The Energy and Technology Committee

February 3, 2009

Raised Bill No. 6303, AAC COMPENSATION OF UTILITY OFFICERS, DIRECTORS AND EMPLOYEES

Testimony of

The Office of Consumer Counsel

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The Office of Consumer Counsel (OCC) has carefully reviewed and SUPPORTS Raised Bill No. 6303, AAC Compensation of Utility Officers, Directors and Employees.

This bill would require the DPUC in a utility rate case to limit the compensation by the ratepayers of any officer, director or employee of a utility company to an annual amount that is two times the statutory salary of the Governor. At present, this would limit the compensation provided by ratepayers to any officer, director or employee of a public service utility company to about $300,000.

It is notable that the proposed bill would not limit the compensation to a utility officer, director or employee that comes from the utility's shareholders. If the shareholders believe that an officer, director or employee adds value of several hundreds of thousands or millions of dollars beyond the stated limit for compensation from ratepayers, then they can compensate that person accordingly. Thus, this provision would not violate any contracts between a public service company and an officer, director or employee.

OCC knows that there are some executives of public service companies whose compensation from the public (ratepayers) is in the several hundred thousands dollars, and in some cases over 1 million dollars. In one instance, compensation from ratepayers to a public service company executive approaches two million dollars. OCC is not aware that such exorbitant salaries do anything to promote the true public policy goal of public utilities– reliable service at reasonable rates. OCC is confident that electricity will flow through the wires, gas will continue to flow through the pipes, etc., if utility executives' compensation from the public is limited to $300,000 per year.

Many ratepayers are struggling to pay their utility bills for their only home. They should not be asked to compensate public service company executives in a manner that would allow them to lavishly furnish a second home on the shoreline.