
OKLAHOMA CORPORATION COMMISSION

TAKING CARE OF BUSINESS

BUDGET PRESENTATION

JANUARY 20, 2021



About the Commission

- Established by the Oklahoma Constitution at statehood (1907)
- 3 Commissioners, elected statewide, head the agency
- Almost 600 authorized positions, 2 main offices, 4 oil and gas field offices, 4 ports of entry, 9 weigh stations
- Regulatory authority over:
 - **T**ransportation
 - **O**il and gas
 - **P**etroleum storage tanks
 - **P**ublic utilities



Our Mission

Empowering Oklahoma by:

- **S**afe and legal operation of motor carriers, pipelines, rail crossings, and fueling stations
- **A**ffordable and reliable utility service
- **F**ocused assessment and response to energy-related environmental pollution
- **E**fficient and responsible oil and gas development:
-and-

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.

Commission Jurisdiction

(approximate totals as of 1/15/21)

- 2,626 Oil and gas well operators
- 8 Electric utility companies
- 8 Gas utility companies
- 306 Telephone companies
- 10 Water companies
- 15 Cotton gins
- 249 Natural gas pipeline operators
- 32 Hazardous liquid pipeline operators
 - operating over 40,000 miles of pipeline
- 24 Railroads with over 4,100 public at-grade crossings
- 7,473 For-hire and private motor carriers (intrastate)
- Non-consensual wrecker service operators
- 10,581 Petroleum storage tanks
 - 2,593 storage tank owners
- 2,972 Retail fueling stations and their owners
- Transportation network companies (Uber, Lyft, etc.)
- Wind power companies

Oklahoma: Top 5 U.S. Energy Production

(EIA – source)



3rd
Wind



4th
Natural Gas



4th
Oil

Top energy investment ranking

Factors cited include stable regulatory environment

Oklahoma ranked 1st most attractive place for oil and gas investment compared to all U.S. states and Canadian provinces - Fraser Institute's 2021 Canada-US Energy Sector Competitiveness Survey

Oklahoma ranked 2nd worldwide for investment in petroleum exploration and development - Fraser Institute's 2019 Global Petroleum Survey

COVID – 19 RESPONSE

Goals: Take care of business while mitigating risks to public and employees

Actions taken include:

- Further expansion and use of technology to allow work of OCC to continue*
- PPE for employees in OCC offices and field personnel*
- Additions in courtrooms to allow for in-person hearings when requested or required (plexiglass barriers, changes in seating)*
- Sanitation (deep cleaning), pre-screening of visitors to Jim Thorpe Building*

Abundant, low-cost electricity

2nd LOWEST ELECTRICITY COSTS in U.S.

Average retail price:

7.86 cents/kWh

TOP 18 IN NET GENERATION in U.S.

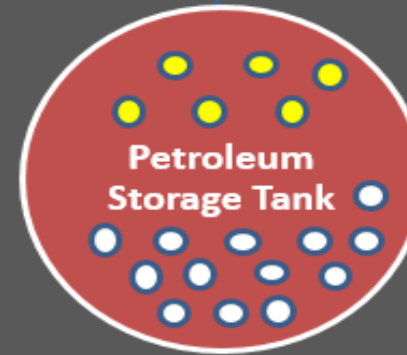
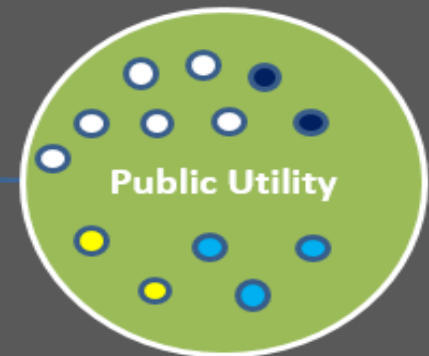
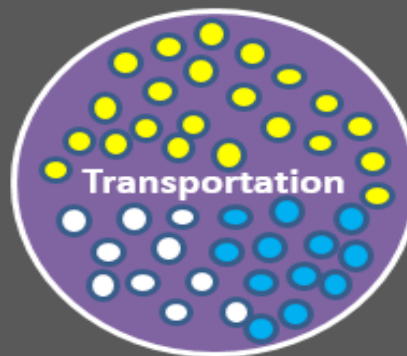
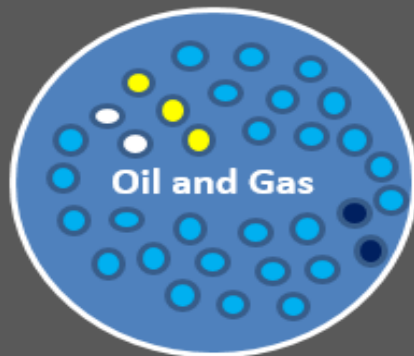
85.2 gigawatt hours in net generation

