

Approved: May 1, 2003
Date

Carl Dean Holmes

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:09 a.m. on March 14, 2003 in Room 526-S of the Capitol.

All members were present except: Representative Jerry Williams

Committee staff present: Mary Galligan, Legislative Research
Dennis Hodgins, Legislative Research
Mary Torrence, Revisor of Statutes
Jo Cook, Administrative Assistant

Conferees appearing before the committee:

Senator Stan Clark
David Springe, Citizens' Utility Ratepayer Board
Bruce Graham, Kansas Electric Power Cooperatives
Susan Cunningham, Kansas Corporation Commission

Others attending: See Attached List

SB 51 - Prohibiting the exclusion of excessive employee compensation ("golden parachutes") in public utility rates

Chairman Holmes opened the hearing on **SB 51**.

The Chairman welcomed Senator Stan Clark, 40th District and the bill's lead sponsor, to the committee. Senator Clark addressed the committee on the reasons he and Senator Bunten introduced the bill (Attachment 1). Senator Clark said the bill was introduced in an attempt to define "excessive compensation" and ultimately the Senate Utilities Committee decided that the Corporation Commission should define the term. Senator Clark also included with his testimony copies of several annual reports showing how, over the years, reporting companies changed the way they reported certain salaries and wages. Senator Clark responded to questions from the committee.

David Springe, Consumer Counsel for the Citizens' Utility Ratepayer Board, testified in support of **SB 51** (Attachment 2). Mr. Springe told the committee that executive compensation is an issue that they and other parties review in every utility rate case. He told the committee that the bill will provide a specific structure with respect to the review of executive compensation that could be beneficial to all.

Bruce Graham, Vice President of Member Services and External Affairs for Kansas Electric Power Cooperative, appeared as a proponent of **SB 51** (Attachment 3). Mr. Graham told the committee that the bill, as amended, requires action that is within the authority of existing agencies but does not require burdensome new compliance.

Susan Cunningham, General Counsel for the Kansas Corporation Commission, addressed the committee as an opponent to **SB 51** (Attachment 4). Ms. Cunningham stated that the Commission believes the policy directives outlined in the bill are already considered and that the legislation is unnecessary. She cited a recent order regarding Westar Energy's most recent rate case, attaching a copy to her testimony. Ms. Cunningham stated that the Commission and its Staff will continue to analyze and review, and disallow where appropriate, any public utility employee compensation that appears to be excessive and not in proportion to the employee's duties.

Written testimony in opposition to **SB 51** was submitted by Terry Leatherman, Kansas Chamber of commerce and Industry (Attachment 5)

Mr. Springe, Mr. Graham, and Ms. Cunningham responded to questions from the committee.

Chairman Holmes closed the hearing on **SB 51**.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 526-S Statehouse, at 9:09 a.m. on March 14, 2003.

Chairman Holmes announced that he had information about the Kansas Geological Survey Tour this summer for anyone interested and that copies of Commissioner Brian Moline's comments had been distributed to the committee.

Representative P. Long moved to approve the minutes of the January 27, January 28, January 29, January 30, and January 31 meetings. Representative M. Long seconded the motion. The motion carried.

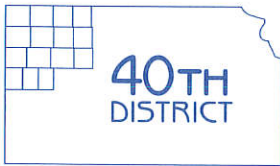
The meeting adjourned at 10:24 a.m.

The next meeting will be Wednesday, March 19, 2003 at 9:00 a.m.

HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: March 14, 2003

NAME	REPRESENTING
Joe Dick	KCBPU
Joe Long	Aquila, Inc.
Dan Sprung	Curbs
Bruce Graham	ICEPS
Susan Cumingham	KCC
Gin Hartman	SBC
Debbie Snow	CWA
Bill Sneed	Koch Consulting
D. S. Koch	POLSIWELL SHELTON WRITE
Anne Spiess	ETA
MARK SCHREIBER	Western Energy
Jan Holter	KK
Steve Johnson	Kansas Gas Service
BOB ANDERSON	ATMOS ENERGY CORP.
Shirley Allen	SITA
Tom Day	KCC



COMMITTEE ASSIGNMENTS

CHAIR: UTILITIES
MEMBER: ASSESSMENT & TAXATION
ELECTIONS & LOCAL GOVERNMENT
ORGANIZATIONS, CALENDAR, & RULES
RULES & REGULATIONS

Stan Clark

TESTIMONY BEFORE THE HOUSE UTILITIES COMMITTEE

SB 51

March 14, 2003

Chairman Holmes and members of the committee:

Senate Bill 51 was introduced by Senator Bill Bunten and myself partially in reaction to what we perceived as excessive golden parachutes offered by the board of directors of a Kansas utility and partially to provide guidance to directors on all Kansas utilities on what compensation packages might be allowed to be recovered in rate base and what would be paid by either the stockholders or from non-utility associated businesses. I believe that this kind of detail in the statute provides guidance and hopefully a formula to assist all parties.

The bill as was introduced attempted to define "excessive compensation" and you can the first 1¼ pages was our best attempt. We agreed that lines 29 and lines 39 through 41 could be eliminated from the definition. Some utilities will quietly tell you that they want the legislature to define this term while a much larger number want the KCC to define the term. In the end the Senate Committee struck the definition and inserted lines 12 through 14 on page 2 that allows the KCC to define the term. The Senate Committee also placed in their minutes that the KCC is to use the items listed on page 2, lines 23 through 35 as the basis for defining this term. These same lines require the Commission to make a specific determination of allowable executive compensation before it can be recovered in rates.

The bill on page 2, lines 17 through 20 uses the Securities and Exchange Commissions definition of "compensation". Jim Zakoura, attorney, recommended that we use the definition that is used by many federal agencies.

During the hearings in the Senate, a suggestion was made that the payroll compensation of the 12 highest paid employees of every utility be disclosed in the annual report filed by the utility at the Commission.

With that suggestion, I knew I probably had as much background on this specific issue as anyone and I went through the files in my hayloft at home the following weekend (see attachment).

The annual reports at the Commission take several forms. Some electric utilities use the FERC forms and others use a format tailored for state public utility commissions, the natural gas and telephone utilities also have similar variations.

Page 1 is a typical index – note the heading salaries and wages – director’s fees, officer’s salaries and wages and the distribution of salaries and wages.

Pages 2- 8 Midwest Energy 2001

Pages 9- 12 Western Resources 2001

Much of this information was available to the public until the mid 1980’s.

Pages 13-14 Great Plains Electric Cooperative 1983

Page 15 Sunflower Electric Cooperative 1984

Pages 16 – 17 Sunflower Electric Cooperative 1985

Page 18 Great Plains Electric Cooperative 1985

Pages 19-22 Sunflower Electric Power Corporation 1998

Pages 23-27 Wheatland Electric Cooperative 2001

Pages 28-29 Moundridge Telephone Co. 2001

Pages 30-31 S&T Telephone 2001

Pages 32-38 Southwestern Bell Telephone, L.P. 2001

Pages 39-41 United Telephone Co. of Kansas 2001

Page 42 KSA 45-221(b)

The committee decided to require salary disclosure of only publicly traded utilities and further narrowed the information to require the disclosure of compensation ranges of the officers of the public utility.

If you want to broaden disclosure of this information beyond publicly traded utilities or required more detailed information, that is your decision and would be a great discussion item in conference committee.

I would urge full committee discussion of the items in this bill and your support of the main provisions contained in the bill.

Mister Chairman, I would gladly stand for questions.

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Stan's

<u>July</u>	
Plant - electric	
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construction work in progress	216
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in service	204-207
leased to others	213
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income taxes	234
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Prepaid taxes	262-263
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Sales - for resale	310-311
Salvage - nuclear fuel	202-203
Schedules, this report form	2-4
Securities	
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Statement of Cash Flows	120-121
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Statement of retained earnings for the year	118-119
Steam-electric generating plant statistics	402-403
Stock liability for conversion	252
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DIRECTORS

1. Below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.

Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	John Blackwell, Secretary	Route 2, Box 89, Larned, KS 67550
2	Kenneth R. Braun	3008 Cherry Hill Drive, Hays, KS 67601
3	Lon R. Frahm, Treasurer	18 Cottonwood Drive, Colby, KS 67701
4	Bill Hikok	1203 Hillside Drive, Scott City, KS 67871
5	Keith L. Miller	363 NE 80th Ave, Great Bend, KS 67530
6	Chuck Moore	P.O. Box 502, Colby, KS 67701
7	Gary Moss	HC1 Box 49, Menlo, KS 67753
8	Juanita Stecklein, Vice Chairman	1075 280th Ave, Hays, KS 67601
9	Dale Unruh, Chairman	Route 1, Box 12, Pawnee Rock, KS 67567
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Position (a)	Total No. of Employees as of Dec. 31 (b)	Annual Salary Ranges			No. of Employees			Total Payroll for the Year (j)
		Min (c)	Mid- Point (d)	Max. (e)	Min. (f)	Mid- Point (g)	Max. (h)	
<u>Officers (see page 104)</u>								
<u>Management Categories (Non-Officers):</u>								
General Manager / Executive Director								
Director								
Manager								
Superintendent								
Assistant Manger / Staff Coordinator								
Foreman								
<u>Professional / Technical Categories:</u>								
Attorney								
Engineer								
Finance / Accountant								
Rates Analyst								
Public Affairs Specialist								
Information Systems Specialist								
Customer Assistance Representative								
Marketing / Sales Representative								
Clerical Personnel								
<u>Union Categories:</u>								
Lineman, Journeyman								
Lineman, Apprentice								
Service Repairman								
Distribution Repairman								
Laborer								

N/A

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1-5

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, _____
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DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to *Utility Departments, Construction, Plant Removals, and Other Accounts*, and enter such amounts in the appropriate lines and columns provided.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1.	Electric			
2.	Operation			
3.	Production			
4.	Transmission			
5.	Distribution			
6.	Customer Accounts			
7.	Customer Service and Informational			
8.	Sales			
9.	Administrative and General			
10.	TOTAL Operation (Total of lines 3 thru 9)	See pages 354-355 of Regular Report		
11.	Maintenance			
12.	Production			
13.	Transmission			
14.	Distribution			
15.	Administrative and General			
16.	TOTAL Maint. (Total of lines 12 thru 15)			
17.	Total Operation and Maintenance			
18.	Production (Total of lines 3 and 12)			
19.	Transmission (Total of lines 4 and 13)			
20.	Distribution (Total of lines 5 and 14)			
21.	Customer Accounts (Line 6)			
22.	Customer Service and Informational (line 7)			
23.	Sales (Line 8)			
24.	Administrative and General (Total of lines 9 and 15)			
25.	TOTAL Oper. And Maint. (Total of lines 18 thru 24)			

4

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Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, _____	
DISTRIBUTION OF SALARIES AND WAGES - Continued				
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
26.	Gas			
27.	Operation			
28.	Production - Manufactured Gas			
29.	Production - Nat. Gas (Including Expl. And Dev.)			
30.	Other Gas Supply			
31.	Storage, LNG Terminaling and Processing			
32.	Transmission			
33.	Distribution			
34.	Customer Accounts			
35.	Customer Service and Informational			
36.	Sales	See pages 354-355 of Regular Report		
37.	Administrative and General			
38.	TOTAL Operation (Total of lines 28 thru 37)			
39.	Maintenance			
40.	Production - Manufactured Gas			
41.	Production - Natural Gas			
42.	Other Gas Supply			
43.	Storage, LNG Terminaling and Processing			
44.	Transmission			
45.	Distribution			
46.	Administrative and General			
47.	TOTAL Maint. (Total of lines 40 thru 46)			

5

1-7

of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, _____
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DISTRIBUTION OF SALARIES AND WAGES - Continued

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
	Gas (Continued)			
48.	Total Operation and Maintenance			
49.	Production - Manufactured Gas (Lines 28 and 40)			
50.	Production - Natural gas (including Expl. And Dev.) (Lines 29 and 41)			
51.	Other Gas Supply (Lines 30 and 42)			
52.	Storage, LNG Terminaling and Processing (Lines 31 and 43)			
53.	Transmission (Lines 32 and 44)			
54.	Distribution (Lines 33 and 45)			
55.	Customer Accounts (Line 34)			
56.	Customer Service and Informational (Line 35)			
57.	Sale (Line 36)			
58.				
59.	TOTAL Operation and Maint. (Total of lines 49 thru 58)	See pages 354-355 of Regular Report		
60.	Other Utility Departments			
61.	Operation and Maintenance			
62.	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)			
63.	Utility Plant			
64.	Construction (By Utility Departments)			
65.	Electric Plant			
66.	Gas Plant			
67.	Other			
68.	TOTAL Construction (Total of lines 65 thru 67)			
69.	Plant Removal (By Utility Departments)			
70.	Electric Plant			
71.	Gas Plant			
72.	Other			
73.	TOTAL Plant Removal (Total of Lines 70 thru 72)			

Report how the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts, Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation yielding substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission	259,756		
5	Distribution	66,130		
6	Customer Accounts	621,844		
7	Customer Service and Informational	541,706		
8	Sales	221,272		
9	Administrative and General	46,006		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	594,439		
11	Maintenance	2,351,153		
12	Production			
13	Transmission	70,782		
14	Distribution	94,527		
15	Administrative and General	501,193		
16	TOTAL Maint. (Total of lines 12 thru 15)	98,341		
17	Total Operation and Maintenance	764,343		
18	Production (Enter Total of lines 3 and 12)			
19	Transmission (Enter Total of lines 4 and 13)	330,538		
20	Distribution (Enter Total of lines 5 and 14)	160,657		
21	Customer Accounts (Transcribe from line 6)	1,123,037		
22	Customer Service and Informational (Transcribe from line 7)	541,706		
23	Sales (Transcribe from line 8)	221,272		
24	Administrative and General (Enter Total of lines 9 and 15)	46,006		
25	TOTAL Oper. and Maint. (Total of lines 18 thru 24)	692,780		
26	Gas	3,115,996	891,482	4,007,478
27	Operation			
28	Production-Manufactured Gas			
29	Production-Nat. Gas (Including Expi. and Dev.)			
30	Other Gas Supply			
31	Storage, LNG Terminaling and Processing	57,937		
32	Transmission			
33	Distribution	31,045		
34	Customer Accounts	1,386,318		
35	Customer Service and Informational	783,717		
36	Sales	266,072		
37	Administrative and General	17,156		
38	TOTAL Operation (Enter Total of lines 28 thru 37)	538,520		
39	Maintenance	3,080,765		
40	Production-Manufactured Gas			
41	Production-Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminaling and Processing			
44	Transmission			
45	Distribution	15,335		
46	Administrative and General	310,053		
	TOTAL Maint. (Enter Total of lines 40 thru 46)	32,850		
		358,238		

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DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Total Operation and Maintenance			
49	Production-Manufactured Gas (Enter Total of lines 28 and 40)			
50	Production-Natural Gas (Including Expl. and Dev.) (Total lines 29,			
51	Other Gas Supply (Enter Total of lines 30 and 42)	57,937		
52	Storage, LNG Terminating and Processing (Total of lines 31 thru			
53	Transmission (Lines 32 and 44)	46,380		
54	Distribution (Lines 33 and 45)	1,696,371		
55	Customer Accounts (Line 34)	783,717		
56	Customer Service and Informational (Line 35)	266,072		
57	Sales (Line 36)	17,156		
58	Administrative and General (Lines 37 and 46)	571,370		
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)	3,439,003	983,894	4,422,897
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	6,554,999	1,875,376	8,430,375
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	1,144,280	327,377	1,471,657
66	Gas Plant	427,837	122,403	550,240
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	1,572,117	449,780	2,021,897
69	Plant Removal (By Utility Departments)			
70	Electric Plant	125,970	36,040	162,010
71	Gas Plant	16,958	4,852	21,810
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	142,928	40,892	183,820
74	Other Accounts (Specify):			
75	123.2 Midwest Development	620	177	797
76	123.4 Midwest United Energy	12,105	3,463	15,568
77	123.41 Pioneer Telecommunications Project	11,584	3,314	14,898
78	143 Other Accounts Receivable	1,129	323	1,452
79	186 Miscellaneous Deferred Debits	4,851	1,388	6,239
80	186.9 Restructuring/Unbundling/Open Access	36,338	10,396	46,734
81	416 Merchandise and Appliance Sales Expense - Electric	34,291	9,811	44,102
82	416 Merchandise and Appliance Sales Expense - Gas	335,034	95,853	430,887
83	418 Expenses on Non-Utility Property	2,868	820	3,688
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95	TOTAL Other Accounts	438,820	125,545	564,365
96	TOTAL SALARIES AND WAGES	8,708,864	2,491,593	11,200,457

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.

