



Oklahoma Corporation Commission

FY 2025 Budget Hearing Presentation

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Commissioners

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The **Oklahoma Corporation Commission (“OCC” or “Commission”)** serves as the **agency charged with balancing the rights and needs of the people and regulated industries over a wide range of activities in four program areas.**

Created in **1907 by Article 9 of the Oklahoma Constitution**, this agency now encompasses the following divisions:

- Oil and Gas Conservation Division – Exploration, production, environmental
- Public Utility Division – Electric and gas utilities, telecommunications
- Transportation Division – Motor and passenger carriers, pipelines, rail crossings, transportation network companies
- Petroleum Storage Tank Division – Underground and aboveground fuel tanks, fuel dispensers (i.e., “gas pumps”)

All four program areas are supported by Administrative, Judicial and Legal Services- a support division including agency attorneys, administrative court system, finance, human resources, etc.

Agency Vision, Mission and Core Values

Vision: To be a trusted, effective agency that works collaboratively to accomplish its Mission in a way that protects people and the environment, protects natural resources, improves quality of life, promotes continued economic development, and holds both itself and the industries it regulates accountable to the citizens of Oklahoma.

Mission: Ensure responsible and safe development of oil and gas resources; ensure reliable utility service at fair rates; ensure safe and legal operation of motor carriers, pipelines, rail crossings, and fueling stations; and ensure prevention and remediation of energy-related pollution of the environment while balancing the rights and needs of the people with those of regulated entities through development and enforcement of regulations in an open, transparent, ethical, and just manner.

Core Values: It is the overall guiding policy of the Commission to treat all who come before the agency as customers and stakeholders who deserve fairness, respect, attention, and service. Rules, procedures, and orders will be promulgated with diligence and prudence to protect the interest of the public and to safeguard essential state services and natural resources from exploitation, inadequate performance or waste. Our policy is summarized by our motto of "Service-Assistance-Compliance": service to our regulated industries, assistance to the public, and compliance with the laws of the state. "Excellence is our standard": Commission employees will perform their duties in a professional manner with the highest degree of integrity. We will work together as a team and encourage creativity.

- **Creativity and Innovation:** The agency commits resources to support innovation and has a system to receive and share ideas.
- **Quality and Excellence:** The agency has identified the needs of our internal and external customers. Our services meet or exceed their needs, and our system provides continual feedback to the agency to further improve our services and image to the public.
- **Teamwork:** The agency has culturally diverse, innovative and problem-solving work teams that operate with clearly defined roles, expectations, time frames and resources to improve agency operations.
- **Integrity:** The agency has a culture that fosters respect, trust and people-focused processes and activities.
- **Communications:** We have well-developed, accessible and people-focused communication systems which provide staff and external customers with opportunities to share innovative ideas, input and feedback regarding agency processes, services and activities.



Accomplishments

Top accomplishments for FY 2023 – FY 2024

FY23 was a busy year at OCC with more than 130 tracked "to do" items introduced by its new Director of Administration. Among the most notable accomplishments is the temporary move from the Jim Thorpe Building (JTB) to the Will Rogers Building (WRB) to allow the three-year, \$70 million renovation of the JTB. The agency reduced its office footprint from 90,000 square feet to 48,000 square feet - a 47% reduction in space at a projected three-year savings of \$3.3 million to state taxpayers. Other significant accomplishments include:

- Revamping the outdated employee manual.
- A salary review project resulting in hundreds of adjustments processed and an annual salary review established.
- Created the opportunity for advancement agency-wide.
- Implemented agency-wide Change Management (CM), empowering employee-driven recommendations and change. In its first year, CM received 125 total recommendations of which 52% were implemented, 11% are pending, and 37% could not be implemented due to various reasons, including the change was outside agency control or its ability to impact change. These recommendations directly improved efficiencies, increased safety, and impacted employee enrichment.
- Implemented division reorganization designed to improve efficiencies and improve regulatory compliance to hold industry accountable.
- Instituted a fleet reduction compliance review and took the savings recognized from vehicle expenses to fund salary increases to motor carrier enforcement officers.
- An interdivisional collaborative effort served as the 55-member Public Utility Enforcement Team identifying potential hazards to the public. The team reported 1,289 potential hazards. After investigation, 364 (82%) were reported to utility companies to be resolved; 124 (10%) were identified as critical or high importance.
- Most incoming calls travel through Consumer Services to obtain real-time assistance. FY2023 call volumes increased 36% over the previous fiscal year with no increase in FTEs. Consumer Services does an incredible job and averaged 108 calls daily/28,183 for the fiscal year. The central database shows they largely assisted callers to reach specialists in the Oil and Gas and Transportation divisions.
- PUD successfully completed all strategic goals for FY23 including major improvements to operational efficiency, cross-training, and FTE management.
- Leadership OCC program kicked off in September 2023 and has 20 enthusiastic participants that are gaining insight into all OCC divisions and understanding as to how we touch the lives of each Oklahoman every single day and the impact of our regulatory work in relation to the state's economy.



Challenges

Top Challenges (current & upcoming years)

- Adequate Funding- The funding necessary to maintain or expand OCC's regulatory responsibilities is an ongoing challenge. The various, multiple and often inconsistent funding streams require close monitoring to ensure the inspectors, enforcement officers, and other personnel can respond timely and effectively when the need arises. While the agency remains proactive in its industry regulation, unforeseen circumstances occur that require prompt, competent and professional response by OCC.
- Facility Maintenance- The OCC also has challenges at the ports of entry and weigh stations as ODOT has not been funded for the ongoing maintenance and improvements necessary. OCC has included ,on behalf of ODOT, additional appropriations for maintenance to improve safety and health concerns.
- OMES Delay in Agreements- OCC struggles in creating its annual budget when major expenses are not known in a timely manner (i.e. OMES Master Service Agreement Costs.) The MSA was delayed until a couple days before the start of the FY23. For FY24, the MSA was delayed almost three months into the new fiscal year. The current MSA contained additional costs of \$436,191 compared to FY23 actual expenditures.
- **In order to further foster the continued growth of Oklahoma's oil and gas production, the OCC needs the capability of responding quickly to felt earthquakes around well completion operations through the use of portable seismic monitoring stations and trained staff to process the data gathered. The current practice of relying on the Oklahoma Geological Survey have failed to both detect and provide real-time data of critical seismic activity, impacting both essential present and future well completion operations and residents near those operations. The requested equipment will help OCC staff and oil and gas operators in the 24/7 joint effort to work to mitigate induced seismicity with successful well completion operations ensuring Oklahoma remains one of the top oil and gas producing states.**
- Regulatory challenges with limited personnel
 - Oil and Gas currently has approximately 179,000 active wells. Most inspectors have 3,000 or more wells in their territory, with at least 2 inspectors having over 6,500. Other territories have fewer wells but are further apart. With limited resources, some wells can only be inspected once every 5 years, some even longer.
 - Additional regulatory oversight obligations such as identification, registration, inspection and complaint resolution related to EV charging stations; registration and review of renewable energy component recyclers; and ongoing legislative acts establishing other regulatory oversight for the OCC.



Savings & Efficiencies (Current or Planned)

Savings or Efficiency Name	Brief description of how savings were achieved	Savings in Unit of Measurement*	FY 2023 (Actual \$ Savings)	FY 2024 (Projected \$ Savings)	FY 2025 (Projected \$ Savings)
Reduction of office space square footage- move from JTB to WRB	The relocation of OCC to the WRB resulted in a 47% reduction (42,000 sq ft) of the agency's office footprint. The move required several steps to accommodate OCC personnel officed at the JTB.	\$3.3M estimated savings over 3-year renovation	N/A	\$1,100,000	\$1,100,000
Reduction of office printer/copier leases	Reduced office printer/copier leases from 100 to 27 during move to WRB realizing an estimated annualized savings.	\$175,000 annualized savings	N/A	\$175,000	\$175,000
Repurposed cubical panels and supplies	Utilized two-thirds of existing cubical spaces for hoteling and short-term office space at WRB.	\$30,000	N/A	\$30,000	\$0
Move of badging system and equipment	Existing equipment for secure badge entry access installed at WRB.	\$25,000	N/A	\$25,000	\$0
Move of WIFI equipment	Migrated the agency's more advanced WIFI network switches to WRB to connect personnel to the OMES Mist Platform. And relocating to another state building negated installation of any cabling/networking gear.	\$150,000- equipment \$240 annual savings per WAP on MSA \$3,528 annual savings per switch on MSA	N/A	\$150,000 \$17,064 MSA	\$17,064 MSA
Audio/visual network carts	Purchased several mobile AV/Network carts utilizing the latest technology in various smaller courtrooms to ensure virtual connectivity with customers, OCC legal personnel and onsite participants. These mobile carts ensure online compliance with the Open Meeting Act, when required, and can simply be rolled to a new location when necessary.	\$20,000	N/A	\$20,000	N/A



