

KANSAS CORPORATION COMMISSION

	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	20,780,937	20,881,579	20,740,429	22,482,569	22,388,772	22,380,217	22,281,401
TOTAL	\$ 20,780,937	\$ 20,881,579	\$ 20,740,429	\$ 22,482,569	\$ 22,388,772	\$ 22,380,217	\$ 22,281,401
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 20,780,937	\$ 20,881,579	\$ 20,740,429	\$ 22,482,569	\$ 22,388,772	\$ 22,380,217	\$ 22,281,401
Percentage Change:							
Operating Expenditures							
State General Fund	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
All Funds	(2.8)	0.5	(0.2)	7.7	7.9	(0.5)	(0.5)
FTE Positions	199.0	199.0	199.0	197.0	197.0	197.0	197.0
Non-FTE							
Perm.Uncl.Pos.	5.5	5.5	5.5	6.5	6.5	6.5	6.5
TOTAL	204.5	204.5	204.5	203.5	203.5	203.5	203.5

AGENCY OVERVIEW

The State Corporation Commission, commonly known as the Kansas Corporation Commission (KCC), is responsible for regulating and overseeing the safety of public utilities, common carriers, motor carriers, and oil and gas producers. Further, the agency is involved in developing the state's energy policy and administers conservation projects that promote the efficient use of energy. To carry out the agency's mission, the Commission is divided into five programs: Administrative Services, Utilities,

Conservation, Transportation, and Energy. The Commission's main office is in Topeka, with field offices in Wichita, where the Conservation Division is based, Chanute, Dodge City, and Hays.

The Commission consists of three members appointed by the Governor and confirmed by the Senate, who serve four-year, overlapping terms. No more than two commissioners may be of the same political party.

MAJOR ISSUES FROM PRIOR YEARS

The **2009 Legislature** approved Senate Sub. for HB 2032, the Kansas Surface Owner Notice Act, which ensures that surface owners receive notice when a request for an intent-to-drill permit is filed with respect to their property. Under this act, notice is also required when a notice of transfer of operator for wells, gas gathering systems, and underground porosity storage is filed and when an oil or gas operator files notice to plug and abandon a well. The Commission has the authority to adopt rules and regulations to carry out this act and also serves as an intermediary between the surface owner and the applicant.

The 2009 Legislature also approved Senate Sub. for HB 2369, which, among other things, required electric public utilities, except municipally owned electric utilities, to generate or purchase specified amounts of electricity generated from renewable resources. Pursuant to the bill, the Commission has broad authority to adopt rules and regulations implementing and enforcing this requirement. The bill also required investor-owned electric utilities to make net metering available to customer-generators under certain circumstances, and required the Commission to adopt rules and regulations relevant to that part

of the bill. Further, according to the bill, the Commission must dedicate funding to developing and increasing participation of school districts and local governments in its Facility Conservation Improvement Program. Finally, the bill allowed large electric cooperatives to remove themselves from the Commission's regulatory jurisdiction regarding rates.

The **2010 Legislature** approved HB 2418, which amended provisions of the Carbon Dioxide Reduction Act regarding the liability of the State. Under the bill, except as permitted by the Kansas Tort Claims Act, no provision of the Carbon Reduction Act shall impose on the KCC, any of its employees, or the State of Kansas any liability for the underground storage of KCC's carbon dioxide or the maintenance of any carbon dioxide well or underground carbon dioxide storage. Additionally, the bill provided that the KCC is not prohibited from plugging, replugging, repairing, or remediation of any carbon dioxide injection well or underground storage in an emergency.

The 2010 Legislature also approved HB 2485, which increased from 12 to 18 months the time the KCC has to verify that a motor carrier is in compliance with all applicable

requirements, after the agency has first authorized the carrier to operate in Kansas. This bill ensures that Kansas' safety compliance program reflects federal guidelines.

The **2011 Legislature** added language to provide that the fines and penalties associated with the civil assessment program be deposited directly into the State General Fund. The agency estimates that it will collect \$766,499 in fines and penalties associated with the civil assessment program for FY 2012. The Legislature added language reducing the transfer from the Kansas Corporation Commission's Motor Carrier Fee Fund to the Kansas Highway Patrol's Motor Carrier Safety Assistance Program State Fund from \$1.3 million to \$533,501, for FY 2012.

The **2012 Legislature** approved HB 2526, which gives the KCC explicit authority to regulate hydraulic fracturing. The 2012 Legislature also approved HB 2597, which gives solid waste permit exemptions allowing land-spreading of oil and gas drilling waste. KCC is to administer the program, monitor compliance, and establish mechanisms for enforcement and remedial action relating to land-spreading.

The 2012 Legislature also eliminated 7.9 FTE and 2.0 non-FTE positions, and deleted \$17,493, all from special revenue funds, to reduce longevity payments. The Legislature also

deleted \$24,341, all from special revenue funds, to suspend all employer contributions to the Kansas Public Employees Retirement System (KPERs) Group Insurance Fund, or Death and Disability Fund, for a three-month period, beginning April 1, 2013 and ending on June 30, 2013.

The **2013 Legislature** added language to deposit all fines and penalties associated with the Public Service Regulation Fund, the Conservation Fee Fund, and the Motor Carrier Fee Fund into the State General Fund for FY 2014 and FY 2015. The combined total of these fines and penalties is estimated to be \$1.4 million in each fiscal year.

Finally, the 2013 Legislature also approved HB 2201, which made several changes to utilities regulation statutes, including: created the Telecommunications Study Committee, further deregulated telecommunications providers, made changes to distributions from the Kansas Universal Service Fund, and allowed the Board of Regents to charge fees for service provided by the KAN-ED program.

In FY 2014, the Corporation Commission eliminated 7.0 FTE positions in the agency Energy Division and reduced expenditures by \$549,918 due to elimination of federal aid to local units of government.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** requests \$20.9 million, all from special revenue funds, in FY 2015. This estimate is the same as the amount approved by the 2014 Legislature. The agency request includes

199.0 FTE positions, and 5.5 non-FTE unclassified positions which is an increase of 1.0 FTE position and a decrease of 1.0 non-FTE position from the FY 2015 approved amount.

FY 2015 Governor Recommendation

The **Governor** recommends FY 2015 operating expenditures of \$20.7 million, all from special revenue funds. The recommendation is a decrease of \$141,150, all from special revenue funds, below the agency request as a result of the Governor's allotment plan reducing the Kansas Public Employer

Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on agency operations, but is reflective of a reduction in expenditures.

