

OKLAHOMA CORPORATION COMMISSION 18500

Lead Administrator: Tim Rhodes, Director of Administration

Lead Financial Officer: Holly George, Director of Administrative Services

FY'19 Projected Division/Program Funding By Source						
	Appropriations	Federal	Revolving	Local	Other*	Total
Administrative, Judicial & Legislative Services	\$5,108,954		\$6,283,212			\$11,392,166
Petroleum Storage Tank		\$1,317,000	\$4,211,446			\$5,528,446
Oil and Gas	\$5,320,615	\$587,000	\$7,998,232			\$13,905,847
Public Utilities			\$5,804,300			\$5,804,300
Transportation	\$172,708	\$1,637,000	\$17,588,324			\$19,398,032
Information Technology	\$25,900		\$6,658,492			\$6,684,392
						\$0
						\$0
Total	\$10,628,177	\$3,541,000	\$48,544,005	\$0	\$0	\$62,713,182

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

FY'18 Carryover by Funding Source						
	Appropriations	Federal	Revolving	Local	Other*	Total
FY'18 Carryover	\$0					\$0

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

What Changes did the Agency Make between FY'18 and FY'19?	
1.) Are there any services no longer provided because of budget cuts?	Not at this time.
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?	The ports of entry continue to operate with lower staffing levels with the opening of Love County in late FY17 and the Boise City weigh station opening in FY19, 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 re-appropriation of the well plugging revolving funds over the past three previous fiscal years. 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.
4.) Did the agency provide any pay raises that were not legislatively/statutorily required?	Yes, but the fiscal impact was less than 1% of the agency's overall budget.

FY'20 Requested Division/Program Funding By Source						
	Appropriations	Federal	Revolving	Other	Total	% Change
Administrative, Judicial & Legislative Services	\$5,108,954		\$6,283,212		\$11,392,166	0.0%
Petroleum Storage Tank	\$0	\$1,317,000	\$4,211,446		\$5,528,446	0.0%
Oil and Gas	\$7,307,615	\$587,000	\$8,681,232		\$16,575,847	19.2%
Public Utilities			\$6,204,300		\$6,204,300	6.9%
Transportation	\$1,100,708	\$1,637,000	\$17,588,324		\$20,326,032	4.8%
Information Technology	\$5,325,900		\$6,658,492		\$11,984,392	79.3%
Total	\$18,843,177	\$3,541,000	\$49,627,005	\$0	\$72,011,182	14.8%

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

FY'20 Top Five Appropriation Funding Requests	
	\$ Amount
Request 1: IT Systems Agency-Wide Initiative	\$5,300,000
Request 2: Personnel Enhancements- Oil and Gas	\$987,000
Request 3: Operation of Ports of Entry/Weigh Stations	\$928,000
Request 4: Induced Seismicity	\$600,000
Request 5: Increased Regulatory Requirements- Wind Energy Facilities / Field Enforcement- Utility and Wind, Public Utility Reg. and Disaster Response	\$400,000
Total Increase above FY-19 Request	\$ 8,215,000

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 '20 as was received in FY '19? (Flat/ 0% change)
The agency would continue to be heavily reliant on revolving fund cash balances to fund operations for FY20. Since FY16, the agency has lost over \$4M dollars in appropriated funding and was legislatively mandated to use almost \$10M of revolving funds to balance appropriations. Therefore, receiving a flat budget would continue the pattern of the agency using any excess revolving fund cash to fund operations versus one-time capital investments, such as critical IT infrastructure and application maintenance, as well as delaying the other significant initiatives for which the agency requested funding.

How would the agency handle a 2% appropriation reduction in FY'20?

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. Whereas, 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 (support program for other 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 imperative that the agency be included in discussions involving revolving fund reductions in order to maintain critical services to the citizens of Oklahoma. A 2% reduction in general revenue, \$212,564, could be handled internally with the use of agency revolving funds to balance appropriations. A 2% reduction in revolving funds could be absorbed by the agency and critical functions continue if agency is involved in collaboration of reduction. A 2% reduction in appropriations would bring the total budget cuts to \$4,682,847 that the agency would receive over a 5 year period, which does not include the \$9,650,000 in revolving funds that the agency has used of its own funding to balance appropriations in FY16, FY17 & FY18 due to less general revenue being received for appropriations.

Is the agency seeking any fee increases for FY'20?

	\$ Amount
Increase 1: N/A	
Increase 2: N/A	
Increase 3: N/A	

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 on-going: IMS and applications optimization, which will streamline process and make electronic payments available for case filings, fines and for licenses and permits. 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 \$5,300,000 for FY20.

