KANSAS CORPORATION COMMISSION

Budget Summary – Agency Request

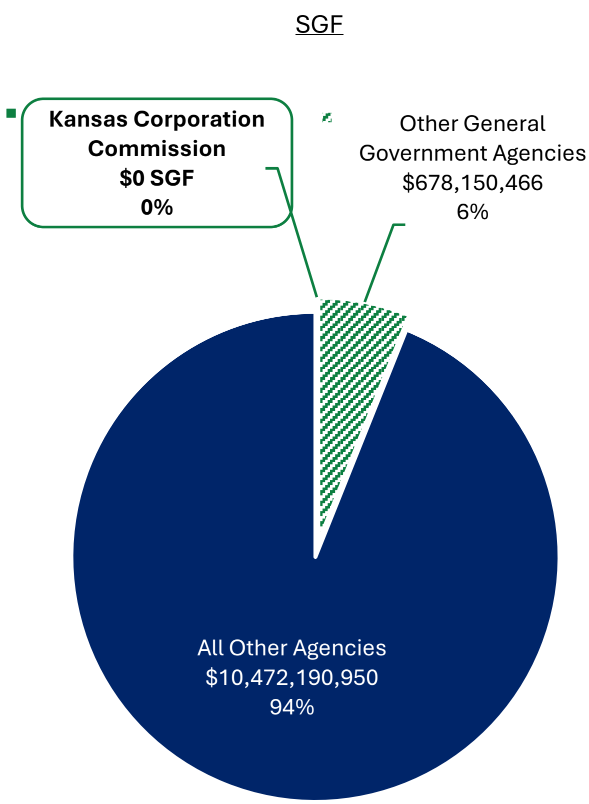
Executive Summary

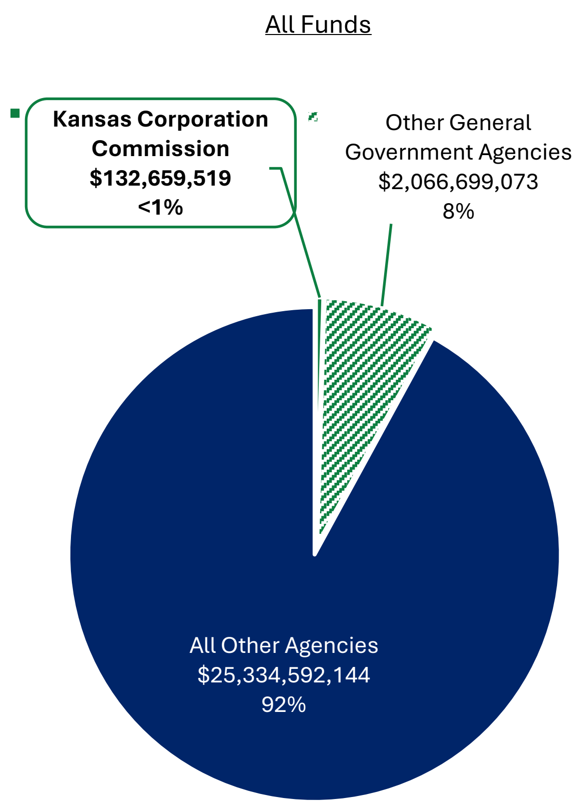
The Kansas Corporation Commission (KCC) is responsible for regulating and overseeing the safety of public utilities, common carriers, motor carriers, and oil and gas producers. Additionally, the agency is involved in developing the State's energy policy, and it administers conservation projects that promote the efficient use of energy.

Expenditures by Fiscal Year and Version

	SGF	All Funds	Note
FY 2024 Actual	$ -	$ 26,379,106	Actual expenditures
FY 2025 Actual	-	32,031,541	Actual expenditures
FY 2026 Approved	-	132,659,519	2025 SB 125
FY 2026 Agency	-	132,659,519	Revised estimate, submitted September 2025
FY 2027 Agency	-	131,417,099	Agency request, submitted September 2025

Agency Request as Percentage of Statewide Total, FY 2026





KANSAS CORPORATION COMMISSION

Budget Summary – Agency Request

Budget and Policy Snapshot

The tables below provide a selection of items that inform the agency budget request. These items include **supplemental and enhancement requests** (🆕), adjustments related to **reappropriated funds** (🔁), **language-only policy changes** requested for inclusion in legislation, changes in **federal or state policy** that impact agency funding, and other budgetary items.

These tables are not intended to be a comprehensive list of changes in the agency budget request. For more detail on individual fiscal year requests, please refer to the FY 2026 Analysis and FY 2027 Analysis sections later in this document.

