

JAN 24 1991  
Approved \_\_\_\_\_  
Date

MINUTES OF THE House COMMITTEE ON Governmental Organization

The meeting was called to order by Representative Gary Blumenthal at \_\_\_\_\_  
Chairperson

9:00 a.m./pm on January 23, \_\_\_\_\_, 1991 in room 522-S of the Capitol.

All members were present except:

Committee staff present:

Carolyn Rampey, Research Dept.  
Julian Efird, Research Dept.  
Avis Swartzman, Revisors  
Nita Shively, Committee Secretary

Conferees appearing before the committee:

Judith McConnell, Executive Director  
Deaune Maddock, Information Resource Manager

The meeting was called to order at 9:00 a.m. by Chairman Blumenthal.

Judith McConnell addressed the committee and furnished written testimony. (Attachment 1). She discussed KCC organization changes since 1983 and the need for the agency to be adaptable. A few other points she made include:

1. After the last sunset audit the agency experienced rapid growth followed by staff reductions.
2. The decline in oil and gas industries resulted in lay offs.
3. Due to changing needs, the mix of staff has changed. Currently there are more economists and fewer engineers.
4. The need for the services of consultants on a full and part-time basis.

Questions followed by committee members and a request was made by the chair for additional information regarding the number of commissioners in various states and why.

Deaune Maddock cited the tremendous improvement in efficiency during the past 8 years due to the use of computers. She pointed out the ability to have all pertinent information available at your fingertips and the advantages of sharing information with other agencies quickly and accurately. A detailed account of the benefits of each system was given.

Questions were asked by the committee members including whether there should be public access to KCC information systems.

The meeting was adjourned at 9:50 a.m. with the next meeting scheduled for Thursday, January 24, 1991.



## MEMORANDUM

TO: Members, House Committee on Governmental Organization

FROM: Staff, Kansas Corporation Commission

RE: Briefing associated with the Committee's sunset review of the Kansas Corporation Commission

DATE: January 23, 1991

### KCC Organizational Changes: 1983-1991

A number of organizational changes have occurred at the KCC during the past eight years. The impetus for change has taken many forms. Some changes occurred in response to legislative mandates (federal and state). Other changes were implemented in response to economic conditions that affected regulated industries. There were changes that were initiated internally in response to efficiencies realized by the increased use of computer technology. Some changes were made in an effort to better coordinate responsibilities shared by several state agencies. While some changes clearly were restricted to one division and one aspect of Commission operations, many changes crossed division lines and had an impact on Commission operations agencywide.

#### **Transfer of Mined-Land Conservation and Reclamation Board**

The Mined-Land Conservation and Reclamation Board was created in 1968 by the Kansas Legislature to regulate surface mining. The Board was transferred to the KCC in 1974. A recommendation made by the Legislative Division of Post Audit in its 1982 sunset of the KCC's Mined-Land Reclamation program was that strip mine regulation be transferred from the KCC to the Kansas Department of Health and Environment (KDHE). The report found that the KDHE's regulatory responsibilities for water supply quality, water pollution control, air pollution control, and disposal of hazardous wastes complemented the regulatory responsibilities of the Mined-Land Board. KDHE had relevant staff expertise and it was argued that this technical expertise would improve certain aspects of regulation--such as making permit decisions, inspecting mine sites, investigating complaints, and enforcing standards--at little or no additional cost.

Changes were implemented which improved operations of the Mined-Land Conservation and Reclamation Board (some in response to the LDPA audit). In 1987, the KCC prepared a gubernatorial position paper that proposed transfer of the Mined-Land program from the KCC to KDHE. Both agencies worked together to secure passage of House Bill 3009 during the 1988 Legislative Session.