*Source: U.S. Energy Information Administration
Oklahoma Electricity Profile*

**OKLAHOMA CORPORATION COMMISSION
AUDITS WITHIN PROGRAMS
2007 TO PRESENT**

37 Performance Audits
31 Financial Audits
41 Grant Audits/Reviews
12 Operation Audits

- Performance Audit
- Financial Audit
- Operational Audit
- Grant Review



Notes to Chart

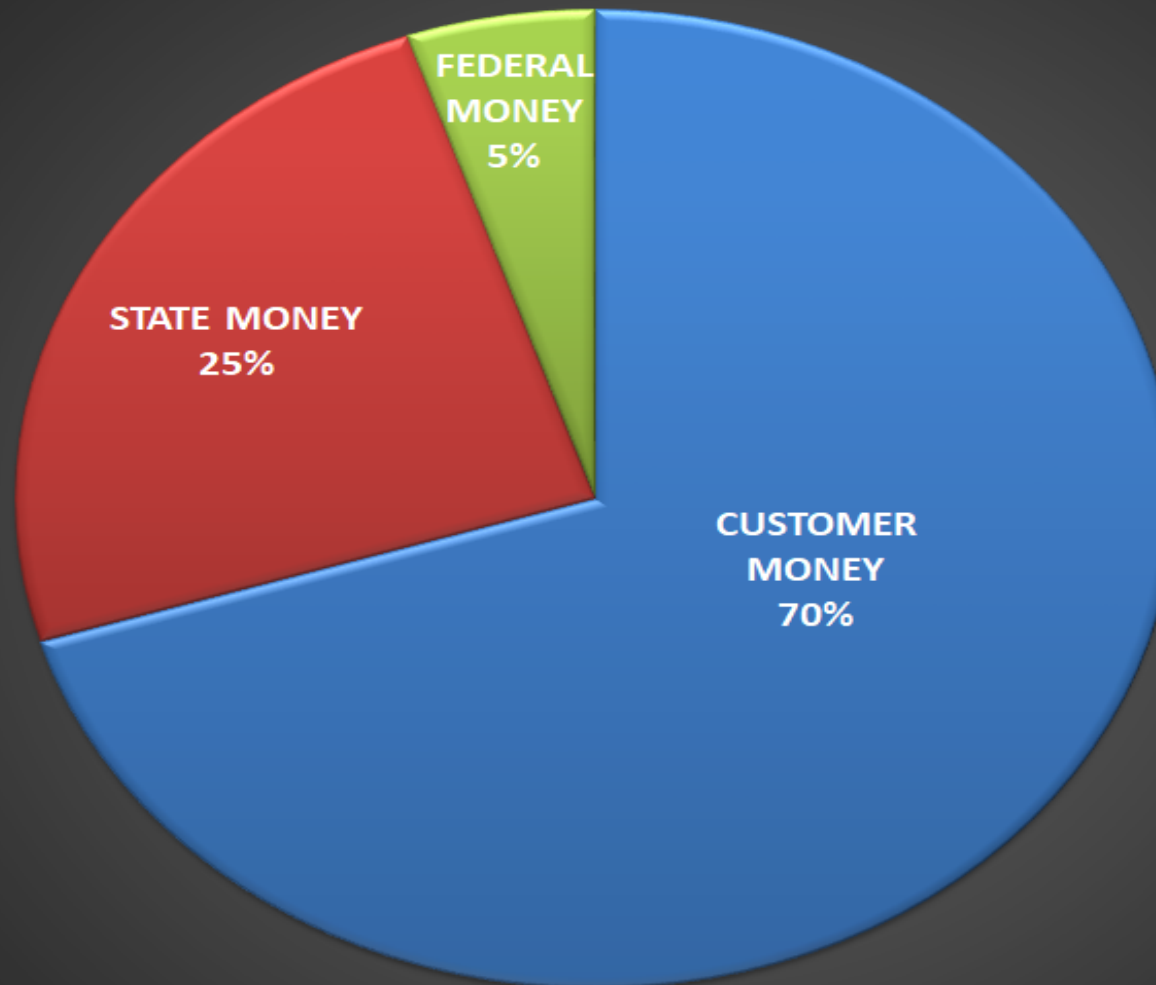
- *17 Independent auditing firms/review boards performed work
- *Audits may be categorized more than once if multiple audit types were performed
- *Agency-wide audits are included in orange circle

Current audits include:

- *Agency- Purchase Card Program
- *Agency- PSTD and 17 O.S. §32 (1A) Compliance
- *PST- Indemnity Fund
- *PUD- OUSF Fund

Updated January 2021

HOW IS THE COMMISSION FUNDED?