Agency Goals and Key Performance Metrics

Goal <small>[Major agency goal. Include the name of the agency program if applicable.]</small>		Metric <small>[Name of the indicator/ metric used to measure the output and outcome of the goal.]</small>	FY 22 Actuals	FY 23 Actuals	FY 24 Target	FY 29 Target
1	Employee Retention	EMPLOYEE DEVELOPMENT: Increase employee satisfaction and engagement ratings Metric: Salary plans in place for 100% of OCC job codes. Goal 25% per quarter till 100% (after reaching 100% agency will renew surveys annually)	N/A	100%	100%	100%
2	Improved Stakeholder Satisfaction	STAKEHOLDER EXPERIENCE: Improve customer experience and interaction Metric: Develop online forms for stakeholders to provide feedback on all areas of OCC operations. Change Management to be responsible for processing action plans. Metric: Issue one stakeholder survey and develop action plan each year. Expand to agencywide.	N/A	1	1	1
3	Improved Financial Reporting	FINANCIAL REPORTING: Improve reporting by creating simplified reports. Match revenues/expenses in compliance with laws/standards Metric: +/- 10% variance of actual spend compared to budget with reasonable explanation documented outside of variance range *IIJA grant requires that the total grant award be encumbered each fiscal year, even though the expense will be spread out over 4 years, therefore skewing this metric- so both percentages will be included to accurately reflect the results.	9.75%	28.51%, *10.86% without IIJA Grant	9%	8%
4	Agency Modernization	IT INVESTMENT: Invest in the development of agency-wide enterprise system and agency's IT infrastructure 1) Metric: Complete all ongoing IMS modules including minimum viable products for Transportation and Oil and Gas Conservation Divisions by end of calendar year 2023 2) Metric: Update Oil and Gas' RBDMS system to integrate with IMS modules	1) 50% Phase 1 and 2 implemented 2) N/A	1) 75% Phase 3 implemented 2) N/A	1) 100% Phase 4 to be implemented in December 2023 2) 25%	1) 100% 2) 100%
5	Improved Communication	COMMUNICATION: Internal/external effective and transparent communications Metric: Add requirement on all employees' PMPs to conduct or receive a minimum level of training appropriate to their job codes	N/A	100%	100%	100%



