

FY23 Budget Performance Review
Oklahoma Corporation Commission - 185

Lead Administrator: Tim Rhodes, Director of Administration/Appointing Authority

Lead Financial Officer: Holly George, Chief Financial Officer

Agency 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.

Division and Program Descriptions

Note: Please define any acronyms used in program descriptions.

Administrative, Judicial, and Legal Services

The Administrative, Judicial and Legal Services Division (AJLS) contains the offices of the Commissioners and the Director of Administration, as well as Administrative Services and Judicial and Legal Services. The Director of Administration is appointed by the three elected Commissioners to assist in facilitating necessary actions to ensure the success of the agency's mission. The Director of Administration's staff consists of the public information office and agency counsel. Administrative Services staff has the overall responsibility of providing financial, human resources, technological, and mailing/copying services to the entire agency. Judicial and Legal Services consists of the Commission's court clerk, administrative law judges, attorneys, court reporters, and administrative and support personnel. Judicial and Legal Services is responsible for maintaining all documents filed of record with the Commission and for fulfilling the Commission's constitutional and statutory court of record duties ensuring the opportunity for fair and open hearings in all legislative and judicial matters. In FY18, this program was created from the consolidation of Administration, Office of Administrative Proceedings, and Office of General Counsel divisions to promote efficiencies and obtain cost savings for the agency.

Petroleum Storage Tank Division

The Petroleum Storage Tank Division administers the federal underground storage tank (UST) program in lieu of federal regulation, including operating requirements and technical standards for storage tank design and installation, leak detection, inspections and enforcement, closure, responding to spills and leaks, licensing of storage tank professionals. The Division also has environmental oversight of corrective action measures or remediation plans at contaminated sites where a product release from a petroleum storage tank has occurred. PSTD administers the Petroleum Storage Tank Release Indemnity Fund, which ensures funds are available to mitigate environmental, health and safety threats to the public when a release occurs. PSTD also administers the Leaking Underground Storage Tank (LUST) Trust Fund, which provide funding for remediation of pollution caused by product releases from petroleum storage tanks for which there is no owner. PSTD's inspection program provides consumer protection by: checking fuel dispensers (i.e. "gas pumps") for the presence of water and the quality of fuel sold, measuring the octane rating and accuracy of fuel dispensers, verifying the amount advertised is the same amount on the dispenser, verifying that signs are posted to inform motorists which dispensers are designated for ethanol blended fuels, and responding to consumer complaints regarding fuel purchases.

Oil and Gas Conservation Division

The Oil and Gas Conservation Division (OGCD) enforces agency rules, regulations and orders involving oil and gas exploration and production in Oklahoma. OGCD also provides information, permitting, investigation, and compliance services to the oil and gas industry, mineral interest owners, landowners and the general public to protect correlative rights and prevent waste of the oil and gas resources of the State, while protecting the environment and ensuring public safety.

Public Utility Division

The Public Utility Division (PUD) 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 Services 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.

Transportation Division

The Transportation Division provides overall management, direction and supervision of the administration and enforcement of motor carrier, passenger carrier, at-grade rail crossing safety, and pipeline safety regulatory activities within the State of Oklahoma. Transportation operates Oklahoma's Ports of Entry and Weigh Stations.

Information Services

OMES-ISD provides technology support and services for the Commission. Responsibilities include: developing new systems and enhancements to existing database application system; maintaining disaster recovery efforts of production systems; imaging of documents and mapping capabilities corresponding to GPS and GIS; coordinating video conferencing; maintaining electronic messaging and internet capabilities through the Commission's web page; and user support.

FY'22 Budgeted Department Funding By Source

Dept. #	Department Name	Appropriations	Federal	Revolving	Local ¹	Other ²	Total
10	Administrative, Judicial & Legal Services	\$2,753,512		\$9,225,533			\$11,979,045
15	Petroleum Storage Tank		\$1,500,494	\$4,314,360			\$5,814,854
20	Oil and Gas	\$5,742,313	\$792,392	\$8,366,544			\$14,901,249
40	Public Utility			\$5,854,552			\$5,854,552
60	Transportation	\$3,080,894		\$17,130,466			\$20,211,360
88	Information Technology	\$5,300,000		\$8,597,576			\$13,897,576
Total		\$16,876,719	\$2,292,886	\$53,489,031	\$0	\$0	\$72,658,636

1. Please describe source of Local funding not included in other categories:
2. Please describe source(s) and % of total of "Other" funding if applicable for each departr

FY'21 Carryover by Funding Source

Class Fund #	Carryover Class Fund Name	Appropriations	Federal	Revolving	Local ¹	Other ²	Total
19902	General Revenue	\$2,081,678					\$2,081,678

1. Please describe source of Local funding not included in other categories:
2. Please describe source(s) and % of total of "Other" funding if applicable:

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What changes did the agency make between FY'21 and FY'22?

1.) Are there any services no longer provided because of budget cuts?