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## **Reorganization of the Research and Energy Analysis Division**

The division was established in 1978 as a small staff responsible for conducting research and initially was part of the Utilities Division. In 1978, a comprehensive management study was done by the management consulting firm of Deloitte, Haskins, and Sells. The study recommended that if the Commission was going to take an active rather than a reactive regulatory role, a specialized staff should be developed to provide policy analysis and long-range planning. In 1980, this staff within the Utilities Division became a separate division. The staff operated on a project basis with staff assembled into teams to meet the needs of a particular project. Projects ranged from several days to several years. In 1983, this division assumed the responsibilities of the former Kansas Energy Office and was no longer referred to as the Special Projects Division but was renamed the Research and Energy Analysis Division. One of the more significant projects undertaken by Research & Energy Analysis Division staff was the monitoring of the Wolf Creek Nuclear Plant and Sunflower's coal-fired Holcomb Generating Facility.

During 1987, the Research and Energy Analysis Division was reorganized: the Energy Section was transferred to the Administrative Services Division while the Research Section was transferred to the Utilities Division. The Commission's objective in "returning" the research function to the Utilities Division was to ensure closer coordination of "research" work with the "Kansas-specific or industry specific" work of the Utilities Division staff, to avoid duplication of effort, and to enhance the value of the research product as a result of such coordination. The research positions are held by highly qualified individuals. However, the assigned research topics often require either specific data about Kansas utilities, available from the Utilities Division, or complementary professional assistance (accounting, engineering, economics) from Utilities Division staff. Rarely could research relevant to the regulation of Kansas public utilities be completed without the involvement of Utilities Division expertise. In circumstances where the researcher remains isolated from the day-to-day workings of the Commission, it has happened that staff in both the Research Section and the Utilities Division were exploring the same issue and they had duplicated much of the same work.

Sometimes research is assigned to verify, illuminate or support Utilities Division staff testimony in rate cases. Rate cases require that staff from several professions file specific portions of a comprehensive case, usually directed by a staff attorney or the Director of the Utilities Division. Testimony not integrated into the staff's case risks being considered tangential or not being filed at all.

The transfer of the Research Section was not intended and has not had the effect of limiting Commissioners' access to research assistance with topics outside of immediate rate cases. Commissioners may and do direct requests, give specific instructions, and meet independently with research staff members.

## **Organizational Changes--Conservation Division**

1982 Substitute for Senate Bill 498 mandated tighter control of the State's oil and gas production through licensing of operators and contractors and more stringent enforcement of

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state regulations, including administrative and criminal sanctions against well operators for certain types of violations. The bill envisioned a joint operation between KCC and the Kansas Department of Health and Environment (KDHE) wherein the two agencies shared responsibility with respect to regulating the environmental aspects of oil and gas production, primarily at the district field office level. The legislation provided the two agencies with stronger enforcement and inspection powers, along with the authority to prescribe the methods, techniques, and materials to be used in plugging operations. At the headquarters level, KCC and KDHE technical staff jointly reviewed notices of intent to drill and underground injection control applications to ensure adequate protection of fresh and usable water supplies. KDHE maintained primary regulatory responsibility for permitting the use of surface ponds and spill reporting.

Four years later, with enactment of House Bill 3078, responsibility for regulating the oil and gas industry was placed exclusively in the jurisdiction of the KCC. The KCC has cooperative jurisdiction with KDHE with respect to the prevention and cleanup of pollution from oil and gas activities. In practical terms, the KCC was given jurisdiction over all oil and gas activities, whether production or environmental in nature. There is no longer a joint field staff nor is there joint review of notices of intent to drill or injection applications. These functions are performed solely by the KCC. In addition, the KCC acquired jurisdiction over permitting surface ponds. In conjunction with the enactment of House Bill 3078, a number of KDHE positions were transferred to the KCC to further effectuate the transfer of regulatory responsibility.

No significant changes in organizational structure occurred between 1982 and 1986 despite changes in regulatory responsibility. However, as a result of enactment of House Bill 3078, the Conservation Division undertook an internal reorganization. Additionally, by the close of Fiscal Year 1987, it was apparent that due to economic decline in the oil and gas industry and the ensuing decrease in revenues, a layoff of 14 employees was necessitated. The merger of district offices was also necessary and resulted in the closing of two offices (the merger did result in increased coordination and management of field personnel and effectively enhanced enforcement activities).