2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Chairman of the Board and CEO		
2	Executive Vice President, Chief Strategic Officer	David C. Wittig	
3	Executive Vice President and CAO (1)	Douglas T. Lake	
4	Executive Vice President, Electric Operations (1)	Carl M. Koupal, Jr.	
5	Executive Vice President, Shared Services (2)	Thomas L. Grennan	
6	Executive Vice President and General Counsel (1)	Rita A. Sharpe	
7	Sr. Vice President, Finance and Treasurer (1)	Richard D. Terrill	
8	Corporate Secretary (5)	James A. Martin	
9	Senior Vice President, Customer Operations (4)	Larry D. Irick	
10	Senior Vice President, CFO and Treasurer (5)	Richard A. Dixon	
11	Senior Vice President, Commodity Strategy (4)	Paul R. Geist	
12	Senior Vice President, Generation & Marketing (6)	Shane A. Mathis	
13		Douglas R. Sterbenz	
14			
15			
16	Notes:		
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18	(1) Resigned October 2001		
19			
20	(2) Resigned December 2001		
21			
22	(3) Appointed Vice President December 2001		
23			
24	(4) Appointed December 2001		
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26	(5) Appointed October 2001		
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28	(6) Appointed November 2001		
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DIRECTORS

1. Provide below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), above designated title, the directors who are officers of the respondent.

2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1		
2	Frank J. Becker	Lawrence, KS
3		
4	Gene A. Budig	New York, NY
5		
6	Charles Q. Chandler, IV	Wichita, KS
7		
8	John C. Dicus	Topeka, KS
9		
10	R. A. Edwards (1)	Hutchinson, KS
11		
12	Douglas T. Lake	Topeka, KS
13	Executive Vice President, Chief Strategic Officer	
14		
15	Owen F. Leonard (2)	Saddle Brook, NJ
16		
17	John C. Nettels, Jr.	Overland Park, KS
18		
19	Jane Dresner Sadaka (3)	New York, NY
20		
21	Louis W. Smith (4)	Kansas City, MO
22		
23	David C. Wittig	Topeka, KS
24	Chairman of the Board, President and CEO	
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29	Notes:	
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31	(1) Appointed October 2001	
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33	(2) Retired May 2001	
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35	(3) Retired March 2001	
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37	(4) Retired July 2001	
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DISTRIBUTION OF SALARIES AND WAGES

Below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility, Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission	16,027,536		
5	Distribution	1,510,985		
6	Customer Accounts	8,050,529		
7	Customer Service and Informational	6,654,569		
8	Sales	345,262		
9	Administrative and General	312,404		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	27,619,548		
11	Maintenance	60,520,833		
12	Production			
13	Transmission	14,144,368		
14	Distribution	1,459,748		
15	Administrative and General	4,387,929		
16	TOTAL Maint. (Total of lines 12 thru 15)	528,464		
17	Total Operation and Maintenance	21,020,509		
18	Production (Enter Total of lines 3 and 12)			
19	Transmission (Enter Total of lines 4 and 13)	30,171,904		
20	Distribution (Enter Total of lines 5 and 14)	2,970,733		
21	Customer Accounts (Transcribe from line 6)	12,938,458		
22	Customer Service and Informational (Transcribe from line 7)	6,654,569		
23	Sales (Transcribe from line 8)	345,262		
24	Administrative and General (Enter Total of lines 9 and 15)	312,404		
25	TOTAL Oper. and Maint. (Total of lines 18 thru 24)	28,148,012		
26	Gas	81,541,342		81,541,342
27	Operation			
28	Production-Manufactured Gas			
29	Production-Nat. Gas (Including Expl. and Dev.)			
30	Other Gas Supply			
31	Storage, LNG Terminaling and Processing			
32	Transmission			
33	Distribution			
34	Customer Accounts			
35	Customer Service and Informational			
36	Sales			
37	Administrative and General			
38	TOTAL Operation (Enter Total of lines 28 thru 37)			
39	Maintenance			
40	Production-Manufactured Gas			
41	Production-Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminaling and Processing			
44	Transmission			
45	Distribution			
46	Administrative and General			
47	TOTAL Maint. (Enter Total of lines 40 thru 46)			

1-13

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Total Operation and Maintenance			
49	Production-Manufactured Gas (Enter Total of lines 28 and 40)			
50	Production-Natural Gas (Including Expl. and Dev.) (Total lines 29,			
51	Other Gas Supply (Enter Total of lines 30 and 42)			
52	Storage, LNG Terminating and Processing (Total of lines 31 thru			
53	Transmission (Lines 32 and 44)			
54	Distribution (Lines 33 and 45)			
55	Customer Accounts (Line 34)			
56	Customer Service and Informational (Line 35)			
57	Sales (Line 36)			
58	Administrative and General (Lines 37 and 46)			
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)			
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	81,541,342		81,541,342
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant			
66	Gas Plant	7,006,844		7,006,844
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	7,006,844		7,006,844
69	Plant Removal (By Utility Departments)			
70	Electric Plant			
71	Gas Plant	1,625,368		1,625,368
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	1,625,368		1,625,368
74	Other Accounts (Specify):			
75	146 Accounts Receivable	9,000		9,000
76	163 Stores Expense and Undistributed	1,230,019		1,230,019
77	184 Clearing Accounts	16,344,534		16,344,534
78	186 Misc. Deferred Debits	4,011		4,011
79	211 Other Paid-In Capital	4,596,405		4,596,405
80	228 Operating Reserves	559,054		559,054
81	232 Accounts Payable	10,927,476		10,927,476
82	241 Tax Collections Payable	-193,994		-193,994
83	253 Other Deferred Credits	5,543,540		5,543,540
84	426 Misc. Other Deductions	1,173,105		1,173,105
85	451 Misc. Service Revenues	170,275		170,275
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	40,363,425		40,363,425
96	TOTAL SALARIES AND WAGES	130,536,979		130,536,979

GENERAL INFORMATION AND IMPORTANT CHANGES DURING YEAR - Continued

7. Directors at close of calendar year:

Name of Director (a)	Address (b)	Term Began (c)	Term Expires (d)	Meetings Attended During Year (e)	Fees During Year (f)
Clifton A. Smith	Rt. 1, Weskan, Ks.	1982	1985	18	2,637.90
Floyd Owens	Rt. 2, Box 74, Goodland, Ks.	1982	1985	18	2,529.14
Gene Olson	Rt. 2, Box 95, Colby, Ks.	1981	1984	16	2,061.51
Tauscher Bretz	Rt. 2, Wallace, Ks.	1981	1984	12	1,452.00
Tommy Tompkins	Rt. 2, Box 77, Goodland, Ks.	1981	1984	17	2,302.17
Norval Evert	Rt. 2, Box 22A, Goodland, Ks.	1983	1986	22	3,208.91
Bruce Selby	Rt. 1, Brewster, Ks.	1982	1985	18	2,323.41
Leroy Delzeit	Rt. 2, Box 40, Oakley, Ks.	1983	1986	25	3,165.10
Dale Farmer	Rt. 1, Box 71T, Colby, Ks.	1983	1986	19	2,496.98

8. Annual Meeting

(a) Date and place held April 5, 1983 - Goodland, Kansas

(b) Votes cast for election of directors:

By members in person 98
 By proxy 0
 Total votes cast 98

(c) Membership outstanding End of Year 2315

9. If any general or special cash distribution of patronage capital was made during the year, give the amount paid, the number of members (or prior members) receiving payment, and the purpose for such distribution.

In 1983 we refunded capital credits on 18 deceased members in the amount of \$6,172.78.

10. Describe any important extensions of the transmission or distribution system during the year.

NONE

11. Purchase or sale of an operating unit of plant.

Sold a distribution substation to the City Of Colby at a price of \$40,000.00

TABLE 1 - - -

EMPLOYEE PAYROLL DATA

- List in this table the payroll data as called for, beginning with office employees (including manager). Then list plant employees. Show subtotals for each group in column (g). Show all regular employees separately. Temporary employees may be shown by groups, providing the number thereof is shown (A temporary employee is one employed for short duration or for construction or other special work where employment will terminate upon completion thereof).
- The rate of pay shown in column (e) should not include overtime.

Name of Employee (a)	Title of Position (b)	Length of Tenure		Year End Status		Total Compensation for Year (g)
		Number Prior Years (c)	Current Year (months) (d)	Pay per Hour or per Month (e)	Full time or Part time or Terminated (f)	
Alfred J. Gerstner	Manager	14	7	4,126.20	Mon. Full	48,677.22
Delbert Dempewolf	Office Mgr.	28		3,434.80	Mon. "	41,217.60
Beulah M. Shirley	Accountant	16		11.82	"	24,549.65
Janet L. Ekberg	Billing Clk.	7	11	8.66	"	18,113.47
T. J. Stoecklein	Work Orders	7	3	10.27	"	20,696.56
Vickie Riedel	Cashier	6	1	7.78	"	16,186.29
Mary Lou Hardy	Ast. Blg. Clk.	5	4	7.52	"	15,355.58
Betty J. Gill	Radio Oper.	30		45.00	Mon. Part.	540.00
Jeanne L. Harding	Radio Oper.	16	10	45.00	Mon. "	540.00
Wm. E. Draper	Line Supt.	11	9	3,260.65	Mon. "	39,328.04
Howard Gill	Area Super.	32	1	14.23	"	33,078.22
Don Harding	Area Super.	30	2	14.97	"	33,679.05
Delbert Touslee	Area Super.	25	6	13.32	"	29,395.11
Wm. Kersenbrock	Purch. Ag.	21	9	12.91	"	26,830.85
Lowell Harter	Stak. Eng.	10		11.81	"	25,852.37
Gerald White	Lineman	9	8	11.03	"	26,236.24
Russell D. Barnes	Lineman	5		7.48	"	17,667.76
Stanley Kibel	Lineman	5		7.48	"	17,198.99
Max C. Perkins	Lineman	4	11	9.40	"	21,486.43
Larry Lahman	Lineman	4	6	10.31	"	22,991.67
William Olsen	Lineman	3	4	7.35	"	16,225.52
Rory Bedore	Lineman	1	9	6.62	"	13,667.73
John P. Kriss	Lineman	1	3	9.40	"	20,651.86
Sub-total						344,289.84

8. Total payroll charged directly to operating expenses during the year.....

237,973.67	121,601.96	
OTHER PAYROLL CHARGES		
9. Vehicle and/or other clearing accounts.....		16,583.74
10. Amounts charged to construction and/or to plant accounts.....		135,876.81
11. Amounts charged in connection with plant removals.....		14,196.92
12. Amounts charged to other accounts (Submit schedule if more than 5% of total payroll).....		3,933.11
13. Total Payroll Distribution (Should agree with total payroll Table 1)		530,166.21

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TABLE 1 --- EMPLOYEE PAYROLL DATA

1. List in this table the payroll data as called for, beginning with office employees (including managers). Then list plant employees. Show subtotals for each group in column (g). Show all regular employees separately. Temporary employees may be shown by groups, providing the number thereof is shown (A temporary employee is one employed for short duration or for construction or other special work where employment will terminate upon completion thereof).
 2. The rate of pay shown in column (e) should not include overtime.

Name of Employee (a)	Title of Position (b)	Length of Tenure		Year End Status		Total Compensation for Year (g)
		Number Prior Years (c)	Current Year (months) (d)	Pay per Hour or per Month (e)	Full time Part time or Terminated (f)	
Arthur Schnose	Gen. Mgr.	14	12	6875/mo	Full	\$ 80,471
Steve Thompson	Asst Gen Mgr	10	12	6250/mo	Full	
Robert Anderson	Dir of Oper	3	12	4472/mo	Full	59,745
Other Office Empl	47	--	--	--		50,940
Plant Employees	210	--	--	--		802,530
						6,277,735
Total Payroll for the Year (Should agree with Table 2 below, Line 13)						\$7,271,421

TABLE 2 -- DISTRIBUTION OF SALARIES AND WAGES

Line No.	Class of Charges	Operation (b)	Maintenance (c)	Total (d)
OPERATING EXPENSE CHARGES				
1.	Production expenses.....	\$ 3,054,084	\$ 1,654,908	\$ 4,708,992
2.	Transmission expenses.....	308,829	102,968	411,797
3.	Distribution expenses.....	-0-	-0-	-0-
4.	Customer accounting.....	41,259	-0-	41,259
5.	Customer service and informational expenses.....	-0-	-0-	-0-
6.	Sales promotion expenses.....	-0-	-0-	-0-
7.	Administrative and general expenses.....	-0-	-0-	-0-
8.	Total payroll charged directly to operating expenses during the year.....	993,686	6,493	1,000,179
		\$ 4,397,858	\$ 1,764,369	\$ 6,162,227
OTHER PAYROLL CHARGES				
9.	Vehicle and/or other clearing accounts.....			175,493
10.	Amounts charged to construction and/or to plant accounts.....			471,401
11.	Amounts charged in connection with plant removals.....			-0-
12.	Amounts charged to other accounts (Submit schedule if more than 5% of total payroll).....			462,300
13.	Total Payroll Distribution (Should agree with total payroll Table 1)			\$ 7,271,421

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1-17

TABLE 1 ---

EMPLOYEE PAYROLL DATA

- List in this table the payroll data as called for, beginning with office employees (including manager). Then list plant employees. Show subtotals for each group in column (g). Show all regular employees separately. Temporary employees may be shown by groups, providing the number thereof is shown (A temporary employee is one employed for short duration or for construction or other special work where employment will terminate upon completion thereof).
- The rate of pay shown in column (e) should not include overtime.

