

CORPORATION COMMISSION 18500

Lead Administrator: Tim Rhodes, Director of Administration

FY'17 Projected Division/Program Funding By Source						
	Appropriations	Federal	Revolving	Local	Other*	Total
Administration	\$1,769,278		\$2,934,359			\$4,703,637
Petroleum Storage Tank		\$1,267,000	\$3,961,565			\$5,228,565
Oil and Gas	\$2,116,398	\$529,750	\$11,034,395			\$13,680,543
Office Administrative Proceedings	\$2,372,162		\$693,930			\$3,066,092
Public Utilities			\$5,242,894			\$5,242,894
Office General Counsel	\$587,870		\$1,924,848			\$2,512,718
Transportation	\$54,419	\$1,551,000	\$15,199,207			\$16,804,626
Information Technology	\$782,554		\$4,403,538			\$5,186,092
Total	\$7,682,681	\$3,347,750	\$45,394,736	\$0	\$0	\$56,425,167

*Source of "Other" and % of "Other" total for each.

FY'16 Carryover and Refund by Funding Source						
	Appropriations	Federal	Revolving	Local	Other*	Total
FY'16 Carryover	\$12,691					\$12,691
FY'16 GR Refund**						\$0

*Source of "Other" and % of "Other" total for each.

**Indicate how the FY'16 General Revenue refund was budgeted

What Changes did the Agency Make between FY'16 and FY'17?
<p>1.) Are there any services no longer provided because of budget cuts? Not at this time.</p> <p>2.) What services are provided at a higher cost to the user? None.</p> <p>3.) What services are still provided but with a slower response rate? The ports of entry continue to operate with lower staffing levels and with the opening of Love County in FY17 and the anticipation of Boise City weigh station opening in FY18, without additional funding sources the agency will operate State facilities at less than the mandated hours. The agency cannot plug wells that have been ordered by the Commission to be plugged due to reappropriation of the well plugging revolving funds. Pollution and other significant hazards related to unplugged wells and gas seeps can result in loss of personal, business, and government revenue as a result of health costs, remediation costs, loss of property value, and impact on business operations.</p> <p>4.) Did the agency provide any pay raises that were not legislatively/statutorily required? If so, please provide a detailed description in a separate document. See attached.</p>

FY'18 Requested Division/Program Funding By Source						
	Appropriations	Federal	Revolving	Other	Total	% Change
Administration	\$1,769,278		\$2,934,359		\$4,703,637	0.00%
Petroleum Storage Tank		\$1,267,000	\$3,961,565		\$5,228,565	0.00%
Oil and Gas	\$4,575,460	\$529,750	\$11,509,395		\$16,614,605	21.45%
Office Administrative Proceedings	\$2,372,162		\$693,930		\$3,066,092	0.00%
Public Utilities			\$5,714,894		\$5,714,894	9.00%
Office General Counsel	\$587,870		\$1,924,848		\$2,512,718	0.00%
Transportation	\$679,419	\$1,551,000	\$16,237,527		\$18,467,946	9.90%
Information Technology	\$2,165,554		\$4,403,538		\$6,569,092	26.67%
Total	\$12,149,743	\$3,347,750	\$47,380,056	\$0	\$62,877,549	11.44%

*Source of "Other" and % of "Other" total for each.

**Agency had to use \$2.5M of its own revolving funds to balance appropriations in FY17. FY18 requested funding restores appropriations back to \$10.1M and includes funding request for seismicity program and IT projects.

FY'18 Top Five Appropriation Funding Requests	
	\$ Amount
Request 1: Induced Seismicity	\$584,062
Request 2: IT Systems Agency-Wide	\$1,383,000
Request 3: Operations of Ports of Entry/Weigh Stations	\$1,663,320
Request 4: Restoration of Well-Plugging Fund	\$2,350,000
Request 5: Statewide Utilities and Telecommunications Enforcement and Utility Mapping	\$472,000
Total Increase above FY-18 Request	\$6,452,382

How would the agency handle a 5% appropriation reduction in FY'18?

Any cut to appropriations in the form of general revenue would equate to a 75% reduction to the Oil and Gas Program and a 25% reduction to the Transportation Program. Where as, if the appropriation reduction comes in the form of agency re-allocation of revolving funds, it becomes more complicated due to the agency's funding structure. The Commission is comprised of 4 separate programs: Oil and Gas, Transportation, Public Utilities and Petroleum Storage Tank; each having its own critical missions relating to different industries and public protections. Each program has its own unique revolving funds, restricted by state and/or federal statutes, that can only be utilized for specific purposes and cannot fund other programs within the OCC. It is imperative that the agency be included in discussions involving revolving fund reductions in order to maintain critical services to the citizens of Oklahoma. A 5% reduction in general revenue, \$509,134, could be handled internally with the use of agency revolving funds to balance appropriations. A 5% reduction in revolving funds could be absorbed by the agency and critical functions continue if agency is involved in collaboration of reduction. A 5% reduction in appropriations would bring the total budget cuts to \$1,650,876 that the agency would receive over a 3 year period, which does not include the \$7,750,000 in revolving funds that the agency has used of its own funding to balance appropriations in FY16 and FY17 due to less general revenue being received for appropriations.