Not at this time; however, the agency is closely monitoring the Oil and Gas Conservation Division since revenue connected with oil and gas production is volatile.

2.) What services are provided at a higher cost to the user?

None.

3.) What services are still provided but with a slower response rate?

Induced Seismicity investigations are sometimes slowed because of necessary reliance on the Oklahoma Geological Survey (OGS) for official magnitude determination of seismic events. Such investigations are conducted on a 24/7 basis, but OGS doesn't generally work 24/7 or on holidays.

4.) Did the agency provide any pay raises that were not legislatively/statutorily required?

Yes. This fiscal impact was less than 1% of the agency's overall budget.

FY'23 Requested Funding By Department and Source

Dept. #	Department Name	Appropriations	Federal	Revolving	Other ¹	Total	% Change
10	Administrative, Judicial & Legal Services	\$2,753,512	\$0	\$9,225,533	\$0	\$11,979,045	0.00%
15	Petroleum Storage Tank	\$0	\$1,500,494	\$4,314,360	\$0	\$5,814,854	0.00%
20	Oil and Gas	\$5,742,313	\$792,392	\$8,366,544	\$0	\$14,901,249	0.00%
40	Public Utility	\$0	\$0	\$5,854,552	\$0	\$5,854,552	0.00%
60	Transportation	\$3,080,894	\$0	\$17,130,466	\$0	\$20,211,360	0.00%
88	Information Technology	\$5,300,000	\$0	\$8,597,576	\$0	\$13,897,576	0.00%
Total		\$16,876,719	\$2,292,886	\$53,489,031	\$0	\$72,658,636	0.00%

1. Please describe source(s) and % of total of "Other" funding for each department:

FY'23 Top Five Operational Appropriation Funding Requests

Request by Priority	Request Description	Appropriation Request Amount (\$)
Request 1:	Maintain FY22 general revenue appropriation level	
Top Five Request Subtotal:		\$0
Total Increase above FY-22 Budget (including all requests)		\$ -
Difference between Top Five requests and total requests:		\$0

Does the agency have any costs associated with the Pathfinder retirement system and federal employees?

N/A

How would the agency be affected by receiving the same appropriation for FY '23 as was received in FY '22? (Flat/ 0% change)

Maintaining the appropriations provided in FY22 will allow the Oil and Gas Conservation Division to continue to improve energy permit processing to save stakeholders time and money, including funding necessary upgrades to equipment and software for Intents to Drill and improvements needed for the Risk Based Data Base Management System (RBDMS), used daily by field inspectors. Maintaining funding levels also ensures that the Transportation division continues toward the goal of fully staffing Ports of Entry and Weigh Stations, thus improving protection of the State's road and bridge infrastructures, as well as upgrade the technology needed to actively participate in the nation-wide International Fuel Tax Association/International Registration Plan (IFTA/IRP) programs.

How would the agency handle a 2% appropriation reduction in FY '23?

A 2% reduction in appropriations in the form of general revenue would be distributed by allocating the reduction 75% to the Oil and Gas Program and 25% to the Transportation Program. 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 5 programs: Oil and Gas, Transportation, Public Utilities, Petroleum Storage Tank and Administrative, Judicial and Legislative Services (providing support programs for the 4 core programs); 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 important that the agency be included in discussions involving revolving fund reductions in order to maintain essential services to Oklahomans and stakeholders. A 2% reduction in general revenue could be handled internally with the use of agency revolving funds but could delay IT development that has been deferred for many years and that offers improved service to stakeholders. A 2% reduction in revolving funds could be absorbed by the agency and critical functions continued if the agency were involved in reduction discussions.

Is the agency seeking any fee increases for FY '23?

	Fee Increase Request (\$)	Statutory change required? (Yes/No)
Increase 1	No fee increases are being requested at this time.	

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

Description of request in order of priority	Appropriated Amount (\$)	Submitted to LRCPC? (Yes/No)
Priority 1 Energy Permitting: Improve Oil & Gas digital permitting, including stakeholder portals, search functionality, real time updates and customer notifications, historical record search on modern website platform, electronic filing/payments of reports and orders.	Current technology projects are being supported with the increased appropriation level the agency has received since FY20. OCC is requesting no additional funding, but that the same baseline appropriations be maintained.	
Priority 2 Continue improvements to and consolidation of agency data systems and services (Agency Enterprise Reporting and Modernization): Agency expansion of credit card functionality, audit compliance, enterprise system reporting and dashboards, improve and expand data submission services for stakeholders; improve remote stakeholder service and experience with increased portal capability, improve business processes, accountability and compliance reporting.		
Priority 3 Infrastructure Improvements: Hardware and software upgrades, OMES data compliance and standardization, Cloud Computing, agency data security, disaster recovery, business continuity planning, safety training and future needs assessment planning.		

