KCC - Conservation Division

Consequences of Not Funding this Program

Conservation staff works to prevent degradation of land and water resources, prevent waste in the production of crude oil and natural gas resources, and protect correlative rights of mineral owners and royalty interest holders.

Without funding, most aspects of the oil and gas industry would be unregulated or cease to function in Kansas. Licenses to operate oil and gas wells could not be obtained, and current licensees would not be able to transfer and operate wells, or obtain permits to drill wells, plug wells, obtain injection authority to dispose of wastewater, to vent or flare current wells, or engage in compressed air energy storage operations. There would be no state oversight of on-lease spills of oil or brine water, wasteful oil and gas practices, the casing integrity of current oil, gas, and class II injection wells to ensure protection of fresh and usable water, or certain safety aspects of intra-state gas storage facilities. For Class II injection wells the Commission exercises delegated regulatory primacy over such wells, in conformity with the requirements mandated by federal regulations, without this delegated authority oversight would revert to the U.S. Environmetnal Protection Agency (EPA). Operators would be unable to obtain various severance tax exemptions. Abandoned wells with no responsible party would remain unplugged. Certain oil-and-gas related disputes would be unresolvable, as parties would be unable to exhaust administrative remedies before seeking court review. Fees and fines would not be collected or accrue to various funds, including the state general fund. Oil-and-gas related tax revenue would decline because the industry would be unable to fully function.

Statutory Basis	Mandatory vs. Discretionary	MOE/Match Rqt.	Priority Level
74-606	Mandatory	No	1
74-623 to 74-628	Mandatory	No	1
Chapter 55	Mandatory	No	1

Program Goals

A. Regulate, enforce laws, and supervises activities associated with the exploration and production of oil and gas to prevent degradation of land and water resources, prevent the waste in the production of crude oil and natural gas resources, and protect correlative rights of mineral owners and royalty interest holders

B. Timely reclaim and remediate land and water sources using allocated funds.

Program History

The Commission has regulated the petroleum industry since 1933. General agency jurisdiction over oil and gas practices has remained stable for many decades; the agency shared some overlapping jurisdiction with KDHE during the 1970s through 1990s. Recent legislation impacting the division includes this session's merging of the well plugging assurance fund into the abandoned oil and gas well fund. K.S.A. 74-606 requires the conservation division office to be located in Wichita. The Conservation Division is primarily funded by assessments and fees on the petroleum industry. The Division's main office is located in Wichita, with district offices in Chanute, Dodge City, Hays, and Wichita. Day-to-day Division activities include: permitting associated with wells and operator licenses; inspection and investigation of oil and gas leases, including wells, tank batteries, pits, and spills; enforcement of Commission regulations, and management of the abandoned well plugging program.

*The KCC is required by statute to prevent degradation of land and water resources, prevent waste in the production of crude oil and natural gas resources, and protect correlative rights of mineral owners and royalty interest holders. It is difficult to derive relevant outcome measures for performance based budgeting purposes since outcomes have to be determined based on the current conditions for fact specific situations. Staff have to be able to review the data, facts, and conduct appropriate investigations without a predetermined outcome. Additionally, field staff must be able to respond quickly to protect environmental resources as well as land owner and operator rights. More details are provided in the agency budget and annual reports which provide more context around the goals, outcome and output measures contained here. Taking the information out of context may create inaccurate assumptions.

Performance Measures

Outcome Measures	*Goal*	*FY 2019*	*FY 2020*	*FY 2021*	*3- yr. Avg.*	*FY 2022*	*FY 2023*
1. Median response time in days to single well project priority 1A abandoned wells	B	126	2.5	44.5	57.67	30	30
2. % of MIT failures (wells) remediated within 90 days (UIC program measure based on federal fiscal year, FY2021 is based on data through June 1, 2021)	A	91%	90%	84%	88.33%	90%	90%
Output Measures							
3. Number of Priority 1A wells	A,B	6	47	25	26	tbd	tbd
4. MIT failures (UIC program measures are tracked on federal fiscal year so FY2021 is through June 1, 2021	A	235	324	174	244.33	250	250
Additional Measures as Necessary							
5. Number of oil and gas facility inspections performed	A	4,158	3,983	4,540	4,227	4,000	4,000
6. Wells plugged in the course of regulatory enforcement	A	674	716	727	705.67	600	600