CUSTOMER MONEY

Fees Assessments Indemnity Fund
Fines Citations Apportioned Revenue

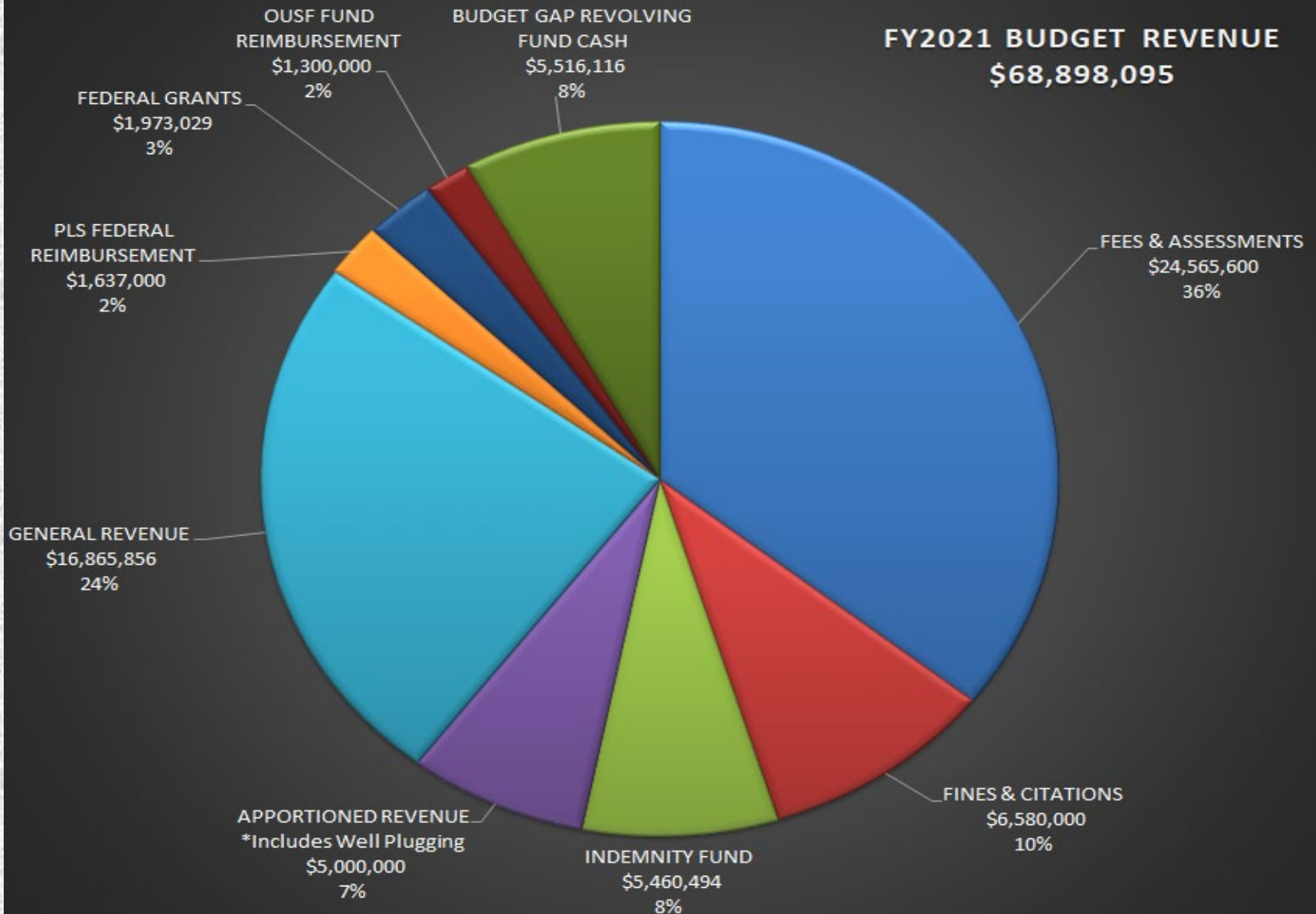
STATE MONEY

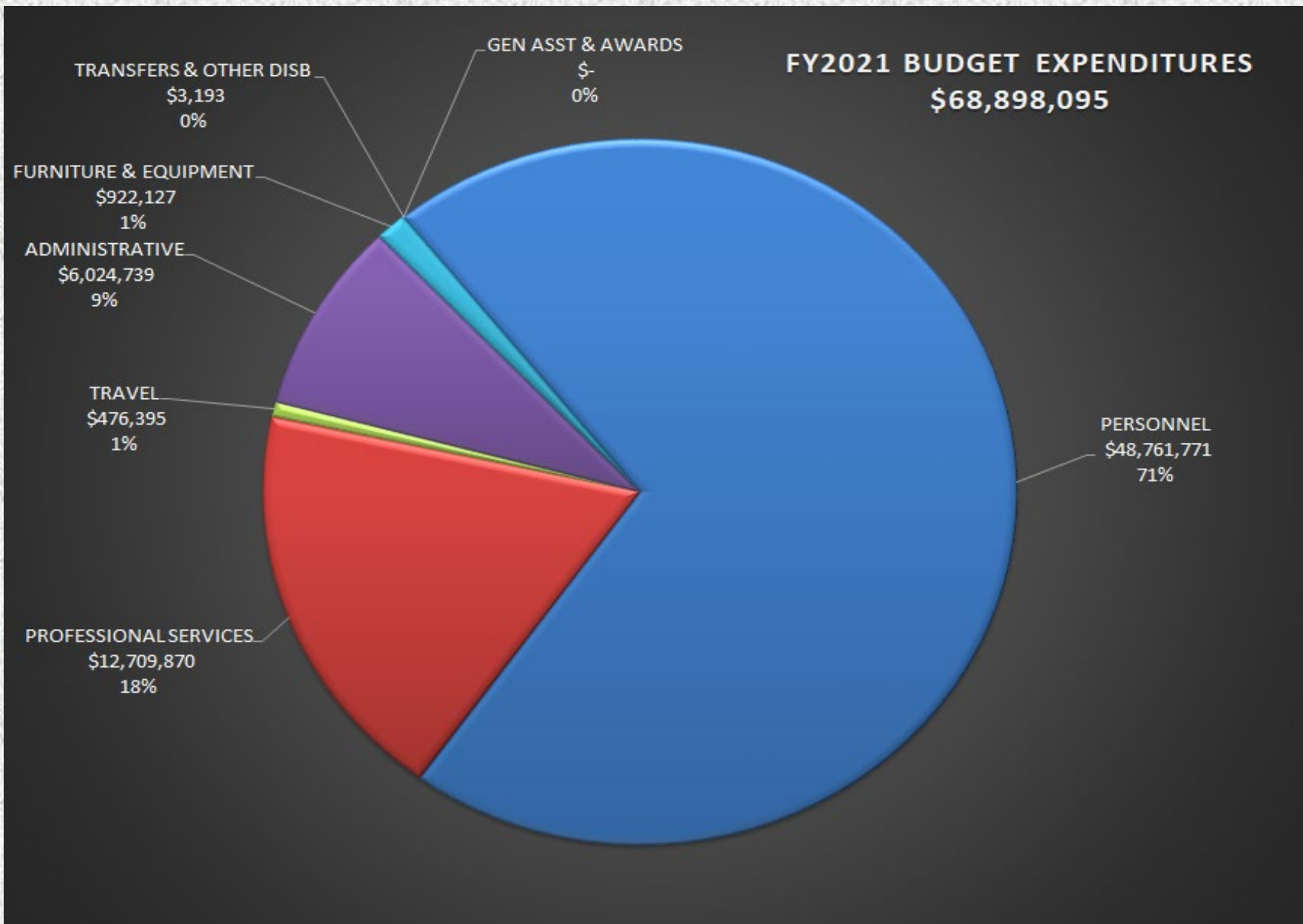
General Revenue

FEDERAL MONEY

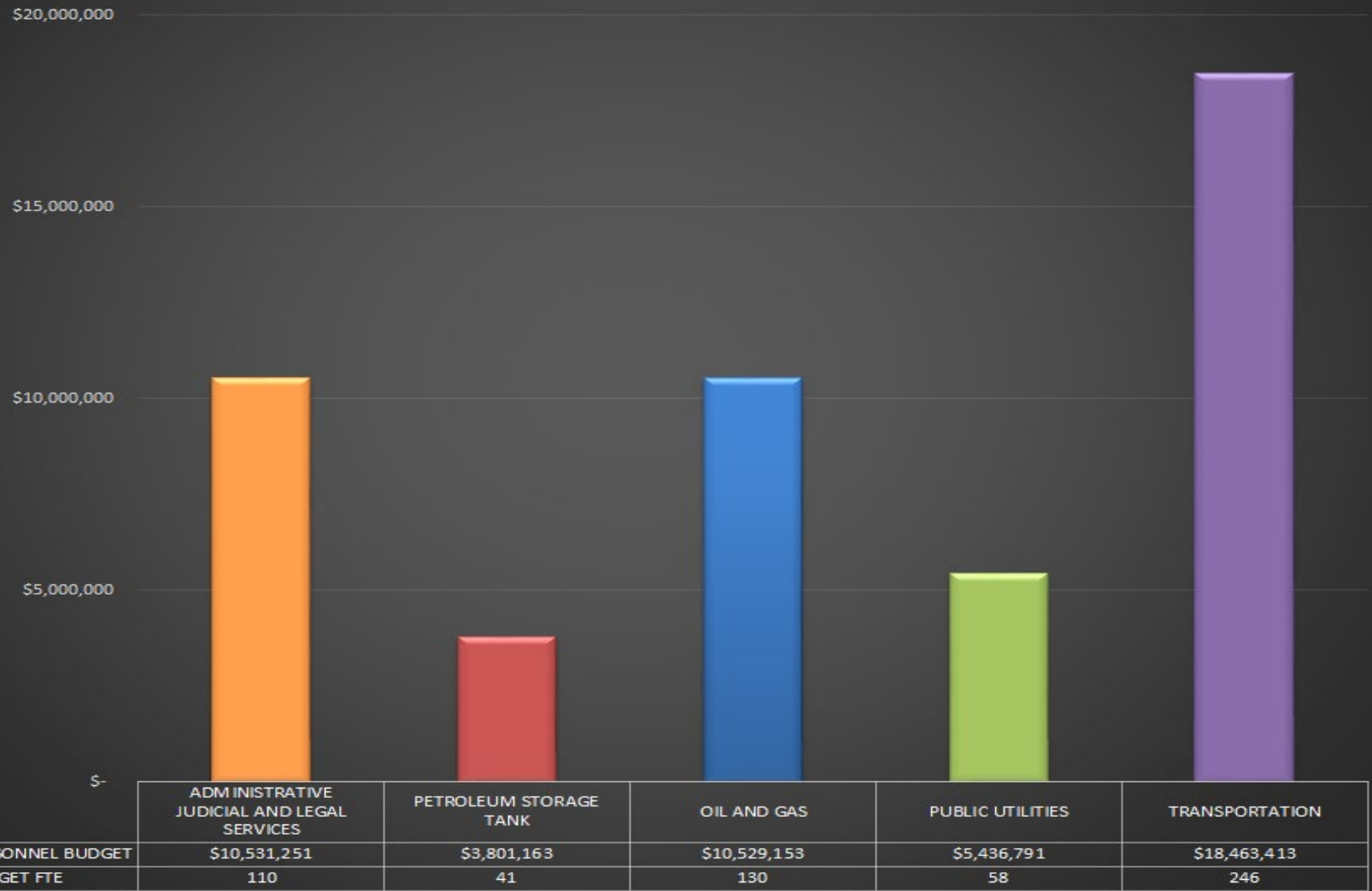
Federal Grants
Federal Reimbursement

FY2021 BUDGET REVENUE \$68,898,095





PERSONNEL COSTS PER DIVISION AND FTE COUNT



FY 2022 Budget Request

No funding increase requested

Sustainable funding combined with efficiency efforts for ongoing projects:

- ***Save** customers time and money*
- ***Enhance** access and transparency for all stakeholders*
- ***Protect** the state's critical infrastructure*
- ***Improve** emergency response and public safety*

TRANSPORTATION DIVISION



Transportation Regulatory Authority

- ❖ For-hire and private motor carriers (intrastate)
