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November 24, 2003

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PRE-MUR # 416

Dear Ms. Vosdingh and Mr. Shonkwiler:

Enclosed please find one original and two copies of a sua sponte submission by Westar Energy, Inc. (Westar), relating to certain federal-election activities undertaken in 2001 and 2002. On behalf of Westar, we appreciate the opportunity to provide this submission. Please do not hesitate to contact me with any questions or comments. We look forward to working with you to resolve any outstanding issues.

Sincerely,


Timothy W. Jenkins

Enclosure

cc: Larry Irick, Vice President, General Counsel and Corporate Secretary
Westar Energy, Inc.

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Re: Sua Sponte Submission by Westar Energy, Inc.

Dear Ms. Vosdingh and Mr. Shonkwiler:

We are counsel to Westar Energy, Inc. ("Westar" or the "Company"). By this letter, we are making a *sua sponte* submission to the Federal Election Commission ("Commission") concerning Westar and certain activities by some of its former officers. We are voluntarily bringing relevant facts to your attention to seek final resolution on whether the Commission believes Westar's actions have violated federal election law. As we advised you in our meeting in September, none of the officers whose activities is in question are still with the Company. An entirely new management team is in place. The new leadership team has pledged to cooperate fully with the government about past matters and to impose prophylactic measures to ensure future compliance.

In connection with this submission, we conducted an extensive review of the political activities of Westar dating back to the mid 1990's. Our inquiry included a review of relevant files, multiple

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interviews with current and former Westar officials and independent research of FEC contribution and disbursement data. The materials presented below reflect our findings. This submission first provides background on Westar and then details the election-related activities in question. If you have any questions or need additional information, please feel free to contact us.

For your information, we have discussed this submission with counsel for Mr. Doug Lawrence. Mr. Lawrence served as an officer at Westar between November 2001, and January 2003. We are authorized by Mr. Lawrence's counsel, Gerald Handley, to advise the Commission that Doug Lawrence has reviewed and agrees with this *sua sponte* submission to the Federal Election Commission and submits his Affidavit in support of the submission (Attachment 1, Lawrence affidavit).

Company Background

Westar is a Kansas corporation headquartered in Topeka, Kansas. It was incorporated in 1924 and operates the largest electric utility in Kansas. It is listed on the New York Stock Exchange and its ticker symbol is "WR". We have attached a copy of Westar's 2002 Annual Report for your information (Attachment 2).

The Company is the product of a 1992 merger of Kansas Power & Light Company ("KPLC") with Kansas Gas and Electric ("KGE"). KGE is a wholly-owned subsidiary. After these two entities merged, the Company began to look for other acquisition opportunities. As you will recall, in the mid-1990s, energy deregulation had gained acceptance and was in process. In light of this deregulation, the then-Chairman and Chief Executive Officer of Westar, John Hayes, embarked on a plan to grow and diversify the Company business.

Deregulation created opportunities for public utilities to pursue a broader range of business opportunities – not only to sell energy beyond prescribed geographical limits, but also to pursue ventures outside of the traditional energy services area. As a result of the political climate in the mid-1990s, many public utility companies, and other regulated energy providers were seeking to expand and diversify into

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non-regulated businesses. For Westar, such acquisitions served the dual goals of diversification and expansion of their utility operations to enhance its competitive posture in energy service. As a result of these acquisition efforts, Westar was a vibrant corporation.

In 1995, CEO John Hayes hired David Wittig to become Westar's Executive Vice President of Corporate Strategy. Wittig's job function was to direct the Company's expansion effort. Mr. Wittig had been a senior investment banker at Salomon Brothers. In that capacity, he had advised the Company on various strategic transactions.

Westar's Acquisition Activities

In 1996, Westar embarked on an acquisition aimed at increasing its electric utility holdings by launching an unsolicited offer to acquire KCPL. In 1996, in addition to pursuing its merger with KCPL, the Company embarked on a number of other regulated and non-regulated acquisitions. Westar combined its natural gas utility operation's with those of ONEOK, Inc. ("ONEOK"), a Tulsa, Oklahoma natural gas distributor, and as a result owned a 45% interest in ONEOK. Westar Capital, Inc., a wholly owned subsidiary renamed Westar Industries, Inc., pursued investments in international generation projects and in ADT Services, Inc. ("ADT"), then the largest home security firm in the country.

