

Fiscal Year
2023
ANNUAL REPORT



Commissioner Todd Hiett
Commissioner Kim David
Commissioner Bob Anthony
Commissioner Dana Murphy



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On the cover, Steamboat on the Arkansas River, c. 1906, The Gateway to Oklahoma History; crediting the [Oklahoma Historical Society](#).

Our Mission

Empowering Oklahoma by:

- Ensuring responsible development of oil and gas resources; reliable utility service at fair, just and reasonable rates; safe and legal operation of motor carriers, pipelines, rail crossings and refueling stations; and 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.

Our Vision

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

Want to Know More?

Visit our [website](#) for docket and meeting postings, forms, news, program updates, rules, useful consumer information and well records. Use [Contact Us](#) on our website to reach a specific division or unit.

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THE COMMISSIONERS

Commission Chairman Todd Hiatt



Todd Hiatt is a life-long Oklahoman committed to his faith, family, community of Kellyville and our state. A dedicated cattle rancher and entrepreneur, Hiatt entered public service in 1995 at the age of 27. He would proudly serve the residents of District 29 in the Oklahoma House of Representatives and lead the political sea change as the Republican party ushered in a new era in Oklahoma politics moving from its longtime minority party status to take over the state house in 2004.

Recognized by his colleagues for his unassuming and pragmatic style of leadership, Hiatt was a natural choice in 2002 to serve as House Minority Leader. Here, he paved the way for the Republican Party taking control of the state house for the first time in 80 years. Hiatt would become only

the second Republican Speaker of the House in state history. Under his leadership, a number of critical economic development, education reform, agricultural enhancement and rural growth pieces of legislation would become law.

Leaving the legislature after a successful 12-year tenure, Hiatt returned to his business roots. He worked with various entities in the banking, manufacturing, navigation and energy industries. As a legislator, Hiatt raised the bar for curriculum standards and graduation requirements. In the private sector, his business acumen was shared with many pro-growth companies such as Webco Industries and Callidus Technologies.

Public Service would again call when Hiatt successfully ran statewide for the office of Oklahoma Corporation Commissioner. After being sworn into office in 2015, Hiatt wasted little time delving into his crucial role regulating the state's oil and gas industry, public utilities, and other business entities.

As part of a three-member panel, Hiatt has twice served as Commission Chairman. His efforts on behalf of ratepayers have led to a stable regulatory environment while promoting innovation and efficiency in Oklahoma's energy sector.

Hiatt is married to Bridget Hiatt, an administrator at Kellyville Elementary School. The pair have three children. Sons Jimmy and John, and daughter Hillary, who, like their parents, are graduates of Oklahoma State University.

The Hiatts continue to operate their ranch in Kellyville. The Commissioner also serves on the SpiritBank board of directors and as a member of the SpiritBank Corp. Holding Co.

Commission Vice-Chairman Kim David



Commissioner Kim David was sworn in to her first term as a Corporation Commissioner at noon on January 9, 2023. She was elected by the Corporation Commission to serve as Vice-Chair effective May 22, 2023.

A native Oklahoman, Commissioner David was recognized as an established trendsetter during her tenure in the Oklahoma State Senate from 2010 to 2022. She

Commissioner David is the first woman since statehood to be named majority leader of the state senate. She is the first woman to chair the Senate Appropriations Committee and is the first republican woman to serve as majority whip.

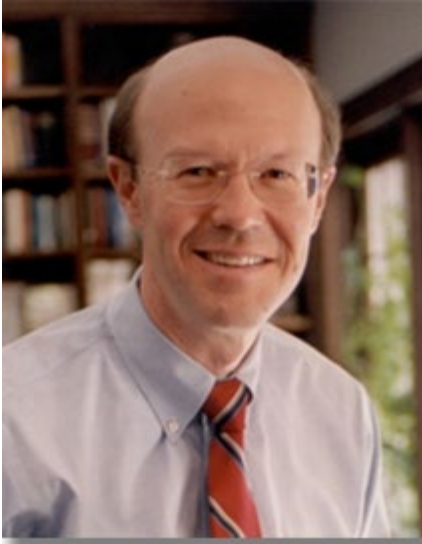
During her final term in the state senate, Commissioner David sponsored legislation creating a hydrogen fuel production standard and establishing provisions for reporting hydrogen fuel production.

As small business owner managing multiple properties, Commissioner David is well-versed on issues impacting small businesses. She previously worked in petroleum marketing both nationally and internationally. She is currently a member on the Committee on Electricity and the Subcommittee on Pipeline Safety for National Association of Regulatory Utility Commissioners and is a member of the Financial Research Institute advisory board.

