

KANSAS CORPORATION COMMISSION

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	18,918,988	22,496,343	22,696,343	22,132,901	22,432,901
TOTAL	\$ 18,918,988	\$ 22,496,343	\$ 22,696,343	\$ 22,132,901	\$ 22,432,901
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 18,918,988	\$ 22,496,343	\$ 22,696,343	\$ 22,132,901	\$ 22,432,901
Percentage Change:					
Operating Expenditures					
State General Fund	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
All Funds	(9.0)	18.9	20.0	(1.6)	(1.2)
FTE Positions	190.0	186.0	204.5	186.0	204.5
Non-FTE Perm.Uncl.Pos.	0.0	18.5	0.0	18.5	0.0
TOTAL	190.0	204.5	204.5	204.5	204.5

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.

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.

The **2014 Legislature** eliminated 7.0 FTE positions in the agency's Energy Division and reduced expenditures by \$549,918 due to elimination of federal aid to local units of government.

The **2015 Legislature** approved HB 2231, which altered which funds make transfers to the Abandoned Oil and Gas Well Fund, which is used for plugging abandoned wells. The annual transfer from the Conservation Fee Fund was increased from \$400,000 to \$800,000 and the State Water Plan Fund annual transfer of \$400,000 was eliminated. Additionally, the Legislature transferred \$3.0 million from the Conservation Fee Fund to the State General Fund in FY 2016.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$22.5 million for FY 2016, all from special revenue funds, an increase of \$300,000, or 1.4 percent, above the approved amount. The increase is attributable to a supplemental request for the implementation of 2015 HB 2233, the Kansas Electric Ratepayer Protection Act. The increase is entirely funded by the Public Service Regulation Fund. The FY 2016 budget includes 186.0 FTE positions, a decrease of 11.0 positions, and 18.5 non-FTE positions, an increase of 12.0 positions, from the approved budget. The overall increase of 1.0 position is attributable to a budgeting error that the agency has corrected in this budget submission and does not result in a change to the budget.

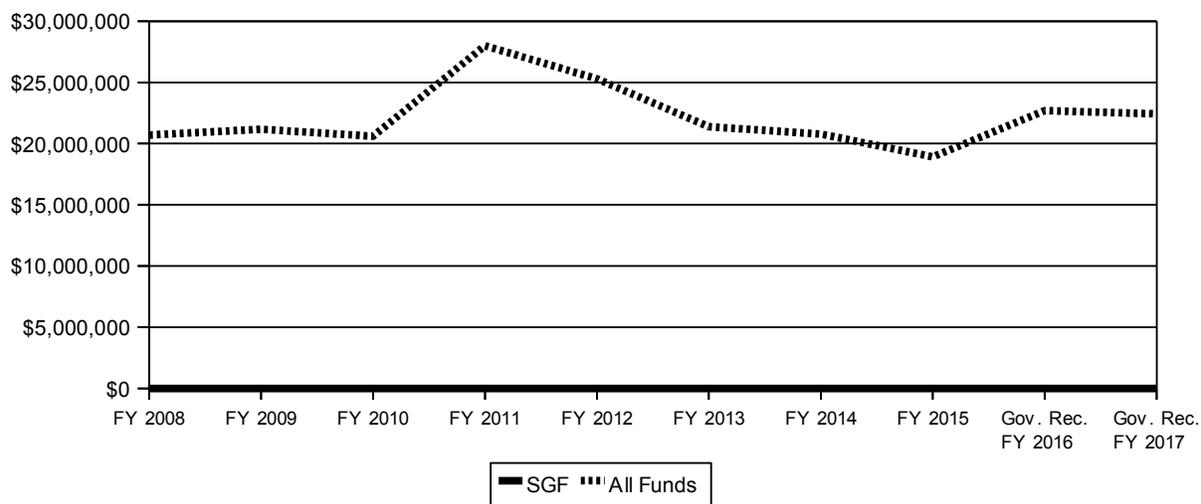
The **Governor** recommends FY 2016 expenditures of \$22.7 million, an increase of \$200,000, or 0.9 percent, all from the Public Service Regulation Fund, above the agency request. The increase is attributable to increased estimated expenditures for consultants to evaluate re-dispatch models pursuant to 2015 HB 2233.