Funding *all fines and penalties are deposited in the State General Fund

Funding Source	*FY 2018*	*FY 2019*	*FY 2020*	*FY 2021*	*FY 2022*	*FY 2023*
State General Fund	$ -	$ -	$ -	$ -	$ -	$ -
Non-SGF State Funds	8,044,636	8,349,860	8,119,374	10,040,410	10,407,910	10,632,786
Federal Funds	-	-	-	-	-	-
Total	$ 8,044,636	$ 8,349,860	$ 8,119,374	$ 10,040,410	$ 10,407,910	$ 10,632,786

KCC - Utilities Division

Consequences of Not Funding this Program

Failure to fund would violate the KCC's Chapter 66 mandates to ensure utilities provide efficient and sufficient service at just and reasonable rates. Failure to fund would essentially leave the KCC'S current jurisdictional utilities unregulated, which would have profound impacts on rates as the agency would lack the resources to audit the utilities' rate increase requests and deprive the Commission of an evidentiary basis to establish rates. There is a high probability and risk that both residential and commercial rates could increase significantly, placing Kansas at an economic development disadvantage. Conversely, underfunding or not funding this program would allow a utility to have one class of customer, such as residential, subsidize another class, such as commercial or industrial, in order to create an economic incentive through lower rates to large customers, thereby increasing the utilities revenues. In addition, the KCC would be unable to evaluate and correct any deficiencies a utility might have in providing reliable service. Failure to fund the Energy Operations and Pipeline Safety could have dire effects on the environment and safety. Underfunding this section would hinder its ability to ensure safe operation of all gas utilities through enforcement of federal and state pipeline safety regulations. Failure to fund the Telecommunications section could dramatically impact the Kansas Universal Service Fund, customer service protections, and availability of telecommunication service.

Statutory Basis		Mandatory vs. Discretionary	MOE/Match Rqt.	Priority Level
General	74-601 to 74-631	Mandatory	No	1
Specific	74-633	Mandatory	No	1
Specific	Chapter 66	Mandatory	No	1

Program Goals

A. Ensure the laws and regulations applicable to jurisdictional electric, natural gas, telecommunications and water utilities are adhered to.

B. Provide recommendations and advice to the Commission to promote and assure sufficient, efficient, and safe utility services at reasonable and non-discriminatory rates to consumers.

C. Minimize the safety risk of natural gas pipeline operations throughout the State by assuring safe operation through compliance with regulations. Initiate action to educate operators to lower safety risk of natural gas system

D. Lower the risk to public safety by reducing excavator damages to pipelines

E. Protect the public interest through impartial, efficient, and transparent resolution of all jurisdictional issues through regulation and oversight of rates, services, and quality of service of jurisdictional telecommunications public utilities.

Program History

The KCC was originally established in 1883 to regulate railroad activity. Kansas was one of the first states to establish a regulatory agency and in 1911 the Legislature created a three member Public Utilities Commission (Commission). Over the years the Commission has regulated telegraph and telephone, pipeline, common carriers, water, electric, gas and other power companies with the exception of municipal owned utilities. The Utilities Division has four sections: Accounting and Financial Analysis responsible for investigating, analyzing and making recommendations to the Commission on accounting and financial issues relating to the electric, natural gas, telecommunication and water industries. The Economic Policy and Rates section is responsible for investigating and making recommendations on economic issues relating to the above industries. The Energy Operations and Pipeline Safety section provides technical expertise relating to electric utility operations, reliability, safety, electric transmission siting, and electric and gas consumer services. They also responsible to ensure safe operation of all gas utilities trough enforcement of federal and state regulations. The Telecommunications section is responsible for researching, investigating, analyzing, and making recommendations on courses of action for all telecommunications matters that come before the Commission.

* Because the KCC is required by statute to balance the public need for adequate, efficient, and affordable service with a public utility's need for sufficient revenue, it is difficult to derive relevant outcome measures for Staff's performance based budgeting purpose since outcomes have to be determined on a case-by-case basis. Staff have to be able to review the data, facts, evidence and conduct investigations without a predetermined outcome. Staff's actions must be determined based on the merits of the issue.

