8	117.4	.6	.7	.5	2.2	1.9	1.8
Management, professional, and related	115.4	117.0	117.7	.5	.9	.6	2.2	1.9	2.0
Sales and office	113.6	115.1	116.0	1.2	.7	.8	2.3	2.5	2.1
Natural resources, construction, and maintenance	114.4	117.2	118.0	1.1	1.4	.7	2.0	3.5	3.1
Production, transportation, and material moving	114.2	116.0	116.4	1.0	.8	.3	2.6	2.6	1.9
Service occupations	114.7	116.0	116.4	.2	.5	.3	1.8	1.3	1.5
Trade, transportation, and utilities	113.2	115.2	116.0	1.1	1.0	.7	2.1	2.9	2.5
Excluding incentive paid occupations ²	114.5	116.1	116.8	.7	.7	.6	2.1	2.1	2.0
Wholesale trade	111.4	113.9	114.4	1.4	1.0	.4	2.3	3.6	2.7
Excluding incentive paid occupations ²	114.5	116.2	116.5	1.2	.6	.3	2.4	2.7	1.7
Retail trade	113.5	114.9	115.8	1.0	.4	.8	1.4	2.2	2.0
Excluding incentive paid occupations ²	114.0	115.0	115.8	.6	.3	.7	1.5	1.5	1.6
Transportation and warehousing	113.1	115.7	116.4	.5	1.8	.6	2.8	2.8	2.9
Utilities	120.9	122.9	125.2	1.3	1.1	1.9	3.3	3.0	3.6
Information	112.3	115.2	116.4	.6	2.4	1.0	2.3	3.2	3.7
Financial activities	113.8	114.4	115.6	.8	.2	1.0	3.0	1.3	1.6
Excluding incentive paid occupations ²	114.9	115.6	116.4	.7	.1	.7	2.7	1.3	1.3
Finance and insurance	114.3	114.6	115.8	.9	.1	1.0	3.0	1.1	1.3
Credit intermediation and related activities	113.9	114.4	115.3	.8	.3	.8	3.6	1.2	1.2
Excluding incentive paid occupations ²	116.7	117.3	117.6	1.0	.1	.3	2.8	1.6	.8
Insurance carriers and related activities	114.8	115.3	116.3	1.0	.1	.9	2.3	1.4	1.3
Excluding incentive paid occupations ²	115.4	115.6	116.9	.8	-.1	1.1	2.2	1.0	1.3
Real estate and rental and leasing	111.4	113.5	114.6	.5	.5	1.0	2.8	2.4	2.9
Excluding incentive paid occupations ²	114.3	116.4	117.9	.4	.6	1.3	2.7	2.2	3.1
Professional and business services	116.6	117.9	118.5	1.0	.7	.5	2.8	2.1	1.6
Professional, scientific, and technical services	119.2	120.7	121.0	.8	.8	.2	3.0	2.1	1.5
Administrative and support and waste management and remediation services	113.4	114.3	115.2	1.0	.4	.8	2.2	1.8	1.6
Education and health services	115.5	117.6	118.0	.3	.9	.3	1.6	2.2	2.2
Education services	115.6	117.6	117.8	.3	.3	.2	2.0	2.1	1.9
Junior colleges, colleges, universities, and professional schools	115.4	117.8	118.0	.1	.8	.2	1.9	2.2	2.3
Health care and social assistance ⁵	115.5	117.6	118.1	.4	1.0	.4	1.6	2.3	2.3
Hospitals	116.6	118.1	118.5	.3	.5	.3	1.8	1.6	1.6
Nursing and residential care facilities	113.3	114.4	114.6	.5	.6	.2	1.4	1.5	1.1
Nursing care facilities ²	113.9	114.7	114.9	.6	.4	.2	1.5	1.3	.9
Leisure and hospitality	114.6	115.6	116.0	.1	.3	.3	1.1	1.0	1.2
Accommodation and food services	115.3	116.3	116.7	-.1	.3	.3	1.1	.8	1.2
Other services, except public administration	114.5	116.6	116.9	.1	.9	.3	1.6	1.9	2.1

¹ Includes wages, salaries, and employer costs for employee benefits.

