

SENATE BILL REPORT

SB 6244

**AS REPORTED BY COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE,
FEBRUARY 7, 1992**

Brief Description: Limiting the forms of compensation of public utility district managers.

SPONSORS: Senators L. Smith and von Reichbauer

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: That Substitute Senate Bill No. 6244 be substituted therefor, and the substitute bill do pass.

Signed by Senators von Reichbauer, Chairman; Erwin, Vice Chairman; Matson, McCaslin, Rasmussen, and Sellar.

Staff: Traci Anderson (786-7452)

Hearing Dates: February 7, 1992

BACKGROUND:

Under current law, the district manager of a public utility district (PUD) is appointed by the PUD commissioners. In addition, the commissioners are responsible for establishing the district manager's compensation (salary and benefits). Currently, there are no statutory restrictions on the type or level of compensation that can be provided to PUD managers.

It is suggested that limits should be placed on the type of compensation provided to PUD managers.

SUMMARY:

Restrictions are placed on the type of compensation that can be provided to PUD managers. A PUD manager's compensation may not include life insurance, other than term life insurance with premiums paid on an annual basis.

EFFECT OF PROPOSED SUBSTITUTE:

Language restricting the ability of PUD commissioners to provide life insurance, other than term life insurance for PUD managers, is stricken. New language is added that would require PUDs to provide a full description of the proposed compensation packages, including information on the initial and ongoing costs and the cash value of such packages provided to PUD managers. This information must be included in the resolution which establishes such compensation packages.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

This bill will require public disclosure of the actual compensation paid to PUD managers (testimony on substitute).

TESTIMONY AGAINST:

Public utilities need to have the flexibility to craft compensation packages which are competitive with private industry. This bill would inhibit a PUD's ability to devise such packages (testimony on the original bill).

It would be difficult to come up with an estimate of the actual cash value of certain insurance policies and annuities provided to individuals because the value of these items can fluctuate (testimony on substitute).

TESTIFIED: Senator Linda Smith, prime sponsor (pro); R.V. Wachter, citizen (pro); Don Jones, citizen (pro); Wayne Nelson, counsel, Clark County PUD (con); Bruce Bosch, manager, Clark County PUD (con); Rich Birmingham, counsel, Davis Wright Tremaine