More details are provided in the agency budget which provides more context around the goals, outcome and output measures. Taking this information out of context may create inaccurate assumptions.

Performance Measures

Outcome Measures	*Goal*	*FY 2019*	*FY 2020*	*FY 2021*	*3- yr. Avg.*	*FY 2022*	*FY 2023*
1. Percentage of applications granted by Commission	A&B	84%	90%	86%	87%	85%	85%
2. Percentage of applications denied by Commission	A&B	16%	10%	14%	13%	15%	15%
3. Highest number of hours for rate case(s) during fiscal year	A&B	3,644	3,750	5,786	4,393	3,750	3,750
4. Highest cost for a rate case during the Fiscal year (see note below)	A&B	231,043	200,000	69,974	167,006	350,000	350,000
Output Measures							
5. Number of applications filed and reviewed	A&B	225	250	196	224	250	250
6. Percentage of applications completed within statutory deadline	A&B	100%	100%	100%	100%	100%	100%
7. Average number of days to complete applications	A&B	109	100	85	98	100	100
8. Number of applications completed in less than 180 days	A&B	173	200	169	181	200	200
9. % of applications completed in less than 180 days	A&B	81%	80%	86%	82%	90%	90%
10. Complete 520 person-days of field inspections throughout the state	C	659	549	691	633	549	549
11. Number of leaks per 100 miles of pipe	C	16	16	17	16	16	16

12. Number of inspection units inspected	C	98	120	91	103	120	120
13. Average Number of field person-das per inspector	C	139	125	108	124	125	130
14. % of field inspection cases closed per calendar year	C	97	95	95	96	95	95
15. Kansas share of programs cost per operator inspected	C	2,047	2,000	3,023	2,357	3,000	3,000
16. Number of compliance actions taken from damage investigations	D	202	180	356	246	250	250
17. Number of gas damages per 1,000 locate tickets	D	2.2	2.0	2.3	2.2	2.0	2.0
18. Compliance action taken per number of incidents of utility damage that are investigated by staff	D	66%	75%	61%	67%	75%	75%
19. Number of applications filed and reviewed	E	126	150	173	150	150	150
20. % of filed applications reviewed within statutory deadline	E	100%	100%	100%	100%	100%	100%

#4 above FY2021 consisted of four rate cases. Three of the rate cases were solely related to the Tax Cut and Jobs Act, which resulted in rate reductions for all three. The fourth rate case was a revenue neutral rate design case that resulted in a small rate reduction. Because all of the rate cases resulted in rate reductions and none were litigated, the metrics for the test year are inconsistent with typical years.

Funding

Funding Source	*FY 2018*	*FY 2019*	*FY 2020*	*FY 2021*	*FY 2022*	*FY 2023*
State General Fund	$ -	$ -	$ -	$ -	$ -	$ -
Non-SGF State Funds	4,545,633	3,933,497	4,639,346	3,967,029	5,843,290	5,551,423
Federal Funds	-	-	-	-	-	-
Total	$ 4,545,633	$ 3,933,497	$ 4,639,346	$ 3,967,029	$ 5,843,290	$ 5,551,423

KCC - Transportation Division

Consequences of Not Funding this Program

This is an industry fee funded. To end the program funding would result in a much higher injury and fatality accident rate for the Kansas based motor carriers (MCs). This equates to a higher mortality rate for the motoring public. This would allow operators that are only concerned with their bottom line to operate with disregard for the safety of their employees and the general public. Additionally, Kansas would lose millions of dollars in interstate registration fees.Further, failing to fund this program would have a negative chain reaction in that funds currently transferred to the Kanas Highway Patrol to Kansas Department of Transportation, and all fines and penalties are transferred to the State General Fund would end.

Statutory Basis	Mandatory vs. Discretionary	MOE/Match Rqt.	Priority Level
General 66-1,108a, 1,108b	Mandatory	No	1
Specific 66-1,112g - Private reg	Mandatory	No	1
Specific 66-1,114 - For-hire reg	Mandatory	No	1
Specific 66-1,139(a) - UCR	Mandatory	No	1
Specific 66-1,129 - Safety	Mandatory	No	1

General Chapter 66 - throughout has numerous references to motor carriers and the authority of the Commission, the statutes specifically listed herein are a fraction of what the Division operates within.