FY 2026

Item	Amount	Source	Note
Utilities Program	$ 2,000,000	ARPA	Approved by the 2024 Legislature for FY 2025.
Energy Programs	(2,949,876)	Energy Rebates	Reduced estimates for federal funds.

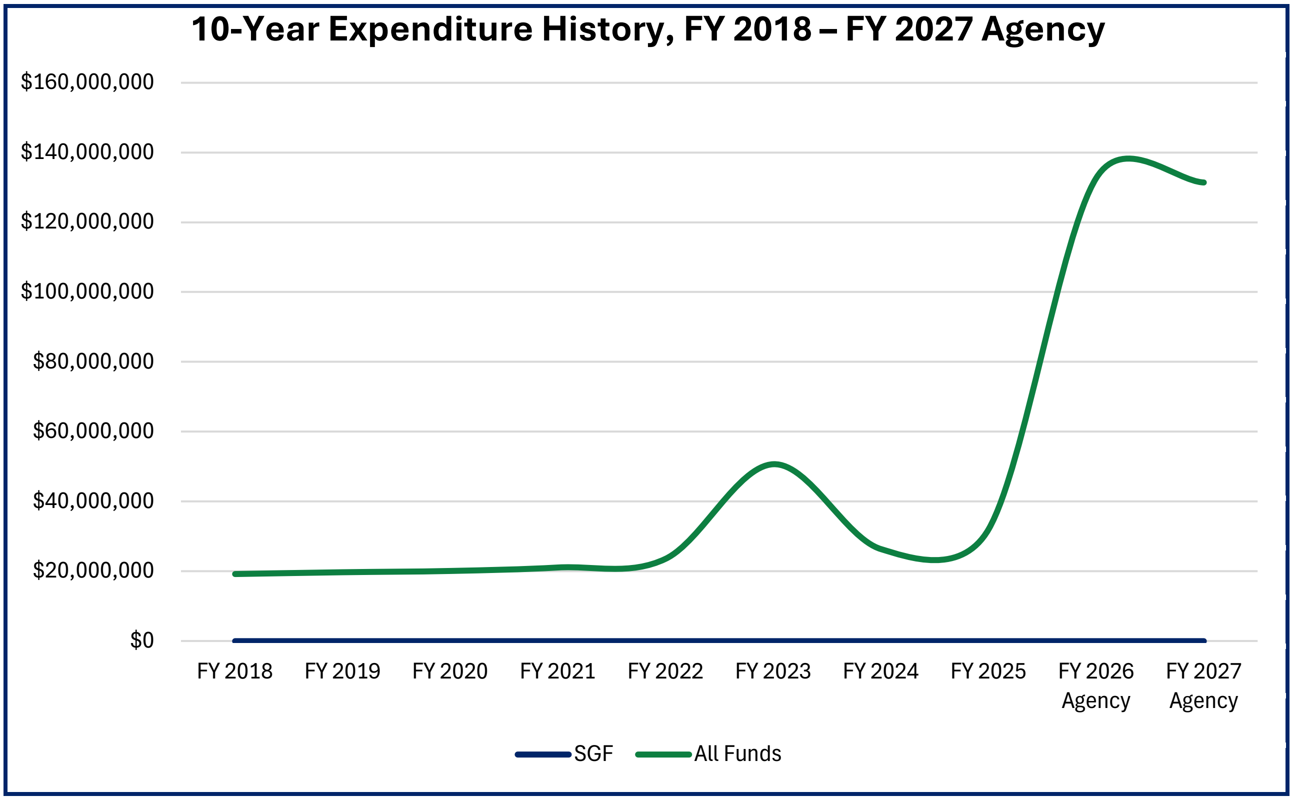
FY 2027

Item	Amount	Source	Note
Utilities Program	$ 1,995,200	ARPA	Approved by the 2024 Legislature for FY 2025.
Energy Programs	(8,534,084)	Energy Rebates	Reduced estimates for federal funds.
Energy Programs	5,000,000	Grid Resilience	Increased estimates for federal funds.

KANSAS CORPORATION COMMISSION

Budget Summary – Agency Request

Summary of Expenditures



	SGF		All Funds			CPI-U*
Fiscal Year	Amount	Change (%)	Amount	Change (%)	FTE	Change (%)
FY 2018	$ -	--	$ 19,228,595	(10.4)	169.50	0.2
FY 2019	-	--	19,743,998	2.7	162.00	--
FY 2020	-	--	20,112,115	1.9	165.00	0.8
FY 2021	-	--	21,102,949	4.9	162.75	2.4
FY 2022	-	--	23,600,885	11.8	162.75	9.2
FY 2023	-	--	50,695,026	114.8	204.50	5.8
FY 2024	-	--	26,379,106	(48.0)	204.50	3.0
FY 2025	-	--	32,031,541	21.4	204.75	3.0
FY 2026 Agency	-	--	132,659,519	314.2	204.75	2.8
FY 2027 Agency	-	--	131,417,099	(0.9)	204.75	2.4

5-Year Change (FY 2023–2027)	$ -	--	$ 80,722,073	159.2	0.25	11.6
10-Year Change (FY 2018–2027)	-	--	112,188,504	583.4	35.25	33.1
3-Year Average** (FY 2023–2025)	-	N/A	36,368,558	N/A	204.58	N/A

* *Note* : Consumer Price Index for All Urban Consumers estimate for FY 2026–2027 is from the Consensus Revenue Estimating Group.