Name of Employee (a)	Title of Position (b)	Length of Tenure		Year End Status		Total Compensation for Year (g)
		Number Prior Years (c)	Current Year (months) (d)	Pay per Hour or per Month (e)	Full time Part time or Terminated (f)	
(SEE ATTACHED)						
Total Payroll for the Year (Should agree with Table 2 below, Line 13)						

TABLE 2 --- DISTRIBUTION OF SALARIES AND WAGES

Line No.	Class of Charges	Operation (b)	Maintenance (c)	Total (d)
<u>OPERATING EXPENSE CHARGES</u>				
1.	Production expenses.....	\$3,423,224	\$1,776,264	\$5,199,488
2.	Transmission expenses.....	554,919	124,247	679,166
3.	Distribution expenses.....	—	—	—
4.	Customer accounting.....	65,356	—	65,356
5.	Customer service and informational expenses.....	—	—	—
6.	Sales promotion expenses.....	—	—	—
7.	Administrative and general expenses.....	1,035,890	104,627	1,140,517
8.	Total payroll charged directly to operating expenses during the year.....	\$5,079,389	\$2,005,138	\$7,084,527
<u>OTHER PAYROLL CHARGES</u>				
9.	Vehicle and/or other clearing accounts.....			261,893
10.	Amounts charged to construction and/or to plant accounts.....			77,118
11.	Amounts charged in connection with plant removals.....			-0-
12.	Amounts charged to other accounts (Submit schedule if more than 5% of total payroll).....			23,149
13.	Total Payroll Distribution (Should agree with total payroll Table 1)			\$7,446,687

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1-18

31, L.

Sunflower Electric Corp 1985

Employee Payroll Data

<u>Title of Position</u> (b)	<u>Employees</u>	<u>Total Compensation for Year</u> (g)
Clerical	16	241,578
Coal & Material Handler	12	334,649
Unit Operator	20	559,510
Equipment Operator	19	422,443
Control Operator	5	170,878
EIC Tech.	17	489,588
Journey Man Line/Sub Tech.	9	266,469
Lab Tech.	14	383,802
Maint. Planning Tech.	3	92,040
Mechanic/Machinist/Welder	22	572,036
Meter Tester	3	64,398
Secretary	11	154,796
System Operator	6	202,523
Shift Supervisor	5	201,880
Engineer	6	221,845
Engineer Tech.	6	175,724
Compressor Operator	2	41,392
Warehouseman	5	109,650
Prev. Maintenance Spec.	6	143,898
Programmer	3	69,937
Directors	4	203,122
Electric Meterman	2	52,540
Laborer	5	96,264
Telecom. Tech.	4	118,184
Accounting/Personnel Asst.	4	66,036
Manager	11	469,790
Supervisor & Supt.	22	785,310
Analyst	5	145,855
General Manager	1	79,153
Terminated	30	328,395
Sub-Total		<u>\$7,263,685</u>
Accrued Vac./Hol. Acct. 242300		<u>183,002</u>
TOTAL		<u>\$7,446,687</u>

NOTE: SUNFLOWER DOES NOT HAVE SALARY RANGES IN EFFECT AT THIS TIME.

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1-19



TABLE 1 - - - EMPLOYEE PAYROLL DATA

1. List in this table the payroll data as called for, beginning with office employees (including managers). Then list plant employees. Show subtotals for each group in column (g). Show all regular employees separately. Temporary employees may be shown by groups, providing the number thereof is shown (A temporary employee is one employed for short duration or for construction or other special work where employment will terminate upon completion thereof).
 2. The rate of pay shown in column (e) should not include overtime.

Name of Employee (a)	Title of Position (b)	Length of Tenure		Year End Status		Total Compensation for Year (g)			
		Number Prior Years (c)	Current Year (months) (d)	Pay per Hour or per Month (e)	Full time or Part time or Terminated (f)				
		(b)	Annual Salary Ranges			No. of Employees			Total Payroll for the Year (i)
		Total Number of Employees as of December 31	(c) Min.	(d) Mid-Point	(e) Max.	(f) Min.	(g) Mid-Point	(h) Max.	
Management Categories									
General Manager/Staff Members		3	26,750/ 32,771	32,772/ 42,956	42,957/ 56,307			3	139,455.1
Supervisors		4	28,704/ 32,864	32,865/ 40,269	40,270/ 49,338	2	2		130,334.0
Clerical Personell		6	10,400/ 14,581	14,582/ 23,420	23,421/ 37,606	2	2	2	135,528.6
Linemen		9	11,960/ 15,662	15,663/ 21,902	21,903/ 32,864	3	1	5	168,984.5
TOTALS									574,302.3

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TABLE 1 – EMPLOYEE PAYROLL DATA

1. List in this table the payroll data as called for, beginning with office positions (including manager). Then list plant positions. Show each position title. If there are five employees with the same position title, the position need only be listed once with the number of employees in parentheses, the average pay for the five, and the total compensation for the five.

2. The rate of pay shown in column (b) should not include overtime.

Title of Position (a)	Year End Status		Total Compensation for Year (d)
	Pay per Hour or per Month (b)	Full-Time Part-time or Terminated (c)	
See Attachment			
Total Payroll for the year (Should agree with Table 2 below, Line 13)			

TABLE 2– DISTRIBUTION OF SALARIES AND WAGES

Line No.	Class of Charges (a)	Operation (b)	Maintenance (c)	Total (d)
<u>OPERATING EXPENSE CHARGES</u>				
1.	Production expenses	3,756,710	2,240,410	5,997,120
2.	Transmission expenses	931,443	477,044	1,408,487
3.	Distribution expenses	0	0	0
4.	Customer accounting	25,286	0	25,286
5.	Customers service and individual expenses	0	0	0
6.	Sales promotion expenses	0	0	0
7.	Administrative and general expenses	1,919,035	242,443	2,161,478
8.	Total payroll charged directly to operating expenses during the year	0	0	0
		6,632,474	2,959,897	
<u>OTHER PAYROLL CHARGES</u>				
9.	Vehicle and /or other clearing accounts			238,755
10.	Amounts charged to construction and / or to plant accounts			19,615
11.	Amounts charged in connection with plant accounts			0
12.	Amounts charged to other accounts (Submit schedule if more than 5% of total payroll)			0
13.	Total Payroll Distribution (Should agree with total payroll Table 1)			9,850,741

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1-21

TABLE 1 EMPLOYEE PAYROLL DATA

1. List in this table the payroll data as called for, beginning with office positions (including manager). Then list plant positions. Show each position title. If there are five employees with the same position title, the position need only be listed once with the number of employees in parentheses, the average pay for the five, and the total compensation for the five.
2. The rate of pay shown in column (b) should not include overtime.

Title of Position (a)	Year End Status		Total Compensation for Year (d)
	Pay per Hour or per Month (b)	Full-Time Part-time or Terminated (c)	
See Attachment			
Total Payroll for the year (Should agree with Table 2, Line 13):			

Pursuant to K.S.A. 45-221 (b), Employee Payroll Data is deemed confidential and will be kept in a locked file.

Pursuant to
K.S.A. 45-221 (b)
Officer Compensation Information
Is Deemed Confidential
and
Kept in a Locked File

TABLE 2-- DISTRIBUTION OF SALARIES AND WAGES				
Line No.	Class of Charges (a)	Operation (b)	Maintenance (c)	Total (d)
<u>OPERATING EXPENSE CHARGES</u>				
1.	Production expenses			
2.	Transmission expenses			
3.	Distribution expenses			
4.	Customer accounting			
5.	Customers service and individual expenses			
6.	Sales promotion expenses			
7.	Administrative and general expenses			
8.	Total payroll charged directly to operating expenses during the year			
<u>OTHER PAYROLL CHARGES</u>				
9.	Vehicle and /or other clearing accounts			
10.	Amounts charged to construction and / or to plant accounts			
11.	Amounts charged in connection with plant removals			
12.	Amounts charged to other accounts (Submit schedule if more than 5% of total payroll)			
13.	Total Payroll Distribution (Should agree with total payroll Table 1)			See Page 37

GENERAL INFORMATION AND IMPORTANT CHANGES DURING YEAR

1. Name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept.
2. Incorporation
 - (a) State in which incorporated Kansas
 - (b) Date of incorporation October 25, 1948
 - (c) If incorporated in Kansas, state whether incorporated:
 - (1) under the Electric Cooperative Act (Chapter 17, Article 46) or
 - (2) under the Cooperative Society Act (Chapter 17, Article 15).
3. Date when first project was energized June 18, 1949
4. States other than Kansas in which respondent operated during the calendar year _____
 Colorado
5. Officers and Managers at close of calendar year:

Title (a)	Name of Officer (b)	Address (c)	Salary for Year (if any) (d)
President Vice-President Secretary Treasurer Manager	Ron Davis Wes Campbell Edwin Wasinger John Graber Neil K. Norman	Syracuse, Ks. Holcomb, Ks. Scott City, Ks. Kendall, Ks. Scott City, Ks.	130,000

6. If any change in the above position has been made subsequent to close of the calendar year, show name and address of new incumbent and name of person replaced.

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1-25

ELECTRIC OPERATION AND MAINTENANCE EXPENSES- Continued			
Line No.	Account Number and Name (a)	Amount for Current Year (b)	Amount for Preceding Year (c)
<u>ADMINISTRATIVE AND GENERAL EXPENSE</u>			
<u>Operation</u>			
16.	(920) Administrative and general salaries		
17.	(921) Office supplies and expenses	998,293	869,566
18.	(922) Administrative expenses transferred - Cr	551,396	513,020
19.	(923) Outside services employed		
20.	(924) Property insurance	258,880	222,190
21.	(925) Injuries and damages	631,858	
22.	(926) Employee pensions and benefits	359,673	86,344
23.	(927) Franchise requirements	772,802	79,911
24.	(928) Regulatory commission expenses		
25.	(929) Duplicate charges - Cr	39,811	28,867
26.	(930.1) General advertising expenses	(43,937)	(43,014)
27.	(930.2) Miscellaneous general expenses	235	
28.	(930) Rents	327,194	326,751
		17,725	18,196
29.	Total operation (Lines 16-28, incl.)	3,913,930	2,101,831
	Less: amont TRF to Trans. & Dist. Accts. <u>Maintenance</u>	(2,681,012)	
30.	(932) Maintenance of general plant	67,762	54,053
31.	Total Administrative and General Expenses (Line 29 plus line 30)	1,302,680	2,155,884
32.	Total Electric Expenses (Page 32, line 39 plus page 33, line 17 & 39, plus page 34, Lines 6, 10, 15, 31)	38,688,987	41,793,216

SUMMARY OF ELECTRIC OPERATION AND MAINTENANCE EXPENSES - CURRENT YEAR				
Line No.	Functional Classification (a)	Operation (401) (b)	Maintenance (402) (c)	Total (d)
33.	Power Production Expenses			
34.	Transmission Expenses	3,021	9,846	12,867
35.	Distribution Expenses	1,715,860	1,372,224	3,088,084
36.	Customer Accounts Expenses	1,134,547		1,134,547
37.	Customer Service and Informational Expenses	13,506		13,506
38.	Sales Expenses	136,864		136,864
39.	Adm. and General Expenses	1,232,918	69,762	1,302,680
40.	TOTAL ELECTRIC OPERATION AND MAINTENANCE EXPENSES	4,236,716	1,451,832	5,688,548

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1-26

Table 1 - EMPLOYEE PAYROLL DATA

- List in this table the payroll data as called for, beginning with office positions (including manager). Then list plant positions. Show each position title. If there are five employees with the same position title, the position need only be listed once with the number of employees in parenthesis, the average pay for the five. And the total compensation for the five.
- The rate of pay shown in column (b) should not include overtime.

Title of Position (a)	Year End Status		Total Compensation for Year (d)
	Pay per Hour or per Month (b)	Full Time Part Time or Terminated (c)	
see page 37-1			

Total Payroll for the year (Should agree with Table 2, below, Line 13)

Table 2 - DISTRIBUTION OF SALARIES AND WAGES

Line No.	Class of Charges (a)	Operation (b)	Maintenance (c)	Total (d)
	<u>OPERATING EXPENSE CHARGES</u>			
1.	Production expenses			
2.	Transmission expenses			
3.	Distribution expenses			
4.	Customer accounting			
5.	Customer service and individual expenses			
6.	Sales promotion expenses			
7.	Administrative and general expenses			
8.	Total payroll charged directly to operating expenses during the year			
	<u>OTHER PAYROLL CHARGES</u>			
9.	Vehicle and / or other clearing accounts			
10.	Amounts charged to construction and / or to plant accounts			
11.	Amounts charged to connection with plant removals			
12.	Amounts charged to other accounts (Submit schedule if more than 5% of total payroll)			
13.	Total Payroll Distribution			
	(Should agree with total payroll Table 1)			

Pursuant to
K.S.A. 45-221 (b)
Officer Compensation Information
Is Deemed Confidential
And
Kept in a Locked File

Table 2 - DISTRIBUTION OF SALARIES AND WAGES

Line No.	Class of Charges (a)	Operation (b)	Maintenance (c)	Total (d)
<u>OPERATING EXPENSE CHARGES</u>				
1.	Production expenses			
2.	Transmission expenses	354		354
3.	Distribution expenses	943,467	429,834	1,373,301
4.	Customer accounting	163,005		163,005
5.	Customer service and individual expenses	267,538		267,538
6.	Sales promotion expenses	39,044		39,044
7.	Administrative and general expenses	639,015	186	639,201
8.	Total payroll charged directly to operating expenses during the year			2,482,443
<u>OTHER PAYROLL CHARGES</u>				
9.	Vehicle and / or other clearing accounts			310,410
10.	Amounts charged to construction and / or to plant accounts			830,167
11.	Amounts charged in connection with plant removals			193,534
12.	Amount charged to other accounts (Submit schedule if more than 5% of total payroll			12,820
13.	Total Payroll Distribution			3,829,004
(Should agree with total payroll Table 1)				

1. BOARD OF DIRECTORS

the name of each person who was a member of the board of directors at any time during the year, indicating with an asterisk (*) in column (a) those directors who were members of the Executive Committee (if any), and by a double asterisk (**) the Chairman, if any, of that committee, at the end of the year.

Column (c) relates to board meetings only.

