

Approved

Stephen R. Cloud
Date 3-1-83

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Rep. Stephen R. Cloud at
Chairperson

9:06 a.m./~~p.m.~~ on February 24, 1983 in room 522-S of the Capitol.

All members were present except:

Committee staff present:

Avis Swartzman - Revisor
Carolyn Rampey - Research Dept.
Russ Mills - Research Dept.
Jackie Breymeyer - Secretary

Conferees appearing before the committee:

The meeting of the House Governmental Organization was called to order by Rep. Stephen R. Cloud, Chairman at 9:06 a.m. The minutes of the previous meeting were approved.

Subcommittee Chairperson Wanda Fuller turned the presentation of the Subcommittee Report over to Rep. Sughrue who made a few statements about the make-up of the Board of Healing Arts and then moved to have the Subcommittee Report on the Board of Healing Arts accepted. Rep. Ramirez gave a second to the motion. The motion carried.

I. The Regulatory Program

The State Board of Healing Arts should be reestablished and extended according to the provisions of the Kansas Sunset Law.

Committee discussion.

Rep. Sughrue moved to adopt recommendation number I. Rep. Love gave a second to the motion. The motion carried.

II. Requirement for Licensure

Legislation should be enacted to eliminate the "good moral character" licensure requirement in K.S.A. 65-2804. This could be accomplished through an amendment to SB 41 or some other appropriate bill.

Committee discussion.

Rep. Sughrue moved to adopt recommendation number II. Rep. Ediger gave a second to the motion. The motion carried.

III. Mandatory Reporting Requirement

Legislation should be enacted to establish a mandatory reporting requirement for licensees of the Board of Healing Arts and hospital administrators. The legislation should require such persons to report to the licensing agency any disciplinary actions taken against these licensees or conduct which constitutes a violation of the licensing acts.

Rep. Sughrue said that she would also go over number IV.

IV. Complaint Form

The Chairman should be directed to write a letter to the Board of Healing Arts recommending that the complaint form be modified to indicate that notarization of the form is not required by statute.

The complaint form was discussed at length by Committee members and input was also received by Elizabeth Carlson, Executive Secretary, Board of Healing Arts.

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MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,

room 522-S, Statehouse, at 9:06 a.m./p.m. on February 24, 1983.

Rep. Sughrue moved that recommendation number IV be adopted. Rep. Matlack gave a second to the motion. The motion carried.

Discussion turned to recommendation number III. The wording of the recommendation was gone over by several members and staff. Dissenting views were expressed by a few members with their reasons why, in their thinking, this was not going to be of benefit to those persons mentioned in Number III. Rep. Sughrue moved to adopt recommendation number III. Rep. Ediger gave a second to the motion. Rep. Louis moved to amend recommendation number III to the effect that the chief hospital administrator must report to the Board if any licensee has lost his or her hospital privileges. Rep. Hassler gave a second to the motion to amend. The amendment carried. Rep. Sughrue moved to adopt recommendation number III as amended. Rep. Ediger gave a second to the motion. On a voice vote, the ayes appeared to have it but, a division being called for, on a show of hands, a majority voted in favor of adopting recommendation number III, as amended.

The Committee turned its attention to the Subcommittee Report on the Public Utility Regulatory Program of the Kansas Corporation Commission. Rep. Louis moved that the Committee accept the Subcommittee Report. Rep. Cobb gave a second to the motion. The motion carried.

1. The Legislature should act to reestablish the utility regulatory program administered by the KCC. The Subcommittee endorses the provisions of SB 42 which would extend the Commission until July 1, 1991.

Committee discussion.

Rep. Smith moved to adopt recommendation number 1, Rep. Cobb gave a second to the motion. The motion carried.

2. The Committee should support legislation which would amend K.S.A. 66-1503 to permit the KCC to assess costs not attributable to specific public utilities and common carriers on a quarterly instead of annual basis. The report of this Subcommittee, as approved by the House Committee on Governmental Organization, should be made available to all committees considering legislation to amend K.S.A. 66-1503.

Committee discussion.

Rep. Smith moved that recommendation number 2 be adopted. Rep. Matlack gave a second to the motion. The motion carried.

3a. The Subcommittee has reviewed the question of whether the KCC should make greater use of general investigations and makes no recommendation.