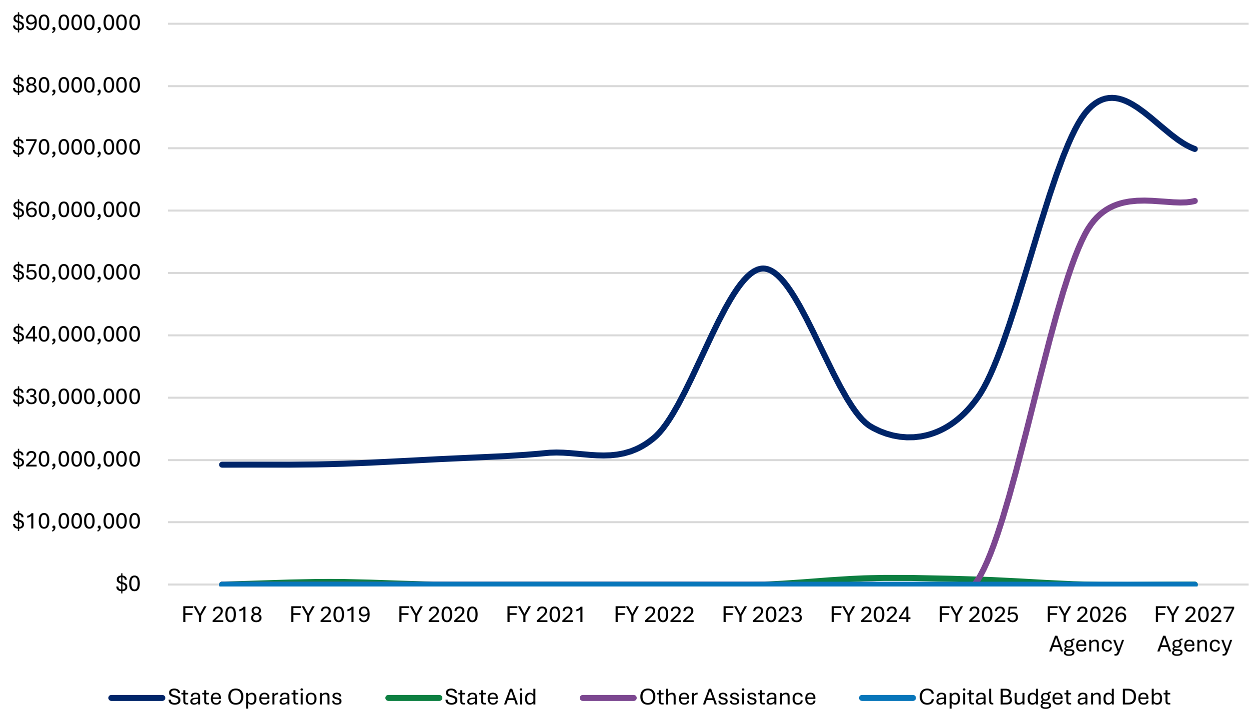
** *Note* : Reflects the three most recent years of actuals data.

KANSAS CORPORATION COMMISSION

Budget Summary – Agency Request

Expenditures by Major Purpose, FY 2018 – FY 2027 Agency

(All Funds)



Expenditures by Category, FY 2024 – FY 2027 Agency

(All Funds)