² The index for this series is not strictly comparable with other series in this table.

³ Includes mining, construction, and manufacturing.

⁴ Includes the following industries: wholesale trade; retail trade; transportation and warehousing; utilities; information; finance and insurance; real estate and rental and leasing; professional and technical services;

management of companies and enterprises; administrative and waste services; education services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; and other services, except public administration.

⁵ Includes ambulatory health care services and social assistance, not shown separately.

Table 6. Employment Cost Index for total compensation¹, for private industry workers, by bargaining status and census region and division

(Not seasonally adjusted)

Bargaining status and census region and division	Indexes (Dec. 2005 = 100)			Percent changes for—					
	June 2011	Mar. 2012	June 2012	3-months ended—			12-months ended—		
				June 2011	Mar. 2012	June 2012	June 2011	Mar. 2012	June 2012
Bargaining status									
Union	117.1	118.3	119.3	1.3	0.3	0.8	3.0	2.3	1.9
Goods-producing industries ²	116.4	115.8	116.6	1.8	-.9	.7	3.4	1.3	.2
Manufacturing	113.8	112.1	112.8	2.6	-1.5	.6	4.3	1.1	-.9
Service-providing industries ³	117.7	120.4	121.5	.8	1.3	.9	2.8	3.1	3.2
Nonunion	113.8	115.3	116.0	.7	.7	.6	2.2	2.0	1.9
Goods-producing industries ²	112.2	113.5	114.1	.8	.5	.5	2.5	2.0	1.7
Manufacturing	112.5	113.9	114.4	.8	.8	.4	3.0	2.1	1.7
Service-providing industries ³	114.3	115.8	116.5	.7	.7	.6	2.1	2.0	1.9
Census region and division⁴									
Northeast	115.3	116.5	117.1	.8	.3	.5	2.3	1.8	1.6
New England	116.0	116.9	117.4	1.0	.5	.4	2.6	1.8	1.2
Middle Atlantic	115.1	116.4	117.0	.7	.3	.5	2.3	1.8	1.7
South	114.3	116.0	116.8	.8	.9	.7	2.1	2.3	2.2
South Atlantic	114.6	116.4	117.3	.7	.9	.8	1.8	2.3	2.4
East South Central	112.7	114.0	115.1	.5	.7	1.0	1.7	1.7	2.1
West South Central	114.4	116.2	116.8	1.1	1.0	.5	2.7	2.7	2.1
Midwest	113.3	114.7	115.3	1.0	.7	.5	2.6	2.2	1.8
East North Central	112.7	113.9	114.5	1.0	.6	.5	2.6	2.1	1.6
West North Central	114.8	116.9	117.5	.8	1.1	.5	2.5	2.6	2.4
West	114.3	115.7	116.3	.7	.5	.5	2.3	1.9	1.7
Mountain	113.9	115.4	116.0	.4	.1	.5	1.4	1.8	1.8
Pacific	114.5	115.9	116.5	.8	.7	.5	2.7	2.0	1.7

¹ Includes wages, salaries, and employer costs for employee benefits.

² Includes mining, construction, and manufacturing.

³ Includes the following industries: wholesale trade; retail trade; transportation and warehousing; utilities; information; finance and insurance; real estate and rental and leasing; professional and technical services; management of companies and enterprises; administrative and waste services; education services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; and other services, except public administration.

⁴ The states (including the District of Columbia) that comprise the census divisions are: New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont; Middle Atlantic: New Jersey, New York, and Pennsylvania; South Atlantic: Delaware, District of

Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia; East South Central: Alabama, Kentucky, Mississippi, and Tennessee; West South Central: Arkansas, Louisiana, Oklahoma, and Texas; East North Central: Illinois, Indiana, Michigan, Ohio, and Wisconsin; West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota; Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming; and Pacific: Alaska, California, Hawaii, Oregon, and Washington.

NOTE: The indexes for these series are not strictly comparable to those for the aggregate, occupation, and industry series. Dashes indicate data not available.