Although these acquisitions yielded mixed results, (the ADT acquisition was foiled when Tyco International, Ltd. acquired a majority stake) the Company continued to aggressively pursue potential acquisitions. In 1997, Westar Industries acquired a large majority stake in Protection One Inc., a competitor to ADT, for example, and in 1998 the Company pursued the acquisition of the Kansas City Royals professional baseball team. During 1999 and 2000, the Company acquired bonds in companies in the paging industry.

In 1999, Westar Energy's acquisition program began to suffer significant setbacks. The merger with KCPL was terminated as Westar's stock value declined (along with the rest of the stock market), and significant concerns developed about the investment in Protection One. In addition, Westar recorded

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large losses on its investments in paging company bonds. Finally, Protection One faced a myriad of problems and was looking to its parent company to provide working capital.

Following the termination of the KCPL transaction and in the midst of this corporate decline, Westar pursued the separation of its regulated and non-regulated industries and the sale of its regulated utility operations to Public Service Company of New Mexico ("PNM"). The separation effort has a somewhat complicated history and eventually collapsed in 2001 along with the PNM transaction. In sum, the Kansas Corporation Commission ("KCC") enjoined the separation because the division of the company would have left the regulated electric utility operations of Westar Energy holding all of the debt from the acquisitions made by the non-regulated companies. The efforts of the former senior management (David Wittig's team) to separate the company's regulated and unregulated businesses were central to the decision of Westar to engage politically.

The Rise and Fall of David Wittig

In 1998, during the height of this acquisition activity, Mr. Wittig was named President of the Company. At the end of the year he was named Chairman and Chief Executive Officer. In the fall of 1998, Mr. Wittig hired Douglas Lake, who had been an investment banker with Bear Stearns, to replace him as Executive Vice President, Corporate Strategy. Lake and Wittig had previously worked together at Salomon Brothers, and while Lake was at Bear Stearns, he had advised Protection One on certain acquisitions.

At the core of the strategy to separate the utility and the non-regulated businesses was the notion that Wittig and Lake would leave the utility corporation to run the non-regulated businesses. Wittig's and Lake's expertise was in deal-making and not in operating a regulated utility. When the KCC began to resist the division of the corporation, the company's relations with the KCC grew more adversarial.

In mid-2001, the KCC increased its regulatory hold on Westar. First, it prohibited Westar from proceeding with a rights offering that was necessary to divide the company in two. Second, it ordered

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Westar to submit a plan to sufficiently reduce its debt to restore its investment-grade bond rating which, by that time, had sunk to junk status.

These events fostered questions within Westar as to David Wittig's leadership. Four members of the Board of Directors retired or tendered their resignations. The executive officer ranks were decimated in October, 2001 by virtue of a so-called cost-cutting reorganization plan offered by Wittig. After the plan was implemented, only Wittig and Lake remained from among the six executive committee officers.

Notwithstanding the KCC's resistance to splitting the company in half, Wittig and Lake continued to pursue the separation through a rights offering. On November 6, 2001, Westar submitted a revised financial plan to the KCC. This plan was opposed by several public and private entities. The KCC scheduled a hearing for July 2002. In November 2002, it rejected the company's revised plan and ordered further measures to reduce Westar's debt. (The KCC issued a further debt reduction order on December 23, 2002.)¹

On a separate track, unrelated to Westar's corporate activities, a federal grand jury investigation into a personal loan by David Wittig to his personal banker, Clinton "Del" Weidner, the former President and General Counsel of Capital City Bank in Topeka, Kansas, began to surface in the second half of 2002. Wittig was first put on notice when he was served with a grand jury subpoena in July, but he did not disclose its existence to the Board. Westar's Board first learned of the grand jury investigation on September 17, 2002, by virtue of a separate grand jury subpoena from the United States Attorney's Office in Topeka, Kansas, requesting information concerning the use of corporate aircraft and the company's annual shareholder meetings.

On November 7, 2002, Wittig and Weidner were indicted by a federal grand jury on conspiracy and various bank fraud charges. At the direction of the Westar Board, Wittig immediately was placed on administrative leave without pay. The investigation of Wittig and Weidner was unrelated to Westar; it

¹ On February 6, 2003, Westar Energy filed its Debt Reduction Plan with the KCC calling for the sale of its non-utility assets. Dividends were also reduced by 37%.

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related solely to a personal investment Weidner was making in a real estate development. The scheme involved Wittig increasing his bank line of credit by the same amount Weidner borrowed from Wittig without making required disclosures regarding the true purpose of the loan. (Wittig was convicted of various bank fraud charges on July 14, 2003, and is awaiting sentencing.) On November 22, 2002, two weeks after he was indicted, Wittig resigned from all of his positions with the Company and its affiliates. On May 7, 2003, the Westar Board of Directors determined that Wittig's termination was for cause. On December 6, 2002, Douglas Lake was placed on administrative leave. In June, 2003, he was terminated for cause by the Westar Board.