Program Goals

A. Reduce the number of accidents involving Kansas based carriers in comparison to carriers based in Midwest States

B. Reduce the number of conditional and unsatisfactory rated Kansas based carriers.

C. Maintain high rate of compliance of Kansas based carriers with Unified Carrier Registration (UCR) requirements.

Program History

The transportation division regulates motor carriers (MCs) and businesses that operate commercial motor vehicles in the state of Kansas. The Division is responsible for establishing the regulations that apply to motor carriers through both state statutes and administrative regulations, ensuring that businesses, drivers, and vehicles meet the appropriate economic and safety regulations to ensure the safety of the motoring public. This includes collaborations with other state and federal agencies with a close working relationship with the Kansas Highway Patrol. Although state regulation of public utilities existed in Kansas as far back as 1883, the Public Service Commission was not established until 1925. In 1933, the Kansas legislature replaced the Public Service Commission with the State Corporation Commission expanding its jurisdiction to include transportation. Transportation regulation was largely focused on enforcement of territories, rates and tariffs until deregulation occurred due to the Motor Carrier Act of 1980. The Transportation Division continues to regulate motor carriers today for issues related to safety and economic issues related to licensing and permitting, insurance and vehicle registration, among other things.

The KCC is required by statute to balance the safety of the motoring public with the economic impact to motor carriers and ensure compliance with federal regulations, it is virtually impossible to derive relevant, meaningful, and realistic outcome measures for Staff's performance based budgeting purposes. Transportation staff have at the core of their mission the safety of the motoring public, it is hard to measure the number of accidents averted or lives saved by the work they do every day.

More details are provided in the agency budget which provides more context around the goals, outcome and output measures contained herein. Taking this information out of context may create inaccurate assumptions.

Performance Measures

Outcome Measures	*Goal*	*CY 2018*	*CY 2019*	*CY 2020*	*3- yr. Avg.*	*CY 2022*	*CY 2023*
1. KS based MCs involved in fewer accidents compared to the 10 Midwest region states.	A	Kansas has the 2nd lowest accident total out of the 10 Midwest States	Kansas has the 2nd lowest accident total out of the 10 Midwest States	Kansas has the 4th lowest accident total out of the 10 Midwest States	Kansas three year accident average is 2.6 out of the 10 Midwest States	Lowest accident total out of the 10 Midwest States	Lowest accident total out of the 10 Midwest States

2. KS based MCs receiving fewer Conditional and Unsatisfactory rated Compliance Reviews.	B	Out of 211 compliance reviews, KS issued a total of 24 Conditional and Unsat rated reviews which was the lowest of the 10 Midwest States	Out of 201 compliance reviews, KS issued a total of 23 Conditional and Unsat rated reviews which was the lowest of the 10 Midwest States	Out of 113 compliance reviews, KS issued a total of 10 Conditional and Unsat rated reviews which was the lowest of the 10 Midwest States	Kansas three year combined Conditional and Unsat rated average is the lowest of the 10 Midwest States	Lowest combined Conditional and Unsat rating out of the 10 Midwest States	Lowest combined Conditional and Unsat rating out of the 10 Midwest States
3. KS based MCs in compliance with UCR registration	C	Kansas registered 94.53.% of the interstate MCs, this is the highest registration percentage in the nation.	Kansas registered 97.09.% of the interstate MCs, this is the highest registration percentage in the nation.	Kansas registered 97.47.% of the interstate MCs, this is the highest registration percentage in the nation.	Three year registration percentage is 96.36%.	Register 98% of the interstate motor carriers	Register 98% of the interstate motor carriers
4. Outcome measure comparing outcomes to dollars: (Average cost per inspection)		The reality of budgetary pressures is not new to safety or compliance departments. Understanding you cannot quantify the value of fewer accidents or lives saved, we believe our program statistics speak volumes.					
Output Measures							
5. Conducted Compliance Reviews		211	201	113	175	225	225
6. Conducted Training Seminars		78	87	47	77	90	90

Funding * all fines and penalties are paid to the State General Fund and are not retained by the agency.