Table 7. Employment Cost Index for total compensation¹, for State and local government workers, by occupational group and industry

(Not seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)			Percent changes for-					
	June 2011	Mar. 2012	June 2012	3-months ended-			12-months ended-		
				June 2011	Mar. 2012	June 2012	June 2011	Mar. 2012	June 2012
State and local government workers									
All workers	116.7	118.3	118.6	0.1	0.5	0.3	1.7	1.5	1.6
Occupational group									
Management, professional, and related	116.0	117.6	117.9	.1	.6	.3	1.6	1.5	1.6
Professional and related	115.9	117.5	117.7	.0	.5	.2	1.5	1.4	1.6
Sales and office	117.3	118.9	119.4	.2	.4	.4	1.8	1.5	1.8
Office and administrative support	117.7	119.1	119.6	.2	.4	.4	1.8	1.4	1.6
Service occupations	118.6	120.1	120.4	.1	.5	.2	2.1	1.4	1.5
Industry									
Education and health services	115.9	117.5	117.7	.0	.4	.2	1.5	1.4	1.6
Education services	115.5	117.0	117.2	.0	.3	.2	1.4	1.3	1.5
Schools ²	115.5	117.0	117.2	.0	.4	.2	1.4	1.3	1.5
Elementary and secondary schools	115.8	117.2	117.4	.0	.3	.2	1.3	1.2	1.4
Health care and social assistance ³	119.2	121.1	121.4	.2	.8	.2	2.5	1.8	1.8
Hospitals	118.3	120.1	120.5	.1	.8	.3	2.3	1.6	1.9
Public administration	117.6	119.1	119.5	.1	.8	.3	1.9	1.4	1.6

¹ Includes wages, salaries, and employer costs for employee benefits.

² Includes elementary and secondary schools; junior colleges; colleges, universities, and professional schools.

³ Includes ambulatory health care services and social assistance, not shown separately.

Table 8. Employment Cost Index for wages and salaries, for civilian workers, by occupational group and industry

(Not seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)			Percent changes for--					
	June 2011	Mar. 2012	June 2012	3-months ended--			12-months ended--		
				June 2011	Mar. 2012	June 2012	June 2011	Mar. 2012	June 2012
Civilian workers									
All workers ¹	113.9	115.3	115.8	0.4	0.6	0.4	1.6	1.7	1.7
Excluding incentive paid occupations ²	114.4	115.6	116.0	.4	.4	.3	1.6	1.4	1.4
Occupational group									
Management, professional, and related	114.6	115.9	116.4	.4	.6	.4	1.6	1.5	1.6
Management, business, and financial	114.3	115.6	116.5	.4	.6	.8	1.5	1.5	1.9
Professional and related	114.7	116.0	116.4	.3	.5	.3	1.6	1.4	1.5
Sales and office	112.7	114.3	115.1	.9	.5	.7	1.7	2.3	2.1
Sales and related	109.7	111.4	112.7	1.8	.5	1.2	1.6	3.3	2.7
Office and administrative support	114.7	116.2	116.7	.3	.6	.4	1.8	1.7	1.7
Natural resources, construction, and maintenance	114.5	115.7	116.0	.6	.3	.3	1.4	1.7	1.3
Construction, extraction, farming, fishing, and forestry	114.8	115.6	115.9	.3	.0	.3	1.4	1.0	1.0
Installation, maintenance, and repair	114.1	115.7	116.1	.9	.4	.3	1.5	2.3	1.8
Production, transportation, and material moving	112.2	113.9	114.2	.4	.7	.3	1.5	1.9	1.8
Production	111.6	113.3	113.6	.4	.8	.3	1.4	1.9	1.8
Transportation and material moving	113.1	114.6	115.0	.4	.7	.3	1.8	1.8	1.7
Service occupations	114.6	115.7	116.0	.1	.3	.3	1.3	1.0	1.2
Industry									
Goods-producing industries ³	112.7	114.0	114.5	.4	.4	.4	1.6	1.6	1.6
Manufacturing	112.0	113.6	114.0	.4	.8	.4	1.8	1.9	1.8
Service-providing industries ⁴	114.1	115.5	116.1	.4	.5	.5	1.5	1.7	1.8
Education and health services	114.4	115.8	116.1	.2	.4	.3	1.2	1.4	1.5
Education services	113.6	114.8	114.9	.0	.2	.1	1.2	1.1	1.1
Elementary and secondary schools	113.6	114.5	114.6	.0	.1	.1	1.0	.8	.9
Junior colleges, colleges, universities, and professional schools	113.2	114.7	114.8	.0	.4	.1	1.4	1.3	1.4
Health care and social assistance ⁵	115.4	117.1	117.5	.4	.8	.3	1.3	1.9	1.8
Hospitals	116.2	117.6	117.9	.3	.3	.3	1.5	1.6	1.5
Nursing and residential care facilities	113.5	114.2	114.4	.4	.4	.2	1.2	1.1	.8
Public administration	114.5	115.6	115.8	.1	.5	.2	1.0	1.0	1.1