How would the agency handle a 7.5% appropriation reduction in FY'18?

A 7.5% reduction in general revenue or agency revolving funds, \$763,701, would directly affect the Oil and Gas and Transportation programs, reducing services in their respective areas. Further cuts would only exacerbate OCC's effort in the area of seismicity. Transportation would be forced to under-utilize newly constructed state facilities which would reduce enforcement efforts, meanwhile resulting in costly road and bridge damage due to non-compliant trucks. The agency has already absorbed \$1,141,742 reduction in appropriation cuts, another 7.5% would increase that to \$1,905,443.

How would the agency handle a 10% appropriation reduction in FY'18?

A 10% reduction in general revenue or agency revolving funds, \$1,018,268, would create public safety concerns in the areas of Oil and Gas and Transportation due to reduced services. The agency has already absorbed \$1,141,742 reduction in appropriation cuts, another 10% would increase that to \$2,160,010 which is unprecedented in previous fiscal years.

Is the agency seeking any fee increases for FY'18?

	\$ Amount
Transportation - Wrecker Assessment	\$65,000
	\$0
	\$0

What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?

The agency currently has two major IT projects that have been self-funded and nearing completion: STAR and IFTA, which will streamline process and make electronic payments available for case filings, fines, and create a clearinghouse for IFTA and IRP electronic payments. Research is being done to assess audio/visual needs to increase speed and efficiency in court proceedings, as well as intra-agency training, communications, and data transfer. Funding has been included in the budget request to improve existing OCC IT systems to improve responses during emergency situations, critical infrastructure failure, and ensure proper enforcement and oversight of the industries the Commission is charged with regulating. The agency has invested its own resources into having the State Auditor's Office identify all systems that are non-compliant with financial reporting requirements to improve internal processes and promote transparency. The total estimate included in the budget request for the IT system agency-wide initiative is \$1,383,000 for FY18.

Federal Government Impact

- 1.) How much federal money received by the agency is tied to a mandate by the Federal Government?**
None
- 2.) Are any of those funds inadequate to pay for the federal mandate?**
Not applicable
- 3.) What would the consequences be of ending all of the federal funded programs for your agency?**
Unless the State could provide alternative funding to support federal programs, it could not afford to operate federal programs consistent with federal safety and environmental law. Federal agencies would have to step in and manage these operations.
- 4.) How will your agency be affected by federal budget cuts in the coming fiscal year?**
The agency does not know the extent of future cuts at this time.
- 5.) Has the agency requested any additional federal earmarks or increases?**
No

Division and Program Descriptions

Administration	Includes three elected Commissioners and staff and has the overall responsibility of providing financial, human resources, public information, and mailing/reproduction services to the entire agency. Maintains mineral owner accounts for unlocated mineral owners.
Petroleum Storage Tank	Responsible for the protection of human health, safety and the environment from exposure to chemicals caused by leaking motor fuel storage tanks. Regulates the installation, operation and removal of motor fuel storage tanks. Performs field inspections of facilities and laboratory analysis of fuels, as well as, overseeing site assessment investigations and (if necessary) released fuel product at regulated sites. Reimburses eligible tank owners for reasonable, integral and necessary costs associated with contaminated clean-ups.
Oil and Gas	The Oil and Gas Program Area provides information, permitting, investigation, and compliance services to the oil and gas industry, mineral interests, landowners and the general public to develop the oil and gas resources of the state while protecting the environment and ensuring public safety through regulation for all activities associated with the exploration and production of oil and natural gas.
Office of Administrative Proceedings	Operates two regional offices to process applications, prepare and distribute dockets, keep records, conduct hearings and appeals and transcribe proceedings in areas of oil and gas, fuel, enforcement, pollution, motor carrier and public utility. Serves as the judicial branch

Proceedings	of the Corporation Commission, making recommendations to the commissioners, on more than 15,000 orders per year.
Public Utilities	The Public Utility Program Area administers and enforces agency rules, regulations, and orders involving electric, gas, water, cotton gin, and telecommunications service providers; promotes efficiency, innovation, and technological growth among regulated utilities and the program area companies; balances the interest of the regulated companies with those of all other stakeholders; administers the Oklahoma Universal Fund; designates eligible telecommunications carriers; regulates providers of lifeline phone services; and supports regulatory decisions that are in the public interest and result in the least reasonable cost for safe and reliable service.
Office of General Counsel	Performs legal services through five specialized sections: Deliberations, General Law, Public Utility, Oil & Gas and Consumer Services/Transportation. Supports clerical and administrative staff under the supervision of the General Counsel.
Transportation	The Transportation Program Area provide overall management, direction and supervision of the administration and enforcement of motor carrier, railroad safety, and pipeline safety regulatory activities within the State of Oklahoma.
Information Technology	Provides technologically advanced support and services in all areas of automation for the Commission. Develops new and enhances existing database application systems. Maintains disaster recovery efforts of production systems. Responsible for imaging of documents and mapping capabilities corresponding to GPS and GIS. Coordinates video conferencing. Maintains electronic messaging and internet capabilities through the Commission's web page and user support.

