

# CITIZENS' UTILITY RATEPAYER BOARD

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	677,585	953,390	953,390	897,017	897,017
<b>TOTAL</b>	<b>\$ 677,585</b>	<b>\$ 953,390</b>	<b>\$ 953,390</b>	<b>\$ 897,017</b>	<b>\$ 897,017</b>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>GRAND TOTAL</b>	<b>\$ 677,585</b>	<b>\$ 953,390</b>	<b>\$ 953,390</b>	<b>\$ 897,017</b>	<b>\$ 897,017</b>

## Percentage Change:

### Operating Expenditures

State General Fund	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
All Funds	(6.2)	40.7	40.7	(5.9)	(5.9)
FTE Positions	5.0	6.0	6.0	6.0	6.0
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>5.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

## AGENCY OVERVIEW

In 1989, the Legislature created the Citizens' Utility Ratepayer Board (CURB) as part of the Kansas Corporation Commission (KCC). Beginning in FY 1993, CURB was separated from the KCC for budgeting, purchasing, and related management functions, making it an independent agency.

CURB's mission is to protect the interests of residential and small commercial utility ratepayers in the state of Kansas by providing them with competent, quality legal representation before the KCC, the Courts, and the Legislature. While Kansas gas, electric, and telephone utility companies enjoy legal representation in these arenas, the cost of employing an attorney, the highly technical nature of the issues involved, and the necessity of traveling to Topeka for hearings hinders the participation of many ratepayers. Consequently, CURB was given the authority to represent ratepayers, initiate or intervene in cases that affect ratepayers, and request rehearing or review of KCC orders that affect ratepayers. This authority is limited, however, in that CURB may not participate in cases involving electric and telephone cooperatives that have a membership of less than 15,000. CURB is funded by assessments levied against the public utilities in whose cases CURB can intervene.

In addition to its work at the state level, when CURB became independent it was able to join the National Association of State Utility Consumer Advocates (NASUCA). Through NASUCA, the agency represents Kansas consumers in utility issues considered by Congress,

the Federal Energy Regulatory Commission (FERC), the Federal Communications Commission, and other federal agencies.

CURB is overseen by a five-member board, which is appointed by the Governor for four-year staggered terms. The Board currently employs one consumer counsel, two attorneys, one technical position, and two support staff. Further, CURB relies heavily on private consultants, including accountants, engineers, and financial analysts to review certain issues in utility rate cases in which the agency intervenes.

## MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** approved the conversion of 3.0 FTE positions into unclassified FTE positions for both FY 2006 and FY 2007. With this conversion, all 6.0 agency FTE positions became unclassified.

The **2007 Legislature** approved HB 2220, which amended prior law regarding transmission charges for retail electric service. Under the bill, transmission charges may be determined by the KCC in response to a general retail rate application or as part of a full rate case. Under prior law, as interpreted by Kansas courts, transmission delivery charges could not be determined during a rate case. In regard to transmission charges resulting from federal orders, the bill authorizes the KCC to order changes to a utility's transmission charge if a federal transmission rate order changes. Under prior law, utilities had discretion regarding changing their transmission delivery charges when a federal transmission rate order was changed. Also in 2007, the Legislature approved HB 2597, which enacted new law and amended prior law regarding municipal utilities and the extent to which those utilities are regulated by the KCC. The bill exempts municipal natural gas and electric utilities from KCC regulation for those services provided more than three miles from the municipality's boundary under certain circumstances. Under the bill, customers in an outlying area may protest a change in rates, charges, or terms and conditions of service.

The **2008 Legislature** approved 2008 HB 2637, which transferred into substantive law a *proviso* that had traditionally been included in the appropriations bill concerning competitive bidding for contractual services the agency utilizes during its participation in cases. The bill allowed CURB to negotiate contracts for professional services, including the services of engineers, accountants, attorneys, and economists, to assist in preparation and presentation of expert testimony or otherwise carry out the duties of CURB. The bill required that negotiations be conducted by a committee and specifies the membership and duties of the negotiating committee.

The **2009 Legislature** 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. It also allowed large electric cooperatives to remove themselves from the regulatory jurisdiction of the KCC regarding rates.

During the **2010 Session**, SB 229 amended KSA 75-3170, which now requires certain fee funds, such as the Utility Regulatory Fee Fund, to contribute 10 percent, reduced from 20 percent, of revenues to the State General Fund to cover the costs of state governmental services performed on behalf of the agency.