¹ Includes workers in the private nonfarm economy except those in private households, and workers in the public sector, except the federal government.

² The index for this series is not strictly comparable with other series in this table.

³ Includes mining, construction, and manufacturing.

⁴ Includes the following industries: wholesale trade; retail trade; transportation and warehousing; utilities; information; finance and

insurance; real estate and rental and leasing; professional and technical services; management of companies and enterprises; administrative and waste services; educational services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; other services, except public administration; and public administration.

⁵ Includes ambulatory health care services and social assistance, not shown separately.

Table 9. Employment Cost Index for wages and salaries, for private industry workers, by occupational group and industry

(Not seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)			Percent changes for--					
	June 2011	Mar. 2012	June 2012	3-months ended--			12-months ended--		
				June 2011	Mar. 2012	June 2012	June 2011	Mar. 2012	June 2012
Private industry workers									
All workers	113.8	115.3	115.9	0.5	0.6	0.5	1.7	1.9	1.8
Excluding incentive paid occupations ¹	114.4	115.7	116.2	.4	.4	.4	1.6	1.5	1.6
Occupational group									
Management, professional, and related	114.9	116.3	117.0	.4	.7	.6	1.8	1.7	1.8
Excluding incentive paid occupations ¹	115.1	116.4	116.9	.4	.5	.4	1.9	1.6	1.6
Management, business, and financial	114.4	115.7	116.7	.4	.6	.9	1.6	1.6	2.0
Excluding incentive paid occupations ¹	114.9	116.1	116.8	.3	.6	.6	1.9	1.4	1.7
Professional and related	115.2	116.7	117.2	.3	.7	.4	1.8	1.7	1.7
Sales and office	112.7	114.3	115.2	1.0	.6	.8	1.8	2.4	2.2
Excluding incentive paid occupations ¹	114.4	115.9	116.5	.4	.5	.5	1.4	1.7	1.8
Sales and related	109.8	111.5	112.8	1.9	.5	1.2	1.7	3.4	2.7
Excluding incentive paid occupations ¹	113.7	114.9	115.5	.4	.3	.5	.5	1.5	1.6
Office and administrative support	114.8	116.4	117.0	.3	.6	.5	2.0	1.7	1.9
Natural resources, construction, and maintenance	114.4	115.6	116.0	.6	.2	.3	1.4	1.7	1.4
Construction, extraction, farming, fishing, and forestry	114.9	115.7	116.0	.3	.0	.3	1.4	1.0	1.0
Installation, maintenance, and repair	113.9	115.5	115.9	1.1	.4	.3	1.6	2.5	1.8
Production, transportation, and material moving	112.0	113.7	114.0	.4	.8	.3	1.5	1.9	1.8
Excluding incentive paid occupations ¹	112.3	113.9	114.2	.3	.7	.3	1.5	1.7	1.7
Production	111.5	113.2	113.5	.4	.8	.3	1.4	1.9	1.8
Excluding incentive paid occupations ¹	111.6	113.4	113.7	.3	.9	.3	1.4	1.9	1.9
Transportation and material moving	112.8	114.4	114.8	.5	.7	.3	1.8	2.0	1.8
Service occupations	114.2	115.4	115.8	.0	.3	.3	1.3	1.1	1.4
Industry and occupational group									
Goods-producing industries ²	112.7	114.0	114.5	.4	.4	.4	1.6	1.6	1.6
Excluding incentive paid occupations ¹	113.3	114.5	114.9	.4	.4	.3	1.7	1.5	1.4
Management, professional, and related	113.2	114.4	115.2	.6	.6	.7	2.0	1.7	1.8
Sales and office	110.9	113.2	114.1	.8	.8	.8	1.8	2.9	2.9
Natural resources, construction, and maintenance	114.6	115.3	115.5	.5	.0	.2	1.5	1.1	.8
Production, transportation, and material moving	111.4	112.9	113.2	.3	.6	.3	1.4	1.6	1.6
Construction	113.2	113.9	114.4	.4	-.2	.4	.9	1.1	1.1
Manufacturing	112.0	113.6	114.0	.4	.8	.4	1.8	1.9	1.8
Management, professional, and related	112.9	114.3	115.1	.5	.8	.7	2.0	1.8	1.9
Sales and office	112.8	114.9	115.2	.8	1.2	.3	3.5	2.7	2.1
Natural resources, construction, and maintenance	112.9	114.1	114.4	.6	.5	.3	1.8	1.7	1.3
Production, transportation, and material moving	111.2	112.7	113.0	.4	.6	.3	1.5	1.7	1.6
Aircraft manufacturing	116.8	119.6	119.9	.5	2.0	.3	2.5	2.9	2.7