	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
State Operations						
Salaries and Wages	15.4 %	$ 15,489,719	$ 15,989,782	$ 19,675,566	$ 20,477,203	$ 20,614,022
Contractual Services	39.0	8,869,805	13,387,630	51,489,900	51,689,900	45,575,286
Commodities	0.3	310,595	285,465	360,173	365,699	362,202
Capital Outlay	2.6	689,897	576,184	3,702,441	3,411,370	3,325,799
Operating Adjustments	--	-	-	-	-	-
Subtotal	**57.2 %**	**$ 25,360,016**	**$ 30,239,061**	**$ 75,228,080**	**$ 75,944,172**	**$ 69,877,309**
State Aid and Assistance						
Aid to Locals	-- %	$ 1,019,090	$ 792,480	$ 2,886,849	$ -	$ -
Other Assistance	42.8	-	1,000,000	54,544,590	56,715,347	61,539,790
Subtotal	**42.8 %**	**$ 1,019,090**	**$ 1,792,480**	**$ 57,431,439**	**$ 56,715,347**	**$ 61,539,790**
Capital Budget and Debt						
Capital Improvements	-- %	$ -	$ -	$ -	$ -	$ -
Debt Service Principal	--	-	-	-	-	-
Debt Service Interest	--	-	-	-	-	-
Subtotal	**-- %**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Reappropriations	-- %	$ -	$ -	$ -	$ -	$ -
GRAND TOTAL	**100.0 %**	**$ 26,379,106**	**$ 32,031,541**	**$ 132,659,519**	**$ 132,659,519**	**$ 131,417,099**

KANSAS CORPORATION COMMISSION

Budget Summary – Agency Request

State Operations

Expenditures by Classification, FY 2024 – FY 2027 Agency

(State Operations, All Funds)

	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
Salaries and Wages						
Employee Pay	11.7 %	$ 11,312,146	$ 11,831,647	$ 14,860,524	$ 15,456,654	$ 15,476,654
Employee Benefits	4.1	4,177,573	4,158,135	5,403,708	5,433,461	5,552,559
Shrinkage	(0.3)	-	-	(588,666)	(412,912)	(415,191)
Subtotal	**15.4 %**	**$ 15,489,719**	**$ 15,989,782**	**$ 19,675,566**	**$ 20,477,203**	**$ 20,614,022**
Contractual Services						
Communication	0.4 %	$ 405,533	$ 452,547	$ 532,429	$ 532,429	$ 532,429
Fees (Professional)	3.1	1,601,727	4,261,804	4,048,734	4,048,734	3,448,734
Fees (Other Services)	3.2	773,077	791,637	4,270,373	4,270,373	4,270,372
Freight and Express	0.1	489	1,282	2,334	2,334	2,334
Printing and Advertising	0.1	1,191	683	15,311	15,311	15,311
Rent and Leases	1.2	1,325,301	1,399,277	1,652,997	1,652,997	1,652,996
Repair and Servicing	16.1	3,856,957	5,459,691	21,304,015	21,304,015	21,304,015
Travel and Subsistence	0.2	206,815	190,129	202,514	202,514	202,514
Utilities	0.1	22,241	30,825	20,705	20,967	20,705
Other	14.8	676,474	799,755	19,440,488	19,640,226	14,125,876
Subtotal	**39.0 %**	**$ 8,869,805**	**$ 13,387,630**	**$ 51,489,900**	**$ 51,689,900**	**$ 45,575,286**
Commodities						
Clothing	0.1 %	$ 3,585	$ 7,876	$ 9,580	$ 9,580	$ 9,580
Equipment and Parts	0.1	1,498	2,815	10,665	10,665	6,152
Food	0.1	15,421	11,984	8,987	11,017	15,530
Fuel	--	-	-	-	-	-
Motor Vehicle Parts	0.2	243,459	214,102	229,699	229,845	232,900
Supplies (Office)	0.1	20,987	19,029	46,379	49,379	46,379
Supplies (Professional)	0.1	19,230	21,663	40,243	40,243	37,042
Supplies (Research)	--	-	-	-	-	-
Other	0.1	6,415	7,996	14,620	14,970	14,619
Subtotal	**0.3 %**	**$ 310,595**	**$ 285,465**	**$ 360,173**	**$ 365,699**	**$ 362,202**
Capital Outlay						
Books	-- %	$ -	$ -	$ -	$ -	$ -
Computer Hardware	0.2	123,806	37,538	460,032	241,191	325,324
Computer Software	0.1	83,246	4,631	2,505,255	100	96,444
Equipment, Furniture	2.4	449,128	531,494	516,550	3,170,079	2,864,817
Information Processing	--	30,117	-	205,841	-	29,304
Telecommunications	--	3,600	2,521	14,763	-	9,910
Other	--	-	-	-	-	-
Subtotal	**2.6 %**	**$ 689,897**	**$ 576,184**	**$ 3,702,441**	**$ 3,411,370**	**$ 3,325,799**
Operating Adjustments	**-- %**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL	**57.2 %**	**$ 25,360,016**	**$ 30,239,061**	**$ 75,228,080**	**$ 75,944,172**	**$ 69,877,309**

State Aid

Expenditures by Classification, FY 2024 – FY 2027 Agency

(State Aid, All Funds)

	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
State Aid						
Federal Aid Payments	-- %	$ 1,019,090	$ 792,480	$ 2,886,849	$ -	$ -
State Aid Payments	--	-	-	-	-	-
TOTAL	**-- %**	**$ 1,019,090**	**$ 792,480**	**$ 2,886,849**	**$ -**	**$ -**