Commissioner David's husband, Dan, is a retired federal law enforcement officer. Her daughter is an officer in the Oklahoma Air National guard. Her son served in the U.S. Marine Corps. She is also the proud grandmother of three grandsons.

Commissioner David holds a Bachelor of Science in Petroleum Geology from Oklahoma State University.

Commissioner Bob Anthony



Bob Anthony, Republican, is currently the longest serving utility commissioner in the United States and has served six times as chairman of OCC. He is a member of the board of directors for the National Association of Regulatory Utility Commissioners and past chairman of the National Regulatory Research Institute. The United States Secretary of Energy has appointed Anthony to a fifth term on the National Petroleum Council. He currently serves on the Public Interest Advisory Committee of the Gas Technology Institute. He is past president of the Mid-America Regulatory Conference, a member and past president of the Economic Club of Oklahoma and for eight years served as a delegate to the worldwide General Conference of the United Methodist Church.

Anthony holds a BS from the Wharton School of Finance at the University of Pennsylvania; a Master of Science from the London School of Economics; a Master of Arts from Yale University; and a Master of Public Administration from Harvard University. He rose to the rank of captain in the U.S. Army Reserve. In 1972 he served as staff economist for the United States House of Representatives Interior and Insular Affairs Committee (now called the Natural Resources Committee). From 1979 to 1980 Anthony served on the Oklahoma City Council as Ward 2 Councilman and then as vice mayor. In 1980, at age thirty-two, Anthony became president of C.R. Anthony Company retail stores, then the largest privately-owned firm headquartered in Oklahoma. During his seven-year term as president, the retail chain issued more than 10,000 W-2s annually, with sales, payroll, employment and dollar profits reaching all-time record levels. In 1988 he was chairman of the Trust Committee of Oklahoma's largest bank trust department.

In 1995 the Federal Bureau of Investigation honored Anthony with its highest award given to a citizen who "at great personal sacrifice, has unselfishly served his community and the nation." Among other recognitions, the AARP of Oklahoma presented Anthony with an award recognizing "his tireless efforts on behalf of Oklahoma consumers."

Anthony has served as an Oklahoma elected official longer than any other current statewide office holder, winning his sixth consecutive term in 2018, with a victory in all seventy-seven counties. He initially ran for the Corporation Commission in 1988, becoming the first Republican elected to that body in sixty years and receiving more votes than any Republican since statehood. In 1994 Anthony became the first Republican incumbent in Oklahoma history to win statewide re-election to a state office. In 2000 he was re-elected, receiving more votes at that time than any candidate for state office in Oklahoma history.

All four of Anthony's grandparents came to Oklahoma before statehood. His father was born in Cleveland, and his mother grew up in Enid. The Commissioner and his wife, Nancy, were married in 1975 and are the parents of four daughters and have five grandchildren.

Commissioner Dana Murphy



Commissioner Murphy completed her second six-year term as a Corporation Commissioner at noon on January 9, 2023, when her successor was sworn into office.

Born in Woodward, Oklahoma, Commissioner Murphy is a fifth-generation Oklahoman deeply committed to her home state. After attending Central State University in Edmond, Oklahoma, where she received the Best All-Around Freshman Athlete award, she attended Oklahoma State University (OSU) and graduated in the top ten percent of her class with a bachelor's degree in geology. After practicing as a geologist for ten years, she obtained her law degree cum laude while working and attending night school at Oklahoma City University.

On November 4, 2008, she was first elected to the statewide office of Oklahoma Corporation Commissioner for a partial two-year term. She was re-elected to full six-year terms on July 27, 2010 and July 13, 2016. She previously served as Chairman of the Corporation Commission from January 3, 2011 through July 31, 2012 and February 1, 2017 through March 31, 2019.

Commissioner Murphy's prior experience includes serving for almost six years as an administrative law judge at the Commission, where she was named co-employee of the year for 1997 and received the Commissioners' Public Servant Award in 2001. She has more than 22-years' experience in the petroleum industry including owning and operating a private law firm focused on oil and gas title, regulatory practice and transactional work and working as a geologist.

In March 2007, Energy Advocates recognized Commissioner Murphy as an *Outstanding Woman in Energy*. In 2010 she was recognized for dedicated service by the National Association of Royalty Owners and in 2011 received the Friends of Agriculture Cooperatives Award. She is also a recipient of the University of Central Oklahoma Distinguished Alumni Award for 2012. She serves as a trustee and previously served as a care chaplain for the Church of the Servant United Methodist Church in Oklahoma City. She also serves as a member of the Salvation Army's Central Oklahoma Area Command Advisory Board.