- ❖ Natural gas pipelines and hazardous liquid pipelines operators
- ❖ Railroad crossing safety
- ❖ Non-consensual wrecker service operators
- ❖ Transportation network companies (Uber, Lyft, etc.)
- ❖ Operate the state's Ports of Entry and weigh stations.
- ❖ Administer international fuel tax and international registration compacts.

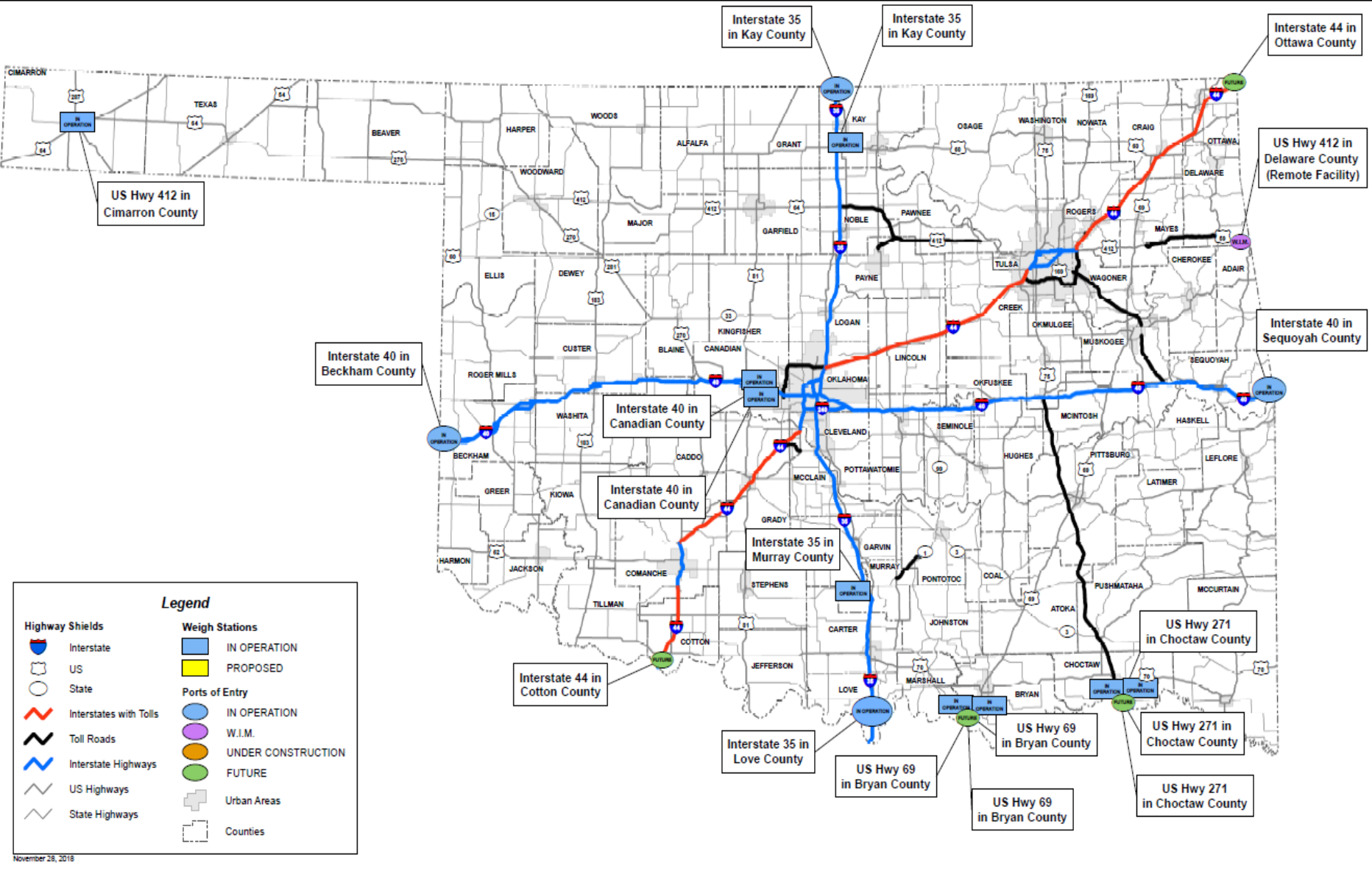
Transportation Enforcement Officers



OCC has had commissioned peace (enforcement) officers since the 1950s.



- 137 enforcement officers as of December 2020, including 98 CLEET-certified officers.
- Operate in and around Ports of Entry and weigh stations.
- Enforce state statutes and federal regulations relating to commercial vehicle size and weight compliance, fuel tax, registration, insurance, and more.