3b. The Chairman of the House Governmental Organization Committee should write to the Chairman of the KCC asking him to respond in writing to the Committee by January 15, 1984, concerning progress which has been made to adopt the unresolved ratemaking standards proposed by the Public Utility Regulatory Policy Act.(PURPA).

Brian Moline, General Counsel, State Corporation Commission, made a few comments to the Committee regarding investigations. He said that from time to time they do give notice to companies to appear and give evidence and whatever comes out of this meeting is binding. The procedure is to notify a company and then evidence is given. Two things to keep in mind are that everyone is entitled to due process and entitled to raise an issue if they see fit. Also, every company is different. Different areas raise different problems. There is no way to issue a blanket policy. That is why a "general" rather than "generic" method is used, simply because the blanket policy does not work.

After further discussion, Rep. Matlack moved to adopt recommendation 3a. Rep. Louis gave a second to the motion. The motion carried.

Rep. Louis moved to adopt recommendation 3b. Rep. Ediger gave a second to the motion. The motion carried.

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MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,
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4. The Committee should oppose amendments to K.S.A. 66-128, as contained in SB 88, which would permit the cost of construction work in progress (CWIP) to be included in a utility company's rate base. Copies of this Subcommittee report, as approved by the Committee, should be made available to any committee considering SB 88 or similar legislation.

Committee discussion.

Rep. Smith moved to adopt recommendation number 4. Rep. Sughrue gave a second to the motion. The motion carried.

5. The Chairman of the House Governmental Organization Committee should write a letter to the Chairman of the KCC asking him to respond in writing to the Committee by January 15, 1984, concerning steps the KCC has taken to respond to recommendations a, b, and c on page S-6 of the audit. The recommendations include the following suggestions concerning the efficiency of utility company operations for the KCC to consider:

a. Direct its staff to compare reported fuel prices with contract prices on a spot check basis during desk audits, and to review reports regarding alternative fuel suppliers when they are received.

b. Require all utility companies to include research and development costs in the rates they charge customers rather than allow them to be added as surcharges. The Commission should also more carefully review how the money collected is being spent.

c. Require periodic management audits of all public utilities it regulates--perhaps one every five to seven years.

Committee discussion.

Rep. Louis moved to adopt recommendation 5a, b and c. Rep. Ediger gave a second to the motion. Rep. Barr moved to amend the motion but withdrew her motion after input from Mr. Moline and Rep. Louis. The motion carried.

6. The Subcommittee expresses its strong concern that members of the public have the opportunity to report and attempt to resolve problems concerning utility company service. Therefore, the Subcommittee recommends that a letter from the Chairman of the House Governmental Organization Committee be sent to the Chairman of the KCC urging the KCC to develop procedures to ensure that bills or other communications from utility companies include a specific procedure to ensure the prompt resolution of customer complaints. The Chairman of the KCC should respond to the Committee in writing by January 15, 1984, concerning steps that have been taken to implement this recommendation.

Committee discussion.

Rep. Smith moved that recommendation number 6 be adopted. Rep. Louis gave a second to the motion. The motion carried.

7a. The Subcommittee recognizes that the KCC is already making efforts to use hearing examiners whenever possible in order to give the Commissioners more time to devote to more complicated issues. The Subcommittee recommends that the KCC consider the possibility of speeding up its efforts to use hearing examiners to handle routine rate cases and consider using hearing examiners on some of the larger, more complex cases.

Committee discussion.

Rep. Smith moved to adopt recommendation number 7a. Rep. Sughrue gave a second to the motion. The motion carried.

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MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,

room 522-S, Statehouse, at 9:06 a.m./~~XXXX~~
~~XXXX~~ on February 24, 1983

7b. The Subcommittee acknowledges that the Commissioners are making efforts to implement the recommendation that the KCC consider hearing more cases individually rather than as a body so that the work of the KCC can be expedited. The Subcommittee recommends that the KCC continue its efforts in this regard.

Committee discussion.

Rep. Matlack moved to adopt recommendation number 7b. Rep. Louis gave a second to the motion. The motion carried.