Commissioner Murphy lives in Edmond, Oklahoma, but continues to be actively involved with her family's farm and ranch in Ellis County, Oklahoma.

OKLAHOMA CORPORATION COMMISSION HISTORY



Constitutional Convention, 1907 (3832.A, Frederick S. Barde Collection, Oklahoma Historical Society)

On November 20, 1906, 112 delegates – 55 elected from the Oklahoma Territory, 55 elected from Indian Territory and 2 elected from the Osage Nation – gathered in Guthrie to draft the state's constitution. The constitutional convention would adjourn, for the most part, on March 15, 1907. After a few more meetings for some final tweaks to its language, the constitution was submitted to a vote of the people on September 17, 1907, and passed overwhelmingly with 71 percent approving the document.

Article 9 of the Oklahoma Constitution included the creation of the Oklahoma Corporation Commission ("Commission" or "OCC").

The first state legislature gave the Commission the authority to regulate public service corporations including any private company delivering public services that were considered essential to the public interest.

Initially, the services regulated by the Commission included companies engaged in transmission and transportation, primarily telephone, telegraph and railroads.



Meyers Photo Shop. Mangum Railroad Depot, photograph, [1900..1902]; The Gateway to Oklahoma History, <https://gateway.okhistory.org>; crediting Oklahoma Historical Society.

At statehood, the Commission was also directed to collect and maintain records of the directors, officers and stockholders of the 12,500 various corporations chartered or licensed to do business in the state.

As Oklahoma grew, the legislature decided to place authority over most companies with the Office of the Secretary of State or other state entities while the Commission maintained authority over public service companies.

The Commission's authority expanded in 1908 to include pipelines and telephone services and again in 1913 adding the regulation of heat, light, power rates and water.



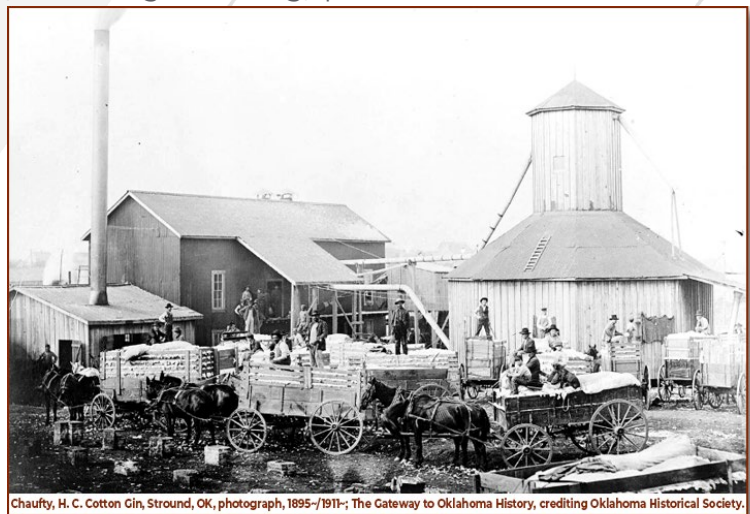
Cimarron River bed operations, Cushing Oil Field, December 2, 1915, Oklahoma Historical Society

While the first commercial oil well in Indian Territory was the Nellie Johnstone No 1 drilled near Bartlesville in 1897, it wasn't until 1914, that the Commission would begin regulating oil and gas when it restricted production and drilling in the Cushing and Healdton fields to prevent waste when the supply of oil exceeded pipeline transport capacity. The following year, 1915, the state legislature passed the Oil and Gas Conservation Act. The new

law expanded regulation of this industry to include the protection of rights to all parties entitled to share in the benefits of oil and gas production. During that same year, cotton gins were declared to be public utilities and the Commission's authority over utility companies was expanded to include practices, as well as rates.

The Commission's basic regulatory responsibilities have remained intact though many changes in both federal and state laws have changed what is regulated.

Currently, the Commission regulates public utilities, except those under federal or municipal jurisdictions or exempt from regulation; oil and gas drilling, production and environmental protection; aspects of motor carrier, rail and pipeline transportation; most taxis, limousine and for-hire buses; transportation networks (e.g., Lyft, Uber); towing companies performing non-consensual tows; cotton gins; pipeline transportation; and private water companies. The Commission also has the responsibility of ensuring proper operation of fuel dispensing units (i.e., gas pumps) at all retail filling stations and the remediation of groundwater and soil pollution caused by leaking petroleum storage tanks.