Federal Funds

CFDA	Federal Program Name	Agency Dept. #	FY 22 budgeted	FY 21	FY 20	FY 19	FY 18
20.700	Gas Grant Program- Hazardous Liquid Program and Underground Gas Storage Program- Transportation Division- Pipeline Safety	6000004, 8860460	\$1,859,000	\$1,471,909	\$1,738,107	\$1,866,810	\$1,532,793
66.804	State Underground Storage Tanks Program (Prevention)- Petroleum Storage Tank Division	1500003	\$538,505	\$491,464	\$494,719	\$503,999	\$459,000
66.805	Leaking Underground Storage Tank Trust Fund Program (Corrective Action)- Petroleum Storage Tank Division	1500003, 1500005	\$961,989	\$712,914	\$639,315	\$808,000	\$808,000
66.433	Underground Injection Control- Oil and Gas Conservation Division	2100001	\$338,913	\$315,102	\$212,784	\$258,070	\$180,320
66.817	State & Tribal Response Program- Brownfields- Oil and Gas Conservation Division	2000005	\$275,567	\$163,626	\$185,191	\$404,941	\$168,199
66.204	Brown Dolomite UIC Multipurpose Grant- Oil and Gas Conservation Division	2000001	N/A	\$27,905	\$37,368	N/A	N/A
66.204	Brown Assessment Multipurpose Grant	2000001	\$3,917	\$30,250	N/A	N/A	N/A
66.818	Brownfields Multipurpose Assessment- Okemah	2000005	\$177,912	\$225,000	N/A	N/A	N/A

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?
This could significantly affect the ability to maintain state oversight for the Underground Injection Control program; monitor and remediate leaking underground storage tanks; provide Universal Service to rural and low-income broadband customers; monitor and inspect pipelines; monitor and inspect underground gas storage facilities; and pose serious potential threats to human health and the environment.
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.

FY'22 Budgeted FTE

Division #	Division Name	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
10	Administrative, Judicial & Legal Services *Includes 3 elected Commissioners	27	34	73	0	59	48
15	Petroleum Storage Tank	10	0	39		33	6
20	Oil and Gas	28	117	20		126	11
40	Public Utility	10	0	58		37	21
60	Transportation	44	208	39		235	12
Total		119	359	229	0	490	98

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FTE History						
Division #	Division Name	2022 Budgeted	2021	2020	2018	2013***
10	Administrative, Judicial & Legal Services *Includes 3 elected Commissioners	107	110	110	109	92
15	Petroleum Storage Tank	39	41	44	44	55
20	Oil and Gas	137	130	136	123	119
40	Public Utility	58	58	60	58	56
60	Transportation**	247	246	247	208	149
Total		588	585	597	542	471

***2013 ALL IT STAFF MOVED TO OMES- FEBRUARY 2012

** Program staffs newly opened weigh stations and ports of entry

Performance Measure Review					
	FY 21	FY 20	FY 19	FY 18	FY 17
Program Name					
Please reference agency program workbook for key performance measures.					

Revolving Funds (200 Series Funds)			
<i>Please provide fund number, fund name, description, and revenue source</i>	FY'19-21 Avg. Revenues	FY'19-21 Avg. Expenditures	June '21 Balance
20200 - OCC Revolving Fund			
General operating fund of OCC.	\$10,335,402	\$9,559,524	\$6,977,627
20500 - Indemnity Fund			
To fund the administrative and remediation cost of the Indemnity Fund Program. To fund the payroll cost of the PSTD regulatory fuel inspection function.	\$4,604,597	\$4,598,951	\$29,925
21000 - U.S.T. Revolving Fund			
May be budgeted and expended for the provisions of the Oklahoma Storage Tank Regulation Act, including direct and indirect costs.	\$384,301	\$519,450	\$312,106
21500 - Well Plugging Fund			
To fund the steps it takes to address abandoned wells in need of plugging when discovered by the Oil and Gas Program. This fund is not used for general operations.	\$1,895,593	\$1,598,304	\$3,875,338
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 Program.	\$7,516,113	\$7,255,284	\$1,439,149
22500 - L.U.S.T. Trust Revolving Fund			
To provide support to the leaking underground storage tank effort by the Petroleum Storage Tank Program.	\$496,751	\$355,163	\$2,125,629
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 expenses related to the regulation of that industry. The fund is allowed to pay both direct and indirect expenses relating to the Oil and Gas Program.	\$6,638,796	\$5,318,801	\$5,819,432
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.	\$17,354,242	\$16,287,831	\$8,358,825
25000 - Pipeline Enforcement Fund			
To provide a fund for deposit of monies collected relating to pipeline activities in Oklahoma. These funds are collected based on the penalties assessed for willfully and knowingly damaging pipeline transportation systems. The fund was activated in FY17.	\$1,010,000- FY17 \$250 - FY21	\$207,761 - FY21	\$16,309
	Only received 2 fines since FY17, therefore a 3 year average wasn't used. Agency doesn't anticipate receiving any other fines in the near future.	Only received 2 fines since FY17, therefore a 3 year average wasn't used. Agency doesn't anticipate receiving any other fines in the near future.	