Funding Source	*FY 2018*	*FY 2019*	*FY 2020*	*FY 2021*	*FY 2022*	*FY 2023*
State General Fund	$ -	$ -	$ -	$ -	$ -	$ -
Non-SGF State Funds	1,398,137	1,426,880	1,478,396	1,492,908	1,684,015	1,755,570
Federal Funds	-	-	-	-	-	-
Total	$ 1,398,137	$ 1,426,880	$ 1,478,396	$ 1,492,908	$ 1,684,015	$ 1,755,570

Administration

Consequences of Not Funding this Program

Failure to fund the administrative functions of the agency would leave the agency without leadership or the ability to maintain the day-to-day operations. The agency would in essence be unable to regulate the industries charged with regulating, would lack staff to respond to the public and could not process and resolve legal issues, address budget, information technology or human resource issues.

Statutory Basis	Mandatory vs. Discretionary	MOE/Match Rqt.	Priority Level
74-601 to 74-631 - establishes the KCC and provides the agency consists of three members appointed by and confirmed by the Senate	Mandatory	No	1
74-605 and 74-606 - authorization to hire staff, main office to be located in Topeka; Conservation Division to be located in Wichita	Mandatory	No	1
Chapter 66	Mandatory	No	1
Chapter 55	Mandatory	No	1

Program Goals

A. Protect the public interest by impartially, effectively, and efficiently regulating the rates, terms of serve, and safety of public utilities and commercial trucking by regulating the production of crude oil and natural gas, and by promoting energy programs that improve energy efficiency in Kansas.

B. Ensure due process in Commission proceedings and ensure compliance with applicable statutes, and regulations.

C. To protect the public interest through fair, impartial, efficient and transparent legal resolution of all jurisdictional matters.

D. Maintain all dockets for the agency and ensure timely filing of all documents within the dockets

E. Serve as resource for the legislative process by providing technical information to legislators, their staff, legislative committees in regard to subject matters under the agency's regulatory authority

F. Provide a streamlined process for public participation, education, and protection for the general public regarding regulatory issues.

G. Implement programs and services to ensure a comprehensive and effective human resource effort for the KCC.

H. Provide responsive, cost effective and efficient information technology services to the agency.

I. Process all fiscal related transactions for the agency and provide support to the Divisions for purchases, travel and other fiscal related matters. Maintain financial integrity of the KCC

Program History

The Administrative Division consists of the Commissioners, its attorneys, front office support staff, public affairs, docket room, fiscal, human resources, and information technology staff. In 1883, the Board of Railroad Commissions was established by the Legislature, the Commissioners worked to ensure safe and reliable service for the public on the developing railroads. The Commission was charged with balancing the needs of Kansans and industry in reaching reasonable rates. At the time the Commission's role was primarily investigatory and advisory. As electricity and telephones became part of daily life, the 1911 Public Utilities Commission replaced the Railroad Commission. the role expanded to include the regulation of telephone service, water, light, heat and pipeline, and power companies. In 1920, the Court of Industrial Relations was created to combine regulatory duties with the arbitration of wages, hours, and industry and labor disputes. In 1925, it became the Public Service Commission. In 1933, the present regulatory State Corporation Commission was established. Today the Commission regulates the ever changing electric, natural gas, telecommunications, oil and gas, and transportation industries. K.S.A. 74-606 requires the Commission main office to be located in Topeka and the conservation division in Wichita.

Performance Measures

Outcome Measures	*Goal*	*FY 2019*	*FY 2020*	*FY 2021*	*3- yr. Avg.*	*FY 2022*	*FY 2023*
1. Number of orders issued	A,B,C	3,146	2,756	711	2,204.33	2,300	2,300
2. Number of hours litigation attorneys spent on rate cases	A,B,C	872.75	786.5	684.75	781.33	1,200	1,200
3. Number of hours litigation attorneys spent on FERC and SPP (*new metric in 2020)	A,B,C	N/A	454.75	638.25	546.5	700	700
4. Number of dockets opened	D	910	959	1,072	980.33	1,300	1,300

*2021 number of orders issued by the Commissioner were down due to COVID 19 restrictions.