Projects for FY 2024 - 2025

Projects

- Plugging the state's estimated 18,000 abandoned oil wells remains a priority which received a \$25 million boost in federal FY23 IJA grant funds. The agency received an extension to disburse these funds through September 2026.
- The agency's SEEP project anticipates significant improvement in the environmental cleanup of purging injection wells in certain parts of the state. The agency retained the services of Halff Associates as part of its remediation efforts.
- Agency is evaluating all field services to ensure proper level of staffing to perform critical regulatory duties.
- OCC's Induced Seismicity Unit remains on top of earthquakes potentially generated by certain oil and gas operations and works closely with operators to reduce pressures possibly impacting shifting plates at relatively shallow levels in known trouble spots. Maintaining the delicate balance between exploration and property owner protection remains a consistent value of the agency.
- OCC's ongoing commitment to digital transformation includes implementation of its agency-wide enterprise information management system (IMS).
 - Phase 1 – IMS-Revenue Tracking, implemented July 2020, tracks all 200+ agency revenue streams in one location. It allows for electronic payments of any invoice generated within IMS including credit card and ACH payment options. Combined with the creation of Central Processing resolved a 12-year audit finding for payment processing.
 - Phase 2 – Electronic Case Filing (ECF), implemented March 2022, allows stakeholders to file cases online from anywhere at any time, especially Oil & Gas users which make up the bulk of OCC's administrative court activity. The system provides user-friendly tools to search and locate Commission court files and includes electronic routing of orders within the agency.
 - Phase 3 – Oil and Gas IMS (OGIMS), implemented in July 2023, this module allows for online filings of Mineral Owners Escrow Account (MOEA) 1081 forms, payments and tracking Surety for oil and gas operators held by OCC. Several manual processes were eliminated and the comprehensive system accounts for millions of dollars held within these two fiduciary funds.
 - Phase 4 – Transportation IMS (TIMS) is scheduled to be implemented in December 2023. This module will electronically manage 60,000+ motor carrier citations annually and improve the enforcement support process through the ECF court processing system and IMS revenue tracking system creating efficiencies and financial integrity. Manual processes will be reduced and electronic notifications to the trucking industry will be generated.

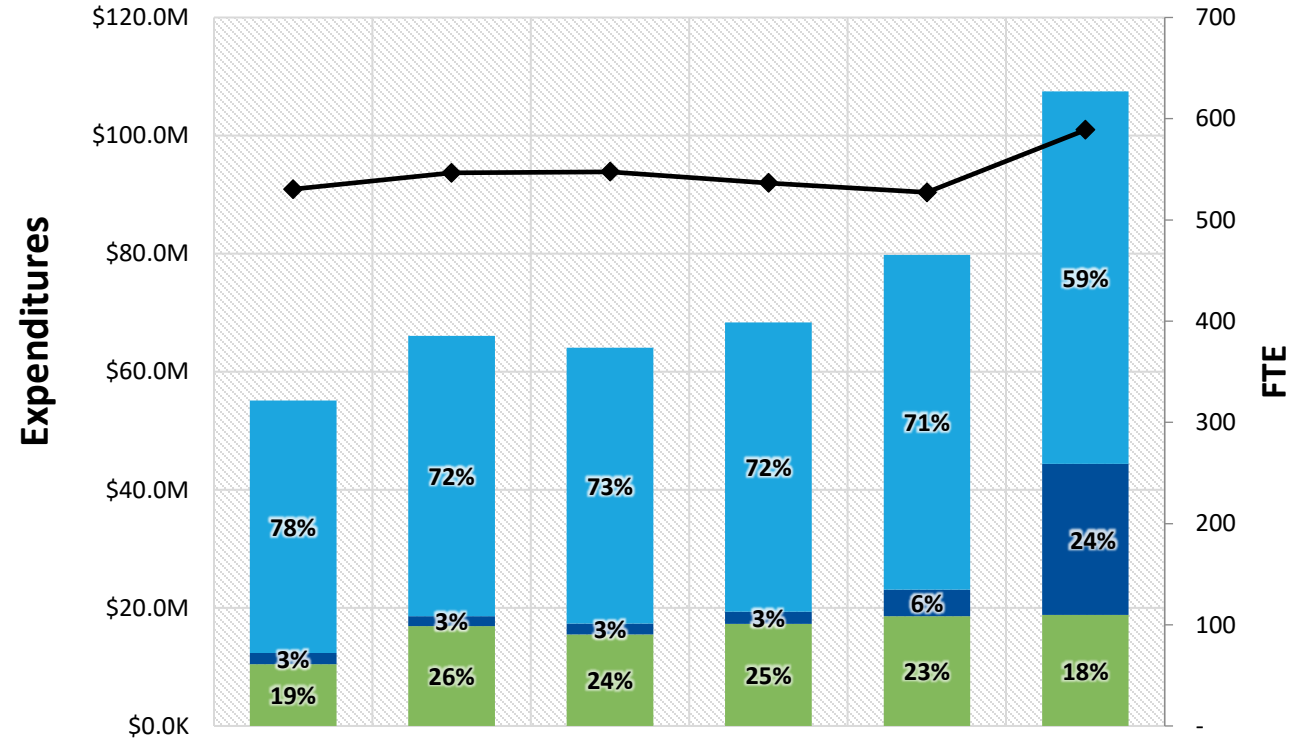


Historic Actual Expenditures (FY 2019-23) and Current Year Budget (FY 2024)