Line No.	Ref. To Exec. Comm. (a)	Name of Director and Address (City and State) (b)	Fees Paid During Year (c)
1	**	CARL C. KREHBIEL, MOUNDRIDGE, KS	\$12,000.00
2	*	KATHRYN KREHBIEL, MOUNDRIDGE, KS	\$12,000.00
3	*	HARRY M. WEELBORG, CANTON, KS	\$12,000.00
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			

Name of the Chairman of the Board	CARL C. KREHBIEL
Name of the Secretary (or Clerk) of the Board	KATHRYN KREHBIEL
Number of meetings of board during the year	15
Number of directors provided for by charter of by-laws, as amended to the end of the year	3
Number of directors required to constitute a quorum	2
State briefly the powers and duties of Executive Committee, if any:	

26. EXPENSE MATRIX

No.	Expenses	AMOUNT				
		Salaries and Wages	Pension and Benefits	Rents	Other	Total (To Schedule 20)
1	Plant Specific Operations	135,999	101,048	558	642,009	879,614
2	Plant Nonspecific Operations	43,173	35,372	3,400	1,000,849	1,082,794
3	Customer Operations	82,785	60,939	-	229,888	373,612
4	Corporate Operations	28,889	21,608	-	958,758	1,009,255
5	Total Operating Expenses	290,846	218,967	3,958	2,831,504	3,345,275

27. DONATIONS OR PAYMENTS FOR SERVICE RENDERED BY PERSONS OTHER THAN EMPLOYEES

1. Report for each service rendered (including materials furnished incidental to the service which are impracticable of separation) by recipient and the aggregate of all payments made during the year where the aggregate of all such payments to a recipient was (1) \$7,000/(2) \$20,000 or more including fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payments for services or as donations (except rents for property, taxes, utility services, traffic settlements, amounts paid for general services and licenses, accruals paid to trustees of pension and other employee benefit funds, and amounts paid for construction or maintenance of plant to persons (not an employee of the respondent) indicate by an asterisk in column (c) each item that includes payments for materials furnished incidental to the service performed.

Line No.	Name of Recipient (a)	*Nature of Service (b)	Amount of Payment (c)
1	FRED WILLIAMSON & ASSOCIATES, INC	COST CONSULTANT	146,938
2	KENNEDY AND COE, LLC	AUDIT - TAX	33,699
3	TRI-CO, INC.	PROGRAMMERS	106,123
4	RVW, INC.	ENGINEERS	49,403
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	(1) Applies to all other LECs (2) Applies to Southwestern Bell and United Telephone	* Should include general accounting, audit, tax, legal, separations study, engineering, and various other services if applicable.	

1. BOARD OF DIRECTORS

Give the name of each person who was a member of the board of directors at any time during the year, indicating with an asterisk (*) in column (a) those directors who were members of the Executive Committee (if any), and by a double asterisk (**) the Chairman, if any, of that committee, at the end of the year.
 Column (c) relates to board meetings only.

Line No.	Ref. To Exec. Comm. (a)	Name of Director and Address (City and State) (b)	Fees Paid During Year (c)
1		TR BAALMAN PO BOX 333 GRINNELL, KS 67738	
2	*	JOE CRAMER 195 N. BISON RD HEALY, KS 67850	
3	*	VERLA MOSER 1608 UTE WINONA, KS 67764	
4		CHRISTY KERN PO BOX 272 COLBY, KS 67701	
5	*	LOUIS DIBLE 1622 CO RD 36 MENLO, KS 67753	
6		DALE HUDSON 3665 RD 66 BREWSTER, KS 67732	
7		RUTH JENSEN PO BOX 206 KANORADO, KS 67741	
8		GERALD AYERS 608 2ND PC WINONA, KS 67764	
9		BUD NEWBERRY PO BOX 861 DIGHTON, KS 67839	

Name of the Chairman of the Board DALE HUDSON
 Name of the Secretary (or Clerk) of the Board CHRISTY KERN
 Number of meetings of board during the year 12
 Number of directors provided for by charter of by-laws, as amended to the end of the year 9
 Number of directors required to constitute a quorum 5

State briefly the powers and duties of Executive Committee, if any:

26. EXPENSE MATRIX

Line No.	Expenses	AMOUNT				
		Salaries and Wages	Pension and Benefits	Rents	Other	Total (To Schedule 20)
1	Plant Specific Operations	472,286	293,629		519,932	1,285,847
2	Plant Nonspecific Operations	105,595	63,721		2,321,336	2,490,652
3	Customer Operations	203,445	128,743		53,855	386,043
4	Corporate Operations	273,836	167,666		619,280	1,060,782
5	Total Operating Expenses	1,055,162	653,759		3,514,403	5,223,324

**DOES NOT INCLUDE LABOR CHARGED TO CONSTRUCTION A/C 2003

27. DONATIONS OR PAYMENTS FOR SERVICE RENDERED BY PERSONS OTHER THAN EMPLOYEES

1. Report for each service rendered (including materials furnished incidental to the service which are impracticable of separation) by recipient and the aggregate of all payments made during the year where the aggregate of all such payments to a recipient was (1) \$7,000/(2) \$20,000 or more including fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payments for services or as donations (except rents for property, taxes, utility services, traffic settlements, amounts paid for general services and licenses, accruals paid to trustees of pension and other employee benefit funds, and amounts paid for construction or maintenance of plant to persons (not an employee of the respondent) indicate by an asterisk in column (c) each item that includes payments for materials furnished incidental to the service performed.

Line No.	Name of Recipient (a)	*Nature of Service (b)	Amount of Payment (c)
1	TELECOM CONSULTING ASSOCIATES	CONSULTANTS	214,494
2	KIESLING ASSOCIATES	AUDITORS	48,156
3	VIGNERY & MASON	ATTORNEYS AT LAW	25,426
4	JAMES CAPLINGER	ATTORNEYS AT LAW	48,527
5	RVW, INC.	OUTSIDE PLANT ENGINEERS	385,718
6	JM TREE & LAWN SERVICE	LANDSCAPER	8,040
7	MID-AMERICA COMPUTER (MACC)	BILLING COMPANY	143,240
8	MASTEC NORTH AMERICA INC	CONTRACTOR	499,576
9	STRAIT & ASSOCIATES	ARCHITECT	9,231
10	WOOFER CONSTRUCTION	BUILDING CONTRACTOR	68,416
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(1) Applies to all other LECs
 (2) Applies to Southwestern Bell and United Telephone

* Should include general accounting, audit, tax, legal, separations study, engineering, and various other services if applicable.

1. BOARD OF DIRECTORS

Give the name of each person who was a member of the board of directors at any time during the year, indicating with an asterisk (*) in column (a) those directors who were members of the Executive Committee (if any), and by a double asterisk (**) the Chairman, if any, of that committee, at the end of the year. Column (c) relates to board meetings only.

Line No.	Ref. to Exec. Comm. (a)	Name of Director and Address (City and State) (b)	Fees Paid During Year (c)
1	**	J. Cliff Eason San Antonio, Texas	09/15/00 to 01/05/01 None
2	**	Stanley T. Sigman San Antonio, Texas	01/05/01 to 04/23/01 None
3		Daniel J. Fete San Antonio, Texas	09/15/00 to 12/30/01 None
4		Alfred G. Richter, Jr. San Antonio, Texas	09/15/00 to 12/30/01 None
5	**	Forrest E. Miller San Antonio, Texas	04/23/01 to 12/30/01 None
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Name of the Chairman of the Board Forrest E. Miller
 Name of the Secretary (or Clerk) of the Board Alfred G. Richter, Jr.
 Number of meetings of board during the year 1
 Number of directors provided for by charter of by-laws,
 as amended to the end of the year # of directors shall be set by Board or shareholders
 Number of directors required to constitute a quorum majority
 State briefly the powers and duties of Executive Committee, if any:

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24. COMPENSATION OF OFFICERS, DIRECTORS AND MANAGERS

NAME AND TITLE OF PERSON (a)	END OF YEAR ANNUAL SALARY RATE (b)	AMOUNT PAID DURING YEAR		
		SALARY (c)	OTHER COMP. (d)	TOTAL COMP. (e)
Southwestern Bell Telephone, L.P. considers this information proprietary and confidential. Information regarding compensation of officers, directors and managers is available for review by the Kansas Corporation Commission Staff at Southwestern Bell Telephone, L.P., 220 E. 6th Street, Topeka, Kansas, pursuant to an appropriate non-disclosure agreement.				

25. EMPLOYEE PAYROLL DATA

Position/Job Title (List all officers Individually) (a)	Number of Employees (b)	Pay Range		Total Compensation for Year (d)
		Wage-Hourly Rate Salaried-Annual Salary (c)		
Southwestern Bell Telephone, L.P. considers this information proprietary and confidential. Information regarding compensation of officers, directors and managers is available for review by the Kansas Corporation Commission Staff at Southwestern Bell Telephone, L.P., 220 E. 6th Street, Topeka, Kansas, pursuant to an appropriate non-disclosure agreement.				

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26. EXPENSE MATRIX						
Line No.	Expenses	AMOUNT				
		Salaries and Wages	Pensions and Benefits	Rents	Other	Total (To schedule 21)
1	Plant Specific Operations Expense	\$49,761,696	\$25,375,460	\$5,662,177	\$119,037,131	\$200,336,464
2	Plant Nonspecific Operations Expense	\$32,864,284	\$17,411,775	\$2,511,206	\$265,059,290	\$317,846,555
3	Customer Operations	\$50,705,688	\$22,675,244	\$955,109	\$39,358,836	\$113,694,877
4	Corporate Operations	\$4,357,845	(\$24,042,380)	\$318,144	\$40,260,480	\$20,893,589
5	Total Operating Expenses (To page 21, Schedule 21)	\$137,689,513	\$41,919,599	\$9,446,636	\$463,715,737	\$652,771,485

27. DONATIONS OR PAYMENTS FOR SERVICE RENDERED BY PERSONS OTHER THAN EMPLOYEES

1. Report for each service rendered (including materials furnished incidental to the service which are impracticable of separation) by recipient and in total the aggregate of all payments made during the year where the aggregate of all such payments to a recipient was (1) \$7,000/(2)\$20,000 or more including fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payments for services or as donations (except rents for property, taxes, utility services, traffic settlements, amounts paid for general services and licenses, accruals paid to trustees of pension and other employee benefit funds, and amounts paid for construction or maintenance of plant to persons (not an employee of the respondent). Indicate by an asterisk in column (C) each item that includes payments for materials furnished incidental to the service performed.

Line No.	Name of Recipient (a)	*Nature of Service (b)	Amount of Payment (c)
1	Kansas Press Association, Inc.	Advertising	\$35,070
2	Topeka Capital Journal	Advertising	\$32,853
3	Category Total		\$67,923
4			
5	Greater Topeka Chamber of Commerce	Contributions	\$20,000
6			
7	Whelan Security	Security	\$234,926
8			
9	Southwestern Bell Yellow Pages	Directory	\$718,615
10			
11	Overland Park Chamber of Commerce	Dues	\$20,500
12			
13	Alcatel USA Marketing, Inc.	Computer	\$44,000
14	CPT International, Inc.	Computer	\$85,140
15	Ericsson, Inc.	Computer	\$198,598
16	Hekimian Laboratories, Inc.	Computer	\$51,170
17	Intelis, Inc.	Computer	\$348,150
18	Lucent Network Systems	Computer	\$91,831
19	Nortel Networks	Computer	\$4,935,165
20	Northern Telecom, Inc.	Computer	\$232,122
21	Omega Products Corporation	Computer	\$51,522
22	Telcobuy	Computer	\$187,265
23	Xerox Corporation	Computer	\$30,958
24	Category Total		\$6,255,921
22			
23	Telcordia Technologies	Tuition	\$296,355
24			
25			
	(1) Applies to all other LECs	*Should include general accounting, audit, tax, legal, separations	
	(2) Applies to Southwestern Bell and United Telephone	study, engineering and various other service if applicable	

27. DONATIONS OR PAYMENTS FOR SERVICE RENDERED BY PERSONS OTHER THAN EMPLOYEES

1. Report for each service rendered (including materials furnished incidental to the service which are impracticable of separation) by recipient and in total the aggregate of all payments made during the year where the aggregate of all such payments to a recipient was (1) \$7,000/(2)\$20,000 or more including fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payments for services or as donations (except rents for property, taxes, utility services, traffic settlements, amounts paid for general services and licenses, accruals paid to trustees of pension and other employee benefit funds, and amounts paid for construction or maintenance of plant to persons (not an employee of the respondent). Indicate by an asterisk in column (C) each item that includes payments for materials furnished incidental to the service performed.

Line No.	Name of Recipient (a)	* Nature of Service (b)	Amount of Payment (c)
1	Account Services	Financial	\$61,515
2	Commercial Recovery Systems	Financial	\$47,723
3	Dynamic Recovery Services, Inc.	Financial	\$97,682
4	First Collection Services	Financial	\$20,347
5	National Collection Consultant, Inc.	Financial	\$41,242
6	Risk Management Alternatives, Inc.	Financial	\$48,183
7	Southwest Credit	Financial	\$43,527
8	Southwest Credit Systems	Financial	\$27,925
9	Trans Union Corporation	Financial	\$23,319
10	Transcontinental Adjustment Corporation	Financial	\$125,872
11	Tulsa Adjustment Bureau	Financial	\$64,451
12	Category Total		\$602,287
13			
14	Bartlett & West Engineers, Inc.	Consulting	\$45,372
15	Brack & Associates	Consulting	\$66,075
16	Collins Land Service	Consulting	\$21,518
17	Continental Consulting	Consulting	\$55,913
18	Denny Koch	Consulting	\$60,000
19	Glenda Cafer	Consulting	\$69,154
20	Kaster Architects, Inc.	Consulting	\$37,708
21	Kathy Damron	Consulting	\$48,000
22	LECG LLC	Consulting	\$25,540
23	Pat Hubbell Associates	Consulting	\$48,000
24	Ponsinelli White Vardeman	Consulting	\$48,000
25	Reber Design Management	Consulting	\$44,358
26	Savoy Ruggles & Bohm, P.A.	Consulting	\$56,998
27	Schwerdt Design Group Inc.	Consulting	\$751,603
28	Security Link Ameritech	Consulting	\$27,239
29	TAD Telecom, Inc.	Consulting	\$72,520
30	Category Total		\$1,478,497
31			
32	A&H Electric	Contract Services	\$31,915
33	Acterna	Contract Services	\$29,355
34	ADC Telecommunications, Inc.	Contract Services	\$37,604
35	Agilent Technologies	Contract Services	\$42,000
36	Alcatel USA Marketing, Inc.	Contract Services	\$195,516
37	Alert Staffing, LLC	Contract Services	\$24,756
38	All Pro, Inc	Contract Services	\$26,675
39	Alliance Datacom	Contract Services	\$31,659
40	Alturdyne	Contract Services	\$45,126
41	AT&T Opus	Contract Services	\$22,500
42	Baughman Company P.A	Contract Services	\$86,980
43	Beckerle Consultants, Inc	Contract Services	\$50,580
44	BGM Industries, Inc.	Contract Services	\$29,273
	(1) Applies to all other LECs	*Should include general accounting, audit, tax, legal, separations study, engineering and various other service if applicable	
	(2) Applies to Southwestern Bell and United Telephone		

27. DONATIONS OR PAYMENTS FOR SERVICE RENDERED BY PERSONS OTHER THAN EMPLOYEES

1. Report for each service rendered (including materials furnished incidental to the service which are impracticable of separation) by recipient and in total aggregate of all payments made during the year where the aggregate of all such payments to a recipient was (1) \$7,000/(2)\$20,000 or more including fees, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payments for services or as donations (except rents for property, taxes, utility services, traffic settlements, amounts paid for general services and licenses, accruals paid to trustees of pension and other employee benefit funds, and amounts paid for construction or maintenance of plant to persons (not an employee of the respondent). Indicate by an asterisk in column (C) each item that includes payments for materials furnished incidental to the service performed.