Chauffy, H. C. Cotton Gin, Stroud, OK, photograph, 1895-1911-; The Gateway to Oklahoma History, crediting Oklahoma Historical Society,

The Commission also enforces federal regulations regarding the underground disposal of certain oil and gas waste fluids.

The agency comprises three Commissioners who are elected by a statewide vote to serve a six-year term. The terms are staggered so one Commissioner vacancy occurs every two years. The Commission has administrative, judicial, and legislative authority. The three Commissioners rule on all regulatory matters within the jurisdiction of the Commission and their orders are only appealable to the Oklahoma Supreme Court.

Administrative Services

The Commission strives to deliver government services efficiently and effectively. Working hard behind the scenes to make our efficiency efforts successful is Administrative Services. Comprised of finance, general services, and human resources functions for the entire agency, this division oversees all fiscal, facilities and human capital operations of four core divisions – Transportation (TRN), Oil and Gas Conservation (OGCD), Petroleum Storage Tank (PSTD) and Public Utility (PUD). Its responsibilities include:

- Create and present monthly financial statements and quarterly and annual financial reports for the Commission
- Respond to financial audits requiring corrective action plan(s) and track progress
- Establish, maintain, and analyze the agency's fiscal budget
- Provide fiscal impacts and monitor legislation
- Perform procurement and accounts payable functions, including the Purchase Card program
- Process all agency revenue and deposits within statutory timeframes
- Perform clearinghouse disbursements for the International Fuel Tax Agreement (IFTA) and International Registration Plan (IRP) programs
- Reconcile all agency accounts and make transfers to appropriate funds
- Open, sort, scan, and route agency mail
- Receive goods, process receipts, and distribute them to divisions
- Maintain inventory, surplus, and asset management
- Manage building projects, safety inspections, and related requirements
- Complete risk management surveys and forms
- Process bi-weekly payrolls
- Interview, on-board, and off-board agency personnel
- Provide HR support (benefits, retirement, performance reviews, salary changes, and other personnel functions for all 500-plus employees)

Financial Review

Commission operations are categorized into three fund types: discretionary, restricted, and federal.

Discretionary funds include money appropriated from the state's general revenue fund and the Commission's revolving fund, of which both may be spent for all agency-related operations.

Restricted funds are monies deposited into agency revolving funds that regulated entities pay for licenses, permits, fees, and fines. State law limits the expenditure of these funds to that which is expressly permitted by statute. These funds *may not* be transferred to other departments or expended for other uses within the agency.

Federal funds in the form of grants for programs administered by Commission personnel may only be expended for the grant's specified purpose.