FY 2017 – Budget Year. The **agency** requests a revised estimate \$22.1 million for FY 2017, all from special revenue funds, an increase of \$200,000, or 0.9 percent, above the approved amount. The increase is attributable to a supplemental request for the implementation of 2015 HB 2233, the Kansas Electric Ratepayer Protection Act. The increase is entirely funded by the Public Service Regulation Fund. The FY 2017 budget includes 186.0 FTE positions, a decrease of 11.0 positions, and 18.5 non-FTE positions, an increase of 12.0 positions, from the approved budget. The overall increase of 1.0 position is attributable to a budgeting error that the agency has corrected in this budget submission and does not result in a change to the budget.

The **Governor** recommends FY 2017 expenditures of \$22.4 million, an increase of \$300,000, or 1.4 percent, all from the Public Service Regulation Fund, above the agency request. The increase is attributable to increased estimated expenditures for consultants to evaluate re-dispatch models pursuant to 2015 HB 2233.

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 %	\$ 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	0	0.0	18,918,988	(9.0)	190.0
2016 Gov. Rec.	0	0.0	22,696,343	20.0	204.5
2017 Gov. Rec.	0	0.0	22,432,901	(1.2)	204.5
Ten-Year Change Dollars/Percent	\$ 0	0.0 %	\$ 1,736,275	8.4 %	(9.5)

Summary of Operating Budget FY 2015 - FY 2017

Kansas Corporation Commission

	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
By Program:									
Administration	\$ 5,081,423	\$ 6,351,061	\$ 6,414,877	\$ 63,816	1.0 %	\$ 6,351,061	\$ 6,414,877	\$ 63,816	1.0 %
Utilities	3,425,142	4,044,836	4,028,232	(16,604)	(0.4)	4,244,836	4,328,232	83,396	2.0
Conservation	8,477,961	9,902,628	9,479,992	(422,636)	(4.3)	9,902,628	9,479,992	(422,636)	(4.3)
Transportation	1,415,444	1,535,919	1,532,685	(3,234)	(0.2)	1,535,919	1,532,685	(3,234)	(0.2)
Energy Programs	519,018	661,899	677,115	15,216	2.3	661,899	677,115	15,216	2.3
TOTAL	\$ 18,918,988	\$ 22,496,343	\$ 22,132,901	\$ (363,442)	(1.6) %	\$ 22,696,343	\$ 22,432,901	\$ (263,442)	(1.2) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 13,058,051	\$ 15,010,439	\$ 15,531,112	\$ 520,673	3.5 %	\$ 15,010,439	\$ 15,531,112	\$ 520,673	3.5 %
Contractual Services	5,016,503	6,274,643	5,738,055	(536,588)	(8.6)	6,474,643	6,038,055	(436,588)	(6.7)
Commodities	364,020	421,550	420,250	(1,300)	(0.3)	421,550	420,250	(1,300)	(0.3)
Capital Outlay	428,890	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	0.0
Subtotal - Operations	\$ 18,867,464	\$ 22,496,343	\$ 22,132,901	\$ (363,442)	(1.6) %	\$ 22,696,343	\$ 22,432,901	\$ (263,442)	(1.2) %
Aid to Local Units	1,000	0	0	0	0.0	0	0	0	0.0
Other Assistance	50,524	0	0	0	0.0	0	0	0	0.0
TOTAL	\$ 18,918,988	\$ 22,496,343	\$ 22,132,901	\$ (363,442)	(1.6) %	\$ 22,696,343	\$ 22,432,901	\$ (263,442)	(1.2) %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	0.0 %	\$ 0	\$ 0	\$ 0	0.0 %
Public Service									
Regulation Fund	6,532,522	7,890,194	7,904,398	14,204	0.0	8,090,194	8,204,398	114,204	0.0
Conservation Fee Fund	7,707,772	8,665,931	8,338,494	(327,437)	(3.8)	8,665,931	8,338,494	(327,437)	(3.8)
All Other Funds	4,678,694	5,940,218	5,890,009	(50,209)	(0.8)	5,940,218	5,890,009	(50,209)	(0.8)
TOTAL	\$ 18,918,988	\$ 22,496,343	\$ 22,132,901	\$ (363,442)	(1.6) %	\$ 22,696,343	\$ 22,432,901	\$ (263,442)	(1.2) %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved Budget