7c. The Subcommittee rejects the recommendation that the KCC create an executive director position over all divisions who would oversee the operations of the staff. Instead, the Subcommittee concurs with the KCC plan to expand the role of the existing executive secretary position and recommends that the Chairman of the House Governmental Organization Committee write to the Chairman of the KCC asking him to report on changes which have been made to the existing position. The response should be received by the Committee in writing by January 15, 1984.

Rep. Ediger moved to adopt recommendation 7c. Rep. Smith gave a second to the motion. The motion carried.

In addition to responding to specific items contained in the audit report, the Subcommittee makes the following recommendations:

1. Legislation should be introduced to amend K.S.A. 66-125 which pertains to the issuance of securities by public utilities and common carriers. The law currently requires the KCC to certify that the statements contained in each securities application it receives are true. The proposed amendment would remove the requirement that the KCC certify that each application is true. However, the KCC would continue to have the authority to verify the truth of all statements made in applications whenever it considers it appropriate. (This recommendation was adopted by the House Governmental Organization Committee on February 18, 1983.)

Rep. Louis distributed a 1983 copy of the Subcommittee Report on the Public Utility Regulatory Program of the Kansas Corporation Commission, showing when these recommendations were drawn up.

2. Legislation should be introduced to amend K.S.A. 66-1513 concerning the composition of the committee which negotiates contracts for consultants who work with the KCC. The statute should be amended to replace the Chairman of the KCC or his designee and to replace the Director of the Utilities Division of the KCC with the director of the appropriate division of the KCC. (This recommendation was adopted by the House Governmental Organization Committee on February 18, 1983.)

Rep. Matlack moved to adopt Items 1 and 2 of the additional Subcommittee recommendations. Rep. Louis gave a second to the motion. The motion carried.

3. The Chairman of the House Governmental Organization Committee should write a letter to the Securities Commissioner calling his attention to the sunset audit of the Securities Commissioner's Office completed in August, 1981, and reviewed by the 1982 Legislature. In addition, the Chairman should transmit a copy of the Subcommittee report adopted by the House Governmental Organization Committee during the 1982 Session. That report directed the Securities Commissioner to respond to a number of concerns raised in the audit and report back to the 1983 Legislature.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,
room 522-S, Statehouse, at 9:06 a.m. ~~XXXX~~ on February 24, 1983.

Although the Securities Commissioner's Office is no longer a part of the KCC and is an independent agency, the Subcommittee believes the concerns raised in the audit have merit and should be addressed. Therefore, it recommends that the Chairman request that the Securities Commissioner respond to the issues raised in the 1982 Subcommittee report by April 1, 1983.

Rep. Ediger moved that Item number 3 of the additional Subcommittee recommendations be adopted. Rep. Matlack gave a second to the motion. The motion carried.

Copies of the minutes and agenda were passed out. The Chairman stated that all Subcommittee meetings for next week have been cancelled. After a few additional comments regarding next week's meetings, the Chairman adjourned the meeting at 10:27 a.m.

SUBCOMMITTEE REPORT

TO: House Committee on Governmental Organization

FROM: Subcommittee on Alcoholic Beverage Control/Board of Nursing/Board of Healing Arts

RE: Recommendations Concerning the State Board of Healing Arts

The Subcommittee has held a public hearing on the State Board of Healing Arts and submits the following recommendations.

I. The Regulatory Program

The State Board of Healing Arts should be reestablished and extended according to the provisions of the Kansas Sunset Law.

II. Requirement for Licensure

Legislation should be enacted to eliminate the "good moral character" licensure requirement in K.S.A. 65-2804. This could be accomplished through an amendment to S.B. 41 or some other appropriate bill.

III. Mandatory Reporting Requirement

Legislation should be enacted to establish a mandatory reporting requirement for licensees of the Board of Healing Arts and hospital administrators. The legislation should require such persons to report to the licensing agency any disciplinary actions taken against these licensees or conduct which constitutes a violation of the licensing acts.

IV. Complaint Form

The Chairman should be directed to write a letter to the Board of Healing Arts recommending that the complaint form be modified to indicate that notarization of the form is not required by statute.