FY 2016 Agency Request

The **agency** requests \$22.5 million, all from special revenue funds, for FY 2016. This is an increase of \$1.6 million, or 7.7 percent, above the FY 2015 agency request. The increase is largely attributable to the agency indicating the need for a server failover system arising from an information technology security

audit, vehicle purchases, and the development of the Kansas Trucking Regulatory Assistance Network (KTRAN). The agency request includes 197.0 FTE positions and 6.5 non-FTE positions, a decrease of 2.0 FTE positions and an increase of 1.0 non-FTE position from the FY 2015 request.

FY 2016 Governor Recommendation

The **Governor** recommends FY 2016 operating expenditures of \$22.5 million, all from special revenue funds. The recommendation is an all funds decrease of \$93,797, all from special revenue funds, below the agency request. This decrease is attributable to a reduction in employer contributions for state employee health insurance (\$168,797) offset in part by

an increase in contractual service expenditures due to a recommended transfer to the Kansas Electric Transmission Authority (\$75,000). Additionally, the Governor recommends a one-time transfer of \$1.0 million from the Conservation Fee Fund to the State General Fund.

FY 2017 Agency Request

The **agency** requests \$22.4 million, all from special revenue funds, for FY 2017. This is a decrease of \$102,352, or 0.5 percent, below the FY 2016 agency request. The decrease is attributable to decreased expenditures on well plugging, offset

in part by increased salaries and wages due to expenses from the 27th pay period that exists in FY 2017 for all state agencies. The agency request includes 197.0 FTE positions and 6.5 non-FTE positions, which is no change from the FY 2016 request.

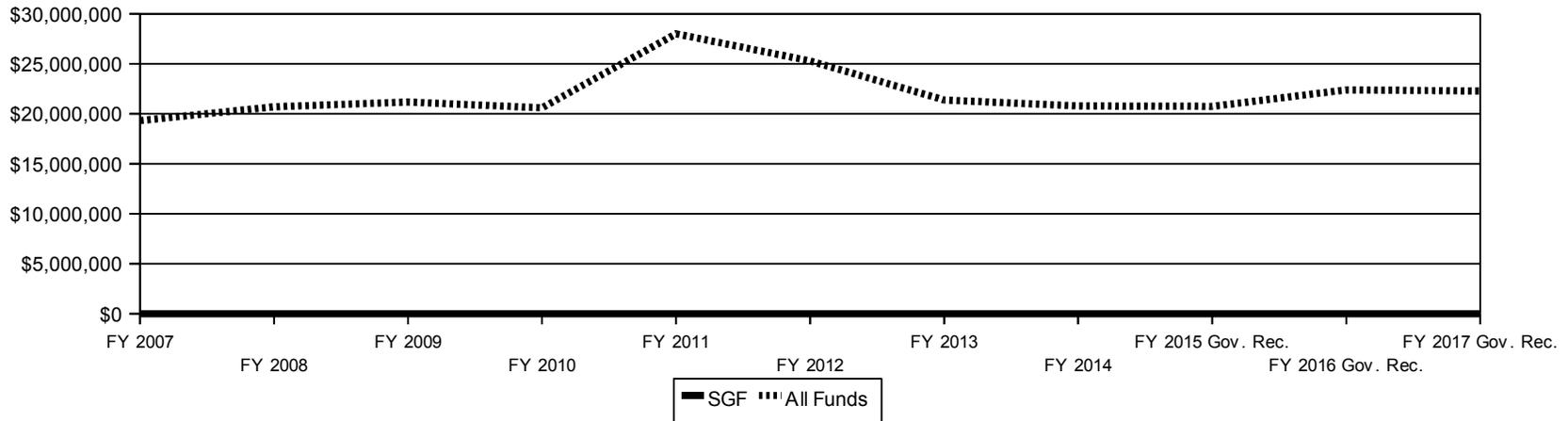
FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 operating expenditures of \$22.3 million, a reduction of \$98,816, all from special revenue funds, below the agency request. This decrease is attributable to a reduction in employer contributions

for state employee health insurance (\$173,816) offset in part by an increase in contractual services expenditures due to a recommended transfer to the Kansas Electric Transmission Authority (\$75,000).

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 0	0.0 %	\$ 19,314,560	0.4 %	214.0
2008	0	0.0	20,696,626	7.2	214.0
2009	0	0.0	21,171,620	2.3	214.0
2010	0	0.0	20,599,697	(2.7)	214.0
2011	0	0.0	27,997,186	35.9	214.0
2012	0	0.0	25,292,742	(9.7)	212.0
2013	0	0.0	21,379,117	(15.5)	205.0
2014	0	0.0	20,780,937	(2.8)	199.0
2015 Gov. Rec.	0	0.0	20,740,429	(0.2)	199.0
2016 Gov. Rec.	0	0.0	22,388,772	7.9	197.0
2017 Gov. Rec.	0	0.0	22,281,401	(0.5)	197.0
Eleven-Year Change	\$ 0	0.0 %	\$ 2,966,841	15.4 %	(17.0)

Summary of Operating Budget FY 2014 - FY 2016

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
By Program:									
Administration	\$ 5,647,457	\$ 5,714,158	\$ 6,298,365	\$ 584,207	10.2 %	\$ 5,671,729	\$ 6,253,379	\$ 581,650	10.3 %
Utilities	3,114,027	3,490,829	3,812,021	321,192	9.2	3,464,773	3,782,767	317,994	9.2
Conservation	10,163,987	9,310,673	10,054,623	743,950	8.0	9,253,241	9,979,178	725,937	7.8
Transportation	1,211,987	1,560,027	1,562,409	2,382	0.2	1,550,370	1,548,995	(1,375)	(0.1)
Energy Programs	643,479	805,892	755,151	(50,741)	(6.3)	800,316	824,453	24,137	3.0
TOTAL	\$ 20,780,937	\$ 20,881,579	\$ 22,482,569	\$ 1,600,990	7.7 %	\$ 20,740,429	\$ 22,388,772	\$ 1,648,343	7.9 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 13,792,408	\$ 14,383,063	\$ 15,371,665	\$ 988,602	6.9 %	\$ 14,241,913	\$ 15,202,868	\$ 960,955	6.7 %
Contractual Services	6,118,177	5,809,145	5,899,643	90,498	1.6	5,809,145	5,974,643	165,498	2.8
Commodities	400,086	398,950	421,550	22,600	5.7	398,950	421,550	22,600	5.7
Capital Outlay	407,237	262,960	789,711	526,751	200.3	262,960	789,711	526,751	200.3
Debt Service	0	0	0	0	0.0	0	0	0	0.0
Subtotal - Operations	\$ 20,717,908	\$ 20,854,118	\$ 22,482,569	\$ 1,628,451	7.8 %	\$ 20,712,968	\$ 22,388,772	\$ 1,675,804	8.1 %
Aid to Local Units	750	0	0	0	0.0	0	0	0	0.0
Other Assistance	62,279	27,461	0	(27,461)	(100.0)	27,461	0	(27,461)	(100.0)
TOTAL	\$ 20,780,937	\$ 20,881,579	\$ 22,482,569	\$ 1,600,990	7.7 %	\$ 20,740,429	\$ 22,388,772	\$ 1,648,343	7.9 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	0.0 %	\$ 0	\$ 0	\$ 0	0.0 %
Public Service									
Regulation Fund	6,868,025	7,151,116	7,715,451	564,335	7.9	7,097,944	7,659,007	561,063	7.9
Conservation Fee Fund	7,720,450	7,834,286	8,512,080	677,794	8.7	7,775,118	8,435,774	660,656	8.5
Abandoned Oil & Gas									
Well Fund	2,766,866	1,853,917	1,978,900	124,983	6.7	1,853,917	1,978,900	124,983	6.7
Motor Carrier License									
Fee Fund	1,910,459	2,069,285	2,151,548	82,263	4.0	2,053,628	2,133,635	80,007	3.9
All Other Funds	1,515,137	1,972,975	2,124,590	151,615	7.7	1,959,822	2,181,456	221,634	11.3
TOTAL	\$ 20,780,937	\$ 20,881,579	\$ 22,482,569	\$ 1,600,990	7.7 %	\$ 20,740,429	\$ 22,388,772	\$ 1,648,343	7.9 %