Other Assistance

Expenditures by Classification, FY 2024 – FY 2027 Agency

(Other Assistance, All Funds)

	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
Other Assistance						
Federal Aid Payments	41.2 %	$ -	$ 1,000,000	$ 54,544,590	$ 54,715,347	$ 59,544,590
State Special Grants	1.5	-	-	-	2,000,000	1,995,200
TOTAL	**42.8 %**	**$ -**	**$ 1,000,000**	**$ 54,544,590**	**$ 56,715,347**	**$ 61,539,790**

KANSAS CORPORATION COMMISSION

Budget Summary – Agency Request

Expenditures by Program

Expenditures by Program, FY 2024 – FY 2027 Agency

(All Funds)

	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
Administration	11.4 %	$ 6,060,321	$ 9,539,159	$ 13,157,825	$ 15,114,912	$ 18,030,148
Conservation	23.7	11,365,927	12,991,825	31,227,685	31,396,844	28,635,086
Energy Programs	56.0	1,615,896	3,202,444	76,822,002	74,226,977	73,769,262
Transportation	2.1	2,826,090	1,675,514	2,886,191	2,834,817	2,136,153
Utilities	6.8	4,510,872	4,622,599	8,565,816	9,085,969	8,846,450
TOTAL	**100.0 %**	**$ 26,379,106**	**$ 32,031,541**	**$ 132,659,519**	**$ 132,659,519**	**$ 131,417,099**

FTE Positions by Program, FY 2024 – FY 2027 Agency

	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
Administration	28.2 %	58.0	57.8	56.1	57.8	57.8
Conservation	42.5	87.0	87.0	88.0	87.0	87.0
Energy Programs	1.0	2.0	2.0	2.9	2.0	2.0
Transportation	9.3	19.0	19.0	19.0	19.0	19.0
Utilities	19.0	38.5	39.0	38.5	39.0	39.0
TOTAL	**100.0 %**	**204.5**	**204.8**	**204.5**	**204.8**	**204.8**

KANSAS CORPORATION COMMISSION

Budget Summary – Agency Request

Expenditures by Fund

Expenditures by Fund, FY 2024 – FY 2027 Agency

	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
State General Fund	-- %	$ -	$ -	$ -	$ -	$ -
Fee Funds	14.6	13,251,993	12,780,101	19,096,399	19,347,865	19,701,307
Federal Funds	73.3	5,060,595	7,289,782	96,991,465	97,231,201	93,480,698
All Other Funds	12.9	8,740,005	12,721,985	17,494,650	17,117,341	19,274,053
TOTAL	**100.0 %**	**$ 26,379,106**	**$ 32,031,541**	**$ 132,659,519**	**$ 132,659,519**	**$ 131,417,099**

Fee Fund Analysis

The Public Service Regulation Fund is a statutory fee fund primarily financed 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 prorated 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 KCC during an investigation of a particular public utility. This assessment cannot exceed three-fifths of 1.0 percent (*i.e.*, 0.6 percent) of the utility's gross operating revenue derived from intrastate operations in the prior calendar year.

Public Service Regulation Fund

FY 2024 – FY 2027 Agency

	FY 2024 Actual	FY 2025 Actual	FY 2026 Agency	FY 2027 Agency
Beginning Balance	$ 4,302,843	$ 4,849,577	$ (757,973)	$ -
Revenue				
Assessed Quarterly Levy	$ 4,086,393	$ 2,891,172	$ 14,606,400	$ 15,548,257
Recovery of Expenditures	2,676,380	1,269,039	1,600,000	1,400,000
Federal Indirect Cost Transfers	130,965	94,976	120,000	120,000
Other Transfers	(100,000)	(100,000)	(100,000)	(100,000)
Encumbrances	384,114	-	-	-
Subtotal – Revenue	**$ 7,177,852**	**$ 4,155,187**	**$ 16,226,400**	**$ 16,968,257**
Total Amount Available	$ 11,480,695	$ 9,004,764	$ 15,468,427	$ 16,968,257
Expenditures				
Salaries and Wages	$ 4,714,176	$ 4,951,973	$ 8,104,206	$ 8,165,620
Contractual Services	1,849,427	4,769,832	6,213,543	7,577,969
Commodities	17,719	15,230	21,164	41,116
Capital Outlay	49,796	25,702	1,029,514	1,083,552
Non-Expense	-	-	100,000	100,000
Subtotal – Expenditures	**$ 6,631,118**	**$ 9,762,737**	**$ 15,468,427**	**$ 16,968,257**
Ending Balance	**$ 4,849,577**	**$ (757,973)**	**$ -**	**$ -**