Line No.	Name of Recipient (a)	* Nature of Service (b)	Amount of Payment (c)
1	Brooks, Inc.	Contract Services	\$213,962
2	Brungardt Honomichl	Contract Services	\$36,178
3	Bubeck Service, Inc.	Contract Services	\$169,453
4	C L Blankenship, Inc.	Contract Services	\$40,662
5	Cherokee Tel-Design	Contract Services	\$167,093
6	City of Wichita	Contract Services	\$198,689
7	Cohorst, Jeanne R R	Contract Services	\$56,287
8	Comco Design, Inc.	Contract Services	\$265,586
9	Communication Suppliers, Inc.	Contract Services	\$165,989
10	Continental Adjustment	Contract Services	\$59,333
11	Creek Electric, Inc.	Contract Services	\$23,646
12	Cronister & Co.	Contract Services	\$486,000
13	D & T Generator Services	Contract Services	\$109,357
14	Daniel W. Craig	Contract Services	\$40,949
15	Day Night Inc.	Contract Services	\$117,229
16	Dean Machinery Co.	Contract Services	\$96,125
17	Designed Telecommunications Services	Contract Services	\$640,076
18	DFC Company of Lawrence LC	Contract Services	\$23,080
19	Diamond Engineering	Contract Services	\$3,091,997
20	Double Check Company, Inc.	Contract Services	\$41,923
21	E-Kan Inc.	Contract Services	\$74,748
22	Ericsson, Inc.	Contract Services	\$472,723
23	Finley Engineering	Contract Services	\$154,382
24	Fujitsu Network Communications, Inc.	Contract Services	\$1,728,608
25	Furniture Services Group	Contract Services	\$103,399
26	Goldsmith's, Inc.	Contract Services	\$112,541
27	Gonzales Communications	Contract Services	\$700,475
28	Hekimian Laboratories, Inc.	Contract Services	\$28,725
29	Housley Communications, Inc.	Contract Services	\$726,544
30	I D C Services	Contract Services	\$54,600
31	Independent Electric Machinery Company	Contract Services	\$63,192
32	Industrial Technology, Inc.	Contract Services	\$21,587
33	Installation Technicians, Inc.	Contract Services	\$2,647,106
34	Intec	Contract Services	\$33,903
35	K & W Underground, Inc.	Contract Services	\$47,021
36	Kansas Building Systems, Inc.	Contract Services	\$10,424,330
37	Kaufman Trenching & Excavating LLC	Contract Services	\$33,046
38	Kearney & Son, Inc.	Contract Services	\$112,789
39	Kinetic Solutions, Inc.	Contract Services	\$82,509
40	Kink Telecom, LLC	Contract Services	\$1,301,227
41	KOM Engineering, LLC	Contract Services	\$33,686
42	LAN TEL Communications	Contract Services	\$294,786
43	Language Learning Enterprises	Contract Services	\$140,732
44	Leath & Sons, Inc.	Contract Services	\$632,611
	(1) Applies to all other LECs	*Should include general accounting, audit, tax, legal, separations study, engineering and various other service if applicable	
	(2) Applies to Southwestern Bell and United Telephone		

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27. DONATIONS OR PAYMENTS FOR SERVICE RENDERED BY PERSONS OTHER THAN EMPLOYEES

1. Report for each service rendered (including materials furnished incidental to the service which are impracticable of separation) by recipient and in total aggregate of all payments made during the year where the aggregate of all such payments to a recipient was (1) \$7,000/(2)\$20,000 or more including fees, re-commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payments for services or as donations (except rents for property, taxes, utility services, traffic settlements, amounts paid for general services and licenses, accruals paid to trustees of pension and other employee benefit funds, and amounts paid for construction or maintenance of plant to persons (not an employee of the respondent). Indicate by an asterisk in column (C) each item that includes payments for materials furnished incidental to the service performed.

Line No.	Name of Recipient (a)	* Nature of Service (b)	Amount of Payment (c)
1	Libla Communications	Contract Services	\$631,203
2	Lucent Technologies	Contract Services	\$8,522,312
3	Moore Engineering Service, Inc.	Contract Services	\$607,777
4	Nationwide Telephone	Contract Services	\$42,787
5	Nortel Networks	Contract Services	\$61,132
6	Northern Telecom	Contract Services	\$3,768,036
7	Orius Telecom Services, Inc.	Contract Services	\$76,717
8	Otis Elevator Company	Contract Services	\$284,271
9	Overland Park Property Company	Contract Services	\$24,219
10	P B Hoidale Company, Inc.	Contract Services	\$26,030
11	Paramount Designs	Contract Services	\$155,799
12	PBG, Inc.	Contract Services	\$55,526
13	Peterson Power Systems, Inc.	Contract Services	\$135,867
14	Phillips Southern Electric	Contract Services	\$257,043
15	R M Many Tech, Inc.	Contract Services	\$25,783
16	Reliable Electric	Contract Services	\$74,716
17	Richard E Myers	Contract Services	\$41,377
18	Robert A. Kumin PC	Contract Services	\$35,189
19	SBC Leasing Affiliates	Contract Services	\$1,797,601
20	Schatz Underground Cable, Inc.	Contract Services	\$973,163
21	Scott & Landers, LLC	Contract Services	\$37,086
22	SH&J Electric	Contract Services	\$23,036
23	Siemens Cerberus	Contract Services	\$72,448
24	SKC Electric, Inc.	Contract Services	\$94,500
25	Smoyer Cable, Inc.	Contract Services	\$209,268
26	Southwest Engineering	Contract Services	\$60,848
27	Spirent Communications	Contract Services	\$47,130
28	Sprint North Supply	Contract Services	\$76,782
29	TAC Worldwide Companies	Contract Services	\$20,070
30	Ted Wilkerson Company	Contract Services	\$34,967
31	Telcobuy Com	Contract Services	\$1,630,103
32	Tescom	Contract Services	\$61,629
33	Test & Measurement, Inc.	Contract Services	\$116,499
34	The Diamond Engineering Co.	Contract Services	\$810,701
35	The Spanos Corporation	Contract Services	\$82,100
36	Three W Utility Services	Contract Services	\$178,994
37	Trans Union Corp.	Contract Services	\$37,014
38	Underground Systems, Inc.	Contract Services	\$32,629
39	U.S. Electrical	Contract Services	\$22,677
40	U.S. Engineering Co.	Contract Services	\$74,735
41	U.S. Telecom Supply, Inc.	Contract Services	\$1,478,321
42	UNET Technologies	Contract Services	\$376,000
43	WACA	Contract Services	\$253,078
44	Wichita Electric Company, Inc.	Contract Services	\$103,830
	(1) Applies to all other LECs	*Should include general accounting, audit, tax, legal, separations study, engineering and various other service if applicable	
	(2) Applies to Southwestern Bell and United Telephone		

27. DONATIONS OR PAYMENTS FOR SERVICE RENDERED BY PERSONS OTHER THAN EMPLOYEES

1. Report for each service rendered (including materials furnished incidental to the service which are impracticable of separation) by recipient and in total aggregate of all payments made during the year where the aggregate of all such payments to a recipient was (1) \$7,000/(2)\$20,000 or more including fees, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payments for services or as donations (except rents for property, taxes, utility services, traffic settlements, amounts paid for general services and licenses, accruals paid to trustees of pension and other employee benefit funds, and amounts paid for construction or maintenance of plant to persons (not an employee of the respondent). Indicate by an asterisk in column (C) each item that includes payments for materials furnished incidental to the service performed.

Line No.	Name of Recipient (a)	* Nature of Service (b)	Amount of Payment (c)
1	Wilson Contracting	Contract Services	\$37,036
2	York International Corporation	Contract Services	\$21,199
3	York Underground, Inc.	Contract Services	\$30,688
4	Category Total		<u>\$50,350,240</u>
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(1) Applies to all other LECs		*Should include general accounting, audit, tax, legal, separations study, engineering and various other service if applicable	
(2) Applies to Southwestern Bell and United Telephone			

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1. BOARD OF DIRECTORS

Give the name of each person who was a member of the board of directors at any time during the year, indicating with an asterisk (*) in column (a) those directors who were members of the Executive Committee (if any), and by a double asterisk (**) the Chairman, if any, of that committee at the end of the year. Column (c) relates to board meetings only.

Line No.	Ref. to Exec. Com. (a)	Name of Director and Address (City and State) (b)	Fees Paid During Year (c)
1		Michael B. Fuller Overland Park, Kansas	-
2		Thomas A. Gerke Overland Park, Kansas	-
3		Richard D. McRae Overland Park, Kansas	-

Name of Chairman of the Board Michael B. Fuller
 Name of Secretary (or Clerk) of the Board Michael T. Hyde
 Number of meetings of Board during the year N/A
 Number of directors provided for by charter or by-laws, as amended to the end of the year 3
 Number of directors required to constitute a quorum 2
 State briefly the powers and duties of Executive Committee (if any)

* In lieu of actual Board meetings, all actions of the Board of Directors are by written consent.

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24. COMPENSATION OF OFFICERS, DIRECTORS AND MANAGERS				
Name and Title of Person (a)	End of Year Annual Salary Rate (b)	AMOUNTS PAID DURING YEAR		
		Salary (c)	Other Compensation (d)	Total Compensation (e)
See Attached Supplement to Schedule 24, page 23A				
25. EMPLOYEE PAYROLL DATA				
Position/Job Title (List all officers individually) (a)	Number of Employees (c)	Pay Range Wage-Hourly Rate Salaried-Annual Salary (c)		Total Compensation for year (d)
See Attached Supplement to Schedule 25, page 23B				

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26. EXPENSE MATRIX						
Line No.	Expenses	AMOUNT				
		Salaries and Wages	Pensions and Benefits	Rents	Other	Total (to schedule 21)
1	Plant Specific Operations Expense	\$ 3,475,394	806,145	\$ 2,281,408	\$ 6,959,991	\$ 13,522,938
2	Plant Nonspecific Operations Expense	879,524	194,331	2,598	24,064,148	25,140,601
3	Customer Operations	662,042	131,202	19,307	5,065,911	5,878,462
4	Corporate Operations	359,005	76,511	315	6,428,990	6,864,820
5	Total Operating Expense	\$ 5,375,965	\$ 1,208,189	\$ 2,303,628	\$ 42,519,039	\$ 51,406,821

NOTE: All "Salaries and Wages, Pensions and Benefits, and Rents" allocated through clearing accounts to "Other" have been restated to the previously named accounts for purpose of this report.

27. DONATIONS OR PAYMENTS FOR SERVICE RENDERED BY PERSONS OTHER THAN EMPLOYEES			
1. Report for each service rendered (including materials furnished incidental to the service which are impracticable of separation) by recipient and in total the aggregate of all payments made during the year where the aggregate of all such payments to a recipient was (1) \$7,000/(2) \$20,000 or more including fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payments for services or as donations (except rents for property, taxes, utility services, traffic settlements, amounts paid for general services and licenses, accruals paid to trustees of pension and other employee benefit funds, and amounts paid for construction or maintenance of plant to persons (not an employee of the respondent) Indicate by an asterisk in column (c) each item that includes payments for materials furnished incidental to the service performed.			
Line No.	Name of Recipient (a)	Nature of Service (b)	Amount of Payment (c)
1	Aerotek	Engineering Services	408,784
2	Central Locating Service	Cable Location Service	1,446,786
3	CML Emergency Services	Engineering Services	49,770
4	Comm Tech Services	Engineering Services	31,595
5	Communication Link	Engineering Services	135,599
6	Communication Test Design	Telephone Plant Contractor	197,230
7	David N Hollis Architect	Architectural Services	52,505
8	Dell Computer Corp	Telephone Plant Contractor	27,560
9	Executive Relocation Corp	Relocation Services	37,257
10	HL Yoh	Telephone Plant Contractor	161,633
11	Howell Construction	Telephone Plant Contractor	21,429
12	Installation Technicians	Telephone Plant Contractor	1,381,329
13	J&K Contracting LC	Contract Services	3,508,322
14	JM Neil & Associates	Telephone Plant Contractor	56,605
15	Kansas One Call System	Cable Location Service	34,955
16	Kearney & Son	Telephone Plant Contractor	22,947
17	Keller Fire & Safety	Telephone Plant Contractor	77,085
18	Kelly Services	Temporary Services	36,497
19	Lambic Telecommunications	Engineering Services	44,455
20	Lucent	Engineering Services	1,123,654
21	Manpower	Temporary Services	139,206
22	North Supply	Warehouse Services	807,170
23	Option One	Telephone Plant Contractor	20,345
24	Orbis Networks	Engineering Services	29,680
25	Schultz Bros. Electric	Engineering Services	89,906
26	Starcom	Telephone Plant Contractor	162,120
27	Tad Telecommunications	Engineering Services	94,948
28	Tek Systems	Telephone Plant Contractor	105,005
29	Teledata Contractors	Contract Services	446,506
30	Teltec	Telephone Plant Contractor	29,520
31	Think Resources	Telephone Plant Contractor	28,155
32	Thornton Communications	Engineering Services	91,190
33	Volt Telecommunications Group	Payphone Services	123,253
34	Wescon	Contract Services	74,039

(1) Applies to all other LECs
 (2) Applies to SWB & United Telephone

* Should include general accounting, audit, tax, legal separations study, engineering and various other services if applicable.

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ing to application of agencies for permits or licenses necessary to do business or to expand business operations within this state, except as otherwise provided by law.

(32) Engineering and architectural estimates made by or for any public agency relative to public improvements.

(33) Financial information submitted by contractors in qualification statements to any public agency.

(34) Records involved in the obtaining and processing of intellectual property rights that are expected to be, wholly or partially vested in or owned by a state educational institution, as defined in K.S.A. 76-711, and amendments thereto, or an assignee of the institution organized and existing for the benefit of the institution.

(35) Any report or record which is made pursuant to K.S.A. 65-4922, 65-4923 or 65-4924, and amendments thereto, and which is privileged pursuant to K.S.A. 65-4915 or 65-4925, and amendments thereto.

(36) Information which would reveal the precise location of an archeological site.

(37) Any financial data or traffic information from a railroad company, to a public agency, concerning the sale, lease or rehabilitation of the railroad's property in Kansas.