See footnotes at end of table.

Table 9. Employment Cost Index for wages and salaries, for private industry workers, by occupational group and industry — Continued

(Not seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)			Percent changes for—					
	June 2011	Mar. 2012	June 2012	3-months ended—			12-months ended—		
				June 2011	Mar. 2012	June 2012	June 2011	Mar. 2012	June 2012
Service-providing industries ³	114.1	115.6	116.3	0.5	0.6	0.6	1.6	1.9	1.9
Excluding incentive paid occupations ¹	114.8	116.1	116.6	.3	.5	.4	1.6	1.5	1.6
Management, professional, and related	115.2	116.6	117.3	.3	.7	.6	1.8	1.6	1.8
Sales and office	112.9	114.4	115.3	1.1	.5	.8	1.8	2.4	2.1
Natural resources, construction, and maintenance	114.2	116.2	116.7	.9	.6	.4	1.3	2.7	2.2
Production, transportation, and material moving	112.7	114.7	115.0	.4	1.0	.3	1.6	2.2	2.0
Service occupations	114.2	115.4	115.8	.0	.3	.3	1.2	1.1	1.4
Trade, transportation, and utilities	111.7	113.9	114.5	.7	.9	.5	1.1	2.7	2.5
Excluding incentive paid occupations ¹	113.2	114.7	115.3	.4	.5	.5	1.3	1.7	1.9
Wholesale trade	108.5	111.6	111.9	.6	1.3	.3	.4	3.5	3.1
Excluding incentive paid occupations ¹	111.8	113.6	113.7	.4	.7	.1	.3	2.0	1.7
Retail trade	113.1	114.9	115.6	.8	.4	.6	1.0	2.4	2.2
Excluding incentive paid occupations ¹	113.7	114.9	115.6	.4	.3	.6	1.2	1.4	1.7
Transportation and warehousing	111.8	113.7	114.4	.5	1.4	.6	2.1	2.2	2.3
Utilities	118.1	119.6	121.3	1.0	.7	1.4	3.0	2.3	2.7
Information	112.3	113.1	114.0	.3	.4	.8	1.8	1.0	1.5
Financial activities	113.4	114.3	115.8	.4	.4	1.3	2.2	1.2	2.1
Excluding incentive paid occupations ¹	114.5	115.6	116.6	.2	.3	.9	1.6	1.1	1.8
Finance and insurance	114.3	115.0	116.6	.4	.4	1.4	2.1	1.0	2.0
Credit intermediation and related activities	111.8	113.0	114.4	.0	.9	1.2	2.9	1.1	2.3
Excluding incentive paid occupations ¹	114.7	116.2	117.0	.0	.9	.7	1.5	1.3	2.0
Insurance carriers and related activities	114.0	115.3	116.0	.8	.4	.6	1.6	1.9	1.8
Excluding incentive paid occupations ¹	114.4	115.1	116.4	.6	.2	1.1	1.5	1.2	1.7
Real estate and rental and leasing	109.6	111.5	112.2	.4	.4	.6	2.2	2.1	2.4
Excluding incentive paid occupations ¹	112.7	114.6	115.7	.1	.4	1.0	2.2	1.8	2.7
Professional and business services	116.6	117.6	118.3	.9	.5	.6	2.6	1.7	1.5
Professional, scientific, and technical services	119.2	120.4	120.8	.9	.7	.3	3.1	1.9	1.3
Administrative and support and waste management and remediation services	113.2	114.1	115.0	.8	.4	.8	1.7	1.6	1.6
Education and health services	115.1	116.9	117.3	.4	.7	.3	1.4	2.0	1.9
Education services	114.9	117.1	117.1	.2	.3	.0	2.0	2.1	1.9
Junior colleges, colleges, universities, and professional schools	114.4	116.8	116.8	.0	.6	.0	1.6	2.1	2.1
Health care and social assistance ⁴	115.1	116.9	117.3	.4	.8	.3	1.2	2.0	1.9
Hospitals	116.0	117.4	117.8	.3	.3	.3	1.5	1.6	1.6
Nursing and residential care facilities	113.3	114.1	114.3	.4	.4	.2	1.2	1.2	.9
Nursing care facilities ¹	113.7	114.3	114.5	.5	.4	.2	1.2	1.1	.7
Leisure and hospitality	115.1	116.1	116.6	-.1	.3	.4	.7	.8	1.3
Accommodation and food services	115.6	116.6	117.1	-.1	.1	.4	.9	.8	1.3
Other services, except public administration	114.1	116.1	116.3	-.1	.8	.2	1.2	1.7	1.9