The Governor in **2011** issued Executive Order 11-02, which created the Citizens' Regulatory Review Board. The existing CURB Board was tasked to act as the Citizens' Regulatory Review Board and take on the new duty of reviewing proposed state agency

regulations for the impact on the lives of Kansas citizens. Specifically, the review board is tasked with receiving, and at its discretion, reviewing and advising the Governor of any concerns with proposed regulations. Currently, the review board is staffed by the Department of the Administration.

The **2011 Legislature**, in Senate Sub. for HB 2014, specifically prohibited CURB from spending any money in FY 2012 from its regulatory fee fund to support the Citizens' Regulatory Review Board.

The **2012 Legislature** added \$16,729, all from special revenue funds, in view of current and expected increases in ratepayer cases for FY 2013.

The **2013 Legislature** deleted \$27,100, all from special revenue funds, to reflect reduced funding for salaries and wages for FY 2014. It also deleted \$32,022, all from special revenue funds, to reflect reduced funding for salaries and wages for FY 2015.

The **2015 Legislature** added \$12,608, all from special revenue funds, to provide a 3.5 percent salary increase above the FY 2015 base salary amount for 5.0 FTE positions for FY 2016. Additionally, the Legislature added \$27,290, all from special revenue funds, to provide a 6.0 percent salary increase for 6.0 FTE positions above the FY 2015 base salary amount for FY 2017.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2016 – Current Year.** The **agency** requests a revised estimate of \$953,390, all from the Utility Regulatory Fee Fund, an increase of \$93,000, or 10.8 percent, above the amount approved by the 2015 Legislature. The increase is largely attributable to carrying forward unused balances in consulting fees. The estimate includes 6.0 FTE positions, which is the same as the approved amount.

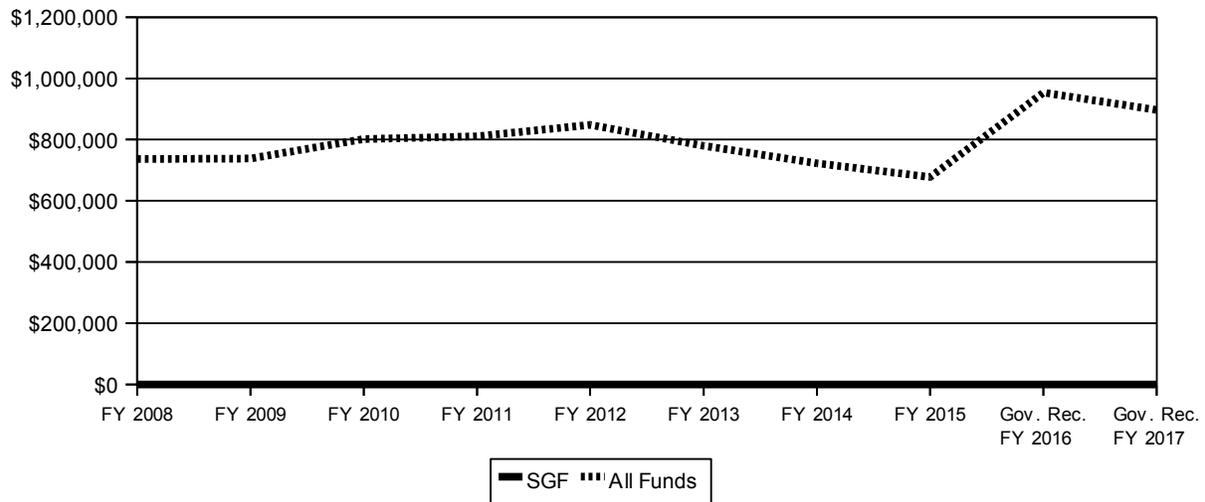
The **Governor** concurs with the agency request in FY 2016.

**FY 2017 – Budget Year.** The **agency** requests a revised estimate of \$897,017, all from the Utility Regulatory Fee Fund, which is no change from the amount approved by the 2015 Legislature. The estimate includes 6.0 FTE positions, which is the same as the approved amount.

The **Governor** concurs with the agency request for FY 2017.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2008 – FY 2017



## OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 0	0.0 %	\$ 736,367	9.6 %	6.0
2009	0	0.0	738,009	0.2	6.0
2010	0	0.0	801,657	8.6	6.0
2011	0	0.0	810,796	1.1	6.0
2012	0	0.0	848,150	4.6	6.0
2013	0	0.0	779,820	(8.1)	6.0
2014	0	0.0	722,602	(7.3)	6.0
2015	0	0.0	677,585	(6.2)	5.0
2016 Gov. Rec.	0	0.0	953,390	40.7	6.0
2017 Gov. Rec.	0	0.0	897,017	(5.9)	6.0
Ten-Year Change Dollars/Percent	\$ 0	0.0 %	\$ 160,650	21.8 %	0.0