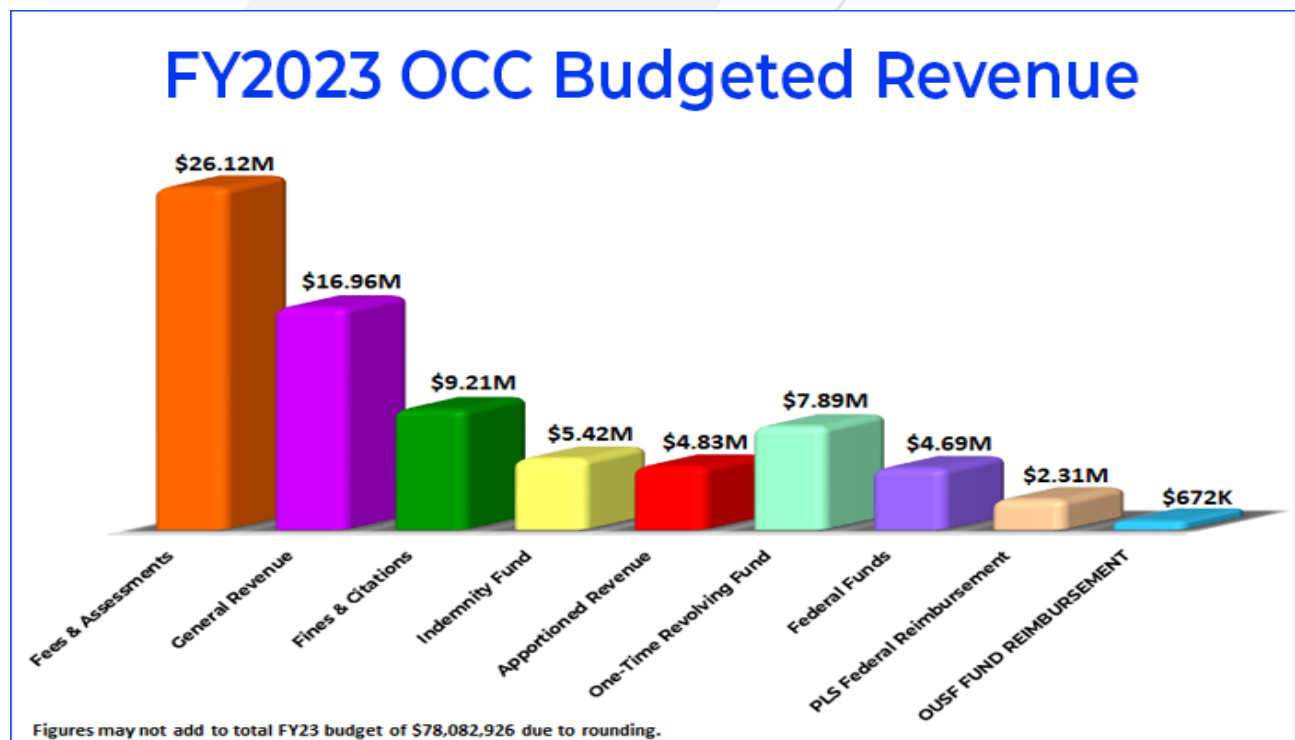
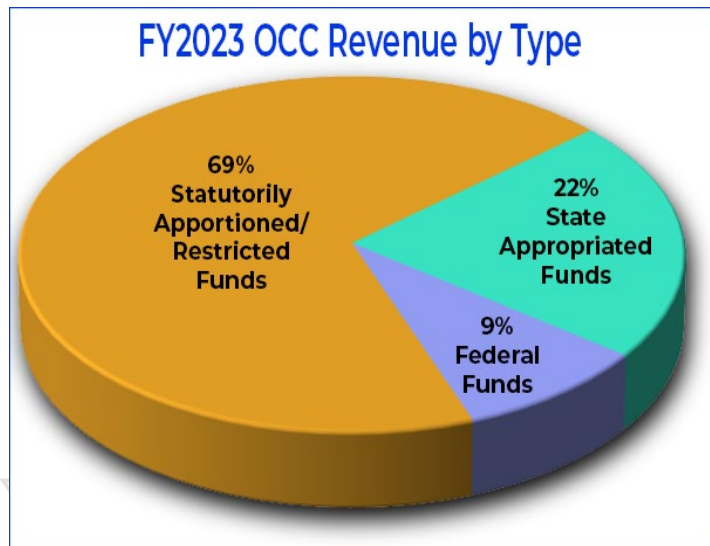
Also on the balance sheet are two fiduciary funds for unlocated mineral owners and oil and gas operators' surety.

Appropriated state funds account for 22 percent of the agency's 78 million budget. Federal funds make up about 9 percent. The bulk of agency revenue, 69 percent, comes from customers through assessments, fees, citations, the Indemnity Fund and revenue apportioned by state. The PUD and PSTD are self-funded and do not receive state appropriations.

PUD funds itself through an assessment on regulated entities, wind fees, and reimbursement from the Oklahoma Universal Service Fund (OUSF) for certain costs to administer the programs.

PSTD receives money from the Indemnity Fund, which is largely funded by a motor fuel assessment, along with petroleum storage tank fees, licenses, and federal grants.

TRN and OGCD rely on appropriations, fees, and fines to cover operational costs. Revenue to each of these divisions is inherently unpredictable due to economic factors, like oil and gas drilling activity, impacting the amount of funding generated each year.



The state's initiative for digital transformation and agency modernization received legislative appropriations in FY23. The Commission used this funding to expand the QuickPay module in its Information Management System (IMS) enterprise system, which resulted in ACH functionality, an extremely affordable electronic funds transfer payment option for all agency customers.

Efficient and Effective Cost-savings

Agency Spending Limits Increased

Good stewardship of public funds is critical to maintain public trust in a governmental entity's operation, procedures, and processes. In terms of improving its buying power, FY23 ushered in spending limit increases including authorization for regular purchases from \$50,000 to \$150,000, before additional authorization was required. The Commission's spending limit for Purchase Card (P-Card) transactions rose from \$5,000 to \$25,000. The advantage to the agency provided for quicker processing of purchases while reducing overall turn-around time on requisitions. For P-Card purchases, the agency realized the potential for a higher savings rebate.