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A Special Committee of the Board of Directors of Westar Energy, Inc. was created on September 27, 2002 following the receipt of the grand jury subpoena. The Special Committee retained the law firm of Debevoise & Plimpton ("Debevoise") to conduct an internal investigation of the Westar corporate activities in the areas identified by the subpoena as well as any other area affecting the company's operation, and to provide a written report. As you are aware, the full Report of the Special Committee to the Board of Directors ("Special Report") prepared by Debevoise was made public by Westar when it put the report on its website. The investigation covered, inter alia, the acquisition and use of company airplanes, a review of executive compensation issues, issues relating to senior officers' employment agreements, and various loans and other financial activities between Mr. Wittig and Mr. Lake and the Company (Attachment 3, Chapter XVIII, "Corporate Political Activity," Report of the Special Committee to the Board of Directors)².

Towards the end of this exhaustive investigation, the Debevoise attorneys were made aware of the potential of campaign finance violations. As discussed below, the actions in question were referenced in the report with a recommendation that further inquiry be conducted.

² The section attached comprises pages 341-349 of the 367 page Special Report

The Hiring of New Senior Managers

With the departure of Wittig and Lake in late 2002, Westar hired James S. Haines, Jr. in December 2002 as the company's Chief Executive Officer ("CEO") and President. Mr. Haines was formerly the President, CEO and a Director at El Paso Electric Company. He also serves as an Adjunct Professor and is the SKOV Professor of Business Ethics at the University of Texas at El Paso.

Mr. Haines brought back to Westar two individuals with strong backgrounds in the electric utility industry to serve in executive positions. Haines hired William B. Moore to be an executive vice president and chief operating officer ("COO") and Mark A. Ruelle as executive vice president and chief financial officer ("CFO"). The new management's committed focus is on the reduction of debt, the divestiture of non-utility companies, and the enhancement of the company's core electrical utility business. As noted below, it also has committed to upholding the highest standards of corporate integrity and governance, including in the political sphere.

Westar Political History

Westar has been engaged in the political arena in varying degrees since the late 1980's. Initially, and continuing until approximately 2000, Westar's political activities consisted of: 1) donations from the Westar employee federal political action committee, most recently known as the Western Resources Political Action Committee (herein referred to as the "Westar PAC"); 2) corporate contributions to state and local candidates (permitted under Kansas law); and, 3) isolated individual contributions to federal candidates predominantly from the Kansas congressional delegation.

The Westar PAC was originally established in 1987 as the KPL Gas Service Employees Political Action Committee (Attachment 4). During the course of the corporate mergers and acquisitions described above, the Westar PAC underwent several changes in structure and affiliation. These are reflected in the attached amendments to the Statements of Organization (Attachment 5). The Westar PAC receipts and

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disbursements were very modest throughout the early and mid-nineties, averaging between \$10,000 and \$20,000 annually (Attachment 6). By the late 1990's, these numbers had declined to under \$10,000 annually (Attachment 7). The Westar PAC was terminated on December 31, 2000 (Attachment 8).

In addition to making these political contributions, Westar was involved in the federal and state legislative process via in-house government affairs officials and outside consultants. The Westar consultants from the firm of Governmental Strategies, Inc. ("GSI") also periodically made personal campaign contributions, although these contributions were not coordinated with or spurred by any Westar political activity.³ A list of all federal personal contributions from Westar officials and lobbyists dating from 1997 to June of 2003 is attached (Attachment 9).

As the above contributions list attests, the personal disbursements between 1999 and 2001 were, not surprisingly, concentrated on the Kansas delegation. The Westar PAC's disbursements were more varied, although the Kansas delegation and other Members of Congress representing districts with Westar facilities were the most common recipients of Westar PAC contributions (See Attachment 7).

The Westar political contribution pattern changed dramatically when Wittig became CEO in 1999. As noted above, Westar PAC receipts dropped dramatically, in part due to the contentious leadership styles of Wittig and Lake. The Westar PAC was terminated on December 31, 2000. With the Westar PAC no longer an option, personal contributions from senior executives increased in late 2000 and early 2001. Carl Koupal, the chief administrative officer until his dismissal in late 2001, proposed on at least one occasion a targeted list of federal and state candidates for these contributions (Attachment 10). However, even these contributions were truly ad hoc – still focused on local candidates and usually sought in connection with a visit by federal or state legislators to a Westar facility or otherwise in the home district.