(38) Risk-based capital reports, risk-based capital plans and corrective orders including the working papers and the results of any analysis filed with the commissioner of insurance in accordance with K.S.A. 40-2c20 and 40-2d20 and amendments thereto.

(39) Memoranda and related materials required to be used to support the annual actuarial opinions submitted pursuant to subsection (b) of K.S.A. 40-409, and amendments thereto.

(40) Disclosure reports filed with the commissioner of insurance under subsection (a) of K.S.A. 40-2,156, and amendments thereto.

(41) All financial analysis ratios and examination synopses concerning insurance companies that are submitted to the commissioner by the national association of insurance commissioners' insurance regulatory information system.

(42) Any records the disclosure of which is restricted or prohibited by a tribal-state gaming compact.

(43) Market research, market plans, business plans and the terms and conditions of managed care or other third party contracts, developed or entered into by the university of Kansas medical

center in the operation and management of the university hospital which the chancellor of the university of Kansas or the chancellor's designee determines would give an unfair advantage to competitors of the university of Kansas medical center.

(44) The amount of franchise tax paid to the secretary of state by domestic corporations, foreign corporations, domestic limited liability companies, foreign limited liability companies, domestic limited partnership, foreign limited partnership, domestic limited liability partnerships and foreign limited liability partnerships.

(45) Records the disclosure of which would pose a substantial likelihood of revealing security measures that protect: (A) Systems, facilities or equipment used in the production, transmission or distribution of energy, water or communications services; or (B) sewer or wastewater treatment systems, facilities or equipment. For purposes of this paragraph, security means measures that protect against criminal acts intended to intimidate or coerce the civilian population, influence government policy by intimidation or coercion or to affect the operation of government by disruption of public services, mass destruction, assassination or kidnapping.

(b) Except to the extent disclosure is otherwise required by law or as appropriate during the course of an administrative proceeding or on appeal from agency action, a public agency or officer shall not disclose financial information of a taxpayer which may be required or requested by a county appraiser or the director of property valuation to assist in the determination of the value of the taxpayer's property for ad valorem taxation purposes; or any financial information of a personal nature required or requested by a public agency or officer, including a name, job description or title revealing the salary or other compensation of officers, employees or applicants for employment with a firm, corporation or agency, except a public agency. Nothing contained herein shall be construed to prohibit the publication of statistics, so classified as to prevent identification of particular reports or returns and the items thereof.

(c) As used in this section, the term "cited or identified" shall not include a request to an employee of a public agency that a document be prepared.

(d) If a public record contains material which is not subject to disclosure pursuant to this act,

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Southwestern Bell Telephone, L.P. Year Ending December 31, 2001

10. INVESTMENTS (Accounts 1401, 1402, 1406, and 1160)

1. With respect to each account includible in this schedule in which there was reflected an investment at any time during the year, enter in column (b) the number and title of the account. List separately thereunder the description of each different security or other investment (except that data relating to all government securities in account 1402 and all securities in account 1160 classified as D Other may be combined and the total for each reported on a single line) in each of the following classification (symbols to be indicated in column (a): A-1 Stock of active telephone companies; A-2 Stocks of inactive telephone companies; A-3 Stocks of other companies; B Long-term securities owned; C Investment advances; D Other. Subtotals for each of the required classifications and totals for each account shall be shown. The aggregate of all deposits of cash amounting individually to less than \$5,000 each may be shown as a balancing amount on the line immediately preceding the total of account 1402. (By an inactive company is meant one which has been practically absorbed in a controlling company, and which neither operates property nor administers its financial affairs; if it maintain an organization, it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.)

Line No.	Class (a)	Description of Investment (Including nominal interest rate and term which appropriate) (b)	Book Cost of Investments at Beginning of the Year (c)
1		<u>Account 1401—Investments in Affiliated Companies</u>	
2		None	N/A
3			
4			
5			
6		<u>Account 1402—Investments in Nonaffiliated Companies</u>	
7		None	N/A
8			
9			
10			
11		<u>Account 1406—Nonregulated Investments</u>	
12		None	N/A
13			
14			
15			
16		<u>Account 1160—Temporary Cash Investments</u>	
17		None	N/A
18			
19			
20			
21			
22			
23			
24			
25			
26		NOTE:	
27		All amounts on this schedule are Kansas specific, i.e.—the Company operates	
28		in other states, but has specifically identified the amounts related to Kansas.	
29			
30			
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Southwestern Bell Telephone, L. P. Year Ending December 31, 2001

10. INVESTMENTS (Accounts 1401, 1402, 1406, and 1160) - (continued)

2. If the consideration given or received for any investment reported in the schedule was other than cash, give particulars in a note.
 3. The book cost of investments transferred from other accounts shall be reported in column (d). The book cost of investments transferred to other accounts or the amount by which investments are written down shall be reported in column (e). All such entries shall be explained in notes.
 4. With respect to investment advances included in Account 1401, responses should be made only in columns (e), (f), (h) and (i) for the total of advances made to each of the companies listed in column (b).

Line No.	Book Cost of Investments Made During the Year (d)	Book Cost of Investments Disposed of During the Year (e)	INVESTMENTS AT END OF THE YEAR		Gain (or Loss) from Investments Disposed of (h)	Interest or Dividends Credited to Income During the Year (i)
			Book Cost (f)	Shares of Stock or Face Amount of Other Investments (g)		
1						
2			<u>Account 1401—Investments in Affiliated Companies—(continued)</u>			
3	N/A	N/A	N/A	N/A	N/A	N/A
4						
5						
6			<u>Account 1402—Investments in Nonaffiliated Companies—(continued)</u>			
7	N/A	N/A	N/A	N/A	N/A	N/A
8						
9						
10						
11			<u>Account 1406—Nonregulated Investments—(continued)</u>			
12	N/A	N/A	N/A	N/A	N/A	N/A
13						
14						
15						
16			<u>Account 1160—Temporary Cash Investments—(continued)</u>			
17	N/A	N/A	N/A	N/A	N/A	N/A
18						
19						
20						
21						
22						
23						
24						
25						
26						
27			NOTE:			
28			All amounts on this schedule are Kansas specific, i.e.—the Company operates			
29			in other states, but has specifically identified the amounts related to Kansas.			
30						
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SB80

9/15/1

Name of Respondent Midwest Energy Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo., Da., Yr) / /	Year of Report Dec. 31, 2001
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Investments (Account 123, 124, and 136)

1. Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136. Temporary Cash Investments.
 2. Provide a subheading for each account and list thereunder the information called for:
 (a) Investment in Securities-List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments) state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.
 (b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of Investment (a)	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (c)	Purchases or Additions During the Year (d)
1	Account 123.1 - Patronage Capital		
2	NRUCFC	1,891,582	679,927
3	Dodge City Cooperative	1,825	
4	Farmers Coop Assn (Atwood)	21	
5	Federated Rural Electric Insurance	305,401	78,958
6	Frontier Equity	2,093	93
7	Golden Belt Telephone	6,618	2,335
8	Hi-Plains Coop		1,720
9	Kansas Electric Cooperatives		41,710
10	Kansas Electric Utilities Research Program	1,809	
11	Lane-Scott Electric Coop	86	41
12	Midland Marketing	2,548	614
13	Midwest Coop	896	
14	NRTC (Ks DBS)	145,859	
15	Pioneer Communications	1,003	715
16	Pioneer Electric Cooperative	24	79
17	Prairie Land Electric Coop	68	29
18	Rural Telephone	4,942	483
19	S & T Telephone	1,671	6,091
20	Smokey Hill Electric Coop	129	180
21	United Telephone Association	10,463	2,549
22	Victory Electric Cooperative	68	50
23	Wallace County Coop	240	
24	Western Cooperative Electric	260	51
25	Wheatland Coop	590	2,006
26			
27	Account 123.22 - Investment in Capital Term Certificates - NRUCFC	5,369,370	143,750
28			
29	Account 123.23 - Other Investments in Associated Companies		
30	Co-Bank - National Bank for Cooperatives	1,277	
31	Energy Co-Opportunity	5,000	
32			
33	Account 123.24 & 123.25 - Other Investments in Assoc Companies		
34	KEC headquarters building	104,151	
35	KEC old building	13,755	
36			
37	Account 124 - Other Investments		
38	New England Life	502,122	17,103
39	Rose Chemical site	1,389	381
40	Ladder Creek Dairy Coperative	100,000	

Name of Respondent Midwest Energy Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo., Da., Yr) / /	Year of Report Dec. 31, 2001
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Investments (Account 123, 124, and 136) (continued)

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.
 3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.
 4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.
 5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.
 6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

Line No.	Sales or Other Dispositions During Year (e)	Principal Amount or No. of Shares at End of Year (f)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (g)	Revenues for Year (h)	Gain or Loss from Investment Disposed of (i)
1					
2	594,370		1,977,139		
3			1,825		
4			21		
5	32,515		351,844		
6	28		2,158		
7	603		8,350		
8	50		1,670		
9			41,710		
10			1,809		
11			127		
12	465		2,697		
13			896		
14			145,859		
15	140		1,578		
16	19		84		
17	14		83		
18	675		4,750		
19	377		7,385		
20			309		
21	2,136		10,876		
22			118		
23			240		
24	70		241		
25			2,596		
26					
27	24,408		5,488,712		
28					
29					
30	1,277				
31			5,000		
32					
33					
34			104,151		
35			13,755		
36					
37					
38			519,225		
39			1,770		
40			100,000		

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Name of Respondent West Energy Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year of Report Dec. 31, 2001
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Investments in Subsidiary Companies (Account 123.1)

- Report below investments in Account 123.1, Investments in Subsidiary Companies.
- Provide a subheading for each company and list thereunder the information called for below. Sub-total by company and give a total in columns (e), (f), (g) and (h).
(a) Investment in Securities-List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.
(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
- Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	Midwest Industrial Development			
2	Common stock	10/07/1991		50,000
3	Continuous advances			3,750,000
4	Equity in undistributed subsidiary			(7,606,357)
5	MUE other comprehensive income adjustment			
6				
7	Westland Energy, LLC	09/01/2001		(107,000)
8	Assets transferred			517,766
9	Equity in undistributed subsidiary			
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
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29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	TOTAL Cost of Account 123.1 \$	2,910,443	TOTAL	(3,395,591)

Name of Respondent Midwest Energy Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year of Report Dec. 31, 2001
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Investments in Subsidiary Companies (Account 123.1) (continued)

- Designate in a footnote, any securities, notes, or accounts that were pledged, and state the name of pledgee and purpose of the pledge.
- If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
- Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
- In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustments includible in column (f).
- Report on Line 40, column (a) the total cost of Account 123.1.

Line No.	Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)
1				
2			50,000	
3	12,100,000		15,850,000	
4	(4,498,414)		(12,104,771)	
5		173,050	(173,050)	
6				
7			(107,000)	
8			517,766	
9	(1,122,502)		(1,122,502)	
10				
11				
12				
13				
14				
15				
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37				
38				
39				
40	6,479,084	173,050	2,910,443	

10. INVESTMENTS (Accounts 1401, 1402, 1406, and 1160)

1. With respect to each account includible in this schedule in which there was reflected an investment at any time during the year, enter in column (b) the number and title of the account. List separately thereunder the description of each different security or other investment (except that data relating to all government securities in account 1402 and all securities in account 1160 classified as D Other may be combined and the total for each reported on any each of the following classifications (symbols to be indicated in column (a): A-1 Stock of active telephone companies; A-2 Stocks of inactive telephone companies; A-3 Stocks of other companies; B Long-term securities owned; C Investment advances; D Other. Subtotals for each of the required classifications and totals for each account shall be shown. The aggregate of all deposits of cash amounting individually to less than \$5,000 each may be shown as a balancing amount on the line immediately preceding the total of account 1402. (An inactive company is one which has been practically absorbed in a controlling company, and which neither operates property nor administers its financial affairs; if it maintains an organization, it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.) If the investment is associated with nonregulated service, please so indicate.

Line No.	Class (a)	Description of Investment (Including nominal interest rate and term when appropriate) (b)	Book Cost of Investments at Beginning of the Year (c)
1		#1401 - Investments in Affiliated Companies	
2		- Zaziwil, Inc.	1,856,114
3		- Moundridge Telcom, Inc.	32,862
4			
5			
6		#1402 - Other Investments	
7		- Rural Telephone Bank	159,350
8		- Mid-Kansas Co-op Association	998
9			
10			
11		#1406 - Non-Regulated Permanent Investment	30,174
12			
13			
14		#1160 - Temporary Investments	
15		- Mutual Funds	44,066
16		- Illuminet, Inc.	15,593
17			
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23			
24			
25			
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10. INVESTMENTS (Accounts 1401, 1402, 1406, and 1160) - (continued)

2. If the consideration given or received for any investment reported in the schedule was other than cash, give particulars in a note.
3. The book cost of investments transferred from other accounts shall be reported in column (d). The book cost of investments transferred to other accounts or the amount by which investments are written down shall be reported in column (e). All such entries shall be explained in notes.
4. With respect to investment advances included in Account 1402, responses should be made only in columns (c), (f), (h), (i) for the total of advances made to each of the companies listed in column (b).

Line No.	Book Cost of Investments Made During the Year (d)	Book Cost of Investments Disposed During the Year (e)	INVESTMENTS AT END OF THE YEAR			
			Book Cost (f)	Shares of Stock or Face Amount of Other Investments (g)	Gain (or Loss) from Investments Disposed (h)	Interest or Dividends Credited to Income During the Year (i)
1			\$ -			
2	361,254	-	2,217,368			361,254
3	54,796	-	87,658	1		54,796
4			-			
5			-			
6			-			
7			159,350	159,350		
8			998	998		82
9			-			
10			-			
11	28,877		59,051			
12			-			
13			-			
14			-			
15	2,414		46,480			2,414
16			15,593			
17			-			
18			-			
19			-			
20			-			
21			-			
22			-			
23			-			
24			-			
25			-			
26			-			
27			-			
28			-			
29			-			
30			-			
31			-			
32			-			
33			-			
34			-			
35			-			

10. INVESTMENTS (Accounts 1401, 1402, 1406, and 1160)

1. With respect to each account includible in this schedule in which there was reflected an investment at any time during the year, enter in column (b) the number and title of the account. List separately thereunder the description of each different security or other investment (except that data relating to all government securities in account 1402 and all securities in account 1160 classified as D Other may be combined and the total for each reported on in each of the following classifications (symbols to be indicated in column (a): A-1 Stock of active telephone companies; A-2 Stocks of inactive telephone companies; A-3 Stocks of other companies; B Long-term securities owned; C Investment advances; D Other. Subtotals for each of the required classifications and totals for each account shall be shown. The aggregate of all deposits of cash amounting individually to less than \$5,000 each may be shown as a balancing amount on the line immediately preceding the total of account 1402. (An inactive company is one which has been practically absorbed in a controlling company, and which neither operates property nor administers its financial affairs; if it maintains an organization, it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.) If the investment is associated with nonregulated service, please so indicate.