**Summary of Operating Budget FY 2015 - FY 2017**

Citizens' Utility Ratepayer Board

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate 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
<b>By Program:</b>									
Administration	\$ 677,585	\$ 953,390	\$ 897,017	\$ (56,373)	(5.9)%	\$ 953,390	\$ 897,017	\$ (56,373)	(5.9)%
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 397,953	\$ 517,060	\$ 547,318	\$ 30,258	5.9 %	\$ 517,060	\$ 547,318	\$ 30,258	5.9 %
Contractual Services	270,660	424,609	337,239	(87,370)	(20.6)	424,609	337,239	(87,370)	(20.6)
Commodities	2,500	4,977	5,465	488	9.8	4,977	5,465	488	9.8
Capital Outlay	6,472	6,744	6,995	251	3.7	6,744	6,995	251	3.7
Debt Service	0	0	0	0	--	0	0	0	0.0
Subtotal - Operations	\$ 677,585	\$ 953,390	\$ 897,017	\$ (56,373)	(5.9)%	\$ 953,390	\$ 897,017	\$ (56,373)	(5.9)%
Aid to Local Units	0	0	0	0	--	0	0	0	0.0
Other Assistance	0	0	0	0	--	0	0	0	0.0
<b>TOTAL</b>	<b>\$ 677,585</b>	<b>\$ 953,390</b>	<b>\$ 897,017</b>	<b>\$ (56,373)</b>	<b>(5.9)%</b>	<b>\$ 953,390</b>	<b>\$ 897,017</b>	<b>\$ (56,373)</b>	<b>(5.9)%</b>
<b>Financing:</b>									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Utility Regulatory Fee Fund	677,585	953,390	897,017	(56,373)	(5.9)	953,390	897,017	(56,373)	(5.9)
<b>TOTAL</b>	<b>\$ 677,585</b>	<b>\$ 953,390</b>	<b>\$ 897,017</b>	<b>\$ (56,373)</b>	<b>(5.9)%</b>	<b>\$ 953,390</b>	<b>\$ 897,017</b>	<b>\$ (56,373)</b>	<b>(5.9)%</b>

# BUDGET OVERVIEW

## A. FY 2016 – Current Year

### Adjustments to Approved Budget

The 2015 Legislature approved a budget of \$860,390, all from the Utility Regulatory Fee Fund, for the Citizens’ Utility Ratepayer Board in FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$93,000, based on a *proviso* in 2015 H. Sub. for SB 112, permitting the agency to carry forward unused expenditure authority for contracts for professional services which was not spent in FY 2015 and has shifted to FY 2016.

This adjustment changes the FY 2016 approved amount to \$953,390. That amount is reflected in the table below as the currently approved FY 2016 amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	953,390	953,390	0	953,390	0
<b>TOTAL</b>	<b>\$ 953,390</b>	<b>\$ 953,390</b>	<b>\$ 0</b>	<b>\$ 953,390</b>	<b>\$ 0</b>
FTE Positions	6.0	6.0	0.0	6.0	0.0

The **agency** requests a revised estimate of \$953,390, all from the Utility Regulatory Fee Fund, which is an increase of \$93,000 above the amount originally approved by the 2015 Legislature. This amount includes carrying forward \$93,000 in unused expenditure authorization for contracts for professional services, as authorized *via proviso* in 2015 House Sub. for SB 112. The estimate includes 6.0 FTE positions, which is the same as the approved amount. While the total request is not an increase above the approved amount, there are changes in the amounts expended in each class of expenditure:

- **Salaries and Wages** - The agency requests \$517,060 for salaries and wages in FY 2016, an increase of \$2,936, or 0.6 percent, above the approved amount. The 2015 Legislature had provided a 3.5 percent salary increase for 5.0 of the agency’s 6.0 FTE positions; the sixth position was vacant. The increase is attributable to including a 3.5 percent salary increase to the funding for the vacant position.
- **Contractual Services** - The agency requests \$424,609 for contractual services in FY 2016, a decrease of \$2,800, or 0.7 percent, below the approved amount.

The decrease is attributable to decreased rent costs, and aligning contractual expenditures in postage and job training to match historical actual expenditures, offset in part by increased software expenditures due to the Kansas Corporation Commission requiring the agency to pay for some software and licensing.

- **Commodities** - The agency requests \$4,977 for commodities in FY 2016, a decrease of \$885, or 15.1 percent, below the approved amount. The decrease is attributable to a decrease in expenditures for printer cartridges arising from a change in the agency's printer contract.
- **Capital Outlay** - The agency requests \$6,744 for capital outlay in FY 2016, an increase of \$749, or 12.5 percent, above the approved amount. The increase is attributable to possible expenditures for building security upgrades recommended by the Kansas Corporation Commission.

