## AGENCY PROGRAM DESCRIPTIONS

### Administration Division: Administration Division

#### Subprogram 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, anc 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.

#### Consequences of Not Funding This Subprogram

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

74-601 to 74-631 - establishes the KCC and provides the agency consists of three members appointed by and confirmed by the Senate 74-605 and 74-606 - authorization to hire staff, main office to be located in Topeka; Conservation Division to be located in Wichita Chapter 66 Chapter 55.

| Mandatory/Discretionary | MOE/Match Requirement | Program Priority | Subprogram Priority |
|---|---|---|---|
| Mandatory | No | 1 | 1 |

## Conservation Division: Conservation Division

### Subprogram 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.

### Consequences of Not Funding This Subprogram

The KCC's Conservation Division regulates, enforces laws, and supervises activities associated with the exploration and production of oil and natural gas. 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 woulc 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

74-606 74-623 to 74-628 Chapter 55.

| Mandatory/Discretionary | MOE/Match Requirement | Program Priority | Subprogram Priority |
|---|---|---|---|
| Mandatory | No | 1 | 1 |

| Energy Division: Energy Division | | | |
|---|---|---|---|
| **Subprogram 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 Kansas 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. | | | |
| **Consequences of Not Funding This Subprogram** | | | |
| 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** | | | |
| 74-616 74-617 74-622 75-37,125 75-37,129. | | | |
| **Mandatory/Discretionary** | **MOE/Match Requirement** | **Program Priority** | **Subprogram Priority** |
| Mandatory | No | 1 | 1 |

| Transportation Division: Transportation Division | | | |
|---|---|---|---|
| **Subprogram 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 ensur 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. | | | |
| **Consequences of Not Funding This Subprogram** | | | |
| 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** | | | |
| 66-1a, a, 108b 66-1, 112g - Private reg 66-1, 114 - For hire reg 66-1, 139(a)- UCR 66-1, 129- Safety 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. | | | |
| **Mandatory/Discretionary** | **MOE/Match Requirement** | **Program Priority** | **Subprogram Priority** |
| Mandatory | No | 1 | 1 |

## Utilities Division: Utilities Division

### Subprogram 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.

### Consequences of Not Funding This Subprogram

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

74-601 to 74-631 74-633 Chapter 66.

| Mandatory/Discretionary | MOE/Match Requirement | Program Priority | Subprogram Priority |
|---|---|---|---|
| Mandatory | No | 1 | 1 |

### Subprograms Without Narrative Data

**AGENCY PERFORMANCE MEASURES**

| | | | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Actuals | 2026 Estimate | 2027 Estimate |
|---|---|---|---|---|---|---|---|---|
| **Administration Division: Administration Division** | | | | | | | | |
| **Goal** | **Type** | **Measure** | | | | | | |
| Ensure due process in Commission proceedings and ensure compliance with applicable statutes, and regulations. | Outcome | Number of hours litigation attorneys spent on rate cases | 1,104.75 | 431.50 | 310.00 | 290.25 | 500.00 | 500.00 |
| | | Number of orders issued (See Footnote 6) | 3,413 | 3,498 | 3,811 | 3,813 | 3,000 | 3,000 |
| 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. | Outcome | Number of hours litigation attorneys spent on rate cases | 1,104.75 | 431.50 | 310.00 | 290.25 | 500.00 | 500.00 |
| | | Number of orders issued (See Footnote 5) | 3,413 | 3,498 | 3,811 | 3,813 | 3,000 | 3,000 |
| To protect the public interest through fair, impartial, efficient and transparent legal resolution of all jurisdictional matters. | Outcome | Number of hours litigation attorneys spent on rate cases | 1,104.75 | 431.50 | 310.00 | 290.25 | 500.00 | 500.00 |
| | | Number of orders issued (See Footnote 7) | 3,413 | 3,498 | 3,811 | 3,813 | 3,000 | 3,000 |
| **Conservation Division: Conservation Division** | | | | | | | | |
| **Goal** | **Type** | **Measure** | | | | | | |
| | Outcome | Percentage of MIT failures (wells) remediated within 90 days (See Footnote 8) | 91.00% | 90.00% | 90.00% | 91.00% | 90.00% | 90.00% |

| | | | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Actuals | 2026 Estimate | 2027 Estimate |
|---|---|---|---|---|---|---|---|---|
| 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. | | Number of oil and gas facility inspections performed | 4,652 | 5,316 | 3,911 | 5,292 | 4,000 | 4,000 |
| | | Wells plugged in the course of regulatory enforcement | 1,138 | 703 | 840 | 710 | 600 | 600 |
| | Output | MIT failures (See Footnote 9) | 374 | 290 | 218 | 188 | 250 | 250 |
| | | Number of Priority 1A wells plugged (See Footnote 10) | 3 | 0 | 16 | 4 | | |
| Timely reclaim and remediate land and water sources using allocated funds. | Outcome | Median response time in days to single well project priority 1A abandoned wells | 1.00 | 0.00 | 31.00 | | 30.00 | 30.00 |
| | Output | MIT failures (See Footnote 11) | 374 | 290 | 218 | 188 | 250 | 250 |
| | | Number of Priority 1A wells plugged (See Footnote 12) | 3 | 0 | 16 | 4 | | |
| **Energy Division: Energy Division** | | | | | | | | |
| **Goal** | **Type** | **Measure** | | | | | | |
| Increase energy conservation in small rural businesses and public buildings. | Outcome | kWh energy savings identified through small business energy assessments | 867,225 | 325,981 | 1,623,511 | 4,170,988 | 1,298,800 | 1,300,000 |
| | | Number of presentations about FCIP | 3 | 3 | 1 | 1 | 4 | 4 |
| | | Number of public entities supported through energy performance contracting | 3 | 2 | 1 | 1 | 2 | 3 |
| Increase the number of schools participating in K-12 energy benchmarking activities. | Outcome | K-12 building square footage being tracked in Energy Star Portfolio | 2,587,066 | 3,295,403 | 3,533,192 | 4,069,404 | 4,270,000 | 4,570,000 |
| | | Number of K-12 school districts participating in energy benchmarking | 7 | 15 | 19 | 20 | 20 | 20 |

| | | | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Actuals | 2026 Estimate | 2027 Estimate |
|---|---|---|---|---|---|---|---|---|
| **Transportation Division: Transportation Division** | | | | | | | | |
| **Goal** | **Type** | **Measure** | | | | | | |
| Reduce the number of accidents involving Kansas based carriers in comparison to carriers based in Midwest States. | Outcome | KS based MCs involved in fewer accidents compared to the 10 Midwest region states: Kansas' rank among 10 Midwest States in terms of lowest accident total (See Footnote 1) | 2 | 3 | 2 | 2 | 2 | 2 |
| Reduce the number of conditional and unsatisfactory rated Kansas based carriers. | Outcome | KS based MCs receiving fewer Conditional and Unsatisfactory rated Compliance Reviews: Number of Conditional and Unsatisfactory reviews (See Footnote 3) | 21 | 15 | 14 | 15 | 15 | 15 |
| | | KS based MCs receiving fewer Conditional and Unsatisfactory rated Compliance Reviews: Rank among 10 Midwest states in terms of fewer Conditional and Unsatisfactory rated Compliance Reviews (See Footnote 4) | 3 | 14 | 1 | 1 | 1 | 1 |
| | | KS based MCs receiving fewer Conditional and Unsatisfactory rated Compliance Reviews: Total compliance reviews (See Footnote 2) | 86 | 80 | 69 | 70 | 85 | 85 |
| **Utilities Division: Utilities Division** | | | | | | | | |
| **Goal** | **Type** | **Measure** | | | | | | |
| Ensure the laws and regulations applicable to jurisdictional electric, natural gas, telecommunications and water utilities are adhered to. | Outcome | Highest number of hours for rate cases during fiscal year | 3,048 | 4,168 | 6,051 | 2,289 | 6,000 | 5,400 |
| | | Percentage of applications denied by Commission | 6.00% | 5.00% | 3.00% | 14.00% | 10.00% | 10.00% |
| | | Percentage of applications granted by Commission | 94.00% | 95.00% | 97.00% | 86.00% | 90.00% | 90.00% |

| | | | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Actuals | 2026 Estimate | 2027 Estimate |
|---|---|---|---|---|---|---|---|---|
| Ensure the laws and regulations applicable to jurisdictional electric, natural gas, telecommunications and water utilities are adhered to. | Output | Number of applications completed in less than 180 days | 145 | 104 | 180 | 0.8 | 0.9 | 0.9 |
| | | Number of applications filed and reviewed | 163 | 117 | 240 | 165 | 228 | 228 |
| | | Percentage of applications completed in less than 180 days | 89.00% | 89.00% | 86.00% | 80.00% | 90.00% | 90.00% |
| | | Percentage of filed applications reviewed within statutory deadline | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Lower the risk to public safety by reducing excavator damages to pipelines. | Output | Compliance action taken per number of incidents of utility damage that are investigated by staff | 0.74 | 0.67 | 0.66 | 0.82 | 0.75 | 0.75 |
| | | Number of compliance actions taken from damage investigations | 327 | 301 | 363 | 503 | 300 | 300 |
| | | Number of gas damages per 1,000 locate tickets | 2.07 | 2.10 | 2.50 | 2.30 | 2.00 | 2.00 |
| 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. | Output | Average Number of field person-days per inspector | 107 | 105 | 105 | 110 | 100 | 100 |
| | | Complete 520 person-days of field inspections throughout the state | 652 | 640 | 506 | 716 | 549 | 549 |
| | | Kansas share of programs cost per operator inspected | $3,316.00 | $3,398.00 | $3,051.00 | $4,030.00 | $4,000.00 | $4,000.00 |
| | | Number of inspection units inspected | 135 | 117 | 106 | 121 | 120 | 120 |
| | | Number of leaks per 100 miles of pipe | 16 | 15 | 14 | 14 | 16 | 16 |
| | | Percentage of field inspection cases closed per calendar year | 96.00% | 93.00% | 94.00% | 96.00% | 95.00% | 95.00% |

| | | | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Actuals | 2026 Estimate | 2027 Estimate |
|---|---|---|---|---|---|---|---|---|
| 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. | Outcome | Highest number of hours for rate cases during fiscal year | 3,048 | 4,168 | 6,051 | 2,289 | 6,000 | 5,400 |
| | | Percentage of applications denied by Commission | 6.00% | 5.00% | 3.00% | 14.00% | 10.00% | 10.00% |
| | | Percentage of applications granted by Commission | 94.00% | 95.00% | 97.00% | 86.00% | 90.00% | 90.00% |
| | Output | Number of applications completed in less than 180 days | 145 | 104 | 180 | 0.8 | 0.9 | 0.9 |
| | | Number of applications filed and reviewed | 163 | 117 | 240 | 165 | 228 | 228 |
| | | Percentage of applications completed in less than 180 days | 89.00% | 89.00% | 86.00% | 80.00% | 90.00% | 90.00% |
| | | Percentage of filed applications reviewed within statutory deadline | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

**Footnotes**

- Footnote 1: Transportation measures are based upon calendar year rather than fiscal year due to federal information reporting.
- Footnote 2: Transportation measures are based upon calendar year rather than fiscal year due to federal information reporting.
- Footnote 3: Transportation measures are based upon calendar year rather than fiscal year due to federal information reporting.
- Footnote 4: Transportation measures are based upon calendar year rather than fiscal year due to federal information reporting.
- Footnote 5: 2021 number of orders issued by the Commissioner were down due to COVID 19 restrictions.
- Footnote 6: 2021 number of orders issued by the Commissioner were down due to COVID 19 restrictions.
- Footnote 7: 2021 number of orders issued by the Commissioner were down due to COVID 19 restrictions.
- Footnote 8: UIC program measure based on federal fiscal year.
- Footnote 9: UIC program measures are tracked on federal fiscal year.
- Footnote 10: 1A wells are prioritized to be plugged within the fiscal year they are identified.
- Footnote 11: UIC program measures are tracked on federal fiscal year.
- Footnote 12: 1A wells are prioritized to be plugged within the fiscal year they are identified.