The 2015 Legislature approved a budget of \$22.2 million for the Kansas Corporation Commission in FY 2016. No adjustments have subsequently been made to that 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	22,196,343	22,496,343	300,000	22,696,343	500,000
TOTAL	\$ 22,196,343	\$ 22,496,343	\$ 300,000	\$ 22,696,343	\$ 500,000
FTE Positions	197.0	186.0	(11.0)	204.5	7.5

The **agency** requests FY 2016 expenditures of \$22.5 million, all from special revenue funds, an increase of \$300,000, or 1.4 percent, above the approved amount. The increase is attributable to a supplemental request for the implementation of 2015 HB 2233, the Kansas Electric Ratepayer Protection Act. The budget includes expenditures in the following categories.

- Salaries and Wages.** The agency requests FY 2016 salaries and wages expenditures of \$15.0 million, all from special revenue funds, which is no change from the approved amount. These expenditures support 186.0 FTE and 18.5 non-FTE positions, a decrease of 11.0 FTE positions and an increase of 12.0 non-FTE positions from the approved amount. The overall increase of 1.0 position is attributable to a budgeting error that the agency has corrected in this budget submission and does not result in a change to the budget.
- Contractual Services.** The agency requests FY 2016 contractual services expenditures of \$6.3 million, all from special revenue funds, an increase of \$300,000, or 5.0 percent, above the approved amount. The increase is attributable to the supplemental request for implementation of the Kansas Electric Ratepayers Protection Act. Other contractual services expenditures include building space rental, well plugging, travel, consultants, and equipment repair.
- Commodities.** The agency requests FY 2016 commodities expenditures of \$421,550, all from special revenue funds, which is no change from the approved amount. The largest expenditure is gasoline, but also includes vehicle parts, office supplies, and professional equipment including protective clothing.

- **Capital Outlay.** The agency requests FY 2016 capital outlay expenditures of \$789,711, all from special revenue funds, which is no change from the approved amount. These expenditures include truck replacement, computer replacement, software, and other equipment.

The **Governor** recommends FY 2016 expenditures of \$22.7 million, an increase of \$200,000, or 0.9 percent, all from the Public Service Regulation Fund, above the agency request. The increase is attributable to increased estimated expenditures for consultants to evaluate re-dispatch models pursuant to 2015 HB 2233.

The Governor also recommends 204.5 FTE positions and zero non-FTE positions in FY 2016, an increase of 18.5 FTE and corresponding decrease of 18.5 non-FTE positions. The agency indicates that the Governor’s recommendation for FTE positions reflects the agency’s intended request.

Supplemental Detail

Supplementals	FY 2016 SUPPLEMENTALS					
	Agency Estimate			Governor’s Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Implementation of 2015 HB 2233	\$ 0	\$ 300,000	0.0	\$ 0	\$ 500,000	0.0

The **agency** requests \$300,000, all from the Public Service Regulation Fund, for implementation of 2015 HB 2233, the Kansas Electric Ratepayer Protection Act. The increase is attributable to hiring outside consultants. The Act requires the Kansas Department of Health and Environment to notify the Kansas Corporation Commission prior to entering into any agreements with utilities that operate fossil fuel-based electric generating units regarding the establishment of carbon dioxide emission standards. The KCC is required to:

- Conduct investigations to determine each jurisdictional utility’s re-dispatch options as well as the cost of each of these options;
- Conduct investigations to determine the lowest possible re-dispatch cost options on a state-wide basis;
- Ensure that the recommended options maintain the reliability of Kansas’ integrated electric system;
- Issue any order within 300 days of receiving notice from KDHE providing a detailed explanation of the KCC’s findings and recommendations; and
- Provide KDHE with a copy of the KCC order, including any evidence requested.