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration	\$ 6,298,365	\$ 6,404,582	\$ 106,217	1.7 %	\$ 6,253,379	\$ 6,356,187	\$ 102,808	1.6 %
Utilities	3,812,021	3,934,239	122,218	3.2	3,782,767	3,904,675	121,908	3.2
Conservation	10,054,623	9,695,655	(358,968)	(3.6)	9,979,178	9,619,018	(360,160)	(3.6)
Transportation	1,562,409	1,570,113	7,704	0.5	1,548,995	1,556,430	7,435	0.5
Energy Programs	755,151	775,628	20,477	2.7	824,453	845,091	20,638	2.5
TOTAL	\$ 22,482,569	\$ 22,380,217	\$ (102,352)	(0.5) %	\$ 22,388,772	\$ 22,281,401	\$ (107,371)	(0.5) %
By Major Object of Expenditure:								
Salaries and Wages	\$ 15,371,665	\$ 16,053,428	\$ 681,763	4.4 %	\$ 15,202,868	\$ 15,879,612	\$ 676,744	4.5 %
Contractual Services	5,899,643	5,463,055	(436,588)	(7.4)	5,974,643	5,538,055	(436,588)	(7.3)
Commodities	421,550	420,250	(1,300)	(0.3)	421,550	420,250	(1,300)	(0.3)
Capital Outlay	789,711	443,484	(346,227)	(43.8)	789,711	443,484	(346,227)	(43.8)
Debt Service	0	0	0	0.0	0	0	0	0.0
Subtotal - Operations	\$ 22,482,569	\$ 22,380,217	\$ (102,352)	(0.5) %	\$ 22,388,772	\$ 22,281,401	\$ (107,371)	(0.5) %
Aid to Local Units	0	0	0	0.0	0	0	0	0.0
Other Assistance	0	0	0	0.0	0	0	0	0.0
TOTAL	\$ 22,482,569	\$ 22,380,217	\$ (102,352)	(0.5) %	\$ 22,388,772	\$ 22,281,401	\$ (107,371)	(0.5) %
Financing:								
State General Fund	\$ 0	\$ 0	\$ 0	0.0 %	\$ 0	\$ 0	\$ 0	0.0 %
Public Service								
Regulation Fund	7,715,451	7,956,078	240,627	3.1	7,659,007	7,896,980	237,973	3.1
Conservation Fee Fund	8,512,080	8,561,772	49,692	0.6	8,435,774	8,483,923	48,149	0.6
Abandoned Oil & Gas								
Well Fund	1,978,900	1,565,512	(413,388)	(20.9)	1,978,900	1,565,512	(413,388)	(20.9)
Motor Carrier License								
Fee Fund	2,151,548	2,329,430	177,882	8.3	2,133,635	2,310,907	177,272	8.3
All Other Funds	2,124,590	1,967,425	(157,165)	(7.4)	2,181,456	2,024,079	(157,377)	(7.2)
TOTAL	\$ 22,482,569	\$ 22,380,217	\$ (102,352)	(0.5) %	\$ 22,388,772	\$ 22,281,401	\$ (107,371)	(0.5) %

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to Approved All Funds Budget

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2015	Agency Estimate FY 2015	Agency Change from Approved	Governor Rec. FY 2015	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	20,881,579	20,881,579	0	20,740,429	(141,150)
TOTAL	\$ 20,881,579	\$ 20,881,579	\$ 0	\$ 20,740,429	\$ (141,150)
FTE Positions	198.0	199.0	1.0	199.0	1.0

The **agency** requests FY 2015 expenditures of \$20,881,579, all from special revenue funds, which is the same as the amount approved by the 2014 Legislature. This request includes 199.0 FTE positions, and 5.5 Non-FTE unclassified positions, which is an increase of 1.0 FTE position above the approved amount and a corresponding decrease of 1.0 Non-FTE position.

The **Governor** concurs with the agency's request in FY 2015 and further recommends a reduction of \$141,150, all from special revenue funds, as a result of the Governor's allotment plan reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This recommended allotment will have no impact on agency operations, but is reflective of a reduction in expenditures.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 22,482,569	\$ 22,388,772	\$ (93,797)
FTE Positions	197.0	197.0	0.0
Change from FY 2015:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	1,600,990	1,648,343	
TOTAL	<u>\$ 1,600,990</u>	<u>\$ 1,648,343</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	7.7	7.9	
TOTAL	<u>7.7 %</u>	<u>7.9 %</u>	
Change in FTE Positions	(2.0)	(2.0)	

The **agency** requests FY 2016 expenditures of \$22.5 million, all from special revenue funds, an increase of \$1.6 million, or 7.7 percent, above the agency's FY 2015 request. The requested increase is largely attributable to increases in salaries and wages and capital outlay expenditures. The agency's request includes a decrease of 2.0 FTE positions below the FY 2015 approved amount.

- **Salaries and Wages.** The agency requests FY 2016 expenditures of \$15.4 million for salaries and wages, an increase of \$988,602, or 6.9 percent, above the agency's FY 2015 request. The increase is largely due to the agency budgeting shrinkage at zero percent, a difference of \$583,091. The other large categories with increases are employer contributions

for employee group health insurance and retirement of \$245,824 and \$154,078 respectively.

- **Capital Outlay.** The agency requests FY 2016 expenditures of \$789,711 for capital outlay, an increase of \$526,751, or 200.3 percent, above the agency's FY 2015 request. The increase is attributable to the request to purchase 10 trucks for a variety of field work in multiple programs, and a server failover system as recommended by an information technology security audit.