Explanation of Significant Changes and Trends

- A significant increase in federal grant funding occurred in FY2023 when OCC was awarded \$25M for Oklahoma’s well plugging effort through the Infrastructure Investment and Job Act (IIJA). The grant will continue through 9/30/26.
- The agency continues to invest in digital transformation and agency modernization efforts, including the two largest modules of IMS for Transportation and Oil and Gas that will be implemented in FY2024. These efforts provide electronic filing and online payments for many of OCC’s stakeholders.

Historic Actual Expenditures and Current Year Budget



	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Budget
Appropriated	\$10.5M	\$16.9M	\$15.5M	\$17.3M	\$18.6M	\$18.8M
Revolving	\$42.7M	\$47.5M	\$46.7M	\$49.0M	\$56.7M	\$63.1M
Federal	\$1.9M	\$1.7M	\$1.8M	\$2.1M	\$4.5M	\$25.6M
Total	\$55.1M	\$66.1M	\$64.1M	\$68.4M	\$79.8M	\$107.5M
FTE	530	546	548	537	527	589



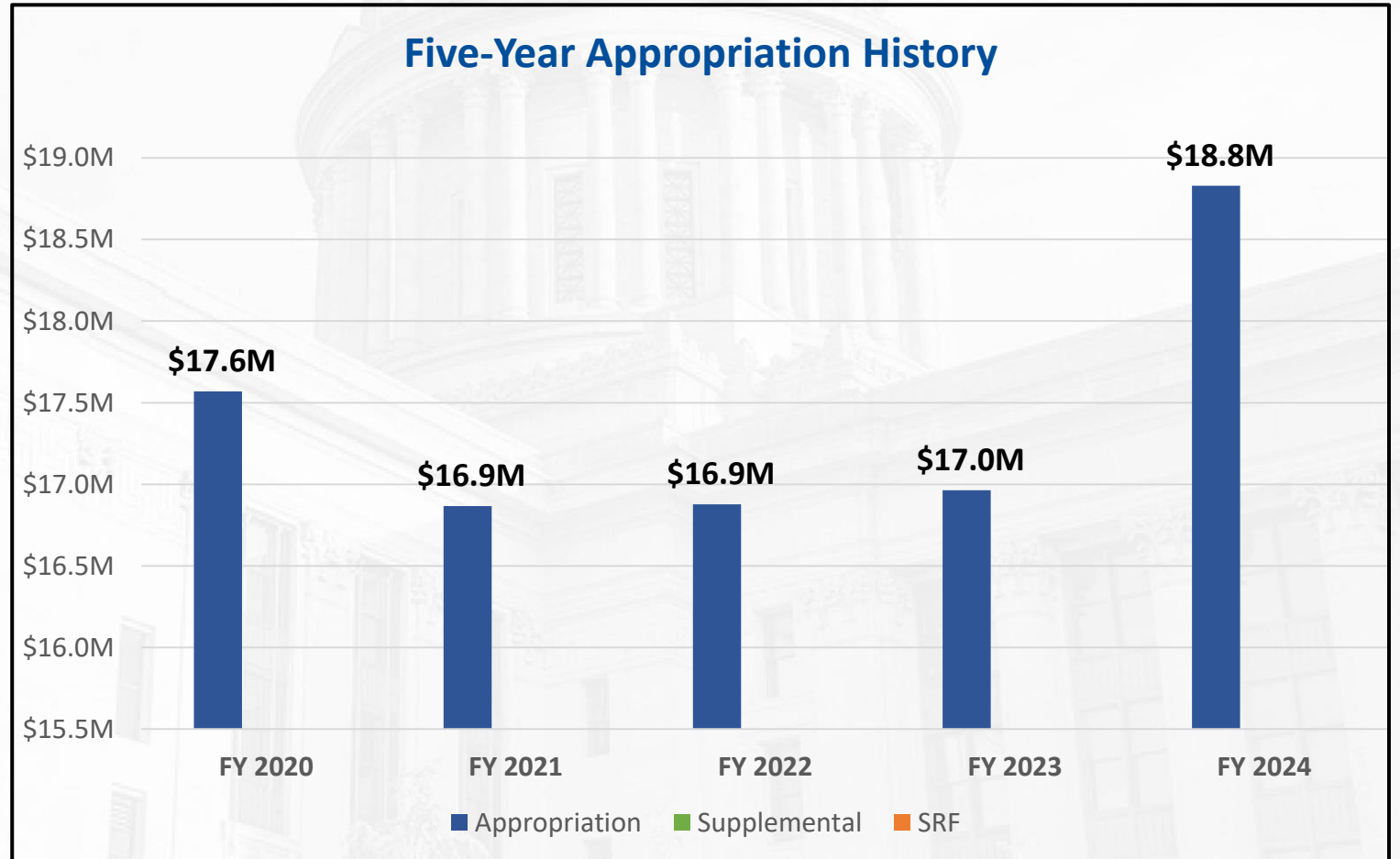


FY 2024 Budgeted Full Time Equivalents (FTE)

	FY 2024 Budgeted FTE
Total FTE	589
Supervisor FTE	113
Supervisors to Total FTE Ratio (%)	19%

Appropriation History

Fiscal Year	Legislated Appropriation (\$) (Includes supplementals and SRF/ARPA.)
FY 2020	\$17,568,600
FY 2021	\$16,865,856
FY 2022	\$16,876,719
FY 2023	\$16,964,255
FY 2024	\$18,829,255



**Includes Supplemental and Statewide Recovery Fund (ARPA) appropriations.*



Financial Resource Analysis

Carryover	FY 2020	FY 2021	FY 2022	FY 2023
Total appropriated carryover amount expended (\$)	\$145,846	\$787,812	\$1,064,267	\$1,682,624

Historical Cash Balances	FY 2020	FY 2021	FY 2022	FY 2023
Year End Revolving Fund Cash Balances <i>(All Revolving Funds)</i>	\$30,053,661	\$28,954,340	\$36,610,295	\$30,114,105

Class Fund # <i>(Unrestricted only)</i>	Class Fund Name <i>(Unrestricted only)</i>	Current cash balance (\$)
None		\$0
	Total Current Unrestricted Fund Cash balance:	\$0

Fiscal Year	Agency's plan to deploy unrestricted cash (including amounts):