¹ The index for this series is not strictly comparable with other series in this table.

² Includes mining, construction, and manufacturing.

³ Includes the following industries: wholesale trade; retail trade; transportation and warehousing; utilities; information; finance and insurance; real estate and rental and leasing; professional and technical services;

management of companies and enterprises; administrative and waste services; education services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; and other services, except public administration.

⁴ Includes ambulatory health care services and social assistance, not shown separately.

Table 10. Employment Cost Index for wages and salaries, for private industry workers, by bargaining status and census region and division

(Not seasonally adjusted)

Bargaining status and census region and division	Indexes (Dec. 2005 = 100)			Percent changes for—					
	June 2011	Mar. 2012	June 2012	3-months ended—			12-months ended—		
				June 2011	Mar. 2012	June 2012	June 2011	Mar. 2012	June 2012
Bargaining status									
Union	114.0	115.6	116.2	0.4	0.6	0.5	1.7	1.8	1.9
Goods-producing industries ¹	112.1	113.5	113.8	.4	.5	.3	1.3	1.6	1.5
Manufacturing	109.8	111.5	111.8	.4	.7	.3	1.5	1.9	1.8
Service-providing industries ²	115.3	117.0	117.9	.3	.6	.8	1.9	1.7	2.3
Nonunion	113.8	115.2	115.9	.5	.5	.6	1.7	1.8	1.8
Goods-producing industries ¹	112.9	114.2	114.7	.5	.4	.4	1.7	1.7	1.6
Manufacturing	112.6	114.1	114.6	.4	.7	.4	1.9	1.8	1.8
Service-providing industries ²	114.0	115.5	116.2	.5	.6	.6	1.6	1.9	1.9
Census region and division³									
Northeast	114.6	115.8	116.4	.8	.4	.5	1.8	1.8	1.6
New England	115.9	116.6	117.2	1.2	.5	.5	2.2	1.8	1.1
Middle Atlantic	114.0	115.4	116.1	.5	.3	.6	1.5	1.8	1.8
South	114.4	116.0	116.7	.6	.7	.6	1.8	2.0	2.0
South Atlantic	114.6	116.4	117.3	.5	.7	.8	1.5	2.1	2.4
East South Central	112.9	114.1	114.8	.3	.5	.6	1.3	1.3	1.7
West South Central	114.5	116.1	116.6	.7	.8	.4	2.3	2.1	1.8
Midwest	112.2	113.8	114.3	.4	.8	.4	1.6	1.8	1.9
East North Central	111.3	112.7	113.1	.4	.7	.4	1.5	1.6	1.6
West North Central	114.5	116.5	117.1	.4	1.0	.5	1.9	2.2	2.3
West	114.1	115.4	116.1	.4	.4	.6	1.5	1.6	1.8
Mountain	114.1	115.2	115.7	.4	.0	.4	.8	1.3	1.4
Pacific	114.1	115.5	116.3	.4	.5	.7	1.8	1.7	1.9