### **Transportation Division**

In 1985, the KCC entered into an agreement with the Federal Department of Transportation to participate in the Motor Carrier Safety Assistance Program which added motor carrier equipment inspection responsibilities to the Division. This was implemented with existing personnel.

In 1987, the Transportation Division joined with the Department of Revenue in implementing a One-Stop-Shop located in Topeka. A One-Stop-Shop is a facility which locates in one office all the material a motor carrier must complete to operate in Kansas.

In 1990, the Rate Section was merged with the Safety and Service Section to increase efficiency of operations and to place a greater emphasis on motor carrier safety.

Since 1983, the Transportation Division has implemented a computerized information system and has affected significant staff reductions. In 1983, the Division employed 31 staff members; today the division employs 21.

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## **Increases in productivity through the use of computers**

The KCC has greatly improved efficiency in operations through the use of computers. As a result of the computerization, the KCC has been able to reduce staffing levels and reliance on consultants and outside computer services resulting in measurable fiscal savings. The KCC has also recognized many improvements such as increased accuracy and work turn-around schedules which cannot be easily measured.

The primary automation focus for the KCC over the last eight years has been the implementation of microcomputers, the microcomputer network, the internal accounting system, Transportation Information System (TIS), the Geographic Information System (GIS), the Complaint System, and the Conservation Division's information systems. The KCC is currently working with DISC and Legislative Services in planning to implement a Management Information System which will link together all the information systems. The benefits of each system is described for your review.

### **Microcomputers**

The KCC has equipped approximately 120 staff with MacIntosh (Mac) microcomputers and approximately 50 staff with Zenith microcomputers. The divisions located in Topeka primarily use the Macs and the Conservation Division primarily use the Zeniths. The microcomputers provide staff with a means for automating applications specific to their individual tasks or their section's tasks without reliance on a data processing section.

The microcomputers have drastically improved efficiency at the KCC. The following list is only a subset of the many applications that have been enhanced with computerization. Some of the increases in efficiency realized from using the microcomputers are:

1. Word processing. The KCC's professional staff in each division compose written documentation with microcomputers. As a result, word processing has greatly enhanced productivity in terms of minimizing the use of clerical personnel and in expediting response time.
2. Pipeline Safety. Field offices are linked to central databases so that the inspectors can easily relay inspection information to the main office. Databases are kept to record critical information regarding 1. annual inspections, 2. letters & correspondence with operators, 3. inspectors' activities, 4. pipeline safety regulations, 5. construction projects in the state, and 6. the inspection guide.
3. Rate Case Investigations. The use of the microcomputer has greatly improved efficiency of rate case investigations. Rate cases are tracked on the microcomputer. Schedules in rate cases are linked on the computer; changes of data in one schedule will affect numerous other schedules. By use of the computer we can link the cells of various spreadsheets so that a change in data in one spreadsheet will make corresponding changes in related spreadsheets. This saves time and reduces the chance of error in recalculation. Computers are used to assist staff in review of: 1. rate case schedules, 2. data requests, 3. cost of service studies, 4. financial analyses and 5. workpapers.
4. In the Utilities Division computers are also routinely used to: 1. record statewide

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comparisons of electric, gas, and telecommunication bills, 2. track electric, gas, and telecommunication service disconnects across the state, 3. review automatic adjustment reports, 4. prepare reports to legislature, 5. prepare reports to NARUC and 5. record information on natural gas contracts

5. Tracking oil overcharge transactions. The KCC tracks over 2100 transactions made with oil overcharge funds including contracts, payment vouchers, transfers to other state agencies, and receipts of interest and settlements. In addition, the spreadsheet provides a monthly balance and program balance for each oil overcharge fund account. The benefits of this system is that data can be retrieved by program type, oil overcharge fund, contract number, or voucher number providing the KCC with current balances on all oil overcharge funds.
6. Budget preparation. The KCC tracks all budget recommendations made by all the budget review committees. This information is readily available and supplied to the Commissioners, the directors and administrative assistants. Having the budget and the budget process computerized is a time saving benefit, it allows sharing diskettes with other agencies, it provides faster communication of budget information and reduces storage and filing space.