The effort to increase the spending limit authorization was spearheaded by Level II Certified Procurement Officer (CPO) LaKeesha Sirls who updated agency procurement policies. She then petitioned the Office of Management and Enterprise Services (OMES) for approval. Late in FY23, CPO Kristi Wingo obtained her Level II Certification and began cross-training to help ensure the agency maintains its higher spending limits. These increases are conditional upon a favorable OMES audit and employing at least one Level II CPO.

Fleet Vehicle Review and Cost-savings

Following personnel costs and IT-related purchases, maintaining a vehicle fleet can present one of the largest expenses for an agency. Early in FY23, the Commission began a full review and evaluation of its vehicle fleet to determine if vehicular use met all state guidelines and whether they were operated and assigned efficiently. The timing would prove prescient as Governor Stitt



issued an executive order in May 2023 which sought to downsize the state's fleet inventory, mandated installation of a GPS location device in every vehicle and required all fleet inventory to be placed on the Fleet Management M5 database.

The Commission's review and compliance with the forthcoming, yet unknown, executive order was completed by October 2022. Annualized savings of more than \$500,000 in fleet vehicle costs were realized through this evaluation effort. TRN placed shared vehicles at every Port of Entry (POE) location resulting in a 25 percent reduction in the number of vehicles assigned to this division. The savings were re-invested in Motor Carrier/Vehicle Officer salaries to make their pay scales more competitive with market averages. These much-needed salary adjustments were achieved without requesting additional appropriations.

The agency's focus on maximizing state resources resulted in making the 32 surplus vehicles available to assist 2 state agencies, 4 county sheriff offices, 9 municipal police departments and 1 college police department replace older vehicles. These entities will take delivery in FY24:

- CLEET – 6
- DPS – 5
- Atoka County Sheriff
- Choctaw County Sheriff
- Haskell County Sheriff – 2
- Murray County Sheriff
- Boley PD
- Davis PD
- Gore PD
- Hugo PD – 2
- Lone Grove PD – 2
- Spiro PD – 2
- Stigler PD – 2
- Tonkawa PD – 2
- Valliant PD – 2
- Murray State College PD

Electronic Workflow Improvements

Businesses processes can help an agency improve efficiencies or stymie productivity. A strategic effort to streamline these processes in FY23 resulted in extensive changes to the Commission's Laserfiche electronic procurement workflow approvals for purchases, travel and change order requests initially implemented during the pandemic. Approval for transactions below \$25,000 were delegated by the OCC Appointing Authority (OCCAA) to the regulatory division's fiscal staff and division director. Well-plugging workflows were also evaluated to ensure prompt processing due to the newly awarded Infrastructure Investment and Jobs Act (IIJA) grant to address abandoned wells in the state. Training sessions were conducted to ensure staff were properly trained and had sufficient skillsets to perform these critical tasks. The OCCAA and Agency Comptroller maintain approvals for all items above \$25,000. Additional workflow processes were added for Minerals Owner Escrow Account (MOEA) and Surety to automate all approvals for fiscal transactions. Financial reporting capabilities and transparency increased significantly once all transactions were tracked within Laserfiche.

Welcome to Workday



Just six weeks into FY23, after two years in development and practice trials, OMES rolled out Workday and its human capital management software system. Agencies spent the second half of August and much of September training employees on the new system which included, timekeeping, leave accruals, benefits tracking, and employee evaluations. On the finance side of the ledger, Workday provides greater detail in costing allocation including worktags which the agency utilizes to provide greater transparency and accurate reporting for indirect costs, remote work hours and tracking the

strategic goal of training both conducted and attended. The agency's intuitive choice to move to biweekly payroll and actual time reporting in 2019 eased the transition into the new system.

Relocating One of the State's Largest Agencies

FY23 was a year of transition at OCC. In addition to swearing in a new Commissioner and naming a new OCCAA, the agency embarked on a major relocation effort to move out of its long-term home at the Jim Thorpe Building (JTB). The historic state office building, constructed in 1938, would begin a three-year, \$70 million renovation on July 1, 2023.

Governor Stitt approved the measure to *renovate, repair, and remodel* the building in May 2022. The legislation provided OCC approximately 13 months to find alternative, temporary office space for its courtrooms, divisions, and almost 300 personnel who officed at the JTB and complete the move.



OCC undertook the task without an appropriation increase to its FY23 budget. Despite inherent costs related to relocation such as movers, potential rent, utility costs, infrastructure investment and other associated costs, OCC estimates it saved Oklahoma taxpayers more than \$3.35 million in its move to the State's Will Rogers Memorial Office Building (WRB).