The fiscal note for 2015 HB 2233 indicated that fee fund expenditures for the KCC would increase by \$400,000 to \$500,000 to hire outside consultants. These consultants evaluate re-dispatch models submitted to the KCC by the Southwest Power Pool and other utilities. The

agency is requesting a FY 2016 supplemental increase of \$300,000, all from the Public Service Regulation Fund, for implementation of the Act.

The **Governor** recommends an increase of \$500,000, all from the Public Services Regulation Fund. This recommendation concurs with the agency requested supplemental, and further recommends an increase of \$200,000 to provide for increased estimated expenditures for consultants to evaluate re-dispatch models pursuant to 2015 HB 2233.

B. FY 2017 – Budget Year

Adjustments to Approved Budget

The 2015 Legislature approved a budget of \$21.9 million for the Kansas Corporation Commission in FY 2017. No adjustments have subsequently 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	21,932,901	22,132,901	200,000	22,432,901	500,000
TOTAL	\$ 21,932,901	\$ 22,132,901	\$ 200,000	\$ 22,432,901	\$ 500,000
FTE Positions	197.0	186.0	(11.0)	204.5	7.5

The **agency** requests a revised estimate of \$22.1 million for FY 2017, all from special revenue funds, an increase of \$200,000, or 0.9 percent, above the approved amount. The increase is attributable to a supplemental request for the implementation of 2015 HB 2233, the Kansas Electric Ratepayer Protection Act. The budget includes expenditures in the following categories.

- **Salaries and Wages.** The agency requests FY 2017 salaries and wages expenditures of \$15.5 million, all from special revenue funds, which is no change from the approved amount. These expenditures support 186.0 FTE and 18.5 non-FTE positions, a decrease of 11.0 FTE positions and an increase of 12.0 non-FTE positions from the approved amount. The overall increase of 1.0 position is attributable to a budgeting error that the agency has corrected in this budget submission and does not result in a change to the budget.
- **Contractual Services.** The agency requests FY 2017 contractual services expenditures of \$5.7 million, all from special revenue funds, an increase of \$200,000, or 3.6 percent, above the approved amount. The increase is attributable to the supplemental request for implementation of the Kansas Electric Ratepayers Protection Act. Other contractual services expenditures include building space rental, well plugging, travel, consultants, and equipment repair.

- **Commodities.** The agency requests FY 2017 commodities expenditures of \$420,250, all from special revenue funds, which is no change from the approved amount. The largest expenditure is gasoline, but also includes vehicle parts, office supplies, and professional equipment including protective clothing.
- **Capital Outlay.** The agency requests FY 2017 capital outlay expenditures of \$443,484, all from special revenue funds, which is no change from the approved amount. These expenditures include passenger car and truck replacement, computer replacement, software, and other equipment.

The **Governor** recommends FY 2017 expenditures of \$22.4 million, an increase of \$300,000, or 1.4 percent, all from the Public Service Regulation Fund, above the agency request. The increase is attributable to increased estimated expenditures for consultants to evaluate re-dispatch models pursuant to 2015 HB 2233.

The Governor also recommends 204.5 FTE positions and zero non-FTE positions for FY 2017, an increase of 18.5 FTE and corresponding decrease of 18.5 non-FTE positions. The agency indicates that the Governor’s recommendation for FTE positions reflects the agency’s intended request.

Supplemental Detail

Supplementals	FY 2017 SUPPLEMENTALS					
	Agency Estimate			Governor’s Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Implementation of 2015 HB 2233	\$ 0	\$ 200,000	0.0	\$ 0	\$ 500,000	0.0

The **agency** requests \$200,000, all from the Public Service Regulation Fund, for implementation of 2015 HB 2233, the Kansas Electric Ratepayer Protection Act. The increase is attributable to hiring outside consultants. The Act requires the Kansas Department of Health and Environment to notify the Kansas Corporation Commission prior to entering into any agreements with utilities that operate fossil fuel-based electric generating units regarding the establishment of carbon dioxide emission standards. The KCC is required to:

- Conduct investigations to determine each jurisdictional utility’s re-dispatch options as well as the cost of each of these options;
- Conduct investigations to determine the lowest possible re-dispatch cost options on a state-wide basis;
- Ensure that the recommended options maintain the reliability of Kansas’ integrated electric system;
- Issue any order within 300 days of receiving notice from KDHE providing a detailed explanation of the KCC’s findings and recommendations; and
- Provide KDHE with a copy of the KCC order, including any evidence requested.