Approved:

February 23, 1983

83-65/RM

MEMORANDUM

February 22, 1983

TO: House Committee on Governmental Organization

FROM: Subcommittee on the Public Utility Regulatory Program of the
Kansas Corporation Commission

RE: Subcommittee Report

The Subcommittee on the Public Utility Regulatory Program of the Kansas Corporation Commission (KCC) has completed its work on the sunset audit of the KCC's public utility regulatory program. Its activities included a tour of the KCC offices and a series of hearings which involved KCC staff persons. The Subcommittee reviewed certain pieces of proposed legislation which relate to the regulation of utilities and also had access to the audits of three other divisions of the KCC which were reviewed during the 1982 Session as part of the sunset review of the agency. The Subcommittee's findings and recommendations are as follows:

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- S-4 1. The Legislature should act to reestablish the utility regulatory program administered by the KCC. The Subcommittee endorses the provisions of S.B. 42 which would extend the Commission until July 1, 1991.
- S-4 2. The Committee should support legislation which would amend K.S.A. 66-1503 to permit the KCC to assess costs not attributable to specific public utilities and common carriers on a quarterly instead of annual basis. The report of this Subcommittee, as approved by the House Committee on Governmental Organization, should be made available to all committees considering legislation to amend K.S.A. 66-1503.
- S-5 3a. The Subcommittee has reviewed the question of whether the KCC should make greater use of general investigations and makes no recommendation.
- S-5 3b. The Chairman of the House Governmental Organization Committee should write to the Chairman of the KCC asking him to respond in writing to the Committee by January 15, 1984, concerning progress which has been made to adopt the unresolved ratemaking standards proposed by the Public Utility Regulatory Policy Act (PURPA).
- S-5 4. The Committee should oppose amendments to K.S.A. 66-128, as contained in S.B. 88, which would permit the cost of construction work in progress (CWIP) to be included in a utility company's rate base. Copies of this Subcommittee report, as approved by the Committee, should be made available to any committee considering S.B. 88 or similar legislation.

- S-6 5. The Chairman of the House Governmental Organization Committee should write a letter to the Chairman of the KCC asking him to respond in writing to the Committee by January 15, 1984, concerning steps the KCC has taken to respond to recommendations a, b, and c on page S-6 of the audit. The recommendations include the following suggestions concerning the efficiency of utility company operations for the KCC to consider:
- a. Direct its staff to compare reported fuel prices with contract prices on a spot check basis during desk audits, and to review reports regarding alternative fuel suppliers when they are received.
 - b. Require all utility companies to include research and development costs in the rates they charge customers rather than allow them to be added as surcharges. The Commission should also more carefully review how the money collected is being spent.
 - c. Require periodic management audits of all public utilities it regulates — perhaps one every five to seven years.
- S-7 6. The Subcommittee expresses its strong concern that members of the public have the opportunity to report and attempt to resolve problems concerning utility company service. Therefore, the Subcommittee recommends that a letter from the Chairman of the House Governmental Organization Committee be sent to the Chairman of the KCC urging the KCC to develop procedures to ensure that bills or other communications from utility companies include a specific procedure to ensure the prompt resolution of customer complaints. The Chairman of the KCC should respond to the Committee in writing by January 15, 1984, concerning steps that have been taken to implement this recommendation.
- S-7 7a. The Subcommittee recognizes that the KCC is already making efforts to use hearing examiners whenever possible in order to give the Commissioners more time to devote to more complicated issues. The Subcommittee recommends that the KCC consider the possibility of speeding up its efforts to use hearing examiners to handle routine rate cases and consider using hearing examiners on some of the larger, more complex cases.
- 7b. The Subcommittee acknowledges that the Commissioners are making efforts to implement the recommendation that the KCC consider hearing more cases individually rather than as a body so that the work of the KCC can be expedited. The Subcommittee recommends that the KCC continue its efforts in this regard.
- 7c. The Subcommittee rejects the recommendation that the KCC create an executive director position over all divisions who would oversee the operations of the staff. Instead, the Subcommittee concurs with the KCC plan to expand the role of the existing executive secretary position and recommends that the Chairman of the House Governmental Organization Committee write to the Chairman of the KCC asking him to report on changes which have been made to the existing position. The response should be received by the Committee in writing by January 15, 1984.