### **Microcomputer network**

The KCC connected all the Macs together to share files and printers. The cost to connect these Macs together was only \$49 per Mac. As staff began using the inexpensive network, it became obvious this network would greatly increase the KCC's productivity and efficiency in many ways. Some of the benefits of the Mac network are:

1. The network is used for sharing files, storage, printers, and modems. This minimizes the number of expensive devices required to meet the needs of the KCC.
2. It minimizes paper handling. Staff trusts the reliability of the computers so they are electronically storing information instead of maintaining hard copies of files.
3. Electronic mail over the network has greatly changed the way messages are sent. All telephone messages are sent to staff over the network as well as many of the in-house messages and correspondence. These messages can be saved electronically if necessary for future reference. Staff trusts the electronic message service so this also reduces the amount of printing necessary.
4. The network makes managing 120 Macs and the nine printers much easier. Maintaining information such as software versions which are specific to each Mac can be managed at one Mac. Software updates can be distributed to all Macs on the network. Managing printing for all printers can be done at one location.
5. The network storage can be utilized as a backup device for files too large for floppy disks.
6. Staff away from the office can send and receive messages and files electronically through

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the network. This has greatly increased productivity. When staff needs to be away from the office, they take a portable Mac with them. They can use any modular telephone jack to connect the Mac to the KCC's network to send and receive all their messages which eliminates playing telephone tag.

### **Internal Accounting Systems**

The Appropriations tracking system (APRO) is currently implemented on the state's Unisys mainframe. With this system, the KCC tracks appropriations, encumbrances and expenditures for current and prior fiscal years. APRO allows the KCC to monitor budget limits and spending, restrict overspending, track federal grant expenditures, encumber expenditures before placing an order, record Accounts and Reports payments, retrieve encumbrance and expenditure data by program, by sub-object code, by fund or by vendor, and generate monthly expenditure reports. The KCC reconciles this system to the state's accounting system each month. Without this system, the KCC would be spending many hours looking for information. In many cases, the information would not be available to answer questions and inquiries without this system.

The reimbursable docket system (RDOCKET) enables the KCC to track and recover costs directly associated with a docket (K.S.A. 66-102), assess projected costs (K.S.A. 66-1503), determine appropriate salary and wage funding for budget purposes based on staff timesheets, account for expenditures that would be recoverable/reportable as a part of a federal program (grant), and provide staff information used in the preparation of the KCC's indirect cost rate.

The inventory system (BIND) tracks information pertaining to all the KCC's fixed and moveable property items which currently totals 2,783 items. With this system, the KCC can track all items purchased with federal grant money, the location of each item, the date the item was purchased and many other aspects of the inventory. This system accomplishes these tasks in seconds where the manual system took hours.

### **Transportation Information System (TIS)**

In 1982, the Transportation Division began consolidating carrier information to pave the way for computerization. Soon afterward the division began to develop the TIS on the state's IBM mainframe. This system increases the amount of information available and reduces the time required to process and access information pertaining to motor carrier applications, insurance filings and cancellations, equipment registrations and re-registrations, KCC credentials, citations, dismissals and cancellations orders. By 1985, the TIS system was used to issue a quarter million re-registration forms and 15,000 citations. Nearly 400,000 files and records were also operational at this time. The Department of Revenue also accesses information stored in the KCC's TIS.

The Transportation Division also implemented a microfilming project. The TIS system and microfilming system have resulted in reduced turn-around time for processing and retrieving information, removal of 79 file cabinets for the division, and a reduction of staff from 31 to 21.