Line No.	Class (a)	Description of Investment (Including nominal interest rate and term when appropriate) (b)	Book Cost of Investments at Beginning of the Year (c)
1		1401 INVESTMENT AFFILIATES - S&T CELLULAR	\$ 1,906,415
2		1401.2 EQUITY EARNINGS	1,932,070
3		1401.6 INVESTMENT AFFILIATES - S&T COMMUNICATIONS	840,943
4		1402.1 INVESTMENT KCPR	3,008
5		1402.2 INVESTMENT RURAL DEVELOPMENT - GRINNELL GROCERY STORE	18,242
6		1402.3 INVESTMENT EDWARD JONES	3,232,904
7		1402.4 MARKET ADJ SECURITIES	(349,838)
8		1402.5 INVESTMENT SALOMON SMITH BARNEY	18,787,081
9		1402.6 MARKET VALUE ADJ SALOMON SMITH BARNEY	(1,866,085)
10			
11			
12		TOTAL	\$24,504,740.00
13			
14			
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10. INVESTMENTS (Accounts 1401, 1402, 1406, and 1160) - (continued)

2. If the consideration given or received for any investment reported in the schedule was other than cash, give particulars in a note.
3. The book cost of investments transferred from other accounts shall be reported in column (d). The book cost of investments transferred to other accounts or the amount by which investments are written down shall be reported in column (e). All such entries shall be explained in notes.
4. With respect to investment advances included in Account 1402, responses should be made only in columns (c), (f), (h), (i) for the total of advances made to each of the companies listed in column (b).

Line No.	INVESTMENTS AT END OF THE YEAR					Interest or Dividends Credited to Income During the Year (i)
	Book Cost of Investments Made During the Year (d)	Book Cost of Investments Disposed During the Year (e)	Book Cost (f)	Shares of Stock or Face Amount of Other Investments (g)	Gain (or Loss) from Investments Disposed (h)	
1			N/A			
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
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10. INVESTMENTS (Accounts 1401, 1402, 1406, and 1160)

10. INVESTMENTS (Accounts 1401, 1402, 1406, and 1160) - (Continued)

1 With respect to each account includible in this schedule in which there was reflected an investment at any time during the year, enter in column (b) the number and title of the account. List separately thereunder the description of each different security or other investment (except that data relating to all government securities in account 1402 and all securities in account 1160 classified as D Other may be combined and the total for each reported on a single line) in each of the following classifications (symbols to be indicated in column (a)) A-1 Stocks of active telephone companies, A-2 Stock of inactive telephone companies, A-3 Stocks of other companies, B Long-term securities owned, C Investment advances, D Other Subtotals for each of the required classifications and totals for each account shall be shown. The aggregate of all deposits of cash amounting to individually to less than \$5,000 each may be shown as a balancing amount on the line immediately preceding the total of account 1402. (By an inactive company is meant one which has been practically absorbed in a controlling company, and which neither operates property nor administers its financial affairs if it maintains an organization, it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.)

- 2 If the consideration given or received for any investment reported in the schedule was other than cash, give particulars in a note
- 3 The book cost of investments transferred from other accounts shall be reported in column (d). The book cost of investments transferred to other accounts or the amount by which investments are written down shall be reported in column (e). All such entries shall be explained in notes.
- 4 With respect to investments advances included in Account 1401, responses should be made only in columns (c), (f), (h) and (i) for the total of advances made to each of the companies listed in column (b)

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Line No.	Class (a)	Description of Investment (Including nominal interest rate and term when appropriate) (b)	Book Cost of Investments at Beginning of the Year (c)
1		Account 1160 - Temporary Investments - Nonaffiliated	\$ 0
2			
3		Account 1401 - Investments in Affiliated Companies	\$ 0
4			
5		Centel Corporation	\$ (395,657)
6			
7		Account 1402 - Investments in Affiliated Companies	
8			
9			
10		Account 1402 - Investments in Nonaffiliated Companies	
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21		Hiawatha Development Association	50
22		Oswego Homes, Inc.	300
23		Fredonia Development Co	200
24		Russell Industrial, Inc.	1,000
25		Oswego Industrial, Inc.	300
26		Kansas Development Credit Corp	5,000
27		Junction City Industrial Development, Inc.	1,000
28		Junction City Housing and Development, Inc.	1,000
29		Wakefield Area Development Corp	100
30		Horton Industrial Development Corp	200
31		Garnett Industrial Development Corp	100
32		Haven Co-op Oil Co	50
33		Subtotal	\$ 9,300
34			
35		Milbourn Golf & Country Club	0
36		Hallbrook Farms Country Club	0
37		Topeka Country Club	0
38		Subtotal	\$ 0
39			
40			
41			
42			
43			
44		Total Account 1402	\$ 9,300
45			
46		Account 1406 - Nonregulated Investments	
47			
48			
49		Investment in Sprint/United Midwest Management Company	22,362,113
50		Total Account 1406	\$ 22,362,113

Line No.	Book Cost of Investments Made During the Year (d)	Book Cost of Investments Disposed of (e)	INVESTMENTS AT END OF THE YEAR		Gain (or Loss) from Investments Disposed of (h)	Dividends Credited to Income During the Year (i)
			Book Cost (f)	Shares of Stock or Face Amount of Other Invest (g)		
1	\$	\$	\$ 0		\$	\$
2						
3						
4						
5			0			
6						
7			\$ (395,657)			
8						
9						
10						
11			0			
12			0			
13			0			
14						
15			\$ 0			
16						
17						
18						
19						
20		50	0			
21		300	0			
22		200	0			
23		1000	0			
24		300	0			
25		5000	0			
26		1000	0			
27		1000	0			
28		100	0			
29		200	0			
30		100	0			
31		50	0			
32						
33			\$ 0			
34						
35			0			
36			0			
37			0			
38						
39			\$ 0			
40						
41						
42						
43			\$ 0			
44						
45						
46						
47						
48						
49	\$ 5,017,356		27,379,469			
50			\$ 27,379,469			

** Transferred assets to Sprint/United Telephone Midwest Management Service Company

**** Includes 4 common shares and 400 preferred shares

Name of Respondent
Western Resources, Inc.

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
04/30/2002

Year of Filing
Dec. 31, 2001

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Definitions

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Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1	Astra Resources, Inc.	Inactive Company	100%	
2	Canguard, Inc.	Security Monitoring Services	100%	1
3	CET Benelux S. A.	Security Monitoring Services	100%	2
4	CET Germany (Sicherheitsdienste GmbH) S. A.	Security Monitoring Services	95%	2
5	CET Nederland	Security Monitoring Services	100%	3, 4
6	CET (Suisse), S.A.	Security Monitoring Services	100%	2, 5
7	Consutron Nederland Teleshop BV	Security Monitoring Services	100%	3
8	Contract Compression, Inc.	Inactive Company	100%	6
9	CPI -Western Power Holdings,Ltd.	Generation Projects	50%	7
10	Croise Laroch S. A.	Security Monitoring Services	99.8%	8
11	E.R.E. Detection Electronique S. A.	Security Monitoring Services	100%	2
12	E.S. Beveiliging	Security Monitoring Services	100%	3
13	Eurocontact S. A.	Security Monitoring Services	100%	2
14	Eurostation S. A.	Security Monitoring Services	100%	2
15	France Reseau Telesecurite ("FRT")	Security Monitoring Services	100%	9, 10
16	Kansas Gas and Electric Company	Utility Company	100%	
17	Masco Holdings Limited	Inactive Company	100%	11, 12
18	Masco Security Systems Limited	Inactive Company	100%	12, 13
19	Network Multi-Family Security Corp	Security Monitoring Services	100%	14
20	Orion Bataille	Security Monitoring Services	100%	15, 16
21	Protection One Alarm Monitoring, Inc.	Security Monitoring Services	100%	17
22	Protection One Alarm Monitoring of Mass., Inc.	Security Monitoring Services	100%	14
23	Protection One Canada, Inc.	Security Monitoring Services	100%	14
24	Protection One Europe SARL	Security Monitoring Services	100%	18, 19
25	Protection One France S.A.	Security Monitoring Services	100%	19, 20
26	Protection One Inc.	Security Monitoring Services	87%	21
27	Protection One International, Inc.	Holding Company	100%	21

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Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1	Protection One Residential	Security Monitoring Services	100%	9, 10
2	Protection One Systems	Security Monitoring Services	100%	2, 16
3	Protection One U.K., PLC	Security Monitoring Services	100%	12, 21
4	Rangeline Corporation	Inactive Company	100%	
5	Residential Alarmcentrale B.V.	Security Monitoring Services	100%	22
6	Security Monitoring Services, Inc.	Security Monitoring Services	100%	14
7	Surveillance Electronique	Security Monitoring Services	100%	15, 16
8	Tetra	Security Monitoring Services	100%	5, 23
9	The Kansas Power and Light Company	Inactive Company	100%	
10	The Wing Group International, Inc.	Inactive Company	100%	24
11	The Wing Group, Limited Co.	Inactive Company	100%	21
12	Westar Aviation, Inc.	Aviation Leases	100%	21
13	Westar Communications, Inc.	Paging Services	100%	21
14	Westar Energy, Inc.	Inactive Company	100%	
15	Westar Energy Investments, Inc.	Inactive Company	100%	25
16	Westar Financial Services, Inc.	Inactive Company	100%	21
17	Westar Generating, Inc.	Generation Projects	100%	
18	Westar Generating II, Inc.	Inactive Company	100%	
19	Westar Industries, Inc.	Holding Company	100%	
20	Westar Industries Limited	Inactive Company	100%	21, 26
21	Westar Investments, Inc.	Holding Company	100%	21, 27
22	Westar Leasing, Inc.	Inactive Company	100%	21, 28
23	Westar Limited Partners, Inc.	Limited Partnerships	100%	21
24	Westar Limited Partners II, Inc.	Limited Partnerships	100%	21
25	Western Resources (Bermuda) Ltd.	Holding Company	100%	21
26	Western Resources Capital I	Financing Trust	100%	
27	Western Resources Capital II	Financing Trust	100%	

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Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1	Western Resources I (Cayman Islands) Ltd.	Generation Projects	100%	29
2	Western Resources II (Cayman Islands) Ltd.	Generation Projects	100%	30
3	Western Resources International Limited	Generation Projects	100%	31
4	Wing Colombia, L.L.C.	Inactive Company	100%	32
5	Wing International, Ltd.	Generation Projects	100%	33
6	Wing Turkey, Inc.	Generation Projects	100%	21
7	WR Receivables Corporation	Accounts Receivable Financing	100%	
8	WR Services, Inc.	Inactive Company	100%	
9				
10	Footnotes:			
11	(1) Owned by Protection One Canada, Inc.			
12	(2) Owned by Protection One France S.A.			
13	(3) Owned by CET Benelux			
14	(4) Tax entity and branch only; remove from .			
15	(5) Sold July 2001.			
16	(6) Terminated in 1998			
17	(7) Held jointly with China Power			
18	International Holdings, Ltd.			
19	(8) Owned by Protection One International, I.			
20	(9) Owned by Compagnie Europeene de			
21	Telesecuritye, S.A			
22	(10) Merged into Compagnie Europeene de			
23	Telesecuritye, S.A. in December 2000.			
24	(11) Owned by Protection One (UK) plc.			
25	(12) Sold June 2001.			
26	(13) Owned by Masco Holdings Limited.			
27	(14) Owned by Protection One Alarm Monitorin.			

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Name of Respondent Western Resources, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/2002	Year of Report Dec. 31, 2001
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1	(15) Owned by Protection One Systems.			
2	(16) Sold August 2001.			
3	(17) Owned by Protection One, Inc.			
4	(18) Owned by Croise Laroche S.A.			
5	(19) Name changed December 2000.			
6	(20) Owned by Protection One Europe SARL			
7	(21) Owned by Westar Industries, Inc.			
8	(22) Owned by Consutron Nederland Teleshop B.			
9	(23) Owned by CET (Suisse), S.A.			
10	(24) Owned by The Wing Group, Limited Company.			
11	(25) Owned by Astra Resources, Inc.			
12	(26) Name changed October 2001.			
13	(27) Name changed April 2001.			
14	(28) Incorporated October 2001.			
15	(29) Owned by Western Resources (Bermuda), L.			
16	(30) Owned by Western Resources I (Cayman			
17	Islands), Ltd.			
18	(31) Owned by CPI-Western Power Holdings, Lt.			
19	(32) Owned 99% by Westar Industries, Inc. &			
20	1% by The Wing Group, Limited Co.			
21	(33) Owned 99% by Wing Turkey, Inc. and			
22	1% by The Wing Group, Limited Co.			
23				
24				
25				
26				
27				

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Citizens' Utility Ratepayer Board

Board Members:

Gene Merry, Chair
A.W. Dirks, Vice-Chair
Frank Weimer, Member
Francis X. Thorne, Member
Nancy Wilkens, Member
David Springe, Consumer Counsel



State of Kansas
Kathleen Sebelius, Governor

1500 S.W. Arrowhead Road
Topeka, Kansas 66604-4027
Phone: (785) 271-3200
Fax: (785) 271-3116

HOUSE UTILITIES COMMITTEE S.B 51 (as amended)

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
March 14, 2003

Chairman Holmes and members of the committee:

Thank you for this opportunity to appear before you today and offer testimony on S.B 51. The Citizens' Utility Ratepayer Board is a proponent of this bill for the following reasons:

I will preface this testimony by noting three things. First, executive compensation is an issue that CURB, and other parties can and do review in every utility rate case. Second, the Kansas Corporation Commission has the discretion to deny any level of compensation it deems excessive and therefore not prudent. Third, it is possible that a utility, at the time of a rate case, may ask for less than the total compensation it pays its executives to be placed into consumer rates. Based on these three comments, it can be expected that some parties may suggest to the Committee that this bill is simply unnecessary. CURB would disagree with that assessment and suggests that the bill is necessary and provides a level of specific guidance that will benefit consumers.

S.B 51 does several things that CURB believes are important to the process of determining just and reasonable rates for public utilities, and therefore provide a benefit to consumers.

HOUSE UTILITIES

DATE: 3-14-03

ATTACHMENT 2

1) S.B 51, as amended by the Senate Utilities Committee allows the Kansas Corporation Commission to adopt rules and regulations to implement the provisions of this bill. CURB believes that a KCC process that defines what is to be considered “excessive” compensation, combined with the consistent application of this definition, is a positive step for consumers. Having a definition of “excessive” compensation, when combined with the other parts of the bill discussed below will provide a level of certainty to the utility and its shareholders, to consumers, and to the Commission that is called upon to make these determinations. Functionally, this will narrow the scope of issues that must be addressed in any case where compensation becomes an issue. Importantly, this process will also provide notice to the board of directors of the utilities regarding what type of compensation, and what level of compensation is likely to be allowed in utility rates. This type of notice will provide guidance and hopefully some level of consistency between utilities as they make compensation decisions.