The **Governor** concurs with the agency request in FY 2016.

## B. FY 2017 – Budget Year

### Adjustments to Approved Budget

The 2015 Legislature approved a budget of \$897,017 for the Citizens' Utility Ratepayer Board in FY 2017. No adjustments have been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	897,017	897,017	0	897,017	0
<b>TOTAL</b>	<b>\$ 897,017</b>	<b>\$ 897,017</b>	<b>\$ 0</b>	<b>\$ 897,017</b>	<b>\$ 0</b>
FTE Positions	6.0	6.0	0.0	6.0	0.0

The **agency** requests a revised estimate of \$897,017, all from the Utility Regulatory Fee Fund, which is no change from the amount approved by the 2015 Legislature. The estimate includes 6.0 FTE positions, which is the same as the approved amount. There are changes in each expenditure class.

- **Salaries and Wages** - The agency requests \$547,318 for salaries and wages for FY 2017, a decrease of \$187, or less than 0.1 percent, below the approved amount.
- **Contractual Services** - The agency requests \$337,239 for contractual services for FY 2017, a decrease of \$59, or less than 0.1 percent, below the approved amount.

- **Commodities** - The agency requests \$5,465 for commodities for FY 2017, a decrease of \$584, or 9.7 percent, below the approved amount. The decrease is largely attributable to a decrease in expenditures for printer cartridges arising from a change in the agency's printer contract.
- **Capital Outlay** - The agency requests \$6,995 for capital outlay for FY 2017, an increase of \$830, or 13.5 percent, above the approved amount. The increase is attributable to the purchase of a computer for a new employee.

The **Governor** concurs with the agency request for FY 2017.

## Fee Fund Analysis

The Utility Regulatory Fee Fund is a statutory fee fund that is funded through quarterly assessments on gas, electric, and telephone companies in Kansas, as required by KSA 66-1502 and KSA 66-1503. One assessment is based on end of year expenditures plus anticipated increases for the ensuing year, which is then pro-rated among the utilities. That amount cannot exceed the greater of \$100 or 0.2 percent of a company's gross operating revenue derived from intrastate operations in the prior calendar year. Another assessment is made for actual costs incurred by CURB during an investigation of a particular public utility. This assessment cannot exceed  $\frac{3}{5}$  of 1.0 percent (0.6 percent) of the utility's gross intrastate operations.

Because the Utility Regulatory Fee Fund is funded quarterly, receipts will change to accommodate the expenditures. Consequently, the balances shown are less meaningful than for most agencies. In particular, the agency contracts with consultants for utility cases and these contracts do not always coincide with the state's fiscal year. Moreover, in some instances the contracts do not terminate until a case is resolved. Thus, expenditures are estimated for each fiscal year according to budget submission instructions. However, the agency updates its estimates quarterly.

The fund is statutorily required by KSA 75-3170 to contribute 10.0 percent of revenues to the State General Fund. This contribution is usually taken out of the first quarter assessment.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 195,205	\$ 149,614	\$ 149,614	\$ 28,024	\$ 28,024
Revenue	631,994	831,800	831,800	981,500	981,500
Transfers in	0	157,500	157,500	0	0
Total Funds Available	\$ 827,199	\$ 1,138,914	\$ 1,138,914	\$ 1,009,524	\$ 1,009,524
Less: Expenditures	677,585	953,390	953,390	897,017	897,017
Transfers Out	0	157,500	157,500	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 149,614</u>	<u>\$ 28,024</u>	<u>\$ 28,024</u>	<u>\$ 112,507</u>	<u>\$ 112,507</u>
Ending Balance as Percent of Expenditures	22.1%	2.9%	2.9%	12.5%	12.5%
Month Highest Ending Balance	May <u>\$ 346,376</u>	April <u>\$ 338,207</u>	April <u>\$ 338,207</u>	April <u>\$ 337,649</u>	April <u>\$ 337,649</u>
Month Lowest Ending Balance	October <u>\$ 260,732</u>	March <u>\$ 269,523</u>	March <u>\$ 269,523</u>	October <u>\$ 277,422</u>	October <u>\$ 277,422</u>

<b>FTE POSITIONS BY PROGRAM FY 2015 – FY 2017</b>					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	5.0	6.0	6.0	6.0	6.0
<b>TOTAL</b>	<b>5.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

<b>PERFORMANCE MEASURES</b>				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of cases in which CURB intervened	33	32	30	32
Number of open dockets	24	40	26	25