In addition to responding to specific items contained in the audit report, the Subcommittee makes the following recommendations:

1. Legislation should be introduced to amend K.S.A. 66-125 which pertains to the issuance of securities by public utilities and common carriers. The law currently requires the KCC to certify that the statements contained in each securities application it receives are true. The proposed amendment would remove the requirement that the KCC certify that each application is true. However, the KCC would continue to have the authority to verify the truth of all statements made in applications whenever it considers it appropriate. (This recommendation was adopted by the House Governmental Organization Committee on February 18, 1983.)
2. Legislation should be introduced to amend K.S.A. 66-1513 concerning the composition of the committee which negotiates contracts for consultants who work with the KCC. The statute should be amended to replace the Chairman of the KCC or his designee with the General Counsel of the KCC or his designee and to replace the Director of the Utilities Division of the KCC with the director of the appropriate division of the KCC. (This recommendation was adopted by the House Governmental Organization Committee on February 18, 1983.)
3. The Chairman of the House Governmental Organization Committee should write a letter to the Securities Commissioner calling his attention to the sunset audit of the Securities Commissioner's Office completed in August, 1981, and reviewed by the 1982 Legislature. In addition, the Chairman should transmit a copy of the Subcommittee report adopted by the House Governmental Organization Committee during the 1982 Session. That report directed the Securities Commissioner to respond to a number of concerns raised in the audit and report back to the 1983 Legislature.

Although the Securities Commissioner's Office is no longer a part of the KCC and is an independent agency, the Subcommittee believes the concerns raised in the audit have merit and should be addressed. Therefore, it recommends that the Chairman request that the Securities Commissioner respond to the issues raised in the 1982 Subcommittee report by April 1, 1983.

Representative Dave Louis, Subcommittee
Chairman

Representative Reba Cobb

Representative Steve Ediger

Representative Ardena Matlack

Representative Marvin Smith

SUBCOMMITTEE REPORT

Agency: Office of the Securities Commissioner

The Subcommittee on the Kansas Corporation Commission recommends:

1. That state regulation of securities and subdivided land sales be reestablished and that the Office of the Securities Commissioner be subject to the provisions of the Kansas Sunset Law, with the Office continued in existence until July 1, 1986.
2. That legislation be prepared to transfer the Office of the Securities Commissioner and the Division of Securities to the Attorney General.
3. That additional legislation be prepared to:
 - a. Require that pertinent data from applications and a summary of the reasons for withdrawal of all withdrawn or denied securities and land sales applications be retained for a period of ten years; and
 - b. Increase the interest rate from 6 percent to 12 percent relative to recovery of investments and interest permitted under K.S.A. 17-1268 for securities.
4. That the Committee Chairman in a letter to the Securities Commissioner:
 - a. Indicate the Committee's concern that the agency not use withdrawal of applications for securities and land sales as a substitute for orders of denial;
 - b. Indicate the Committee's concern that all audits which detect problems and make recommendations relative to securities broker-dealers, agents and investment advisors be followed-up to insure timely compliance;
 - c. Emphasize that the Commissioner shall collect fees at the proper rate for all audits; and
 - d. Direct the Commissioner to submit to the Committee within the first 30 days of the 1983 Session a report summarizing how the above concerns in the Chairman's letter have been addressed.

5. That because of the demonstrated need for expanded enforcement and considering the substantial fee fund balance that has accumulated in this agency, that the House Ways and Means Committee consider favorably the agency's request for additional staff.
6. That no action be taken on the Post Audit recommendation that issuers of exempt securities be required to notify the Securities Division of their intent to sell. The Subcommittee would recommend that issuers of exempt securities not be required to notify the Securities Division and would urge the House Committee of reference for S.B. 544, if that measure passes the Senate, to report the measure unfavorably. The Subcommittee further recommends that the Committee Chairman transmit a copy of this report to the House Committee of reference for S.B. 544.

In addition, the Subcommittee takes no position on the Post Audit recommendation that the Land Sales Practices Act be amended to include a provision requiring merit review by the Securities Division for all land sales offerings. (The Subcommittee notes 1982 S.B. 543 which would establish such a requirement.)

Representatives Matlack and Sughrue do not concur with the recommendation in item 2.

Representative David Louis
Subcommittee Chairman

Representative Carlos Cooper

Representative Robert Vancrum

Representative Ardena Matlack

Representative Kathryn Sughrue