³Westar was one of approximately a dozen clients of GSI which were involved in the energy arena. Although in some instances, their personal contributions were consistent with Westar's political agenda, the contributions from these consultants reflected their broader business and personal interests, not solely the Westar political posture. For more information on GSI's clients, see www.govstrat.com

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During the latter stages of 2001, the Westar political transition accelerated as a result of congressional debate on an omnibus federal energy measure. Of particular importance to Westar was a proposal that would repeal the Public Utility Holding Company Act (PUHCA). Virtually all of the investor-owned electric utility universe favored the repeal. However, Westar was uniquely situated because the repeal of PUHCA would have cost Westar an exemption from the Investment Company Act of 1940 (ICA) which exempted companies subject to PUCHA. The loss of this exemption would have complicated Westar's efforts to spin off its non-utility/non-regulated businesses referenced above. Accordingly, Westar embarked on a legislative campaign to preserve the specific and narrow ICA exemption for companies subject to PUHCA. Preserving the exemption in the new energy legislation would have allowed Westar to achieve its corporate separation goal without impeding the overall repeal of PUHCA generally favored by the investor-owned electrical industry.⁴

In support of this legislative effort, Westar officials and lobbyists outlined a political strategy. The plan was first presented in an April 23, 2002 memorandum from Westar's outside lobbyist, Richard Bornemann of GSI, to Doug Lawrence, the Vice President of Government Affairs at Westar⁵ (Attachment 11, Special Report Exhibit #238). The memo contained a list of Members of Congress who should be targeted for contributions and a brief explanation as to their respective roles in the ongoing energy bill debate. It recommended a total of \$31,500 in hard money contributions and \$25,000 in soft money disbursements. It essentially was the blueprint for elevating the Westar profile with Members who were spearheading the effort to pass the energy legislation.

After the Bornemann memo was received by Lawrence, Wittig and Lawrence undertook to meet the objectives outlined in the memorandum. Wittig had previously devised a formula by which executives at Westar would be solicited for federal contributions (Attachment 12, Special Report Exhibit

⁴ The eighteen-month effort to preserve this exemption ultimately failed because of opposition from the KCC and the issuance of the grand jury subpoenas which caused Congressional sponsors of the provision to drop their support

⁵ As noted above, Lawrence joined Westar as an officer in November, 2001. Immediately prior to joining Westar, he was a Kansas state lobbyist. Before that, he was a Kansas legislator. He had limited experience with federal election law and was only generally familiar with the federal legislative process. He left the company shortly after Haines became President and CEO to return to his lobbying practice.

#237 at p.2). The per person allocation, based upon pay grade, was applied to the budget contained in the Bornemann memo. Wittig and Lake assumed the greatest financial responsibility, with the remaining 11 targeted executives assigned lesser amounts based upon their respective pay grades. On or about May 17, 2002, the allocation list was forwarded as part of a memo by Lawrence via internal mail to the individuals who were asked to contribute (See Attachment 12).

Beginning in late May 2002, the first set of checks was disbursed roughly in accordance with the strategy outlined in the Lawrence memo (See Attachment 12). For the months of May and June, \$16,250 was distributed (Attachment 13). The \$25,000 soft money disbursement was also made in May of 2002. Requests from the GSI consultants were routed to Lawrence who, in turn, notified the designated Westar executives of their requested amounts (See Attachment 1 at ¶ 3, 4). The checks were delivered to Mr. Lawrence usually through his assistant, Kathy Volpert (now Kathy Lewis) (Attachment 14, Lewis affidavit at ¶ 4). Ms. Volpert shipped the checks via Federal Express to Mr. Bornemann who distributed the checks to the designated candidate committee representative (See Attachment 14 at ¶ 4). It is our understanding that the checks were hand-delivered at fundraising events or, otherwise, mailed or hand-delivered to the candidate committee offices.

Additional checks were solicited and collected in this fashion next in July and then again in late October through early November, totaling \$2,800 and \$12,650, respectively (See Attachment 13). As the attached contributions 2002 chart demonstrates, the original Wittig formula was not precisely followed during the course of the campaign (Attachment 15, chart of Westar officer contributions). In most instances, executives contributed more or less than requested. In addition, contributions were not always made to targeted candidates. In essence, the original Wittig blueprint served merely as a loose guideline for contributions, not as a strict mandate.