As one of the state's largest agencies, OCC had numerous considerations in finding workable office space without sacrificing its commitment to customer service, the industries it regulates, consumers and ongoing efficiency projects. The move had to absolutely be as seamless as possible without disruption to ongoing hearings before administrative law judges and the full commission, along with all other agency operations, processes, and functions. Strict adherence to the Oklahoma Open Meetings Act was maintained through the move.

With the tremendous assistance of OMES, OCC began moving into space occupying the first floor and half of the fourth floor of the WRB. Due to ease of public access and employee safety concerns, the Concourse Theater in the tunnel between the WRB and Sequoyah office buildings will be used as the primary Commissioner meeting courtroom for the duration of the JTB renovations.

OCC also traded some fourth-floor space for basement office space previously housing part of the Oklahoma Emergency Management Department. This space provides additional courtrooms utilized regularly by agency administrative law judges for hearings. OCC's Transportation Division will occupy some rented space in the nearby Oklahoma Department of Transportation (ODOT) Building since not all employees could be accommodated at WRB.

Downsizing does not begin to describe OCC's relocation to WRB. In all, the agency – without giving up any of its constitutional or statutory duties, moved from the 90,000 square feet it

occupied at JTB to 48,000 square feet at the WRB and ODOT combined. This is a tremendous reduction of almost 50 percent in the agency's office footprint, and it did not come without some redesign of the agency's already hybrid work schedules, location, and other disadvantages.

The pandemic introduced most office workers to teleworking which will continue to play an important role during OCC's tenure at the WRB. The agency also introduced hoteling in the workplace in which more than one employee uses the same workspace at alternate times or days to ensure its workforce is working effectively both onsite and offsite.



The move to a state office building resolved the issue of non-budgeted office space rental expenses saving the state approximately \$3 million over the three-year relocation period. After the renovation is complete, OCC anticipates it will be charged to lease the office space it previously occupied at no additional cost.

Additional cost savings realized in the move include:

- Reducing office equipment leases from 100 to 27 printers/copiers realizing an estimated annualized savings – \$175,000
- Using two-thirds of existing cubical spaces for hoteling and short-term office space at WRB – \$30,000
- Utilizing existing equipment for secure badge entry access at WRD – \$25,000
- Migrated the agency's more advanced WIFI network switches to WRB to connect personnel to the OMES Mist Platform. Relocating to another state building also negated installation of any cabling/networking gear – \$150,000
- OCC purchased several mobile cart 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

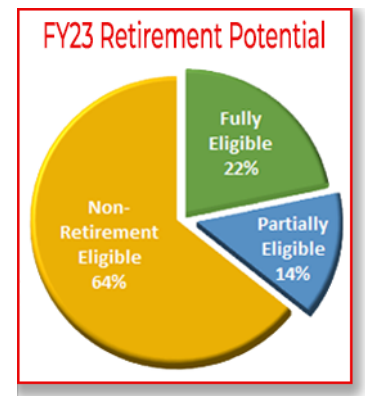
The relocation effort was headed up by a three-person team consisting of Karl Griffith, Facilities Team Lead, Rodney Paul, Special Projects Coordinator, and Brooke Burnett, Special Projects Coordinator. The trio worked tirelessly to ensure the needs of the agency were addressed and to accommodate personnel requests regarding relocation of furniture, computer/technology, customer access, security and other concerns. It was a monumental task they made look easy despite the many hours and physical labor they contributed to its success.

Human Resources

A four-person Human Resources (HR) team supported, on average, 518 employees in five divisions posted across the state in FY23. HR support includes advice, guidance, compliance, certain training and administrative functions for personnel in all employment-related issues.

The OCC has a diverse workforce, and its agency demographics include:

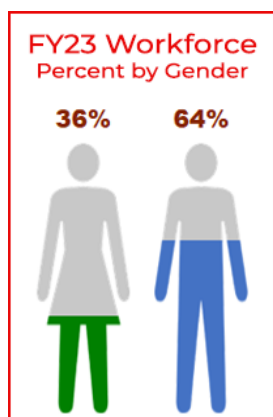
- The average employee age is slightly over 50 years old
- 22 percent of employees were retirement eligible. The number increases to 36 percent over the next five years
- 71 percent of personnel have five years or more of state service while 10.23 percent have more than 20 years of service
- Field staff account for 42.27 percent of the agency's workforce



The OCC HR department was among the top agencies selected as an integral contributor to the statewide salary planning process and the OMES Job Validation Study. The process required many weeks of virtual meetings to thoroughly discuss the state's current jobs and job descriptions to modernize all state positions and analyze job salaries.