KANSAS CORPORATION COMMISSION

Budget Summary – Agency Request

FY 2026 Analysis

Summary of Agency Budget Request, FY 2026	SGF	Public Service Regulation Fund	All Other Funds	Total	FTE Positions
Approved, FY 2026					
1. 2025 SB 125	$ -	$ 15,294,778	$ 117,364,741	$ 132,659,519	204.5
Reappropriations					
No Reappropriations	$ -	$ -	$ -	$ -	--
Supplemental Requests					
No Supplemental Requests	$ -	$ -	$ -	$ -	--
Agency Changes					
2. Administration Program	$ -	$ 1,603,788	$ 353,299	$ 1,957,087	1.6
3. Utilities Program	-	(1,530,139)	2,050,292	520,153	0.5
4. Energy Programs	-	-	(2,595,025)	(2,595,025)	(0.9)
5. All Other Adjustments	-	-	117,785	117,785	(1.0)
Subtotal – Agency Changes	$ -	$ 73,649	$ (73,649)	$ -	0.2
TOTAL – Agency Revised Estimate	**$ -**	**$ 15,368,427**	**$ 117,291,092**	**$ 132,659,519**	**204.7**

Approved Budget

1. 2025 SB 125

The 2025 Legislature passed, and the Governor enacted, one bill appropriating and adjusting funding for state agencies. A total of $132.7 million, all from agency fee funds and federal funds, was approved for the Kansas Corporation Commission in FY 2026.

Agency Changes

2. Administration Program

The agency's revised request includes an increase of $2.0 million, all from agency fee funds, and the addition of 1.6 FTE positions in the Administration Program, for a total of $15.1 million, all from agency fee funds, and 57.8 FTE positions in FY 2026. This represents an increase of 14.9 percent above the FY 2026 approved amount. The increase is almost entirely attributable to estimated expenditure increases from the Public Service Regulation Fund.

The agency's revised request includes estimated increases across all expenditure categories. The largest increase in estimated expenditures is for contractual services, followed by salaries and wages.

The agency indicates that a recent Legislative Division of Post Audit finding has necessitated updates and modernization to IT infrastructure to enhance cybersecurity and refresh aging hardware to ensure compliance with audit findings. The agency also notes that all IT expenditures are being moved to the Administration Program from other agency programs to consolidate IT efforts.

The agency indicates that hiring in recent fiscal years has been difficult. However, the agency is exploring new recruiting strategies, along with recruitment and retention bonuses. As a result of these strategies, the agency is anticipating higher salary and wage expenditures and quicker hiring times when positions become vacant due to retirements and resignations.

3. Utilities Program

The agency's revised request includes an increase of $520,153, all from agency fee and federal funds, and the addition of 0.5 FTE position in the Utilities Program, for a total of $9.1 million, all from agency fee and federal funds, and 39.0 FTE positions in FY 2026. This represents an increase of 6.1 percent above the FY 2026 approved amount.

The agency's revised request includes estimated increases in expenditures for other assistance and is partially offset by reduced estimated expenditures for salaries and wages, contractual services, and capital outlay.

The agency's request includes expenditures totaling $2.0 million in American Rescue Plan Act (ARPA) funds for municipal natural gas utilities, in the form of other assistance, and is partially offset by decreased expenditures from the Public Service Regulation Fund across all expenditure categories in FY 2026. The agency notes that IT expenditures traditionally budgeted in the Utilities Program are moving to the agency's Administration Program.

The 2024 Legislature approved $4.0 million in ARPA funds to allow small municipalities served by a natural gas gathering field to design, construct, and install natural gas distribution lines that connect to a natural gas service provider for FY 2025. The 2024 Legislature also directed the agency to establish an application program that includes the completion of a natural gas cost of service and revenue rate requirement study and additional program requirements.

The agency expended $4,800 for this purpose in FY 2025. The agency indicates that moneys could not be expended in FY 2025 because cities are required to complete specific requirements prior to receiving funding from the agency. Cities must complete cost of service studies, adopt rates from the study, and provision gas service. Cities are currently in the process of completing these requirements, and the agency estimates expending the remaining ARPA moneys in FY 2026 and FY 2027. Moneys must be expended by the agency by September 30, 2026.

4. Energy Programs

The agency's revised request includes a decrease of $2.6 million, all from agency fee and federal funds, and the deletion of 0.9 FTE position in Energy Programs, for a total of $74.2 million and 2.0 FTE positions in FY 2026. This represents a decrease of 3.4 percent below the FY 2026 approved amount. The agency indicates the reduction is due to reduced estimated federal receipts relating to Home Energy Rebates. These reductions are partially offset by increased estimated federal receipts relating to the Grid Resilience Formula Grant.