The **Governor** concurs with the agency's request for FY 2016 and further recommends a reduction of \$93,797, all from special revenue funds. This decrease is attributable to a reduction in employer contributions for state employee health insurance (\$168,797) offset in part by an increase in contractual service expenditures due to a recommended transfer to the Kansas Electric Transmission Authority (\$75,000). Additionally, the Governor recommends a one-time transfer of \$1.0 million from the Conservation Fee Fund to the State General Fund.

Enhancements Detail

Enhancements	FY 2016 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Server Failover System	\$ 0	\$ 232,600	0.0	\$ 0	\$ 232,600	0.0
TOTAL	\$ 0	\$ 232,600	0.0	\$ 0	\$ 232,600	0.0

The **agency** requests a FY 2016 enhancement package of \$232,600 for a server failover system as recommended by an information technology security audit. The system would be housed off-site and would allow the agency to continue operations in the event of an outage at the main office.

The **Governor** concurs with the agency's requested enhancement for FY 2016.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 22,380,217	\$ 22,281,401	\$ (98,816)
FTE Positions	197.0	197.0	0.0
Change from FY 2016:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	(102,352)	(107,371)	
TOTAL	<u>\$ (102,352)</u>	<u>\$ (107,371)</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	(0.5)	(0.5)	
TOTAL	<u>(0.5) %</u>	<u>(0.5) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2017 expenditures of \$22.4 million, all from special revenue funds, a decrease of \$102,352, or 0.5 percent, below the agency's FY 2016 request.

The agency's request includes 197.0 FTE positions and 6.5 Non-FTE positions, which is the same as the agency's FY 2016 request.

The requested amount includes increases in salaries and wages and decreases in contractual services and capital outlay.

- **Salaries and Wages.** The agency requests FY 2017 salary and wage expenditures of \$16.1 million, an increase of \$681,763, or 4.4 percent, above the agency's FY 2016 request. This increase is largely

attributable to expenses associated with the additional 27th pay period which occurs for all agencies in FY 2017.

- **Contractual Services.** The agency request FY 2017 contractual service expenditures of \$5.5 million, a decrease of \$436,588, or 7.4 percent, below the agency's FY 2016 request. The decrease is attributable entirely to decreased expenditures for well plugging.
- **Capital Outlay.** The agency requests FY 2017 capital outlay expenditures of \$443,484, a decrease

of \$346,227, or 43.8 percent, below the agency's FY 2016 request. These decreases are attributable to the one-time expenditure of a server failover system in FY 2016 and decreased expenditures on truck replacements, offset in part by increased expenditures for vehicle replacements.

The **Governor** concurs with the agency's request for FY 2017 and further recommends a reduction of \$98,816, all from special revenue funds. This decrease is attributable to a reduction in employer contributions for state employee health insurance (\$173,816) offset in part by an increase in contractual services expenditures due to a recommended transfer to the Kansas Electric Transmission Authority (\$75,000).

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of \$11.3 million, including \$4.5 million from the State General Fund, in FY 2015 for a \$250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals \$55,384, all from special revenue funds, and affects 178 employees.**

Longevity Bonus Payments. For FY 2016 and FY 2017, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008 are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2016 payments is \$7.2 million, including \$2.8 million from the State General Fund. For FY 2017, the estimated cost for the payments is \$7.7 million, including \$3.0 million from the State General Fund. **For this agency, FY 2016 longevity payments total \$70,400, all from special revenue funds, and FY 2017 longevity payments total \$75,840, all from special revenue funds.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of \$282.8 million, including \$108.2 million from the State General Fund, for FY 2016 and \$289.2 million, including \$110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of \$168,797, all from special revenue funds for FY 2016. This is a reduction of \$173,816, all from special revenue funds, for FY 2017.**

Kansas Public Employees Retirement System (KPERs) Rate Adjustments. The FY 2015 employer retirement contribution for KPERs regular and school members was scheduled to be 11.27 percent, an increase of 1.0 percent from 10.27 in FY 2014. The Governor reduced the employer contribution rate from 11.27 percent to 8.65 percent for the second half of FY 2015, for an effective contribution rate of 9.96 percent as part of the Governor's allotment plan. For FY 2016, the Governor recommends the retirement rate increase by 2.41 percent from 9.96 percent to 12.37 percent. For FY 2017, the Governor recommends the retirement rate increase by 1.2 percent from 12.37 percent to 13.57 percent. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

In addition, the employer contribution for the KPERs death and disability insurance rate will be increased to 1.0 percent, from 0.85 percent, for FY 2016 and for FY 2017.

The Governor further proposes offering \$1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution rates of the State/School Group. The Kansas Public Employee Retirement System estimates this plan could reduce employer contributions by \$68.43 million in FY 2016 and \$132.85 in FY 2017. The Kansas Development Finance Authority estimates that the bond service would be \$90.3 million in FY 2016 through FY 2017, assuming the Kansas credit ratings are not downgraded.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.0 %	0.0 %	0.0 %	0.0 %
Public Service Regulation Fund	34.2	34.2	35.5	35.4
Conservation Fee Fund	37.5	37.7	38.3	38.1
Abandoned Oil and Gas Well Fund	8.9	8.8	7.0	7.0
Motor Carrier License Fee Fund	9.9	9.5	10.4	10.4
All Other Funds	9.4	9.7	8.8	9.1
TOTAL	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Note: Percentages may not add due to rounding.