Oklahoma Weigh Stations & Ports of Entry



SAVING TIME, SAVING MONEY



- Installed technology at Port of Entry (POE) enabled **73 percent** of trucks to continue without having to stop, while still being checked for size, weight and insurance.
- Allows for focus on non-compliant trucks.

More than 4 million vehicles screened in 2019

Petroleum Storage Tank Division



PST Regulatory Authority

- ❖ Underground Storage Tanks (UST)
- ❖ Aboveground Storage Tanks (AST)
- ❖ Administers Federal UST Program
- ❖ Administers Petroleum Storage Tank Indemnity Fund
- ❖ Antifreeze, kerosene, motor fuels, motor oil
- ❖ Consumer protection inspections at dispenser pumps to assure accurate measurement and octane rating
- ❖ Risk assessment and remediation of contaminated petroleum release sites

FY 2020 PST Highlights

❖ 19 Fuel Specialists

- performed **3,442 service station inspections**
- performed **56,324 pump calibrations**
- Discovered and prevented the sale of fuel from **207 water contaminated tanks**
- investigated **173 consumer complaints**

❖ **PST activated 123 new release cases**

❖ **PST closed 134 release cases**

❖ **Streamlined application system, resulting in time and cost savings**

Public Utility Division



PUD Regulatory Authority

- ❖ Energy
- ❖ Telecom
- ❖ Water
- ❖ Oklahoma Universal Services Fund
- ❖ External Regulatory Affairs
- ❖ Utility and Telecom Enforcements
- ❖ Consumer Services
- ❖ Administration

FY 2020 PUD Highlights

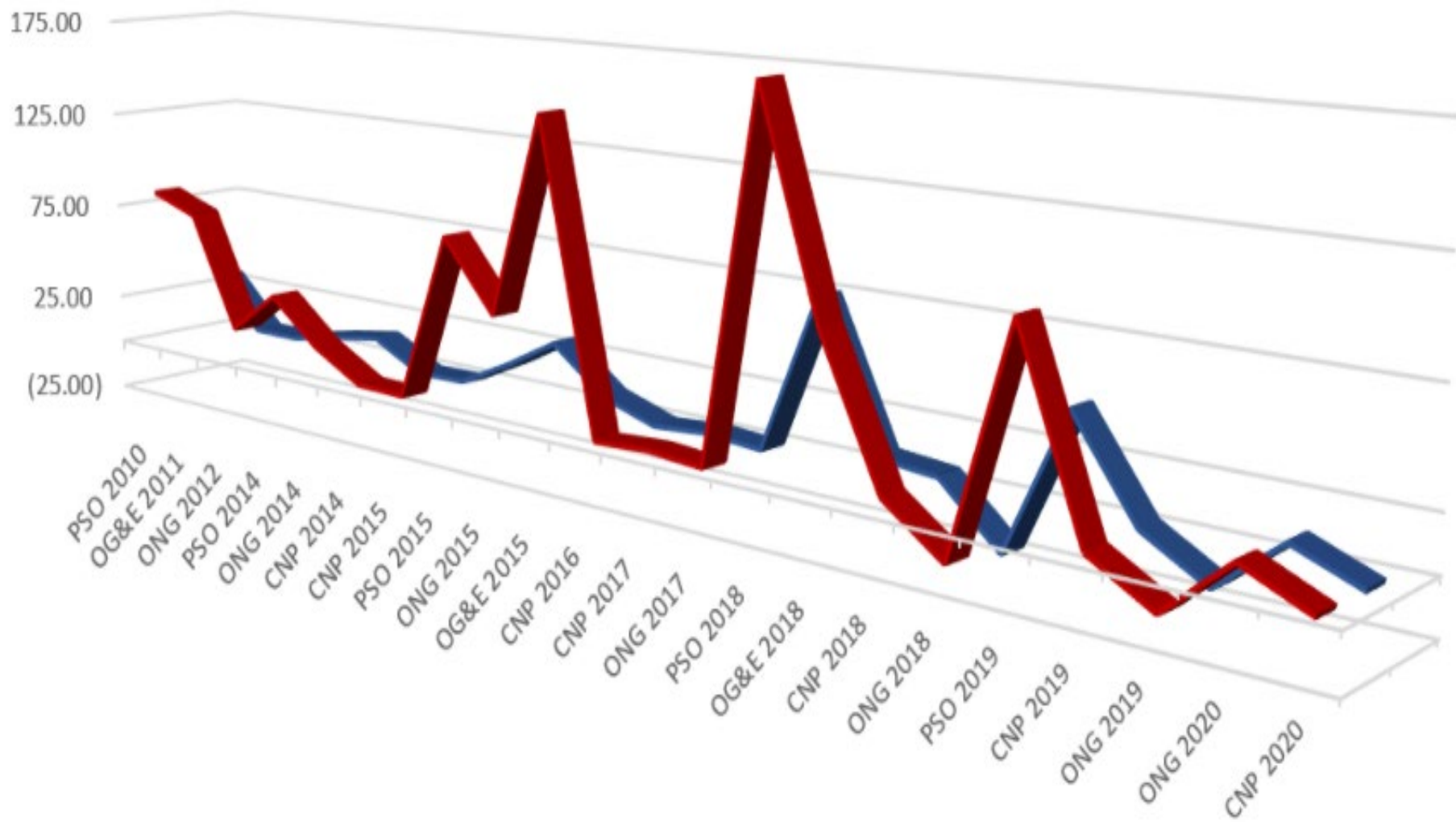
- PUD Audits of Oklahoma Federal Lifeline program- **\$198 million** savings
- Net metering rule changes- residential **utility customers** with **solar and wind** installations now to be **paid for excess power**
- 10,892 utility customer contacts in the call center- **\$51,537.85 returned to customers.**
- Statewide Public Utility safety compliance— **1,301 safety issues worked.**
- Filings for future energy emergencies and utility issues (PUD 202000106 and 202000083)
- PUD moved quickly at start of COVID to increase speed of Broadband service funded by OUSF for schools, telemedicine and libraries.