Federal funding for Home Energy Rebates for low-income single-family and multi-family homes became available to states upon the enactment of the federal Inflation Reduction Act. The agency still anticipates receiving federal funding for these rebates but estimates lower receipts than originally projected. Rebates may be offered for efficiency upgrades on items such as home appliances and equipment. The agency estimates a reduction of $2.9 million, for a total of $64.3 million, for Home Energy Rebates in FY 2026.

Federal funding for grid resilience became available to states with the enactment of the Bipartisan Infrastructure Law. The objective of the Grid Resilience Formula Grant is to improve electricity delivery and reliability by maintaining and investing in critical generation facilities to ensure resource adequacy and to improve transmission and distribution systems to ensure all communities have access to reliable, affordable electricity. The agency estimates an increase of $170,757, for a total of $9.7 million, for grid resilience in FY 2026.

5. All Other Adjustments

All other adjustments made by the agency to remaining agency program expenditures, including Conservation and Transportation, result in an increase of $117,785, all from agency fee and federal funds, for a total of $34.2 million, all from agency fee and federal funds, and 106.0 FTE positions for the Conservation and Transportation Programs in FY 2026. The increase is mostly attributable to salaries and wages expenditures in the Conservation Program.

As discussed above, the agency indicates that hiring has been difficult in recent fiscal years. However, the agency is exploring new recruiting strategies, along with recruitment and retention bonuses. As a result, the agency estimates higher expenditures for salaries and wages and quicker hiring times when positions open following retirements and resignations in the Conservation Program.

Those increases are partially offset by decreased estimated expenditures for salaries and wages in the Transportation Program.

Of note, the agency estimates increasing expenditures from the Energy Community Revitalization Grant Fund in FY 2026 and decreasing expenditures from agency fee funds for plugging of abandoned wells. The agency estimates an increase of $860,116, or 4.8 percent, for a total of $18.9 million in expenditures from the Energy Community Revitalization Grant in FY 2026. The agency estimates total federal funding, over several fiscal years, of $33.6 million for the Energy Community Revitalization Grant.

The agency's revised request also includes deleting 1.0 FTE position in the Conservation Program in FY 2026.

FY 2027 Analysis

Summary of Agency Budget Request, FY 2027	SGF	Public Service Regulation Fund	All Other Funds	Total	FTE Positions
Approved, FY 2026					
2025 SB 125	$ -	$ 15,294,778	$ 117,364,741	$ 132,659,519	204.5
Enhancement Requests					
No Enhancement Requests	$ -	$ -	$ -	$ -	--
Agency Changes					
1. Administration Program	$ -	$ 3,331,522	$ 1,540,801	$ 4,872,323	1.6
2. Utilities Program	-	(1,758,043)	2,038,677	280,634	0.5
3. Transportation Program	-	-	(750,038)	(750,038)	--
4. Conservation Program	-	-	(2,592,599)	(2,592,599)	(1.0)
5. Energy Programs	-	-	(3,052,740)	(3,052,740)	(0.9)
Subtotal – Agency Changes	$ -	$ 1,573,479	$ (2,815,899)	$ (1,242,420)	0.2
TOTAL – Agency Request	**$ -**	**$ 16,868,257**	**$ 114,548,842**	**$ 131,417,099**	**204.7**

Agency Changes

1. Administration Program

The agency's request includes an increase of $4.9 million, all from agency fee funds, and the addition of 1.6 FTE positions in the Administration Program, for a total of $18.0 million, all from agency fee funds, and 57.8 FTE positions for FY 2027. This represents an increase of 37.0 percent above the FY 2026 approved amount. The increase is almost entirely attributable to estimated increases in expenditures from the Public Service Regulation Fund.

The agency's request includes estimated increases across all expenditure categories. The largest increase in estimated expenditures is for contractual services, followed by salaries and wages.

The agency indicates that a recent Legislative Division of Post Audit finding has necessitated updates and modernization of IT infrastructure to enhance cybersecurity and refresh aging hardware to ensure compliance with audit findings. The agency also notes that all IT expenditures are being moved to the Administration Program from other programs to consolidate IT functions.

The agency indicates that hiring in recent fiscal years has been difficult. However, the agency is exploring new recruiting strategies, along with recruitment and retention bonuses. As a result, the agency is anticipating higher salary and wage expenditures and quicker hiring times when positions become vacant due to retirements and resignations.

2. Utilities Program

The agency's request includes an increase of $280,634, all from agency fee and federal funds, and the addition of 0.5 FTE position in the Utilities Program, for a total of $8.8 million, all from agency fee and federal funds, and 39.0 FTE positions for FY 2027. This represents an increase of 3.3 percent above the FY 2026 approved amount.