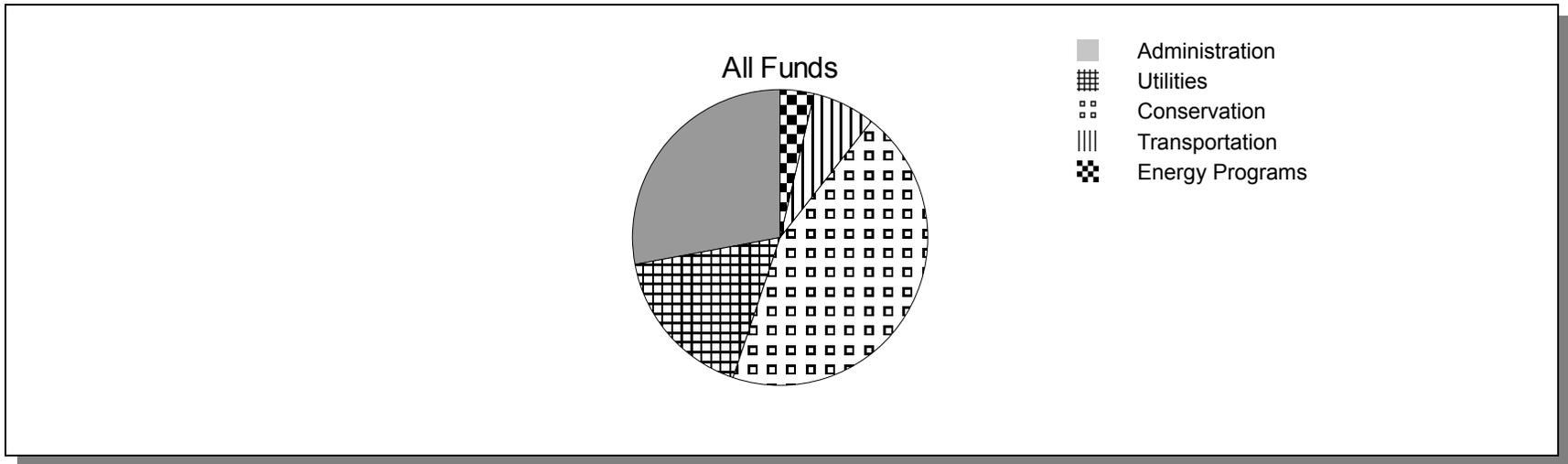
Conservation Fee Fund

The Conservation Fee Fund provides administration of operations and oversight of oil and gas activities. It is funded by assessments and fees on the petroleum industry.

Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 7,185,979	\$ 7,765,503	\$ 7,765,503	\$ 7,675,913	\$ 7,735,081	\$ 7,244,188	\$ 6,279,662
Revenue	8,699,974	8,144,696	8,144,696	8,480,355	8,480,355	8,420,034	8,420,034
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 15,885,953	\$ 15,910,199	\$ 15,910,199	\$ 16,156,268	\$ 16,215,436	\$ 15,664,222	\$ 14,699,696
Less: Expenditures	7,720,450	7,834,286	7,775,118	8,512,080	8,435,774	8,561,772	8,483,923
Transfers Out	400,000	400,000	400,000	400,000	1,500,000	400,000	500,000
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 7,765,503</u>	<u>\$ 7,675,913</u>	<u>\$ 7,735,081</u>	<u>\$ 7,244,188</u>	<u>\$ 6,279,662</u>	<u>\$ 6,702,450</u>	<u>\$ 5,715,773</u>
Ending Balance as Percent of Expenditures	100.6%	98.0%	99.5%	85.1%	74.4%	78.3%	67.4%

PROGRAM DETAIL

EXPENDITURES BY PROGRAM—GOVERNOR’S FY 2016 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Administration	\$ 6,253,379	27.9 %	\$ 0	0.0 %
Utilities	3,782,767	16.9	0	0.0
Conservation	9,979,178	44.6	0	0.0
Transportation	1,548,995	6.9	0	0.0
Energy Programs	824,453	3.7	0	0.0
TOTAL	\$ 22,388,772	100.0 %	\$ 0	100.0 %

FTE POSITIONS BY PROGRAM FY 2014 – FY 2017

Program	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Administration	59.0	59.0	59.0	58.0	58.0	58.0	58.0
Utilities	36.0	36.0	36.0	36.0	36.0	36.0	36.0
Conservation	85.0	85.0	85.0	84.0	84.0	84.0	84.0
Transportation	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Energy Programs	2.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL	199.0	199.0	199.0	197.0	197.0	197.0	197.0

A. Administration

The Office of the Commission consists of the three Commissioners, Executive Director (Secretary), and the General Counsel. The Administrative Division is comprised of the following sections: The Front Office; Litigation and Advisory;

Public Affairs and Consumer Protection; Human Resource Services; Information Technology Services; Docket Room/Legislative and Compliance; and Fiscal Management and Support Services.

**ADMINISTRATION PROGRAM
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 4,236,247	\$ 4,380,060	\$ 4,337,631	\$ 4,702,241	\$ 4,657,255	\$ 4,911,452	\$ 4,863,057
Contractual Services	1,273,979	1,251,118	1,251,118	1,393,330	1,393,330	1,398,930	1,398,930
Commodities	35,199	38,200	38,200	41,000	41,000	41,000	41,000
Capital Outlay	81,022	27,552	27,552	161,794	161,794	53,200	53,200
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 5,626,447	\$ 5,696,930	\$ 5,654,501	\$ 6,298,365	\$ 6,253,379	\$ 6,404,582	\$ 6,356,187
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	21,010	17,228	17,228	0	0	0	0
TOTAL	<u>\$ 5,647,457</u>	<u>\$ 5,714,158</u>	<u>\$ 5,671,729</u>	<u>\$ 6,298,365</u>	<u>\$ 6,253,379</u>	<u>\$ 6,404,582</u>	<u>\$ 6,356,187</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	5,647,457	5,714,158	5,671,729	6,298,365	6,253,379	6,404,582	6,356,187
TOTAL	<u>\$ 5,647,457</u>	<u>\$ 5,714,158</u>	<u>\$ 5,671,729</u>	<u>\$ 6,298,365</u>	<u>\$ 6,253,379</u>	<u>\$ 6,404,582</u>	<u>\$ 6,356,187</u>
FTE Positions	59.0	59.0	59.0	58.0	58.0	58.0	58.0
Non-FTE Uncl. Perm. Pos.	0.5	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL	<u>59.5</u>	<u>59.5</u>	<u>59.5</u>	<u>58.5</u>	<u>58.5</u>	<u>58.5</u>	<u>58.5</u>

The **agency** requests expenditures of \$6.3 million, all from special revenue funds, for the Administration program for FY 2016. This request is an increase of \$584,207, or 10.2 percent, above the FY 2015 requested amount. The request includes increases in salaries and wages, contractual services, and capital outlay.

- **Salaries and Wages.** The agency requests \$4.7 million for salaries and wages in the Administration program for FY 2016. This amount is an increase of \$322,181, or 7.4 percent, above the FY 2015 request. This increase is attributable to budgeting shrinkage at zero percent and increases to group health hospitalization and retirement.

- **Contractual Services.** The agency requests \$1.4 million for contractual services in the Administration program for FY 2016, an increase of \$142,212, or 11.4 percent, above the FY 2015 request. This increase is largely due to increases in expenditures on attorneys arising from two anticipated rate cases.
- **Capital Outlay.** The agency requests \$161,794 for capital outlay in the Administration program for FY 2016, an increase of \$134,242, or 487.2 percent, above the FY 2015 request. This increase is attributable to the server failover system recommended by an IT security audit and software upgrades.

The **Governor** concurs with the agency's request and further recommends a reduction of \$44,986, all from special revenue funds, to reduce employer contributions for state employee health insurance.

