

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairperson Senator Stan Clark at 9:30 a.m. on February 13, 2003 in Room 231-N of the Capitol.

All members were present except:

Committee staff present:     Raney Gilliland, Legislative Research  
                                      Bruce Kinzie, Revisor of Statutes  
                                      Ann McMorris, Secretary

Conferees appearing before the committee:

                                      David Springe, Citizens' Utility Ratepayer Board  
                                      Anne Bos, Staff Attorney, Kansas Corporation Commission  
                                      Anne Spiess, Kansas Telecommunications Industry Assn.  
                                      Larry Irick, Westar

Others attending:         See attached list

In response to a request on February 6 when Jim Haines, President, Westar appeared before the joint committees on Utilities, Jim Ludwig provided information on shareholder demographics and compensation and length of term for Westar Energy's Board of Directors. (Attachment 1)

Senator Clark introduced the four pages serving in the Senate today from his district.

The Chair continued the hearing on

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

Proponents

David Springe, consumer counsel, Citizens' Utility Ratepayer Board stated that CURB is a proponent because it believes **SB 51** does the following three things that are important to the process of determining just and reasonable rates for public utilities and, therefore provides a benefit to consumers. (1) **SB 51** provides a specific definition of what is "excessive" when evaluating the appropriate level of executive compensation to place in consumer rates. (2) **SB 51** requires the Commission to make specific findings of fact before allowing the public utility to recover executive compensation in consumer rates. (3) **SB 51** places the burden of proof squarely on the utility. (Attachment 2)

Chair closed the hearing on **SB 51**.

The Chair continued the hearing on

**SB 80 - Public Utilities, Commission approval for selling, assigning or leasing certain assets**

Proponents

David Springe, consumer counsel, Citizens' Utility Ratepayer Board stated that CURB supports SB 80 as a reasonable protection for Kansas consumers against the harm of unregulated utility activities. (Attachment 3)

Neutral

Anne Bos, Assistant General Counsel, Kansas Corporation Commission, noted there is a perceived need by the KCC for this proposed legislation. The Commission's concern is that by specifying a dollar amount for public utility asset value, this would restrict the Commission's oversight over transactions involving less than that dollar amount. The Commission proposed an amendment and provided the language. (Attachment 4)

Opponents

CONTINUATION SHEET

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Anne Spiess, president, Kansas Telecommunications Industry Association, speaking in behalf of the incumbent local exchange carriers operating in Kansas as well as SBC and Sprint, felt **SB 80** would add another layer of unnecessary regulation to local company operations. (Attachment 5)

Larry Irick, vice president and corporate secretary of Westar Energy, Inc., voiced opposition to **SB 80** as being inconsistent with the rational of the current statute KSA 66-136 which applies to the transfer of a franchise or certificate of convenience. Westar Energy objected to the amendment as overly broad in various respects and believes the current regulatory framework adequately protects ratepayers. (Attachment 6)

Chair closed the hearing on **SB 80**.

Approval of Minutes

Moved by Senator Tyson, seconded by Senator Emler, the minutes of the meetings of the Senate Utilities Committee held on January 27, 2003, January 28, 2003, January 29, 2003, January 30, 2003, February 3, 2003 and February 6, 2003, be approved. Motion carried.

The next meeting of the Senate Utilities Committee will be held on February 17, 2003.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 6