After Wittig's and Lake's resignations, the onset of federal investigations, and the subsequent decision by House Members to delete the desired exemption from a conference committee measure, the Board and senior executives of Westar determined to suspend making any political contributions,

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including state corporate contributions. The political contribution hiatus continued until recently when Westar re-established its PAC (Attachment 16).

The issues outlined above first surfaced publicly in May 2003 when the Special Report was put on Westar's website. The Special Report is inconclusive on the point of federal election violations, but it does identify the conduct in question, and includes relevant exhibits. Finally, the Special Report recommends that these federal election law issues be reviewed by an expert. The undersigned had already been retained by Westar to serve that function at the time the report was released. A host of corrective actions have since been undertaken as a result of our reviews.

Corporate Facilitation Issues

The conduct described above raises a number of issues in the corporate facilitation area. See, 11 CFR. §§ 114.2 (f). As detailed below, however, the evidence suggests that any use of corporate resources was extremely limited, and confined almost exclusively to the campaign to raise funds to support the surgical legislative effort to preserve the ICA exemption. In addition, although Wittig participated in organizing the fundraising effort and expressed his support for the campaign, his role was secondary and he did not participate actively in soliciting or collecting checks from his subordinates. Therefore, it appears that any coercive component, if present, was subtle, not overt.

The campaign to raise individual contributions involved very limited use of corporate resources.⁶ While Lawrence used company internal mail and e-mail to communicate with solicitees about the campaign and when designated donations were needed, the e-mail traffic was very limited and sporadic. Lawrence alone was responsible for collecting the checks and sending them to Washington, D.C. where the Westar consultant would distribute them to the relevant candidate committees. These actions by

⁶ The campaign launched in 2002 was the first coordinated political fundraising effort by Westar officials. As noted above, Koupal solicited contributions once in 2001 via e-mail. However, these were to a limited universe of executives and only for a handful of federal contributions. Also, there is no evidence of Wittig's involvement in these solicitations. Our interviews and additional research did not disclose any evidence of a "collective enterprise" for this or any other earlier isolated activity.

Lawrence were undertaken on three occasions between May and October of 2002 (See Attachment 1 at ¶ 8). On approximately three occasions, Lawrence asked his assistant, Ms. Volpert, to forward the checks via Federal Express. The corporate account was charged for the Federal Express shipments. Ms. Lewis estimates that the total charge for the shipments was \$40.00 (see Attachment 14 at ¶ 4.) The total amount of time expended by Lawrence and Ms. Volpert on these activities was less than ten hours.

It is not disputed that Lawrence and Bornemann acted as conduits or intermediaries by virtue of their collection and forwarding of these earmarked contributions and that both individuals should have reported this activity to the Commission. See, 11 CFR §§ 110.6(b)(2). However, their actions were not undertaken at the direction of a corporate superior. Instead, the mechanics of collecting these checks evolved to where the requests were made after Mr. Bornemann contacted Mr. Lawrence to inform him of upcoming events on behalf of the targeted list of Members. Neither Wittig nor Lake were aware of the timing of any fundraisers, and they had no direct input in collecting the checks. The fact that Wittig was not "hands on" is reinforced by the fluid nature of the campaign wherein there were regular and substantial deviations from the Wittig formula. According to Westar officials, Wittig was not even aware of these changes (See Attachment 1 at ¶ 5, 7.) Therefore, the record establishes that the intermediary or conduit actions by Lawrence and Bornemann were in a volunteer capacity, not in the context of a mandated corporate enterprise. See 11 CFR § 114.2 (f)(3)(ii).

Wittig, the CEO of Westar, participated in a limited capacity in the fundraising campaign. Wittig was consulted by Lawrence prior to undertaking the effort and he was responsible for the contribution allocation formula. It was acknowledged in communications to the affected group that Wittig was aware of and endorsed the campaign. Other than writing his own personal checks, that was the full extent of Wittig's participation⁷ (See Attachment 1 at ¶ 5, 7.) He did not directly contact any of his immediate subordinates about their contributions and he was not made aware of who contributed and in what amount

⁷ There is no evidence of input by Lake, the only other executive to whom some of the remaining 11 officers reported. Lake's lack of involvement is confirmed by a May 20, 2002, e-mail wherein he expresses confusion regarding the identity of the targeted Members (Attachment 17, Special Report Exhibit #236)