The **agency** requests expenditures of \$6.4 million, all from special revenue funds, for the Administration program for FY 2017. This request is an increase of \$106,217, or 1.7 percent,

B. Utilities

The Utilities Division is responsible for administering the regulations and statutes applicable to utilities under the Commission's jurisdiction, including electric, natural gas, telephone, liquid pipelines, and water utilities. It also regulates rates and other aspects of utility operations.

above the requested amount in FY 2016. The request includes an increase in salaries and wages, which is offset in part by decreases in capital outlay.

- **Salaries and Wages.** The agency requests \$4.9 million for salaries and wages in the Administration program for FY 2017. This amount is an increase of \$209,211, or 4.4 percent, above the FY 2016 request. This increase is attributable to expenses associated with the additional pay period that exists in FY 2017 for all state employees.
- **Capital Outlay.** The agency requests \$53,200 for capital outlay in the Administration program for FY 2017, a decrease of \$108,594, or 67.1 percent, below the FY 2016 request. This decrease is due to one-time expense of the server failover system in FY 2016.

The **Governor** concurs with the agency's request and further recommends a reduction of \$48,395, all from special revenue funds, to reduce employer contributions for state employee health insurance.

The primary responsibility of the Utilities Division is to make recommendations to the Commission concerning the fairness of utility rates and tariffs, as well as the efficiency and sufficiency of utility services and operations. The Utilities program has five subprograms: Accounting, Economics and Rates, Energy Operations, Pipeline Safety, and Telecommunications.

**UTILITIES PROGRAM
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 2,520,717	\$ 2,627,133	\$ 2,601,077	\$ 2,904,623	\$ 2,875,369	\$ 3,033,144	\$ 3,003,580
Contractual Services	516,874	778,495	778,495	765,750	765,750	767,750	767,750
Commodities	34,299	40,300	40,300	44,600	44,600	43,300	43,300
Capital Outlay	30,013	34,668	34,668	97,048	97,048	90,045	90,045
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 3,101,903	\$ 3,480,596	\$ 3,454,540	\$ 3,812,021	\$ 3,782,767	\$ 3,934,239	\$ 3,904,675
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	12,124	10,233	10,233	0	0	0	0
TOTAL	<u>\$ 3,114,027</u>	<u>\$ 3,490,829</u>	<u>\$ 3,464,773</u>	<u>\$ 3,812,021</u>	<u>\$ 3,782,767</u>	<u>\$ 3,934,239</u>	<u>\$ 3,904,675</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,114,027	3,490,829	3,464,773	3,812,021	3,782,767	3,934,239	3,904,675
TOTAL	<u>\$ 3,114,027</u>	<u>\$ 3,490,829</u>	<u>\$ 3,464,773</u>	<u>\$ 3,812,021</u>	<u>\$ 3,782,767</u>	<u>\$ 3,934,239</u>	<u>\$ 3,904,675</u>
FTE Positions	36.0	36.0	36.0	36.0	36.0	36.0	36.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	1.0	1.0	1.0	1.0
TOTAL	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>	<u>37.0</u>	<u>37.0</u>	<u>37.0</u>	<u>37.0</u>

The **agency** requests \$3.8 million, all from special revenue funds, for the Utilities program for FY 2016. This request is an increase of \$331,425, or 9.2 percent, above the FY 2015 requested amount. The request includes increases in salaries and wages and capital outlay.

program for FY 2016, an increase of \$277,490, or 10.6 percent, above the FY 2015 request. This increase is largely due to budgeting shrinkage at zero percent, as well as increases to unclassified temporary salaries, group health hospitalization, and retirement expenditures.

- **Salaries and Wages.** The agency requests \$2.9 million for salaries and wages in the Utilities

- **Capital Outlay.** The agency requests \$97,048 for capital outlay in the Utilities program for FY 2016, an increase of \$62,380, or 179.9 percent, above the FY 2015 request. This increase is attributable to the server failover system recommended by an IT security audit and software upgrades.

The **Governor** concurs with the agency's request and further recommends a reduction of \$29,254, all from special revenue funds, to reduce employer contributions for state employee health insurance.

The **agency** requests \$3.9 million, all from special revenue funds, for the Utilities program for FY 2017. This request is an increase of \$122,218, or 3.2 percent, above the requested amount in FY 2016. The request includes an increase in salaries and wages, which is offset in part by decreases in capital outlay expenditures.

- **Salaries and Wages.** The agency requests \$3.0 million for salaries and wages in the Utilities program for FY 2017, an increase of \$128,521, or 4.4 percent, above the FY 2016 request. This

C. Conservation

The Conservation Division is responsible for administering the state's oil and gas field regulatory programs. More specifically, the program enforces regulations and statutes concerning the abandoned well plugging and site remediation, underground injection control, Mississippi Lime Play, hydraulic fracturing, permitting/compliance, land spreading, intrastate gas storage, carbon dioxide sequestration, compressed air energy storage, and on-line filing (KOLAR).

increase is attributable to expenses associated with the additional pay period that exists in FY 2017 for all state employees.

- **Capital Outlay.** The agency requests \$90,045 for capital outlay in the Utilities program for FY 2017, a decrease of \$7,003, or 7.2 percent, below the FY 2016 request. This decrease is due to the one-time expense of the server failover system in FY 2016. This is offset in part by a request for three replacement vehicles, which are used to travel to regulate and inspect natural gas utilities and gas pipelines, as well as attending to emergencies, providing follow-up investigations after accidents, and other field work as needed. All three vehicles scheduled for replacement are currently over the 130,000 mile threshold, with one vehicle over 160,000 miles at the time of budget submission.

The **Governor** concurs with the agency's request and further recommends a reduction of \$29,564, all from special revenue funds, to reduce in employer contributions for state employee health insurance.

In recent years, the Conservation Division has become involved with the underground storage of carbon dioxide. In HB 2419, the 2007 Legislature authorized the adoption of rules and regulations pertaining to carbon dioxide sequestration and the maintenance of underground storage of carbon dioxide. As part of developing and implementing the rules and regulations, the agency, in conjunction with the Kansas Department of Health and Environment (KDHE) and the United States Environmental Protection Agency (EPA), was charged with creating a

Memorandum of Agreement regarding the agency's administration of the oversight and permitting of the carbon sequestration injection wells. The legislation also imposed possible rule-making obligations.

\$400,000 each from the State General Fund, the State Water Plan Fund (SWPF), and the Conservation Fee Fund. However, due to state revenue shortfalls, the \$400,000 transfer from the State General Fund was not approved by the Legislature for FY 2009 through FY 2015. The agency indicates it plans to transfer the required \$400,000 from the Conservation Fee Fund.