¹ Includes mining, construction, and manufacturing.

² Includes the following industries: wholesale trade; retail trade; transportation and warehousing; utilities; information; finance and insurance; real estate and rental and leasing; professional and technical services; management of companies and enterprises; administrative and waste services; education services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; and other services, except public administration.

³ The states (including the District of Columbia) that comprise the census divisions are: New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont; Middle Atlantic: New Jersey, New York, and Pennsylvania; South Atlantic: Delaware, District of

Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia; East South Central: Alabama, Kentucky, Mississippi, and Tennessee; West South Central: Arkansas, Louisiana, Oklahoma, and Texas; East North Central: Illinois, Indiana, Michigan, Ohio, and Wisconsin; West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota; Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming; and Pacific: Alaska, California, Hawaii, Oregon, and Washington.

NOTE: The indexes for these series are not strictly comparable to those for the aggregate, occupation, and industry series. Dashes indicate data not available.

Table 11. Employment Cost Index for wages and salaries, for State and local government workers, by occupational group and industry

(Not seasonally adjusted)

Occupational group and industry	Indexes (Dec. 2005 = 100)			Percent changes for--					
	June 2011	Mar. 2012	June 2012	3-months ended--			12-months ended--		
				June 2011	Mar. 2012	June 2012	June 2011	Mar. 2012	June 2012
State and local government workers									
All workers	114.2	115.2	115.4	0.1	0.3	0.2	1.2	1.0	1.1
Occupational group									
Management, professional, and related	113.8	114.9	115.0	.0	.3	.1	1.1	1.0	1.1
Professional and related	113.8	114.9	115.0	.0	.3	.1	1.1	1.0	1.1
Sales and office	113.7	114.5	114.7	.2	.3	.2	1.1	.9	.9
Office and administrative support	114.1	114.9	115.1	.2	.3	.2	1.0	.9	.9
Service occupations	115.5	116.6	116.7	.1	.3	.1	1.1	1.0	1.0
Industry									
Education and health services	113.8	114.8	114.9	.0	.2	.1	1.1	.9	1.0
Education services	113.4	114.3	114.4	.0	.2	.1	1.1	.8	.9
Schools ¹	113.4	114.3	114.4	.0	.2	.1	1.1	.8	.9
Elementary and secondary schools	113.6	114.5	114.6	.0	.2	.1	1.0	.8	.9
Health care and social assistance ²	117.4	118.8	118.9	.1	.6	.1	1.4	1.3	1.3
Hospitals	116.9	118.2	118.4	-.1	.6	.2	1.2	1.0	1.3
Public administration	114.5	115.6	115.8	.1	.5	.2	1.0	1.0	1.1

¹ Includes elementary and secondary schools; junior colleges; colleges, universities, and professional schools.

² Includes ambulatory health care services and social assistance, not shown separately.