Oklahoma Generation Mix and Energy Produced - 2020

- **Generation Mix Energy Produced***

– NG:	56.20%	NG:	41.26%
– Wind:	28.01%	Wind:	31.38%
– Coal:	11.20%	Coal:	23.35%
– Hydro:	4.12%	Hydro:	2.94%
– BioM:	0.29%	BioM:	0.58%
– Petro:	0.11%	Petro:	0.00%
– Solar:	0.08%	Solar:	0.04%

Rate Cases Requested vs Granted



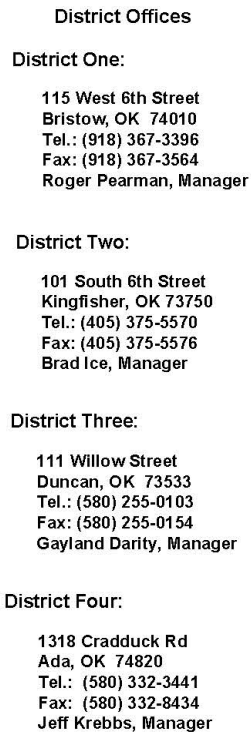
Oil and Gas Conservation Division



Oil and Gas Regulatory Authority

- ❖ Oil and gas operators
- ❖ Oil and gas wells
- ❖ Well inspections
- ❖ Underground Injection Control (UIC) wells
- ❖ Identifying abandoned wells
- ❖ Brownfields

OKC Mailing Address
PO Box 5200
Oklahoma City, OK 73152-2000



Last Updated October 1, 2018

OKLAHOMA OIL AND GAS INDUSTRY

- Active wells:

83,161 Natural gas

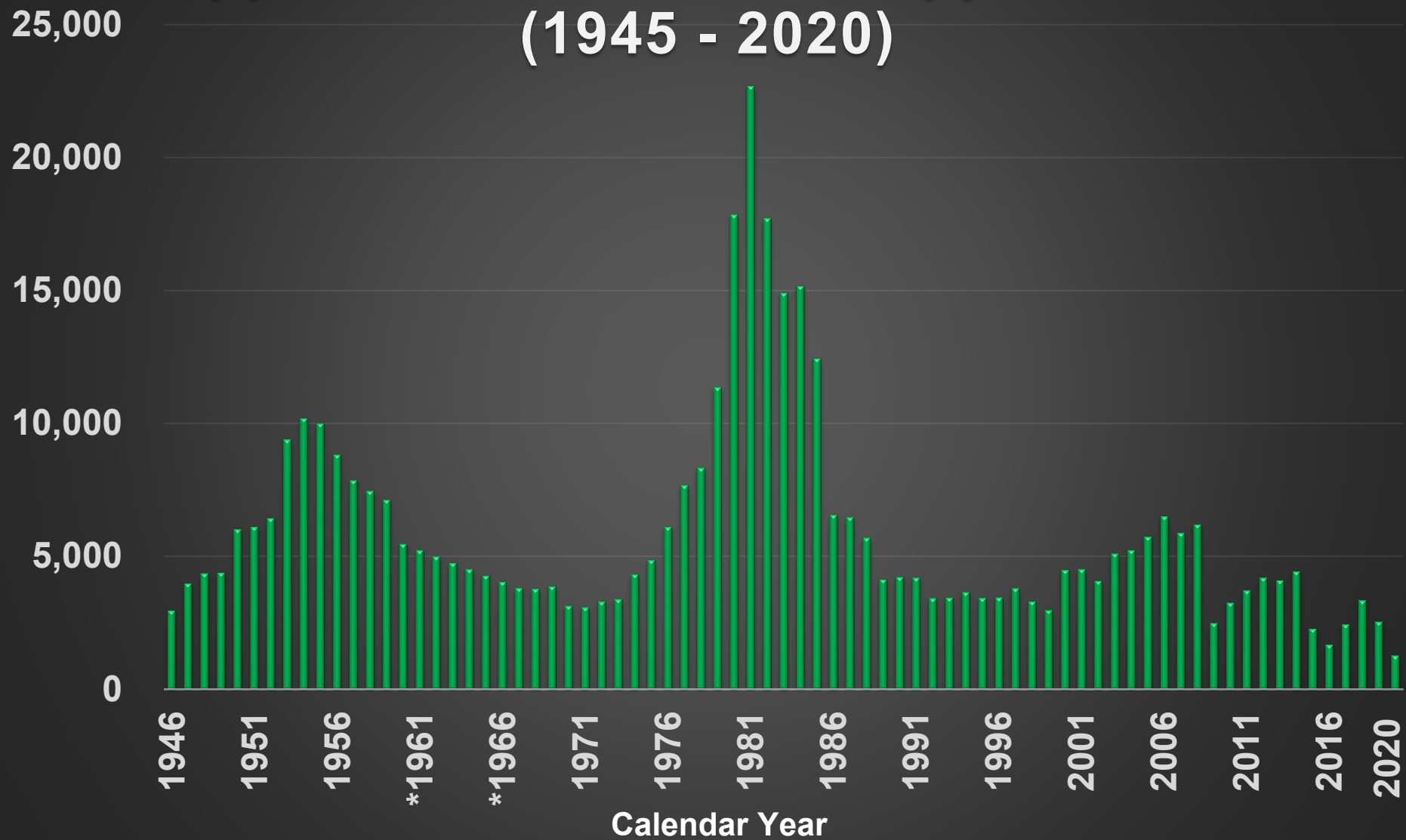
124,741 Oil

11,055 Injection/disposal

218,957 Total active wells

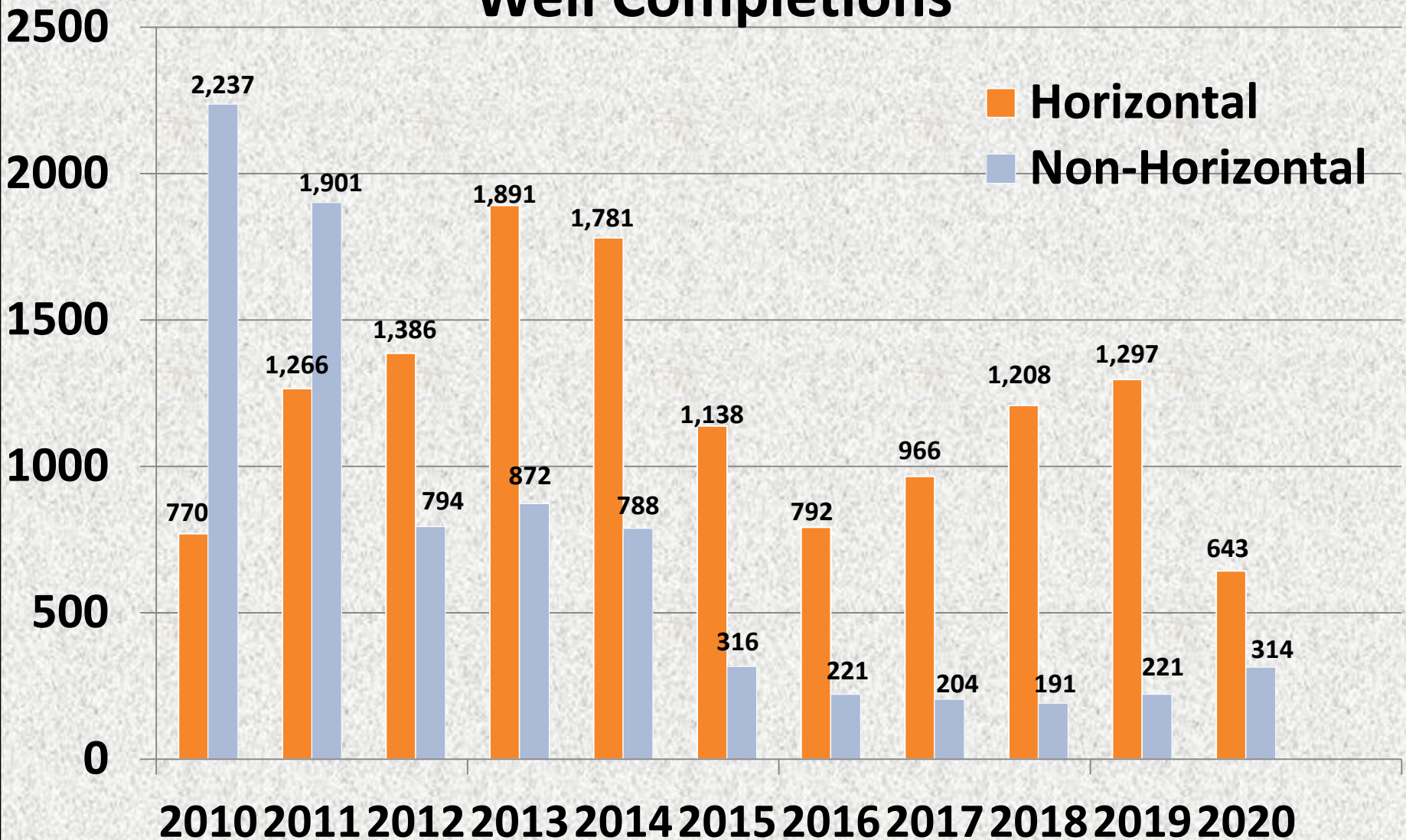
- ~355,000 plugged and abandoned wells
- ~500,000 wells drilled **in Oklahoma history**
- ~2,600 active operators of oil and gas wells (01/2021)
- ~47,150 miles of pipelines (Gathering/Transmission/Distribution)
- ~297 pipeline operators

Approved Intent to Drill Applications (1945 - 2020)



* Data for 1961-1966 is Estimated

Well Completions

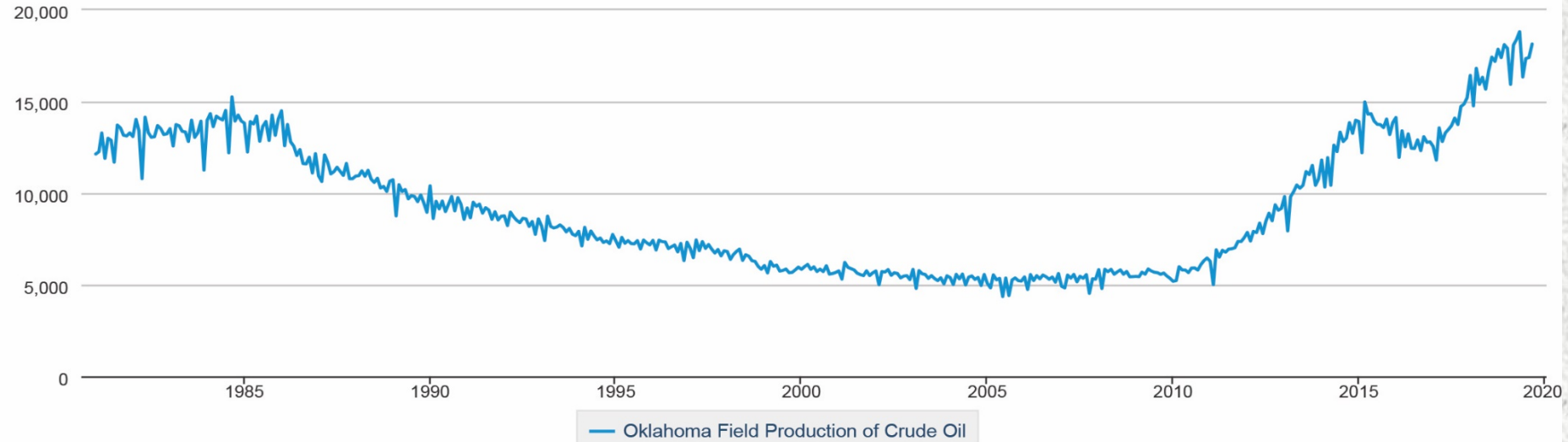




Oklahoma Field Production of Crude Oil

 [DOWNLOAD](#)

Thousand Barrels



Source: U.S. Energy Information Administration



Cushing, OK WTI Spot Price FOB

 [DOWNLOAD](#)

