

Approved

Stephen R. Cloud 1-18-84
Date

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

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

9:09 a.m./p.m. on January 17, 1984 in room 522-S of the Capitol.

All members were present except:

Rep. Ediger - Excused

Committee staff present:

Avis Swartzman - Revisor
Carolyn - Legislative Research Dept.
Jackie Breymeyer - Committee Secretary

Conferees appearing before the committee:

Brian Moline - General Counsel, Kansas Corporation Commission

The meeting of the House Governmental Organization Committee was called to order at 9:09 a.m. by Rep. Stephen R. Cloud, Chairman. The minutes of the January 13 meeting were distributed to be acted upon at the end of the meeting.

The Chairman introduced Mr. Brian Moline, General Counsel, Kansas Corporation Commission, who was present to give the response to the letter of March 18, 1983, which was addressed to the former Chairman, Mr. Loux. The present Chairman is Mr. Michael Lennon. Copies of the March 18, 1983 letter, as well as the letter of response from Mr. Lennon were distributed to each Committee member (Attachments I & II). Mr. Moline went through the letter, section by section, explaining the steps that had been taken to address or implement certain recommendations and concerns. After he had finished his presentation, Mr. Moline answered several questions addressed to him by the Committee. The Chairman thanked Mr. Moline for appearing before the Committee.

The minutes of the January 13 meeting were approved and the meeting was adjourned at 10:20 a.m.



TOPEKA

HOUSE OF
REPRESENTATIVES

March 18, 1983

COMMITTEE ASSIGNMENT
CHAIRMAN GOVERNMENTAL ORGANIZATION
MEMBER JUDICIARY
TRANSPORTATION

Richard Loux, Chairman
State Corporation Commission
State Office Building, 4th floor
Topeka, Kansas 66612

Dear Chairman Loux:

As you know, the House Governmental Organization Committee has been involved in a review of the Sunset Audit Report on the Kansas Corporation Commission. As a result of the review, the committee has directed me to request that you respond to the following items:

(1) The audit report pointed out that there are numerous unresolved rate-making standards proposed by the Public Utility Regulatory Policies Act (PURPA). I request that you respond to the committee by January 15, 1984, concerning progress the commission has made concerning the adoption of those standards.

(2) Suggestion A on page S-6 of the audit directs staff to compare the reported fuel prices with contract prices on a spot-check basis during desk audits and review reports regarding alternative fuel suppliers when they are received. The committee requests that you respond by January 15, 1984, concerning what steps, if any, have been taken to respond to these recommendations.

(3) Suggestion B on page S-6 of the audit would direct staff to require all utility companies to include research and development costs in the rates they charge customers rather than allow them to be added as ~~sewer~~^{sewer} charges. The committee requests that you respond by January 15, 1984, concerning what steps, if any, you've been taking to respond to these recommendations.

(4) Suggestion C on page S-6 of the audit recommends that the commission should require a periodic management audits of all public utilities it regulates. The committee requests that you respond by January 15, 1984, concerning what steps, if any, have been taken to respond to these recommendations.

(5) The committee expressed a strong concern that members of the public have the opportunity to report and attempt to resolve problems concerning utility company service. Therefore, the committee urges the commission to develop procedures to insure that bills or other communications from utility companies include a specific procedure to insure the prompt resolution of customer complaints. The committee requests that you respond by January 15, 1984, concerning steps that you've taken to implement this recommendation.

Atch. 1

March 18, 1983

(6) The House Governmental Organization Committee rejects the post-audit recommendation to create an executive director position over all divisions. It concurs with the commissions plan to expand the role of the existing executive secretary position and requests that the commission chairman respond to the committee by January 15, 1984, regarding what steps, if any, have been taken to expand the role of this position.

I sincerely appreciate your help in these matters.

Sincerely,

Stephen R. Cloud
Chairman, House Governmental
Organization Committee

SRC:sb

State of Kansas



JOHN CARLIN
MICHAEL LENNEN
R. C. "PETE" LOUX
PHILLIP R. DICK
JUDITH A. Mc CONNELL
BRIAN J. MOLINE

Governor
Chairman
Commissioner
Commissioner
Executive Secretary
General Counsel

State Corporation Commission

Fourth Floor, State Office Bldg.