2) S.B. 51, at Section 1 (c) requires the Commission to make specific findings of fact as set forth in (c)(1) – (c)(6) before allowing the public utility to recover executive compensation in consumer rates. CURB believes that requiring these affirmative findings of fact by the Commission, when combined with the specific definition of what is considered “excessive” will provide a level of consistent review that is beneficial to consumers. The bill provides a specific template that must be followed in terms of findings of fact by the Commission. As such, this language provides a template for the utility to follow in making its request, a template for CURB or other parties to follow in reviewing the utilities request and a template for the Commission to follow in making its findings of fact in an order. CURB believes the template created in S.B. 51

will be beneficial to all parties by providing some level of certainty about how the review of compensation will be conducted, and by providing specific guidance as to what evidence will be necessary to support the specific findings of fact that must be made by the Commission.

3) S.B. 51, at Section (d) places the burden of proof squarely on the utility. Legally the burden of proof is always on the utility if the utility is seeking to change its approved tariff rates. However, in practice, the burden of proof often subtly shifts to the party arguing that certain costs should not be allowed in consumer rates. It becomes incumbent upon the party seeking to disallow certain costs to meet a high evidentiary burden, to convince the Commission to deny some level of what is contained in the utility's application. By placing the burden squarely on the utility, providing a specific definition of what is to be considered "excessive" and requiring specific findings of fact by the Commission, this subtle shifting of the burden of proof should be minimized.

4) CURB also supports the public disclosure of executive compensation as required in Section 1 (e). Compensation paid to officers of the utility should be available to consumers that pay the compensation in rates and to the public generally.

In summary, when read together, these components of S.B. 51 provide a specific structure with respect to the review of executive compensation that if followed will be beneficial to the utilities that come before the Commission, the parties, like CURB, that participate in the review of utility applications, and ultimately to the consumers who will pay the cost of executive compensation allowed by the Commission in rates. For this reason CURB supports S.B. 51 as amended.



Kansas Electric Power Cooperative, Inc.

Testimony on Senate Bill 51 Senate Utilities Committee – March 14, 2003

*Bruce Graham, Vice President of Member Services and External Affairs
Kansas Electric Power Cooperative, Inc. (KEPCo)*

SB 51 as amended by the Senate Utilities Committee requires action that is within the authority of existing agencies as well as information that is available from other sources. While SB 51 recognizes those boundaries and doesn't require burdensome new compliance, it is not a phantom/zero/zilch piece of legislation.

SB 51 requires the KCC to define excessive compensation through a rules and regulations process. This is a new provision. Currently, the KCC has the authority to review compensation and disallow the recovery of excess pay from ratepayers. In fact, the KCC testified that they have used this authority in previous rate cases. However, SB 51 will require the KCC to establish an official definition of excessive compensation so that a utility will know what is allowed and what compensation will be disallowed.

The Senate Committee made other positive amendments to the bill. The original bill contained a series of definitions for excessive compensation, some of which would be nearly impossible to ascertain. For example, how do you define (E) the value of compensation that conceals profits? In addition, (J) could question an employee's stay at a Holiday Inn rather than a Holiday Inn Express.

There are many other lines in the original Section 1 A-K that the Senate Committee recognized were unnecessary and perhaps a bit too specific. Furthermore that section was repetitious with existing and straightforward language now renumbered as (1) (C) 1-6. Even though members of the Senate Utilities Committee struck that language, they did instruct the KCC to consider those points in their rulemaking deliberations.

The Committee also adopted an amendment requiring disclosure of salary ranges of publicly traded public utilities officers. This information is available through SEC filings, but making it available at the KCC simplifies the discovery process.

In summary, KEPCo supports the provisions of SB 51 as amended by the Senate Utilities Committee.

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Topeka, KS 66615

HOUSE UTILITIES

DATE: 3-14-03

ATTACHMENT 3

**BEFORE THE HOUSE UTILITIES COMMITTEE
PRESENTATION OF THE KANSAS CORPORATION COMMISSION
MARCH 14, 2003**

SENATE BILL 51

Thank you, Chairman and members of the Committee. My name is Susan Cunningham, General Counsel for the Kansas Corporation Commission (“Commission”). I appreciate the opportunity to testify on behalf of the Commission today on Senate Bill 51.

From a policy perspective, the Commission has several concerns with the bill and therefore respectfully opposes the bill. In general, the bill, as amended, provides that no public utility providing excessive compensation to any employee shall recover the value of the excess from the utility’s ratepayers. Section 1(b). In addition, the bill outlines under what circumstances the Commission may allow a public utility to recover employee compensation from Kansas ratepayers. Section 1(c)(1)-(6). Further, the bill requires the Commission to review compensation of public utility employees as a part of any proceeding that may result in a change in rates. Section 1(d). Finally, the bill adopts the federal definition of “compensation” and requires the Commission to adopt rules and regulations to define “excessive compensation.” Section 1(a)(3) and 1(a)(1), respectively.

The Commission believes that the policy directives outlined in SB 51 are already considered and applied by the Commission, rendering the legislation unnecessary. A recent example that illustrates the Commission’s authority – and the exercise of that authority – to exclude compensation from rates can be found in the attached excerpts from the Commission’s Order on Rate Applications, issued on July 25, 2001, in Westar Energy, Inc.’s most recent rate case filing. In that case, the Commission excluded 100 percent of Mr. Doug Lake’s compensation from rates. The Commission agreed with its Staff’s recommendation that all of

HOUSE UTILITIES

DATE: 3-14-03

ATTACHMENT 4

Mr. Lake's compensation be allocated to unregulated operations. In addition to finding that none of Mr. Lake's compensation should be borne by ratepayers, the Commission allocated 37.5 percent of all Westar's other executives' compensation to the unregulated operations as well. The effect of the Commission's decision on recovery of compensation decreased KGE's expenses by approximately \$300,000 and decreased Westar's (*i.e.*, KPL) expenses by approximately \$450,000.

The Commission consistently reviews expenditures by public utilities, whether related to compensation or otherwise, to ensure that ratepayers are not held responsible for excessive costs related or unrelated to providing efficient and sufficient service. It is explicitly stated in the current statutory scheme that the Commission has the duty to require that each public utility furnish sufficient and efficient service at just and reasonable rates. Implicit in the setting of just and reasonable rates is whether each expenditure claimed by the public utility whose rates are under review is in fact necessary and reasonable. Absent the passage of SB 51, the Commission and its Staff will continue to analyze and review, and disallow where appropriate, any public utility employee compensation that appears to be excessive and not in proportion to the employee's duties or responsibilities.

Unless there are questions from the Committee, I have no further comments on Senate Bill 51. Thank you for the opportunity to appear before you this morning.

This adjustment decreases KGE's expenses by \$284,247, and decreases WRI's expenses by \$279,766.

114. The primary allocation adjustment proposed concerns executive compensation. The Applicants allocated 34% of the compensation for seven executives to non-regulated activities, based on an average of the fixed time allocations for the executives. (Transcript, 1688-91.) CURB initially adjusted this to 50%, and then later increased the percentage to 60%. The 50% number was based on CURB's review of corporate activities and was a weighted average of the seven executive officers. The 60% number is based largely on a review of aircraft logs. (Ostrander direct, 19-20; Attachment BCO-2; Ostrander supplemental direct, 15.) Staff allocates the salaries and benefits for nine corporate officers between regulated and unregulated operations. For eight of the officers, Staff allocates 37.5% of their compensation to unregulated operations. For the ninth officer (Douglas Lake), Staff allocates 100% to unregulated operations. The 37.5% is Staff's residual allocation factor, and is based on the percentage of WRI's investment and common equity in unregulated operations. (Proctor direct, 13-15, 62-75; Exh. JMP-10, Sch. 1; Exh. JMP-9, Sch. 1.)

115. The Commission must first comment on the deficiencies in the Applicants' allocation evidence. There was a fundamental problem with the manner in which Flaherty's review was designed. He simply looked at the allocation process being used, asked whether it was consistent with the process designed to be used originally, and evaluated whether the employees understood the process and were properly implementing it. (Flaherty direct, 4-6; Flaherty rebuttal, 5-8; Transcript, 1682-83, 1705, 1708.) This does not answer the basic question before the Commission, which is whether the allocations themselves are fair and reasonable. The Applicants focused on whether the procedures were being understood and followed, not on whether the procedures were the correct ones. The Commission finds that the Applicants' testimony should be given only

minimal weight because of this failure to address the relevant issue.

116. The Commission further notes several alarming aspects of the allocation procedures. The allocation system was designed in 1992, prior to the time when the Applicants expanded their operations out of the public utility arena. The Applicants concede that their operations have changed significantly since 1992. (Flaherty rebuttal, 5; Transcript, 1678-79, 1683-84, 1698.) The Applicants' witness looked at broad cost categories and did not consider any particular individual employees. (Transcript, 1686-90, 1695, 1705, 1802.) The executive officers make an annual estimate of the proportion of time that will be spent on regulated and non-regulated matters. No time sheets are kept. (Transcript, 248.) Instead, the estimated fixed percentage is used. At the end of the year, the executives can revisit the time allocations and make changes if they desire. For rate case allocations, an average of the executives' fixed time percentages was calculated, and this resulted in 34 % of the expenses being allocated to non-regulated activities. (Transcript, 1691, 1701-02, 1719.) However, very few records or documentation of the process used to review and evaluate the allocation procedures were retained. (Transcript, 1756-66.)

117. A system that relies on an estimate made once a year, with no formal attempt to verify the accuracy of that estimate, is woefully insufficient to be used as a means of determining what expenses should be paid by ratepayers. The Commission finds that the criticisms of the Applicants' allocation methodology are valid. The Commission cannot stress too strongly the importance of properly allocating costs. The Applicants have the obligation to provide credible evidence to prove how time is spent before asking that ratepayers bear the expenses. Ratepayers should not be at risk for paying expenses for non-regulated activities. While the Applicants agree with this fundamental premise in principle (Transcript, 287), their allocation procedures are clearly inadequate to serve as a means of fairly allocating costs between regulated and non-regulated operations. The current

haphazard procedures for executive allocations provide no assurance that electric customers are not paying costs related to non-regulated businesses.

118. The Commission finds that the existing allocation guidelines and procedures for executives are so deficient as to require immediate remedial action. Within 90 days of the date of this Order, the Applicants are to file with the Commission a revised methodology for allocating costs relating to executive compensation between regulated and non-regulated operations. The methodology must include a reasonable process for allocating time and expenses that is subject to verification by contemporaneous records and documents. The Commission finds that this is essential to protect ratepayers from unjustified charges and to ensure that expenses collected through rates are just and reasonable.

119. The Commission finds no rational basis for accepting the Applicants' proposed 34% allocation percentage; however, the allocation between regulated and non-regulated operations still must be determined as part of this case. Evidence from Staff and CURB presents the Commission with two other alternatives for allocating executive time and expenses. The Commission adopts Staff's recommendation that 0% of Lake's time be allocated to regulated activities. For the other executives, the Commission adopts Staff's 37.5% allocation factor, finding that this was derived in a reasonable manner and provides a basis for fairly allocating expenses. The Commission rejects the Applicants' claim that Staff's allocation is in error because Staff began with a number which had already taken allocations of 30% into account. Staff used the pre-allocation figures, based on information received from the Applicants during discovery. (Proctor direct, Exhibits JMP-9, 10 and 11.) The effect of these adjustments is to decrease KGE's expenses by \$292,488, and to decrease WRI's expenses by \$447,091.

120. Several other allocation issues have been raised. The Commission accepts CURB's

power marketing review by Staff or by an independent third party approved by Staff is to be planned and scheduled on or before December 17, 2001.

(E) The Applicants are to file revised allocation procedures for Commission approval within 90 days of the date of this Order.

(F) The Applicants are to make a rate design filing, in a separate docket, on or before September 20, 2001.

(G) A party may file a petition for reconsideration of this Order within fifteen (15) days of the date of this Order. If service is by mail, three (3) additional days may be added to the fifteen (15) day time limit to petition for reconsideration.

(H) The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Wine, Chr.; Claus, Com.; Moline, Com.

Dated: 7-25-2001

ORDER MAILED 7-25-2001

Jeffrey S. Wagaman
Executive Director

ATTACHMENTS

Attachment 1	KGE revenue requirement and capital structure
Attachment 2	KGE rate base adjustments
Attachment 3	KGE income statement adjustments
Attachment 4	WRI revenue requirement and capital structure
Attachment 5	WRI rate base adjustments
Attachment 6	WRI income statement adjustments
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LEGISLATIVE TESTIMONY



The Unified Voice of Business

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SB 51

March 14, 2003

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony before the House Committee on Utilities
By Terry Leatherman, Vice President – Legislative Affairs

Mr. Chairman and members of the Committee:

Thank you for the opportunity to present written comments why the Kansas Chamber of Commerce and Industry opposes the passage of SB 51, legislation the Kansas Chamber feels it is unnecessary and establishes an unfortunate precedent of government intrusion into the operation of businesses.

The intention of the legislation appears to be arming the Kansas Corporation Commission to assure ratepayers that the dollars they spend on utility rates will not be going to pay excessive compensation to business executives. It is the Kansas Chamber's understanding the KCC currently has this authority and exercises it when approving rate requests before the Commission. If the authority extended by SB 51 already exists, it begs the question of what impact codifying this current practice might have. The Kansas Chamber is concerned the public pronouncement of legislative will in SB 51 might be negative on how business perceives Kansas to be a good place to be in business.

In terms of rate-making policies before the Corporation Commission, the Kansas Chamber feels state legislation and regulation should result in a predictable process, which promotes the enhancement and expansion of telecommunications and energy investment. SB 51 appears contrary to that goal, instead placing an impediment in a business decision to expand or locate in Kansas. A utility operation can have an executive compensation structure that would meet the rigors of KCC review, but view SB 51 as a signal of our state's policy direction to manage the operation of their business.

Further, the Kansas Chamber would pose the question whether this public policy declaration would open government inspection of business and industry in other directions. SB 51 is built to defend ratepayers from paying for

HOUSE UTILITIES

DATE: 3-14-03

ATTACHMENT 5

corporate management salary excesses. KCCI questions whether this policy concept could be expanded within the halls of the Statehouse in other directions.

Mr. Chairman, I should note the Kansas Chamber did not appear during Senate Committee deliberations on SB 51. However, KCCI felt compelled to inject the broader question that the message of this legislation, which apparently will do little to change current regulatory practices in Kansas, sends in terms of our state's desire to welcome business and industry into our state. Thank you for the opportunity to submit written comments on SB 51.

About the Kansas Chamber of Commerce and Industry

The Kansas Chamber of Commerce and Industry (KCCI) is the leading broad-based business organization in Kansas. KCCI is dedicated to the promotion of economic growth and job creation and to the protection and support of the private competitive enterprise system.

KCCI is comprised of nearly 2,000 businesses, which includes 200 local and regional chambers of commerce and trade organizations that represent more than 161,000 business men and women. The organization represents both large and small employers in Kansas. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.