The fiscal note for 2015 HB 2233 indicated that fee fund expenditures for the KCC would increase by \$400,000 to \$500,000 to hire outside consultants. These consultants evaluate re-dispatch models submitted to the KCC by the Southwest Power Pool and other utilities. The agency is requesting a FY 2017 supplemental increase of \$200,000, all from the Public Service Regulation Fund, for implementation of the Act.

The **Governor** recommends an increase of \$500,000, all from the Public Services Regulation Fund. This recommendation concurs with the agency requested supplemental, and further recommends an increase of \$300,000 to provide for increased estimated expenditures for consultants to evaluate re-dispatch models pursuant to 2015 HB 2233.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.0 %	0.0 %
Public Service Regulation Fund	35.7	36.6
Conservation Fee Fund	37.7	37.2
Abandoned Oil and Gas Well Fund	7.9	7.8
Motor Carrier License Fee Fund	10.9	10.7
Federal Funds	5.8	5.8
All Other Funds	2.0	2.0
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals 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.

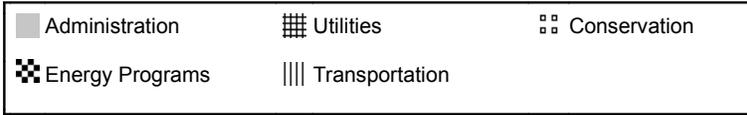
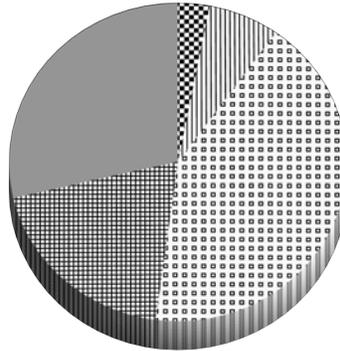
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 7,828,444	\$ 9,794,188	\$ 9,794,188	\$ 5,479,474	\$ 5,479,474
Revenue	10,073,516	8,151,217	8,151,217	8,028,592	8,028,592
Transfers in	0	0	0	0	0
Total Funds Available	\$ 17,901,960	\$ 17,945,405	\$ 17,945,405	\$ 13,508,066	\$ 13,508,066
Less: Expenditures	7,707,772	8,665,931	8,665,931	8,338,494	8,338,494
Transfers Out	400,000	3,800,000	3,800,000	800,000	800,000
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 9,794,188</u>	<u>\$ 5,479,474</u>	<u>\$ 5,479,474</u>	<u>\$ 4,369,572</u>	<u>\$ 4,369,572</u>
Ending Balance as Percent of Expenditures	127.1%	63.2%	63.2%	52.4%	52.4%
Month Highest Ending Balance	May <u>\$ 9,795,663</u>	November <u>\$ 6,207,327</u>	November <u>\$ 6,207,327</u>	July <u>\$ 5,479,239</u>	July <u>\$ 5,479,239</u>
Month Lowest Ending Balance	August <u>\$ 6,918,477</u>	June <u>\$ 5,570,031</u>	June <u>\$ 5,570,031</u>	June <u>\$ 3,739,538</u>	June <u>\$ 3,739,538</u>

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 6,414,877	28.6 %	\$ 0	0.0 %
Utilities	4,328,232	19.3	0	0.0
Conservation	9,479,992	42.3	0	0.0
Transportation	1,532,685	6.8	0	0.0
Energy Programs	677,115	3.0	0	0.0
TOTAL	\$ 22,432,901	100.0 %	\$ 0	0.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	53.0	50.0	58.5	50.0	58.5
Utilities	34.0	36.0	37.0	36.0	37.0
Conservation	86.0	83.0	89.0	83.0	89.0
Transportation	17.0	15.0	17.0	15.0	17.0
Energy Programs	0.0	2.0	3.0	2.0	3.0
TOTAL	190.0	186.0	204.5	186.0	204.5