FY 2024	*Any unbudgeted cash is restricted by statute.
FY 2025	*Any unbudgeted cash is restricted by statute.
FY 2026	*Any unbudgeted cash is restricted by statute.



Unrestricted funds are those that are not limited by state or federal law, rule, regulation, other legally binding method, or donor restriction.

FY 2022 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Included in FY24 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
FY 2022				
Court Reporter One-time Stipend-HB2689	\$10,863	No		
Total adjustment	\$10,863			



**Do not include SRF / ARPA appropriation increases.*

FY 2023 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Included in FY24 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
FY 2023				
Court Reporter Salary Increases-HB4118	\$87,536	Yes	Yes	
Total adjustment	\$87,536			



**Do not include SRF / ARPA appropriation increases.*

FY 2024 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Does this need to be included in your FY 2025 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
FY 2024				
Court Reporter annual equipment allowance and certification increases- HB1396	\$25,000	Yes	Yes	
Increase for 10 additional Oil and Gas inspectors/specialists	\$1,840,000	Yes	Yes	
Total adjustment	\$1,865,000			



**Do not include SRF / ARPA appropriation increases.*

Budget & Supplemental Request Summary

Request Name		FY 2025 Appropriated Request Amount (\$) {or FY 2024 for Supplementals}	Type of Request: Operating, One-time, or Supplemental
1	Properly funding the Oil and Gas Division	\$1,469,744	Operating
2	Provide adequate and competitive salaries for OCC personnel	\$2,241,238	Operating
3	Funding for ODOT- provide sufficient funding for the weigh station improvement fund to properly maintain facilities where OCC personnel are located	\$6,000,000	Operating
4	Request for additional personnel and resources to assist with the significant increase in public information requests	\$250,000	Operating