The abandoned oil and gas well plugging program was created in 1996 and, by law, receives annual transfers of

CONSERVATION PROGRAM SUMMARY OF EXPENDITURES FY 2014 – 2017							
Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 5,586,734	\$ 5,835,281	\$ 5,777,849	\$ 6,187,093	\$ 6,111,648	\$ 6,463,377	\$ 6,386,740
Contractual Services	4,023,959	3,103,040	3,103,040	3,138,028	3,138,028	2,693,840	2,693,840
Commodities	294,835	276,150	276,150	289,050	289,050	289,050	289,050
Capital Outlay	258,459	96,202	96,202	440,452	440,452	249,388	249,388
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 10,163,987	\$ 9,310,673	\$ 9,253,241	\$ 10,054,623	\$ 9,979,178	\$ 9,695,655	\$ 9,619,018
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 10,163,987</u>	<u>\$ 9,310,673</u>	<u>\$ 9,253,241</u>	<u>\$ 10,054,623</u>	<u>\$ 9,979,178</u>	<u>\$ 9,695,655</u>	<u>\$ 9,619,018</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	10,163,987	9,310,673	9,253,241	10,054,623	9,979,178	9,695,655	9,619,018
TOTAL	<u>\$ 10,163,987</u>	<u>\$ 9,310,673</u>	<u>\$ 9,253,241</u>	<u>\$ 10,054,623</u>	<u>\$ 9,979,178</u>	<u>\$ 9,695,655</u>	<u>\$ 9,619,018</u>
FTE Positions	85.0	85.0	85.0	84.0	84.0	84.0	84.0
Non-FTE Uncl. Perm. Pos.	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL	<u>89.0</u>	<u>89.0</u>	<u>89.0</u>	<u>88.0</u>	<u>88.0</u>	<u>88.0</u>	<u>88.0</u>

The **agency** requests \$10.1 million, all from special revenue funds, for the Conservation program for FY 2016. This request is an increase of \$743,950, or 8.0 percent, above the FY 2015 requested amount. The request includes increases in salaries and wages and capital outlay.

- **Salaries and Wages.** The agency requests \$6.2 million for salaries and wages in the Conservation program for FY 2016, an increase of \$351,812, or 6.0 percent, above the FY 2015 request. This increase is largely due to budgeting shrinkage at zero percent and increases to group health hospitalization.
- **Capital Outlay.** The agency requests \$440,452 for capital outlay in the Conservation program for FY 2016, an increase of \$344,250, or 375.8 percent, above the FY 2015 request. This increase is attributable to the server failover system recommended by an IT security audit and the replacement of nine trucks. These trucks are utilized for a variety of field work, including but not limited to travel to well plugging and investigating necessity for remediation. All vehicles scheduled for replacement are over 225,000 miles and four vehicles with lifetime expense and repairs exceeding \$12,000.

The **Governor** concurs with the agency's request and further recommends a reduction of \$75,445, all from special revenue funds, to reduce employer contributions for state employee health insurance.

The **agency** requests \$9.7 million, all from special revenue funds, for the Conservation program for FY 2017. This request is a decrease of \$358,968, or 3.6 percent, below the requested amount in FY 2016. The request includes an increase in

salaries and wages, which is offset in part by decreases in contractual services and capital outlay expenditures.

- **Salaries and Wages.** The agency requests \$6.5 million for salaries and wages in the Conservation program for FY 2017, an increase of \$276,284, or 4.5 percent, above the FY 2016 request. This increase is attributable to expenses associated with the additional pay period that exists in FY 2017 for all state employees.
- **Contractual Services.** The agency requests \$2.7 million for contractual services in the Conservation program for FY 2017, a decrease of \$444,188, or 14.2 percent, below the FY 2016 request. This decrease is largely attributable to a decrease in anticipated need for well plugging.
- **Capital Outlay.** The agency requests \$249,388 for capital outlay in the Conservation program for FY 2017, a decrease of \$191,064, or 43.4 percent, below the FY 2016 request. This decrease is due to the one-time expense of the server failover system in FY 2016 and a request for fewer vehicles this year. The agency requests replacement of six trucks. These trucks are utilized for a variety of field work, including but not limited to travel to well plugging and investigating necessity for remediation. All vehicles scheduled for replacement are projected to exceed the mileage threshold at time of replacement.

The **Governor** concurs with the agency's request and further recommends a reduction of \$76,637, all from special revenue funds, to reduce employer contributions for state employee health insurance.

D. Transportation

The Transportation Division regulates motor carriers of persons and property (common and private carriers) and works to assure compliance by regulated transportation industries in

Kansas and safety for carrier-shippers and the consuming public. The program helps protect the public interest and safety through comprehensive inspection, licensing, and planning.

TRANSPORTATION PROGRAM SUMMARY OF EXPENDITURES FY 2014 – 2017							
Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 935,951	\$ 988,765	\$ 979,108	\$ 1,063,093	\$ 1,049,679	\$ 1,110,877	\$ 1,097,194
Contractual Services	211,713	459,492	459,492	385,535	385,535	385,535	385,535
Commodities	31,433	29,400	29,400	32,200	32,200	32,200	32,200
Capital Outlay	32,890	82,370	82,370	81,581	81,581	41,501	41,501
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 1,211,987	\$ 1,560,027	\$ 1,550,370	\$ 1,562,409	\$ 1,548,995	\$ 1,570,113	\$ 1,556,430
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 1,211,987</u>	<u>\$ 1,560,027</u>	<u>\$ 1,550,370</u>	<u>\$ 1,562,409</u>	<u>\$ 1,548,995</u>	<u>\$ 1,570,113</u>	<u>\$ 1,556,430</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,211,987	1,560,027	1,550,370	1,562,409	1,548,995	1,570,113	1,556,430
TOTAL	<u>\$ 1,211,987</u>	<u>\$ 1,560,027</u>	<u>\$ 1,550,370</u>	<u>\$ 1,562,409</u>	<u>\$ 1,548,995</u>	<u>\$ 1,570,113</u>	<u>\$ 1,556,430</u>
FTE Positions	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>

The **agency** requests \$1.6 million, all from special revenue funds, for the Transportation program for FY 2016. This request is an increase of \$2,382, or 0.2 percent, above the FY 2015

requested amount. The request includes increases in salaries and wages, which are offset by decreases in contractual services.

- **Salaries and Wages.** The agency requests \$1.1 million for salaries and wages in the Transportation program for FY 2016, an increase of \$74,328, or 7.5 percent, above the FY 2015 request. This increase is due to budgeting shrinkage at zero percent and increases to group health hospitalization and retirement.
- **Contractual Services.** The agency requests \$385,535 for contractual services in the Transportation program for FY 2016, a decrease of \$73,957, or 16.1 percent, below the FY 2015 request. This decrease is attributable to a decrease in a federal grant for developing a re-write of the current motor carrier authorization system known as the Kansas Trucking Regulatory Assistance Network (KTRAN).