Federal Funds

	FY 19 projected	FY 18	FY 17	FY 16	FY 15
Federal Funding I 20.700 Gas Grant Program- Hazardous Liquid Program and Underground Gas Storage Program- Transportation Division- Pipeline Safety	\$ 1,637,000	\$ 1,533,000	\$ 1,378,000	\$ 1,577,008	\$ 1,417,655
Federal Funding II 66.804 State Underground Storage Tanks Program (Prevention)- Petroleum Storage Tank Division	\$ 504,000	\$ 459,000	\$ 459,000	\$ 459,000	\$ 465,000
Federal Funding III 66.805 Leaking Underground Storage Tank Trust Fund Program (Corrective Action)- Petroleum Storage Tank Division	\$ 808,000	\$ 808,000	\$ 808,000	\$ 809,000	\$ 987,000
Federal Funding IV 66.433 Underground Injection Control- Oil and Gas Division	\$ 416,000	\$ 210,000	\$ 145,000	\$ 190,218	\$ 309,906
Federal Funding V 66.817 State & Tribal Response Program- Brownfields- Oil and Gas Division	\$ 282,000	\$ 168,000	\$ 159,000	\$ 288,166	\$ 184,611

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

Administrative, Judicial & Legislative Services	The Administrative, Judicial and Legislative Services Program contains the offices of the Commissioners and the Director of Administration, as well as Administrative Services and Judicial and Legislative Services. The Director of Administration is appointed by the three elected Commissioners to facilitate all 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, and mailing/reproduction services to the entire agency. Administrative Services also maintains mineral owner accounts for unlocated mineral owners. Judicial and Legislative Services consists of the Commission's Court Clerk, administrative law judges, attorneys, court reporters, and administrative and support personnel. Judicial and Legislative 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	The Petroleum Storage Tank Program is 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 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. The program assumed oversight of the agency's seismicity response.

Public Utilities	The Public Utility Program 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.
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Transportation	The Transportation Program provides 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. Transportation operates Oklahoma's ports of entry and weigh stations.
Information Technology	OMES-ISD provides technologically advanced support and services in all areas of automation for the Commission. Their responsibilities include: develop new systems and enhancements to existing database application systems, maintain disaster recovery efforts of production systems, imaging of documents and mapping capabilities corresponding to GPS and GIS, coordinate video teleconferencing, maintain electronic messaging and internet capabilities through the Commission's web page and user support.

FY'19 Budgeted FTE						
	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
Administrative, Judicial & Legislative Services *Includes 3 elected Commissioners	26	51	58	12	61	36
Petroleum Storage Tank	10	20	24	0	40	4
Oil and Gas	25	111	15	0	121	5
Public Utilities	18	-	58	0	49	9
Transportation	26	206	32	29	197	12
Total	105	388	187	41	468	66

FTE History					
	2019 Budgeted	2018	2017	2015	2010
Administrative, Judicial & Legislative Services	109	109	110	102	93
Petroleum Storage Tank	44	44	43	43	56
Oil and Gas	126	123	121	121	121
Public Utilities	58	58	58	57	54
Transportation**	238	208	190	201	130
Information Technology *No longer OCC Employees- OMES Employees					25
**Program staffs newly opened weigh stations and ports of entry					
Total	575	542	522	524	479

Performance Measure Review					
	FY'18	FY'17	FY'16	FY'15	FY'14
See attached.					

Revolving Funds (200 Series Funds)			
	FY'16-18 Avg. Revenues	FY'16-18 Avg. Expenditures	June '18 Balance
20200- OCC Revolving Fund General operating fund of OCC.	\$10,243,621	\$10,491,693	\$4,578,437
			*Cash reserves needed for up-front costs for Pipeline Safety program, later reimbursed between 76-78% in partial payments spaced 6-8 months apart, 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 Indemnity Fund Program. To fund the payroll cost of the PST regulatory fuel inspection function.	\$4,225,491	\$4,269,237	\$10,318
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.	\$410,596	\$545,112	\$717,553
			*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 To fund the steps it takes to address wells in need of plugging when discovered by the Oil and Gas Program. This fund is not used for general operations.	\$1,628,383	\$1,768,001	\$2,983,469
			*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 Program.	\$7,862,828	\$7,974,605	\$644,499
			*Cash reserves needed since \$2.8M has been re-appropriated to the agency in FY16, FY17 and FY18- this is PUD's only funding source

22500- L.U.S.T. Trust Revolving Fund To provide support to the leaking underground storage tank effort by the Petroleum Storage Tank Program.	\$323,366	\$84,467	\$1,700,863
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.	\$4,823,484	\$4,786,835	\$1,856,190
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.	\$9,367,217	\$8,501,255	\$5,116,113
250- 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 injuring or destroying pipeline transportation system. The fund was activated in FY17.	\$1,010,000	\$347,909	\$639,342
Total All Funds	\$39,894,987	\$38,769,114	\$18,246,784