Table 12. Employment Cost Index for benefits, by occupational group, industry, and bargaining status

(Not seasonally adjusted)

Occupational group, industry, and bargaining status	Indexes (Dec. 2005 = 100)			Percent changes for--					
	June 2011	Mar. 2012	June 2012	3-months ended--			12-months ended--		
				June 2011	Mar. 2012	June 2012	June 2011	Mar. 2012	June 2012
Civilian workers									
All workers ¹	116.8	118.6	119.3	1.1	0.9	0.6	3.6	2.7	2.1
Private industry workers									
All workers	115.4	116.9	117.6	1.5	.9	.6	4.0	2.8	1.9
Occupational group									
Management, professional, and related	114.8	116.8	117.4	1.2	1.4	.5	3.9	3.0	2.3
Sales and office	115.0	116.7	117.6	1.4	1.0	.8	3.5	2.9	2.3
Natural resources, construction, and maintenance	115.9	117.9	119.1	1.6	.9	1.0	3.1	3.3	2.8
Production, transportation, and material moving	116.5	116.1	117.1	2.6	-.8	.9	5.1	2.3	.5
Service occupations	116.1	118.1	118.3	.5	1.5	.2	3.2	2.3	1.9
Industry									
Goods-producing industries ²	114.1	114.2	114.9	2.1	-.2	.6	4.7	2.2	.7
Manufacturing	114.0	113.2	114.0	2.6	-.6	.7	6.1	1.9	.0
Aircraft manufacturing	87.6	77.3	77.4	.2	3.6	.1	22.3	-11.6	-11.6
Service-providing industries ³	115.9	118.0	118.7	1.2	1.4	.6	3.6	3.1	2.4
Bargaining status									
Union	122.3	122.9	124.3	2.8	.1	1.1	5.2	3.3	1.6
Nonunion	113.9	115.6	116.2	1.2	1.0	.5	3.5	2.7	2.0
State and local government workers									
All workers	122.1	124.8	125.4	.1	1.0	.5	3.0	2.3	2.7

¹ Includes workers in the private nonfarm economy except those in private households, and workers in the public sector, except the federal government.

² Includes mining, construction, and manufacturing.

³ Includes the following industries: wholesale trade; retail trade; transportation and warehousing; utilities; information; finance and

insurance; real estate and rental and leasing; professional and technical services; management of companies and enterprises; administrative and waste services; education services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; and other services, except public administration.

Table 13. Employment Cost Index for total compensation,¹ and wages and salaries, for private industry workers, by area

(Not seasonally adjusted)

Census region and metropolitan area	Percent changes for 12-months ended-					
	Total compensation			Wages and salaries		
	June 2011	Mar. 2012	June 2012	June 2011	Mar. 2012	June 2012
Northeast						
Boston-Worcester-Manchester, MA-NH CSA	3.1	1.9	1.2	2.7	1.6	0.8
New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	2.6	1.8	1.7	1.9	1.5	1.7
Philadelphia-Camden-Vineland, PA-NJ-DE-MD CSA	2.1	2.1	2.1	1.4	2.3	2.4
South						
Atlanta-Sandy Springs-Gainesville, GA-AL CSA	1.3	3.2	2.7	1.1	2.7	2.2
Dallas-Fort Worth, TX CSA	3.2	2.6	1.4	2.3	1.1	.8
Houston-Baytown-Huntsville, TX CSA	3.2	1.7	2.0	3.0	1.5	1.9
Miami-Fort Lauderdale-Pompano Beach, FL MSA	1.4	1.6	1.7	1.2	1.5	1.7
Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA	1.5	1.8	2.0	1.3	1.4	1.9
Midwest						
Chicago-Naperville-Michigan City, IL-IN-WI CSA ...	2.6	1.8	1.7	1.5	1.3	1.1
Detroit-Warren-Flint, MI CSA	4.9	1.9	.3	.7	1.2	2.6
Minneapolis-St. Paul-St. Cloud, MN-WI CSA	2.2	1.8	2.0	1.7	1.3	1.7
West						
Los Angeles-Long Beach-Riverside, CA CSA	1.9	1.6	1.6	1.2	1.4	1.6
Phoenix-Mesa-Scottsdale, AZ MSA	3.1	1.5	.4	2.1	1.0	1.0
San Jose-San Francisco-Oakland, CA CSA	2.5	2.1	2.1	1.9	1.4	1.6
Seattle-Tacoma-Olympia, WA CSA	4.4	.8	.5	1.7	1.7	1.7

¹ Includes wages, salaries, and employer costs for employee benefits.