### **Geographic Information System (GIS)**

The KCC is currently implementing an automated GIS. This GIS will facilitate electronic maintenance of the KCC's maps. The first division to utilize the GIS is the Utilities Division.

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This division maintains maps of service territories and facilities of Kansas electric, gas and telephone utilities. Separate maps are maintained for each of the state's 105 counties, (315 total), as well as statewide maps. By automating these maps, the KCC will have immediate access to accurate maps, will significantly reduced the time required to maintain the maps and be able to create special purpose maps for use with hearings and requests for information. The GIS will also provide database ties to graphical maps enabling a user to zoom in on a particular location and obtain detailed information specific to that location.

### **Complaint System**

The Complaint System tracks all complaints from the public regarding regulated companies. This system provides immediate access to information pertaining to a complaint filed formally or informally in regard to a company and provides summary reports by company, date, and type of complaint.

### **Conservation Division Information Systems**

As part of the joint KCC/KDHE oil and gas regulatory program, KDHE maintained a mainframe database of underground injection control wells permitted by KCC and KDHE. Since the transfer of regulatory authority in 1986, the KCC has updated and maintained this mainframe database. This database in conjunction with the Kansas Water Database provides ready access to surface ponds, injection wells, water wells and Division of Water Resources data. This information is utilized in staff review of pending injection applications and notices of intent to drill to determine depths and locations of protected water resources. Without this database, timely review of injection applications would be jeopardized and review of notices of intent to drill would exceed the current one-day approval turnaround.

In the last two years, the Conservation Division has acquired an AS400 minicomputer and a number of Zenith microcomputers. Minicomputer utilization is currently under study by an independent consultant for implementation of risk-based injection well assessment.

The ultimate goal of the consultant study is to make available to all technical personnel well history and permitting data from which to develop comparative analysis of risks associated with injection practices. Once implemented, this project will greatly enhance staff productivity by eliminating the current delays attributed to communication and exchange of information from a distance, i.e. from district to central office and back again. This project should greatly enhance the division's response time in application review and complaint response; it is further expected that the ready accessibility of information will better enable the division to anticipate and prevent potential pollution events. Ultimately it is the division's goal to have a complete well history database, including producing wells, with records relating to the drilling, production/operation, plugging, and post-plugging activities relating to all oil and gas wells within the state. Most of this data is currently retained in hard copy files located individually within various sections within the division; the current evaluation processes thus require the piecemeal and time-consuming gathering of information.

### **Future plans**

The KCC is currently securing funding to implement a Management Information System (MIS). The MIS will link all the existing information systems and all new information system together

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to share data and resources. Currently, the KCC has many applications (on both individual microcomputers and shared mainframe computers) needing the same data and each application has its own copy of that data. The MIS will consolidate all the shared data for existing and new applications so data is stored in one location available for any person or application to access it. The data will be updated as needed so the MIS will contain the most accurate information available to the KCC.

The MIS is a database of information that will be located on a file server which will be connected to the microcomputer network so all users with a microcomputer can access it. Most of the microcomputers to access the MIS have been purchased. The first applications to be integrated into the MIS will be the internal accounting systems and the complaint system because the state is phasing out the Unisys computer where they are currently located.

Another application that will be a part of the MIS will be the case management system. This system will manage the information pertaining to dockets before the Commission. The current manual system is grossly inefficient and its planned improvement has been the subject of study by Commission staff for the past several years. Currently, the only means for researching past dockets is to quiz long-time employees, read case documents off microfilm or search summary information from Westlaw. The new Case Management System will provide features to allow staff to efficiently research cases by word searches, topic searches and key phrase searches. This will immensely increase the productivity of the Commission staff.

The KCC has realized significant increases in productivity and efficiency through the use of computers. Staffing levels have been reduced, reliance on consultants and outside computer services have been reduced, accuracy has increased, availability of information has increased and work turn-around schedules have improved with the automation of information systems. The KCC anticipates that the next eight years will also see much improvements with increased computer utilization and the implementation of the MIS.

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