(2) Budget Request

Name of Request Provide adequate and competitive salaries for OCC personnel	
Type: (Operating, One-Time, Supplemental) Operating	\$ Amount Requested for FY 2025 (Or FY 2024, if supplemental) \$2,241,238
Describe why these funds are needed. OCC is requesting additional funding to continue the initiative to have employees at least to the minimum of market salary survey comps. This is in line with the legislative mandate for the salary studies and continued adjustments for state employees. This includes adjustments for many of the highly skilled labor force of the OCC that is difficult and expensive to replace.	



(1) Budget Request

Name of Request Properly funding the Oil and Gas Division	
Type: (Operating, One-Time, Supplemental) Operating	\$ Amount Requested for FY 2025 (Or FY 2024, if supplemental) \$1,469,744
Describe why these funds are needed. OCC appreciates the increase for FY24 that represented a portion of the monies needed. However, the division still needs additional resources in field support and technical. The division still has some areas where one field inspector is responsible for over 6,500 active wells. This does not make for a realistic ability to have quality regulation. These additions are needed outside of the federal well plugging effort which OCC is trying to cover with cross-training and outsourcing, when possible. OCC also anticipates the need for additional personnel if Class VI underground storage primacy is given to the agency. OCC is requesting the \$1,469,744 not received in the FY24 supplemental request.	



(3) Budget Request

Name of Request Funding for ODOT- provide sufficient funding for the Weigh Station Improvement Fund (WSIF) to properly maintain facilities where OCC personnel are located	
Type: (Operating, One-Time, Supplemental) Operating	\$ Amount Requested for FY 2025 (Or FY 2024, if supplemental) \$6,000,000
Describe why these funds are needed. OCC is making this an official request to aid the Oklahoma Department of Transportation in maintaining and building the critical infrastructure needed for motor vehicle regulation. Oklahoma has invested in some amazing facilities but has not provided adequate resources to maintain them. This has resulted in deterioration and difficult working environments for many State Employees. OCC is requesting a minimum of \$6 million in appropriations to ODOT to fund the efforts.	



(4) Budget Request

Name of Request Request for additional personnel and resources to assist with the significant increase in public information requests	
Type: (Operating, One-Time, Supplemental) Operating	\$ Amount Requested for FY 2025 (Or FY 2024, if supplemental) \$250,000
Describe why these funds are needed. OCC is requesting additional funding to cover personnel and systems to properly, and timely, respond to ever increasing public information requests. OCC has processed, as of this document, over 200 requests since January. Some of these requests have over 100,000 documents that must be reviewed individually due to the highly sensitive and exempt nature of OCC's work.	





OKLAHOMA
Corporation
Commission

Appendix

“Touching the lives of every Oklahoman every single day.”

OCC enforces regulations that affect:

331 Public Utilities
8,462 Motor Carriers
2,887 Oil and Gas Operators
4,100 Motor Fuel Facilities

OCC oversees the safe operation of approximately:

169,847 active oil, gas, and injections wells
64,971 miles of natural gas and hazardous liquids pipelines
170,000 miles of electric distribution lines
10,100 petroleum storage tanks
48,000 motor fuel dispensers
3,475 railroad crossings

Additional OCC jurisdiction includes or areas of interest:

5 Water Companies (included in public utilities above)
13 Cotton Gins (included in public utilities above)
240 Natural Gas pipeline operators
34 Hazardous liquid pipeline operators

8,393 for-hire and private motor carriers
467 Non-consensual wrecker service operators
Transportation network companies (Uber, Lyft, etc.)
63 Wind Power Facilities
EV charging stations

OCC SEEP Project

A Public Safety Initiative

Identify the Threat. Identify the Risk. Identify the Operator.
Resolve. Restore. Revitalize.



- **FY24** requested budget to hire 20 additional Oil and Gas field inspectors/specialists \$3,334,744
- Received appropriations to enable hiring 10 field inspectors \$1,865,000
- **FY25** budget request submitted to hire 10 additional field inspectors/specialists \$1,469,744