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 SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,909,586	\$ 4,679,937	\$ 4,679,937	\$ 4,846,747	\$ 4,846,747
Contractual Services	1,039,520	1,468,330	1,468,330	1,473,930	1,473,930
Commodities	31,101	41,000	41,000	41,000	41,000
Capital Outlay	58,214	161,794	161,794	53,200	53,200
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 5,038,421</i>	<i>\$ 6,351,061</i>	<i>\$ 6,351,061</i>	<i>\$ 6,414,877</i>	<i>\$ 6,414,877</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	43,002	0	0	0	0
TOTAL	\$ 5,081,423	\$ 6,351,061	\$ 6,351,061	\$ 6,414,877	\$ 6,414,877
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	5,081,423	6,351,061	6,351,061	6,414,877	6,414,877
TOTAL	\$ 5,081,423	\$ 6,351,061	\$ 6,351,061	\$ 6,414,877	\$ 6,414,877
FTE Positions	53.0	50.0	58.5	50.0	58.5
Non-FTE Uncl. Perm. Pos.	0.0	8.5	0.0	8.5	0.0
TOTAL	53.0	58.5	58.5	58.5	58.5

The **agency** estimates FY 2017 expenditures for the Administration program of \$6.4 million, all from special revenue funds, an increase of \$165,561, or 2.6 percent, above the approved amount. The request includes changes in the following categories.

- **Salaries and Wages.** The agency requests FY 2017 salaries and wages expenditures of \$4.8 million , all from special revenue funds, an increase of \$90,561, or 1.9 percent, above the approved amount. The increase is attributable to transferring one non-FTE position from the Energy program to the Administration program beginning in FY 2016.
- **Contractual Services.** The agency requests FY 2017 contractual services expenditures of \$1.5 million, all from special revenue funds, an increase of \$75,000, or 5.4 percent, above the approved amount. The increase is attributable to accounting for the transfer to the Kansas Electric Transmission Authority (KETA) in the Administration program rather than in the Energy program.

The **Governor** concurs with the agency's request for FY 2017. The Governor's recommendation includes an increase of 8.5 FTE positions and a corresponding decrease of 8.5 non-FTE positions, which the agency indicates properly reflects their intended request.

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.

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
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 2,452,757	\$ 2,837,438	\$ 2,837,438	\$ 2,927,137	\$ 2,927,137
Contractual Services	894,776	1,065,750	1,265,750	967,750	1,267,750
Commodities	37,602	44,600	44,600	43,300	43,300
Capital Outlay	32,485	97,048	97,048	90,045	90,045
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 3,417,620</u>	<u>\$ 4,044,836</u>	<u>\$ 4,244,836</u>	<u>\$ 4,028,232</u>	<u>\$ 4,328,232</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	7,522	0	0	0	0
TOTAL	<u>\$ 3,425,142</u>	<u>\$ 4,044,836</u>	<u>\$ 4,244,836</u>	<u>\$ 4,028,232</u>	<u>\$ 4,328,232</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>3,425,142</u>	<u>4,044,836</u>	<u>4,244,836</u>	<u>4,028,232</u>	<u>4,328,232</u>
TOTAL	<u>\$ 3,425,142</u>	<u>\$ 4,044,836</u>	<u>\$ 4,244,836</u>	<u>\$ 4,028,232</u>	<u>\$ 4,328,232</u>
FTE Positions	34.0	36.0	37.0	36.0	37.0
Non-FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>1.0</u>	<u>0.0</u>	<u>1.0</u>	<u>0.0</u>
TOTAL	<u>34.0</u>	<u>37.0</u>	<u>37.0</u>	<u>37.0</u>	<u>37.0</u>

The **agency** estimates FY 2017 expenditures of \$4.0 million, an increase of \$190,683, or 5.0 percent, above the approved amount. The increase is largely attributable to a supplemental of \$200,000, all from the Public Service Regulation Fund, for the implementation of 2015 HB 2233, the Kansas Electric Ratepayers Protection Act.

