

Approved: May 1, 2003

Date

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 Buntin 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.