The agency's revised request includes higher estimated expenditures for salaries and wages, commodities, and other assistance. These increases are partially offset by reduced estimated expenditures on contractual services and capital outlay.

The agency's request includes $2.0 million in ARPA funds for municipal natural gas utilities, in the form of other assistance, and is partially offset by decreased contractual services and capital outlay expenditures from the Public Service Regulation Fund for FY 2027. The agency notes that IT expenditures traditionally budgeted in the Utilities Program are moving to the agency's Administration Program.

The 2024 Legislature approved $4.0 million in ARPA funds to allow small municipalities served by a natural gas gathering field to design, construct, and install natural gas distribution lines that connect to a natural gas service provider for FY 2025. The 2024 Legislature also directed the agency to establish an application program that includes the completion of a natural gas cost of service and revenue rate requirement study and additional program requirements.

The agency expended $4,800 for this purpose in FY 2025. The agency indicates that moneys could not be expended in FY 2025 because cities are required to complete specific requirements prior to receiving funding from the agency. Cities must complete cost of service studies, adopt rates from the study, and provision gas service. Cities are currently in the process of completing these requirements and the agency estimates expending the remaining ARPA moneys in FY 2026 and FY 2027. Moneys must be expended by the agency by September 30, 2026. As a result, the agency estimates all remaining ARPA funds to be expended for FY 2027.

3. Transportation Program

The agency's request includes a decrease of $750,038, all from the Motor Carrier License Fees Fund, for the Transportation Program, for a total of $2.1 million, all from agency fee funds, and 19.0 FTE positions for FY 2027. This represents a decrease of 26.0 percent below the FY 2026 approved amount. The agency estimates decreased expenditures across all expenditure categories, with the largest decrease in contractual services. The agency notes that IT expenditures traditionally budgeted in the Transportation Program are moving to the agency's Administration Program. The decrease in salaries and wages is attributable to the agency budgeting for slower hiring times when positions become vacant due to retirements and resignations in the Transportation Program for FY 2027.

The Motor Carrier License Fees Fund generates revenues from registration fees on trucks, truck tractors, and passenger vehicles under the Unified Carrier Registration Program and intrastate fees.

4. Conservation Program

The agency's request includes a decrease of $2.6 million, all from agency fee and federal funds, and a deletion of 1.0 FTE position for the Conservation Program, for a total of $28.6 million, all from agency fee and federal funds, and 87.0 FTE positions for FY 2027. This represents a decrease of 8.3 percent below the FY 2026 approved amount. The agency estimates decreased expenditures for contractual services, commodities, and capital outlay. These decreases are partially offset by estimated increases in expenditures for salaries and wages.

The largest estimated decrease is for the plugging of abandoned wells. The agency is estimating receiving and expending more funds from the Energy Community Revitalization Grant Fund in FY 2026, leaving less available for FY 2027. The agency's estimated expenditures for FY 2027 from the Energy Community Revitalization Grant are $2.1 million less than, for a total of $15.9 million, the FY 2026 approved amount.

For salaries and wages, the agency is exploring new recruiting strategies, along with recruitment and retention bonuses. As a result, the agency is anticipating higher salary and wage expenditures and quicker hiring times when positions become vacant due to retirements and resignations.

5. Energy Programs

The agency's revised request includes a decrease of $3.1 million, all from agency fee and federal funds, and the deletion of 0.9 FTE position in Energy Programs, for a total of $73.8 million, all from agency fee and federal funds, and 2.0 FTE positions for FY 2027. This represents a decrease of 4.0 percent below the FY 2026 approved amount. The agency indicates the decrease is due to lower estimated federal receipts for Home Energy Rebates. These reductions are partially offset by increased estimated federal receipts for the Grid Resilience Formula Grant.

Federal funding for Home Energy Rebates for low-income single-family and multi-family homes became available to states upon enactment of the federal Inflation Reduction Act. The agency still estimates receiving federal funding for these rebates, but the agency is estimating receipts to be lower than initially estimated. Rebates may be offered for efficiency upgrades on items such as home appliances and equipment. The agency estimates a reduction of $8.5 million, for a total of $58.7 million, for Home Energy Rebates for FY 2027.

Federal funding for grid resilience became available to states upon enactment of the Bipartisan Infrastructure Law. The objective of the Grid Resilience Formula Grant is to improve electricity delivery and reliability by maintaining and investing in critical generation facilities to ensure resource adequacy and improving transmission distribution systems to ensure all communities have access to reliable, affordable electricity. The agency estimates an increase of $5.0 million, for a total of $14.5 million, for grid resilience for FY 2027.