Funding

Funding Source	*FY 2018*	*FY 2019*	*FY 2020*	*FY 2021*	*FY 2022*	*FY 2023*
State General Fund	$ -	$ -	$ -	$ -	$ -	$ -
Non-SGF State Funds	5,149,405	5,521,499	5,301,487	5,301,487	6,440,813	7,099,590
Federal Funds	-	-	-	-	-	-
Total	$ 5,149,405	$ 5,521,499	$ 5,301,487	$ 5,301,487	$ 6,440,813	$ 7,099,590

Energy

Consequences of Not Funding this Program

This is a federal funded program through a U.S. Department of Energy formula grant, failure to continue to fund the program would reduce energy efficiency education and resources for K-12 teachers. Additionally, it would prevent the KCC from meeting the statutory requirements for the Energy Division.

Statutory Basis		Mandatory vs. Discretionary	MOE/Match Rqt.	Priority Level
Specific	74-616	Mandatory	No	1
Specific	74-617	Mandatory	No	1
Specific	74-622	Mandatory	No	1
Specific	75-37,125	Mandatory	No	1
Specific	75-37,129	Mandatory	No	1

Program Goals

A. Increase energy conservation in small rural businesses and public buildings.
B. Increase the number of schools participating in K-12 energy benchmarking activities.
C. Expand energy efficiency education outreach (K-12, small business, and residential). This includes KidWind challenge participants.

Program History

The Kansas Energy Office (KEO) was created by statute in 1975, attached to the Governor's office. In 1978 the KEO was reorganized and given indepent status as a separate state agency. The Kanas Energy Office was then abolished in 1983 and its duties and responsibilities transferred to the Kansas Corporation Commission. (K.S.A. 74-622) Pursuant to KSA 74-617 the KCC is authorized to receive federal funds. The KCC is specifically prohibited from adopting or enforcing energy efficiency standards for residential, commercial or industrial structures (KSA 66-1227). In 2000 the Kansas Legislature passed the Facility Conservation Improvement Program (FCIP) within the Department of Administration. The FCIP was moved to the KCC in 2007. The Division is completely funded by U.S. Department of Energy (DOE) federal funds and an annual grant application has to be approved by DOE to receive federal funds. All programs, goals and performance measures are established in compliance with the DOE grant requirements. DOE changed program metrics in 2019 and again in 2021.

The Congressional Infrastructure Investment and Jobs Act if passed will have a direct effect on the Energy Division and may require modifications to programs, outcome measures and other DOE required metrics. The Division will be closely monitoring actions by Congress and will have to respond accordingly to all mandatory requirements.

Performance Measures

Outcome Measures	*Goal*	*FY 2019*	*FY 2020*	*FY 2021*	*3- yr. Avg.*	*FY 2022*	*FY 2023*
1. Number of presentations about FCIP	A	3	5	3	3.67	5	5
2. Number of public entities supported through energy performance contracting	A	6	4	3	4.33	2	3
3. kWh energy savings identified through small business energy assessments	A	$ 2,267,304	$ 1,518,925	$ 1,995,081	$ 1,927,103	$ 550,000	$ 550,000
4. Number of energy assessments/audits completed for small rural businesses	A	21	23	20	21.33	21	21
5. Number of energy efficiency presentations	A,B, C	31	31	38	33.33	15	15
6. Number of K-12 school districts participating in energy benchmarking	B	N/A	N/A	7	7	12	15
7. K-12 building square footage being tracked in Energy Star Portfolio	B	N/A	N/A	2,172,617	2,172,617	2,600,000	3,000,000
8. Number of students participating in KidWind Challenge	C	261	378	91	243.33	400	400

Notes:

Number of presentations and audits that were completed in 2021 were reduced due to COVID 19 restrictions.
number of projected presentations and audits is reduced in 2022 in anticipation of COVID 19 restrictions.
K-12 benchmarking was added this year, the program started in FY2020, but because of COVID 19 we were prevented from working with schools.

The KidWind Challenges had to be held virtually in FY2021 and because most schools were remote learning, we had a reduction in the number of participants. We anticipate this number to climb in FY2022.

Funding

Funding Source	*FY 2018*	*FY 2019*	*FY 2020*	*FY 2021*	*FY 2022*	*FY 2023*
State General Fund	$ -	$ -	$ -	$ -	$ -	$ -
Non-SGF State Funds	-	-	-	-	-	-
Federal Funds	704,051	771,861	675,622	594,926	779,458	930,419
Total	$ 704,051	$ 771,861	$ 675,622	$ 594,926	$ 779,458	$ 930,419