In addition, the agency is requesting a replacement of one truck in the Transportation program. This truck is utilized daily for inspections, audits, educational training and investigating complaints. The vehicle requested for replacement in FY 2016 has reached the 150,000 mile threshold.

The **Governor** concurs with the agency's request and further recommends a reduction of \$13,414, all from special revenue funds, to reduce employer contributions for state employee health insurance.

The **agency** requests \$1.6 million, all from special revenue funds, for the Transportation program for FY 2017. This request

is an increase of \$7,704, or 0.5 percent, above the FY 2016 requested amount. The request includes an increase in salaries and wages, which is offset by a decrease in capital outlay expenditures.

- **Salaries and Wages.** The agency requests \$1.1 million for salaries and wages in the Transportation program for FY 2017, an increase of \$47,784, or 4.5 percent, above the FY 2016 request. This increase is attributable to expenses associated with the additional pay period that exists in FY 2017 for all state employees.
- **Capital Outlay.** The agency requests \$41,501 for capital outlay in the Transportation program for FY 2017, a decrease of \$40,080, or 49.1 percent, below the FY 2016 request. This decrease is due to decreased expenditures on computer replacements.

In addition, the agency is requesting a replacement of one truck in the Transportation program. This truck is utilized daily for inspections, audits, educational training and investigating complaints. The vehicle requested for replacement in FY 2017 will reach the 150,000 mile threshold before scheduled replacement.

The **Governor** concurs with the agency's request and further recommends a reduction of \$13,683, all from special revenue funds, to reduce employer contributions for state employee health insurance.

E. Energy Programs

The Energy Division administers federal and state programs aimed at promoting energy conservation practices and delivering energy conservation services. In FY 2013, the Division shifted its focus to include economic development opportunities as a part of KCC's economic mission to minimize public harm due to market imperfections, particularly in the

state's Rural Opportunity Zones. The division is also introducing a new program to focus on helping new and existing small businesses recognize the potential of renewable energy in Kansas, and to focus on helping reduce their operating expenses and keep their doors open.

ENERGY PROGRAM							
SUMMARY OF EXPENDITURES FY 2014 – 2017							
Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 512,759	\$ 551,824	\$ 546,248	\$ 514,615	\$ 508,917	\$ 534,578	\$ 529,041
Contractual Services	91,652	217,000	217,000	217,000	292,000	217,000	292,000
Commodities	4,320	14,900	14,900	14,700	14,700	14,700	14,700
Capital Outlay	4,853	22,168	22,168	8,836	8,836	9,350	9,350
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 613,584	\$ 805,892	\$ 800,316	\$ 755,151	\$ 824,453	\$ 775,628	\$ 845,091
Aid to Local Units	750	0	0	0	0	0	0
Other Assistance	29,145	0	0	0	0	0	0
TOTAL	\$ 643,479	\$ 805,892	\$ 800,316	\$ 755,151	\$ 824,453	\$ 775,628	\$ 845,091
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	643,479	805,892	800,316	755,151	824,453	775,628	845,091
TOTAL	\$ 643,479	\$ 805,892	\$ 800,316	\$ 755,151	\$ 824,453	\$ 775,628	\$ 845,091
FTE Positions	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Non-FTE Uncl. Perm. Pos.	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL	3.0	3.0	3.0	3.0	3.0	3.0	3.0

The **agency** requests \$755,191, all from special revenue funds, for the Energy program for FY 2016. This request is a decrease of \$50,741, or 6.3 percent, below the FY 2015 requested amount. The request includes decreases in salaries and wages and capital outlay.

- **Salaries and Wages.** The agency requests \$514,615, for salaries and wages in the Energy program for FY 2016, a decrease of \$37,209, or 6.7 percent, below the FY 2015 request. This decrease is largely due to decreases in unclassified temporary employee salaries.
- **Capital Outlay.** The agency requests \$8,836 for capital outlay in the Energy program for FY 2016, a decrease of \$13,332, or 60.1 percent, below the FY 2015 request. This decrease is attributable to not requesting any vehicle replacement in the Energy program for FY 2016.

The **Governor** concurs with the agency's request and further recommends an increase of \$69,302, all from special revenue funds. This increase is attributable to an increase in contractual services expenditures due to a recommended transfer to the Kansas Electric Transmission Authority for

improvement of the electric transmission grid (\$75,000), offset in part by a reduction of \$5,698 to reduce employer contributions for state employee health insurance.

The **agency** requests \$775,628, all from special revenue funds, for the Energy program for FY 2017. This request is an increase of \$20,477, or 2.7 percent, above the FY 2016 requested amount. The request includes increases in salaries and wages.

- **Salaries and Wages.** The agency requests \$534,578 for salaries and wages in the Energy program for FY 2017, an increase of \$19,963, or 3.9 percent, above the FY 2016 request. This increase is attributable to expenses associated with the additional pay period that exists in FY 2017 for all state employees.

The **Governor** concurs with the agency's request and further recommends an increase of \$69,302, all from special revenue funds. This increase is attributable to an increase in contractual services expenditures due to a recommended transfer to the Kansas Electric Transmission Authority for improvement of the electric transmission grid (\$75,000), offset in part by a reduction of \$5,537 to reduce employer contributions for state employee health insurance.

PERFORMANCE MEASURES					
Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of new compliance dockets opened	10	9	10	10	10
Number of rate change applications filed and reviewed	5	4	5	5	5
Number of documents online	110,000	129,347	140,000	150,000	160,000
Kansas natural gas rates compared to national averages	90.0%	91.0%	70.0%	91.4%	91.4%
Kansas electric rates compared to national averages	87.0%	97.5%	97.6%	97.7%	97.7%
Number of Natural Gas Pipeline Safety Act non-compliances detected and corrected	200	106	200	200	200
Percent of inventories priority 1A wells plugged	100.0%	100.0%	100.0%	100.0%	100.0%
Number of abandoned wells plugged	384	379	326	351	264
Number of identified pollution sites resolved	3	3	3	3	3
Number of oil and gas facility inspections performed	5,500	3,194	5,500	5,500	5,500
Number of environmental permit applications processed	13,000	16,672	16,000	16,000	16,000
Number of educational seminars, classes, or programs conducted	160	155	160	160	160
Number of motor carriers registered for Kansas	150,000	17,792	15,000	15,000	15,000
Percent of motor carrier reviews identifying safety violations	70	67	70	70	70
Number of complaints from outside parties	35	5	35	35	35
Energy savings estimates of Facilities Conservation Improvement Program	\$535,000	\$350,000	\$465,000	\$580,000	\$580,000
Rural opportunity zone energy generated/saved (kWh)	\$9,100	\$4,850	\$6,350	\$7,950	\$7,950