The **Governor** concurs with the agency request and further recommends an addition of \$300,000, all from the Public Services Regulation Fund, above the agency request. The increase is attributable to increased estimated expenditures for consultants to evaluate re-dispatch models pursuant to 2015 HB 2233.

The Governor also recommends 37.0 FTE positions and zero non-FTE positions for FY 2017, an increase of 1.0 FTE position and corresponding decrease of 1.0 non-FTE position. The agency indicates that the Governor's recommendation for FTE positions reflects the agency's intended request.

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).

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.

The abandoned oil and gas well plugging program was created in 1996 and, by law that was updated in 2015, receives annual transfers of \$400,000 from the State General Fund and \$800,000 from 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 2017. The remaining \$500,000 transfer is made from the Well Plugging Assurance Fund.

CONSERVATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 5,326,044	\$ 6,035,098	\$ 6,035,098	\$ 6,247,714	\$ 6,247,714
Contractual Services	2,699,039	3,138,028	3,138,028	2,693,840	2,693,840
Commodities	236,100	289,050	289,050	289,050	289,050
Capital Outlay	216,778	440,452	440,452	249,388	249,388
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 8,477,961</i>	<i>\$ 9,902,628</i>	<i>\$ 9,902,628</i>	<i>\$ 9,479,992</i>	<i>\$ 9,479,992</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 8,477,961</u>	<u>\$ 9,902,628</u>	<u>\$ 9,902,628</u>	<u>\$ 9,479,992</u>	<u>\$ 9,479,992</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	8,477,961	9,902,628	9,902,628	9,479,992	9,479,992
TOTAL	<u>\$ 8,477,961</u>	<u>\$ 9,902,628</u>	<u>\$ 9,902,628</u>	<u>\$ 9,479,992</u>	<u>\$ 9,479,992</u>
FTE Positions	86.0	83.0	89.0	83.0	89.0
Non-FTE Uncl. Perm. Pos.	0.0	6.0	0.0	6.0	0.0
TOTAL	<u>86.0</u>	<u>89.0</u>	<u>89.0</u>	<u>89.0</u>	<u>89.0</u>

The **agency** estimates FY 2017 expenditures of \$9.5 million, which is no change from the approved amount. The largest expenditures from this program are attributable to well plugging. The estimated cost for the agency to plug 323 wells in FY 2017 is \$1.7 million, which includes \$50,000 for site remediation.

The **Governor** concurs with the agency request in the Conservation program for FY 2017. The Governor further recommends an increase of 6.0 FTE positions and a corresponding decrease of 6.0 non-FTE positions. The agency indicates that the Governor's recommendation for FTE positions reflects the agency's intended request.

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 SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 997,005	\$ 1,036,603	\$ 1,036,603	\$ 1,073,449	\$ 1,073,449
Contractual Services	312,512	385,535	385,535	385,535	385,535
Commodities	25,738	32,200	32,200	32,200	32,200
Capital Outlay	80,189	81,581	81,581	41,501	41,501
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,415,444</i>	<i>\$ 1,535,919</i>	<i>\$ 1,535,919</i>	<i>\$ 1,532,685</i>	<i>\$ 1,532,685</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,415,444	\$ 1,535,919	\$ 1,535,919	\$ 1,532,685	\$ 1,532,685
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,415,444	1,535,919	1,535,919	1,532,685	1,532,685
TOTAL	\$ 1,415,444	\$ 1,535,919	\$ 1,535,919	\$ 1,532,685	\$ 1,532,685
FTE Positions	17.0	15.0	17.0	15.0	17.0
Non-FTE Uncl. Perm. Pos.	0.0	2.0	0.0	2.0	0.0
TOTAL	17.0	17.0	17.0	17.0	17.0

The **agency** estimates FY 2017 expenditures of \$1.5 million, a decrease of \$1, or less than 0.1 percent, below the approved amount. IT maintenance and communication forms the largest portion of this budget other than salaries and wages.

The **Governor** concurs with the agency request in the Transportation program for FY 2017. The Governor further recommends an increase of 2.0 FTE positions and a corresponding decrease of 2.0 non-FTE positions. The agency indicates that the Governor's recommendation for FTE positions reflects the agency's intended request.

