

THE NATIONAL ASSOCIATION OF STATE UTILITY CONSUMER ADVOCATES RESOLUTION 2009-09

Calling Upon state legislatures and state regulatory authorities to require that public utility companies: (1) have defined limits on the amount of salary and benefits paid to executives of local operating companies and parent and holding companies that may be charged to ratepayers, and (2) file annual public disclosures of the executive compensation amounts charged to ratepayers.

Whereas, in the United States over the last thirty years there have been drastic increases in executive compensation paid to officers of publicly traded companies in many industries, including utilities, *and*

Whereas, executive salaries and benefits are yet again receiving increased scrutiny, not only in the utility sector, but in many other industries; *and*

Whereas, executive compensation paid to banks and financial institutions that were part of the federal bailout is being capped by the federal government at \$500,000 annually, and monitored by a federal “compensation czar”; *and*

Whereas, currently the total compensation paid to the average CEO in the U.S. has reached 400 times the average company employee compensation, compared to 22 times the average employee compensation in Great Britain, 20 times the average employee in Canada, 12 times the average employee in Japan, and 30-40 times the average employee compensation in the U.S. 30 years ago; *and*

Whereas, during 2007, 60 utility CEOs were paid more than \$5 million, while 16 of those utility CEOs were paid upward of \$10 million; *and*

Whereas, corporate governance groups, consumer advocates, utility workers unions, and individual shareholders have questioned company boards of directors’ actions in awarding such compensation packages; *and*

Whereas, the compensation packages for regulated utility company executives have been an area of concern in utility rate proceedings for at least a decade; *and*

Whereas, the current economic recession, combined with increases in compensation levels and increased rate case activity, has brought the issue into the spotlight and added increased urgency to the issue of limiting compensation; *and*

Whereas, there is a considerable disproportion between the total executive compensation packages at investor owned utilities and that of executives at public utility districts, cooperatives and municipally owned utilities which continues to grow; *and*

Whereas, in 2009, legislation was proposed, although not enacted, in at least two states to limit the level of executive salaries charged to ratepayers to a multiple of each State’s Governor’s salary, which is similar in nature to President Obama’s suggested limitations on executives’

salaries whose companies were recipients of the federal bailout; *and*

Whereas, at least one state regulatory authority has held a proceeding and adopted standard annual disclosure requirements on: (1) salary, benefits and bonuses paid to utility company officers and members of management ; (2) the amount charged to state ratepayers, as well as, (3) making the information publicly available on the regulatory authority website,

NOW THEREFORE, NASUCA RESOLVES:

To continue its long tradition of support for the adoption of cost effective programs as ways to reduce customer utility bills while promoting transparency of regulated operations; and

BE IT FURTHER RESOLVED:

that NASUCA encourages state legislatures and state regulatory authorities to: (1) limit the amount of utility executive salaries and benefits recoverable from ratepayers that are paid to officers of local operating or distribution companies as well as parent and holding companies and (2) establish standard public disclosure requirements that provide detailed information on the components of executive compensation charged to the state regulated utility customers; and

BE IT FURTHER RESOLVED, that the Standing Committees of NASUCA, with the approval of the Executive Committee of NASUCA, be authorized to take all steps consistent with this Resolution in order to secure its implementation.

Approved by NASUCA:

Place: Chicago, Illinois

Date: November 17, 2009