Dollars per Barrel



THOMSON REUTERS

Earthquake count M2.7+ 2015-2020



OCC Daily Earthquake Update

Use year selector or magnitude threshold (right) to filter data

Earthquake Magnitude Threshold

2.7

Year Selection

2015-2020

2015

2016

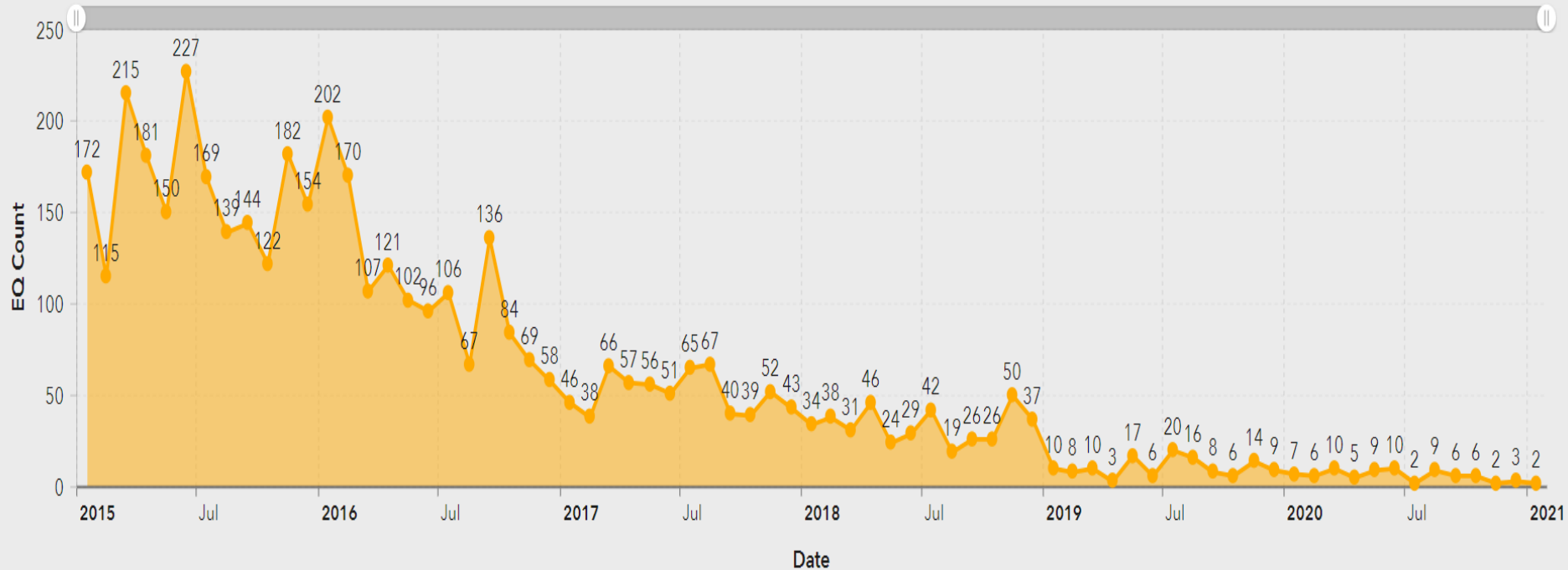
2017

2018

2019

2020

Earthquake Counts OGS Catalog



Please use the tabs at the bottom of the page to navigate to different data panels. At the far right you will find a list of FAQs under About This Dashboard

Last update: a few seconds ago

Earthquake Chart (Line)

Earthquake Chart (Bar)

2.7+ Earthquake Totals By Year

3.0+ Earthquake Totals By Year

2.7+ Daily EQ Rates By Year

3.0+ Daily EQ Rates By Year

OGS Earthquake Map

About This Dashboard

DIGITAL TRANSFORMATION

EMPOWER STAKEHOLDERS

PROBLEMS ADDRESSED

- **30+** years behind on application software upgrades
- **20+** years behind on hardware upgrades
- Security vulnerabilities
- Lack of documentation of **legacy applications, business processes, and/or updated legislation**

PROJECT COMPLETION PROJECTED RESULTS

- Vastly improved service to stakeholders and public
- Cost savings for stakeholders
 - Improved services and efficiencies will save time and money
- Cost savings to agency
 - Estimated \$3 million reduction in OCC IT budget
 - Estimated \$20 million reduction in OCC personnel budget



Resources – Past, Present, Future



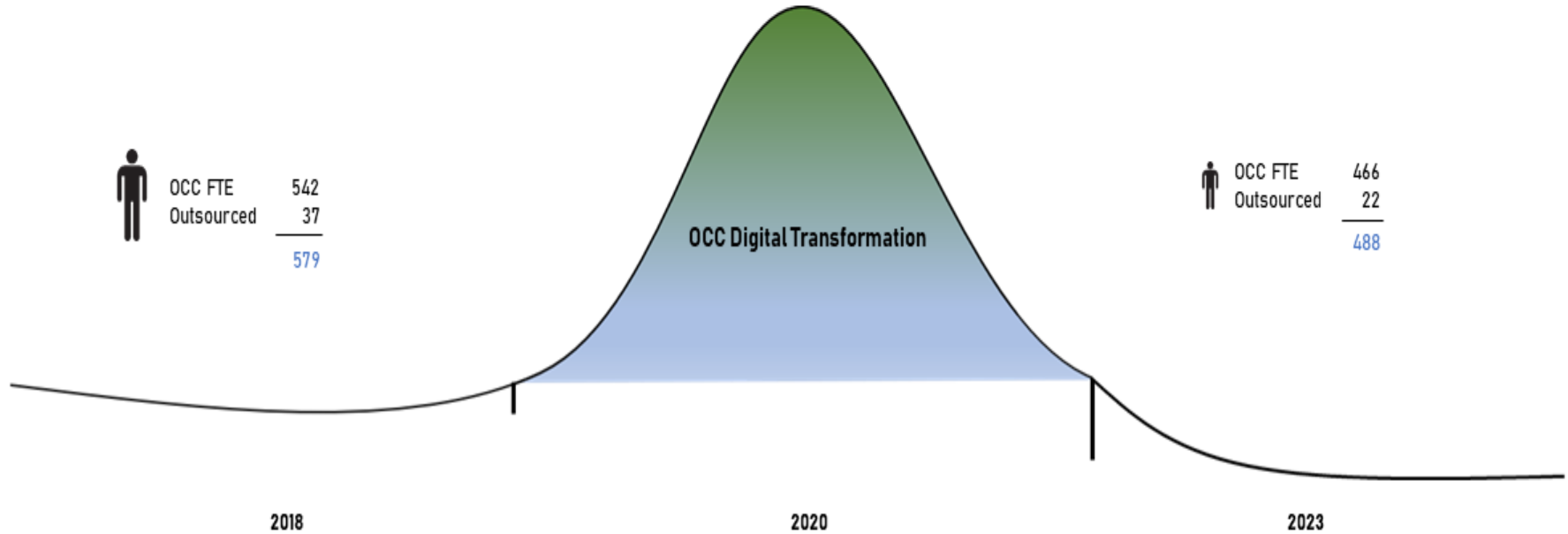
OCC FTE	597
Outsourced	44
	<u>641</u>



OCC FTE	542
Outsourced	37
	<u>579</u>



OCC FTE	466
Outsourced	22
	<u>488</u>



IT Budget	\$5.18 M
Personnel Budget	\$51.2M
Applications/Systems Maintained	52

\$12.65M
\$60.9 M
29

\$9.78 M
\$45.9M
15



Commission Challenges

CARE

- **C**ontinue momentum of phased digital transformation through adequate funding and key partnerships
- **A**tttract and retain qualified personnel
- **R**alize full potential of agency's unique structure and responsibilities
- **E**nhance service to stakeholders, fostering economic development and protecting people and environment

Into the Future



- Regulatory structure **evolving** with technology
- **Top 5** in wind energy, oil and natural gas production and low electric rates
- Ranking **#1** in U.S. and Canada while maintaining **#2 overall** rank as world's most attractive location for oil and gas investment.
- **No increase** requested for FY2022 appropriation.
- Continuing to digitally transform the Commission and improve customer experience
- Remain **accountable** to legislature and public through partnerships with stakeholders and other agencies