Ph. 913/296-3355

TOPEKA, KANSAS 66612-1571

January 13, 1984

The Honorable Stephen R. Cloud
Chairman, House Governmental
Organization Committee
Room 182 West
State Capitol Building
Topeka, Kansas 66612

Dear Representative Cloud:

In your March 18, 1983 letter you requested that the Commission respond by January 15, 1984 setting forth what steps have been taken to address or implement certain recommendations and concerns of the House Governmental Organization Committee resulting from sunset review of the Kansas Corporation Commission.

I. You have inquired as to Commission progress on PURPA proceedings. A listing of all PURPA standards and their status follows:

(1) Section 111 Standards.

(a) Cost of Service, Time of Day Rates, Seasonal Rates, Declining Block Rates.

An Order regarding the above standards was issued December 28, 1983. A copy is enclosed. Policies on seasonal rates and declining block rates were adopted. The Order basically adopts Cost of Service Standards, emphasizing accounting costs. Cost of service studies are encouraged and the Commission reserves the right to require cost of service studies.

Time-of-day standards were not adopted since there was no persuasive evidence of cost effectiveness. However, the Commission strongly encourages further experiments in the area.

(b) Load Control Rates, Interruptible Rates.

Hearings have been completed and an Order is in the process of being drafted. While the decision is tentative, the final Order will probably reflect PURPA standards.

Atch. II

(2) Section 113 Standards.

(a) Termination of Service. - Several orders regarding termination of service have been issued by this Commission, predating PURPA in some instances. A copy of the "Cold Weather Rule," the latest, is enclosed. Commission standards exceed the PURPA standards.

(b) Advertising Standard. - The Commission is not persuaded that generic advertising standards are desirable. Advertising standards are addressed in individual rate cases and are in substantial compliance with PURPA standards despite the different approach.

(c) Master Metering. - The Commission addressed master metering even prior to PURPA. Commission standards are in compliance with PURPA suggested standards.

(d) Information to Customers. - An Order was issued December 28, 1983. A copy is enclosed.

(3) Section 114 Standard.

Lifeline Rates. - A hearing was held to determine Commission authority to implement Lifeline rates. The Commission determined that statutory authority to implement such rates have not been delegated by the Legislature.

(4) Section 121, 122.

Consumer Intervention and Compensation. - A rule was issued in December, 1980, which complies fully with PURPA.

(5) Section 210.

Cogeneration and Small Power Production. Hearings have been held and an Order issued which is in basic compliance with PURPA. The Commission Order which is attached, has been challenged by Kansas City Power and Light. Oral arguments were made this week before the Supreme Court of Kansas.

(6) Section 303.

(a) Termination of Gas Service. - Commission standards for termination of gas service are identical to those regarding termination of electric service. As with electric service, the KCC standard exceeds that of PURPA.

(7) Section 113.

(a) Automatic Adjustment Clauses. - The Commission has had various hearings and reviews on specific issues and problems with particular utilities over the last few years. A tentative hearing to re-evaluate the necessity of these clauses has been scheduled for late April and May of 1984.

- II. You have requested a Commission response to the Post-Audit suggestion that staff compare reported level prices with contract prices on a spot-check basis during desk audits and review reports regarding alternative fuel suppliers when they are received.

RESPONSE:

With regard to fuel price audits, the Utilities Division staff has increased the level of scrutiny. Comparison of reported fuel prices with contract prices during monthly desk audits is not feasible since the monthly reports do not provide for detailed information on purchases from individual suppliers. Further, given the time allowed for review, it would be impractical to perform a comprehensive comparison for companies which have multiple suppliers. However, during the annual field audits, such comparisons are and will be made. Reports concerning alternative fuel suppliers are being carefully reviewed to determine whether the utility has carefully weighted relevant factors in choosing suppliers.

- III. You have requested a response concerning what steps, if any, have been taken by the Commission to respond to Post-Audit's suggestion that staff require all utility companies to include research and development costs in the rates they charge customers rather than as surcharges.

RESPONSE:

A tentative decision regarding research and development (R&D) issues has been made and an Order is being drafted. The Order will generally treat R & D funds as an operating expense rather than a surcharge, suggest continued allocation of the 20% State R & D funds between the individual utilities and the State research groups and identify alternative uses for the Clinch River Project funds.