FY'17 Budgeted FTE						
	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
Administration *Includes 3 elected Commissioners	13	25	19	9	24	11
Petroleum Storage Tank	11	20	23	3	38	2
Oil and Gas	24	106	15	18	100	3
Office Administrative Proceedings	6	21	16	14	17	6
Public Utilities	16	5	53	1	53	4
Office General Counsel	6	6	23	3	19	7
Transportation	24	162	28	23	161	6
Information Technology						
*No longer OCC Employees-OMES Employees						
Total	100	345	177	71	412	39

FTE History					
	2017 Budgeted	2016	2013	2010	2006
Administration	44	41	36	35	32
Petroleum Storage Tank	43	44	55	56	57
Oil and Gas	121	123	119	121	116
Office Administrative Proceedings	37	36	31	32	35
Public Utilities	58	55	56	54	56
Office General Counsel	29	27	25	26	27
Transportation	190	160	149	130	139
Information Technology					
*No longer OCC Employees-OMES Employees					26
Total	522	486	471	454	488

Performance Measure Review					
	FY'16	FY'15	FY'14	FY'13	FY'12
See attached.					

Revolving Funds (200 Series Funds)			
	FY'14-16 Avg. Revenues	FY'14-16 Avg. Expenditures	June '16 Balance
20200- OCC Revolving Fund General Operating Funds of OCC	\$9,132,670	\$8,730,407	\$4,136,390
			*Cash reserves needed for up-front costs for Pipeline Safety program, later reimbursed between 76-78% in partial payments spaced 6-8 months apart, STAR and IFTA IT systems, Oil and Gas program due to decrease in revenue collections, start-up costs for POEs and supplement citation revenue for Transportation
20500- Indemnity Fund To fund the administrative and remediation cost of the Idemnity Fund Program. To fund the payroll cost of the PST regulatory fuel inspection function.	\$3,693,255	\$3,629,268	\$34,145
21000- U.S.T. Revolving Fund	\$424,040	\$278,570	\$1,068,517

May be budgeted and expended for the provisions of the Oklahoma Storage Tank Regulation Act, both direct and indirect.			*Cash reserves needed since most of cash balance, \$950,000, was re-appropriated to the agency in FY17 to balance appropriations
21500- Well Plugging Fund The purpose is to fund the steps it takes to address wells in need of plugging when discovered by the Oil and Gas Conservation Division. This fund is not used for general operations.	\$1,643,729	\$1,798,536	\$1,921,997 *Cash reserves needed to plug wells that have been ordered by the Commission- fund will not replenish at the rate of previous fiscal years due to oil and gas economic downturn
22000- Public Utility Assessment To provide adequate funding for the regulation of public utilities. The agency uses these funds for both the direct and indirect costs related to the Public Utility Division.	\$6,899,704	\$6,680,256	\$1,798,328 *Cash reserves needed since \$1.7M has been re-appropriated to the agency in FY16 and FY17- this is PUD's only funding source
22500- L.U.S.T. Trust Revolving Fund To deposit monies from the public or private sources and any collections pursuant to provisions of section 365. These are funds that help support the leaking underground storage tank effort by the Petroleum Storage Tank Division.	\$130,156	\$304,154	\$922,759 *Cash reserves needed to assess sites and do corrective action or remediation- if EPA approves, cash could be used to remediate temporary out of use tanks
23000- Oil and Gas Revolving Fund To provide a fund for deposit of monies collected relating to oil and gas industry activities in Oklahoma, which support the exponders related to the regulation of that industry. The fund is allowed to pay both direct and indirect expenses relating to the Oil and Gas Conservation Division.	\$4,113,137	\$3,919,642	\$803,426 *Cash reserves needed to continue seismic research, which remains "unfunded"- also needed to make up difference in decreased revenues in FY16 and FY17 vs. expenditures
24500- Trucking One Stop Shop Revolving Fund To provide a fund for deposit of monies collected pursuant to the Trucking One-Stop Shop Act. These funds aid in the costs related to registration and enforcement of the commercial trucking industry in Oklahoma. The funds can only be used to cover expenditures related to the Trucking One Stop Shop Act.	\$6,487,498	\$6,498,673	\$2,897,846 *Cash reserves needed for start-up costs for ports of entry and training enforcement officers- with Oil and Gas program relying heavily on agency's 202 fund, Transportation needs all cash reserves available to be self-sustaining