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 PROGRAMS SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 372,659	\$ 421,363	\$ 421,363	\$ 436,065	\$ 436,065
Contractual Services	70,656	217,000	217,000	217,000	217,000
Commodities	33,479	14,700	14,700	14,700	14,700
Capital Outlay	41,224	8,836	8,836	9,350	9,350
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 518,018</u>	<u>\$ 661,899</u>	<u>\$ 661,899</u>	<u>\$ 677,115</u>	<u>\$ 677,115</u>
Aid to Local Units	1,000	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 519,018</u>	<u>\$ 661,899</u>	<u>\$ 661,899</u>	<u>\$ 677,115</u>	<u>\$ 677,115</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>519,018</u>	<u>661,899</u>	<u>661,899</u>	<u>677,115</u>	<u>677,115</u>
TOTAL	<u>\$ 519,018</u>	<u>\$ 661,899</u>	<u>\$ 661,899</u>	<u>\$ 677,115</u>	<u>\$ 677,115</u>
FTE Positions	0.0	2.0	3.0	2.0	3.0
Non-FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>1.0</u>	<u>0.0</u>	<u>1.0</u>	<u>0.0</u>
TOTAL	<u>0.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>

The **agency** requests FY 2017 expenditures of \$677,115, all from special revenue funds, which is a decrease of \$156,243, or 18.7 percent, below the approved amount. The decreases are attributable to salaries and wages and contractual services. The increase from FY 2015 actuals to FY 2016 is largely attributable to federal state energy grants.

- **Salaries and Wages.** The agency requests FY 2017 salaries and wages expenditures of \$436,065 for Energy Programs, all from special revenue funds, a decrease of \$81,243, or 15.7 percent, below the approved amount. The decrease is attributable to transferring one non-FTE position to the Administration program in FY 2016.

- **Contractual Services.** The agency requests FY 2017 contractual services expenditures of \$217,000, all from special revenue funds, a decrease of \$75,000, or 25.7 percent, below the approved amount. The decrease is attributable to accounting for the transfer to the Kansas Electric Transmission Authority (KETA) in the Administration program rather than in the Energy program.

The **Governor** concurs with the agency request in the Energy Programs for FY 2017. The Governor further recommends an increase of 1.0 FTE position and a corresponding decrease of 1.0 non-FTE position. The agency indicates that the Governor's recommendation for FTE positions reflects the agency's intended request.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of new compliance dockets opened	10	4	10	10
Number of rate change applications filed and reviewed	5	5	5	5
Number of documents online	140,000	142,950	150,000	160,000
Kansas natural gas rates compared to national averages	70.0%	91.0%	91.4%	91.4%
Kansas electric rates compared to national averages	97.6%	97.5%	97.7%	97.7%
Number of Natural Gas Pipeline Safety Act non-compliances detected and corrected	200	90	200	200
Percent of inventories priority 1A wells plugged	100.0%	100.0%	100.0%	100.0%
Number of abandoned wells plugged	326	268	326	302
Number of identified pollution sites resolved	3	3	3	3
Number of oil and gas facility inspections performed	5,500	4,113	5,000	5,000
Number of environmental permit applications processed	16,000	11,049	11,000	12,000
Number of educational seminars, classes, or programs conducted	160	114	120	120
Number of motor carriers registered for Kansas	15,000	17,970	18,000	18,000
Percent of motor carrier reviews identifying safety violations	70.0%	63.0%	70.0%	70.0%
Number of complaints from outside parties	35	19	20	20
Energy savings estimates of Facilities Conservation Improvement Program (in millions)	\$0.50	\$20.5	\$20.7	\$21.0
Rural opportunity zone energy generated/saved (kWh)	\$6,350	\$63,500	\$79,500	\$79,500

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
TOTAL	\$ 677,585	\$ 953,390	\$ 953,390	\$ 897,017	\$ 897,017
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 677,585	\$ 953,390	\$ 953,390	\$ 897,017	\$ 897,017

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
TOTAL	5.0	6.0	6.0	6.0	6.0

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,