A final order on the first three issues is expected by Mid-January. Because of the cancellation of the Clinch River Project, a tentative hearing date of February 2, 1984 has been set to take further testimony on alternative uses for the Clinch River funds.

- IV. You request a Commission response as to what steps, if any, the Commission has taken to respond to Post-Audit's suggestion that the Commission require periodic management audits of all public utilities.

In an attempt to deal with concerns of utility efficiency, the Commission requested the addition of three staff positions in the FY 84 Budget (two Professional and one clerical). These positions were deleted from the Agency's Budget. Had they been approved, the Commission goal was to complete one large-scale and several smaller audits each year.

In the Commission's FY 84 supplemental appropriation two additional positions were requested for the Wolf Creek investigation. The long term goal is to have this staff carry out a major portion of the audit function starting in late 1985 or 1986.

- V. The Committee urged this Commission to develop procedures to insure prompt and specific resolution of customer complaints and you request a specific response as to what steps have been taken to respond to this recommendation.

RESPONSE:

In June of 1983, the Commission centralized its complaint handling process. Through creation of the Complaint Department, the Commission has streamlined complaint mediation, reduced the turnaround time for the treatment of complaints, and has begun to generate a monthly complaint report which keeps the Commission appraised as to the amount and kind of complaints filed with the KCC each month. The Complaint Department is comprised of three full-time employees and various staff from other divisions who participated in a week long training seminar last September. All complaints are directed through the Department with staff in other divisions available for additional technical support and complaint handling when necessary. In addition to centralizing the Complaint Department and adding personnel, the Commission developed a computerized complaint-monitoring system which better allows the Commission and Staff to evaluate consumer concerns.

To make consumers more aware of the complaint handling processes available through the Commission, the KCC has encouraged all electric, gas and telephone companies under its jurisdictional authority to refer unresolved consumer complaints to the Complaint Department. Additionally, the Commission's Complaint Department has been involved in extensive outreach to consumers and consumer groups in order to acquaint all utility customers with the services available to them through the KCC. In the future, the KCC's Complaint

Department hopes to continue its outreach efforts and to bring appropriate complaint statistics and information into rate cases.

When resolving complaints, the Complaint Department continues the Commission's policy of making every effort to resolve complaints informally. Indeed, the vast majority of complaints filed with the Commission are informally resolved. However, if the complaint needs formal treatment, the Complaint Staff offers instruction to the consumer on how to initiate a formal proceeding. Every effort is made to have a Complaint Department investigator working with the consumer within two hours of that consumer's initial contact with the Commission offices. Most complaints are resolved within the target time of two days. All complaints are logged onto complaint forms, which are reviewed by the Department Head. By routing all complaints across one desk, the Commission has moved to insure that complaints are treated in a consistent, fair, complete and timely fashion consistent with KCC policy.

- VI. You request the Commission indicate what steps, if any, have been taken to strengthen the role of the Executive Secretary.

RESPONSE:

The Commission has taken several steps in recent months to strengthen the Executive Secretary position with respect to administrative matters.

(1) Data Processing - Computer Services has been transferred from the Research and Energy Analysis Division to the Executive Secretary.

(2) Word Processing - The Commission has recently centralized its word processing function under the direction of the Executive Secretary. Positions were transferred. Most of the typing workload is now handled by the Word Processing Center.

(3) Personnel Services - The Commission's FY 1985 budget request makes provisions for expanding and strengthening the personnel function under the Executive Secretary.

(4) Budgeting Procedures - The Corporation Commission initiated internal budget hearings this year which served to heighten the awareness of budgetary constraints and accountability on the part of all management personnel. The budget preparation and review process is coordinated under the direction of the Executive Secretary.

Stephen R. Cloud
January 13, 1984
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In addition, the Commission is considering several other changes which would result in strengthening the Executive Secretary position. For example, the Commission plans to develop a more comprehensive records management program and implement a computerized docket control system.

I hope the above responses adequately address the Committee concerns.

Very truly yours,

A handwritten signature in cursive script that reads "Michael Lennen". The signature is written in dark ink and is positioned above the typed name.

Michael Lennen
Chairman
Kansas Corporation Commission

ML:hb