(See Attachment 1 at ¶ 5.) Indeed, the Special Report confirms that only one of the individuals solicited felt pressured to contribute, and that instance occurred in 2001 when Koupal was seeking contributions. (See Attachment 3 at p. 347) In the circumstance, the individual acknowledges that the pressure felt was subtle, and that it merely was "understood" that Wittig supported the effort. The clearest evidence of an absence of any coercion is that in 2002 seven of the eleven targeted executives contributed less than the amount suggested by Wittig and did not suffer any reprisal. (See Attachment 3 at p. 344)

The scope of the 2002 solicitation was strictly limited to the 13 executives at Westar at the Vice President level or above. The relevant documents establish this number and our review confirms the conclusion. We interviewed three officials in the regulatory/public affairs arena, (Mark Schreiber, Senior Manager, Government Affairs, Bill Eastman, Director, Environmental Services and Chuck Hodson, Executive Director, Safety and Support Services) who would have been natural targets of any more expansive request. None of these officials were asked to contribute at any time during their tenures at Westar, including during calendar year 2002.

Finally, there is no evidence of any corporate reimbursement, direct or indirect, in connection with these contributions. Our investigation confirmed that no direct payments, either in the form of invoices or expense reimbursement, were made as a result of the campaign. During the period in question, bonuses were paid to all the individuals solicited, but these were paid in April, 2003, long after Mr. Wittig's departure. Indeed, final approval of bonus determinations were made by the Board of Directors after Wittig had been terminated for cause by the Board, and without any input from Wittig. The bonuses collected in 2003 by the executives who were part of the contribution pool were calculated using an incentive standard established in the mid-1990s. The actual formula applied for 2002 was identical to the formula used in 2001 (Attachment 18). There was no relationship between bonus amounts and the amount of contributions made by the executives.⁸

⁸ As evidence of the absence of any such connection, please compare page 12 of Attachment 18 with actual political contributions from the executives found at Attachment 15.

In short, Westar acknowledges that there were limited violations of the strict prohibition against corporate contributions. 2 U.S.C. § 441b; 11 CFR § 114.2 These include unintentional failures by Lawrence and Bornemann to report their conduit activities, the limited corporate resource commitment by Lawrence and Volpert, the limited use of corporate computers and the Federal Express account charges and a general sense from Wittig's subordinates of his support for the plan. To the extent these items constitute a "collective corporate enterprise," they should be considered de minimus in scope. Even the amount ultimately solicited and contributed (\$32,700) does not suggest an extensive corporate campaign. We respectfully ask the Commission to consider the very limited scope of activity in determining whether to take any enforcement action.

Corrective Actions Taken

The officers directly involved in the campaign of 2002 are no longer with Westar. Wittig and Lake were actually or effectively removed from the company in late 2002, under pressure from the Board. The new CEO, Jim Haines, has been directed by the Board to clean up all problems left in the Wittig and Lake wake, including in the political arena. As evidenced by the new Westar Code of Business Conduct and Ethics and the establishment of an "Integrity Hotline", Mr. Haines has moved aggressively to satisfy that mandate. (Attachments 19, 20)

The Special Report recommended that Westar hire federal election counsel to evaluate any potential violations resulting from the 2002 campaign. Before the Report was released, the undersigned had been retained and the process of reviewing the activities in question was underway. The thorough review was recently completed, enabling Westar to proceed with this submission.

More importantly, Westar has fully committed itself to ensuring that no further violations in the federal or state elections will occur. On July 16, 2003, the Board adopted a resolution with strict procedures for political activity (Attachment 21). In an abundance of caution, the policy prohibits federal and state corporate donations, even when state law permits such disbursements. Likewise, the company

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will re-establish an employee PAC which will be governed by strict Articles of Association and managed by mid-level executives, not senior officials (Attachment 22). The undersigned will serve as PAC counsel and be regularly consulted to assure full legal compliance. Westar's in-house legal department will likewise be involved in the future political direction of the company.

Finally, since being retained in May, we have been actively involved in training Westar officials on guidelines for political activity. In addition to the investigation/review conducted per the Special Report, we have traveled on several occasions to Westar's headquarters to brief the current leadership on relevant legal restrictions, and to assist in the drafting of new policies. The new team at Westar is dedicated to corporate integrity on all levels including the political arena. Their recent actions and the policies governing future conduct are a testament to their commitment.

Conclusion

In conclusion, in view of the limited scope of any violations and the aggressive action undertaken to ensure future compliance, we respectfully request that the Commission take no action against Westar. We appreciate the opportunity to provide this submission. Please do not hesitate to contact us with any questions or if you need additional information.

Sincerely,



Timothy Jenkins



Paul Knight

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