Additional fiscal year activities included:

- Administered pay-rate changes for court reporters mandated by the legislature
- Performed over 777 transactions, including hiring, promotions and appointment/title changes
- Processed 74 staff separations due to resignations, dismissals and retirements
- Handled numerous transactions relating to disability insurance benefits, Family Medical Leave Act, health insurance benefits, life insurance benefits, jury duty, leave without pay, garnishments, military leave, paid leave, retirement benefits, shared leave and Sooner Save
- Provided coaching, discipline and training in the areas of workplace safety, Workers' Compensation, employee development, the Fair Labor Standards Act, the Performance Management Process, SEAT and other areas
- Digitized all employee files, including retirement, benefits, I-9, and FMLA files



HR met its goal to be paperless and continues efforts to scan all personnel files for electronic storage to minimize paper usage.

OCC's workforce was reduced by two percent from the previous fiscal year largely due to natural attrition, post-pandemic concerns and superior salaries offered by private industry.

The agency is committed to ensuring that every hire is necessary to meet its constitutional and legislative mandates and streamlining the on/off boarding process. The HR team is dedicated to gaining efficiencies and promoting meaningful change agency-wide while both modernizing for the future and re-integrating much of its pre-pandemic posture.

Oil and Gas Conservation Division

In 1915, the state legislature gave OCC statutory responsibility to regulate the state's oil and gas exploration and production industries. The Oil and Gas Conservation Division's (OGCD) primary responsibilities are to:

- Abate and prevent any pollution that might result from oil and gas exploration and production activities
- Prevent waste of the state's oil and gas resources
- Protect correlative rights of all entities entitled to share in the proceeds generated from the production and sale of oil and gas

This Division's mission statement further clarifies its focus for staff, stakeholders, and the public:

To provide compliance, information, investigation and permitting services to the oil and gas industry, landowners, mineral interests and the general public so together we can develop the oil and gas resources of the state in a fair and orderly manner while protecting the environment and ensuring the public's safety.

To accomplish its mission, OGCD is organized into seven departments:

- Field Operations
- Pollution Abatement
 - Environmental Waste Management
 - Brownfields
- Technical
 - Compliance
 - Technical Review
- Induced Seismicity
- Underground Injection Control (UIC)
- Surety and Mineral Owners Escrow Accounts (MOEA)
- Administrative
 - Document Handling
 - Intents to Drill
 - Well Records

Field Operations Department

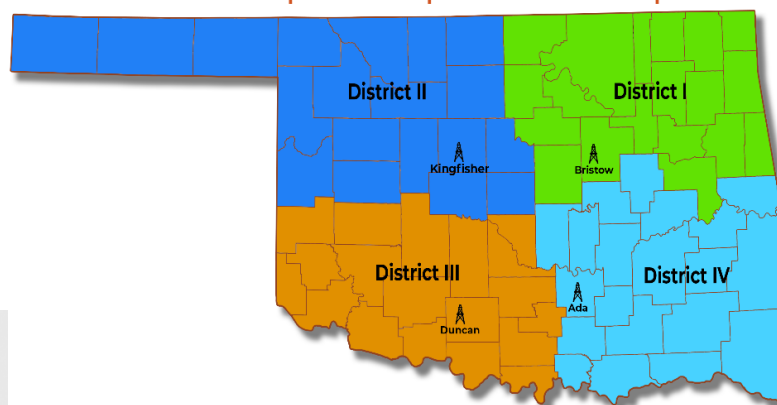
The purpose of the Field Operations Department is to provide investigation, enforcement and assistance services to the oil and gas industry, surface owners, mineral owners and the public so it can access information, resolve issues and correct problems. Field Operations is responsible for overseeing oil and gas drilling and production activities in the state.

The Field Operations Department's primary objectives are the prevention and mitigation of pollution. The work includes:

- Well inspections
- Ensuring proper plugging of wells
- Ensuring that "good housekeeping" practices are followed on well sites
- Identifying and prioritizing wells that need to be plugged using state funds

- Identifying, researching, and referring abandoned oil field sites to the Oklahoma Energy Resources Board (OERB)
- Witnessing well Mechanical Integrity Tests (MIT)

OGCD Field Operations Department District Map



Field Operations has four District offices geographically located around the state:

- Bristow – District I
- Kingfisher – District II
- Duncan – District III
- Ada – District IV

In FY23, Field Operations' 64 field inspectors conducted:

- 60,288 site inspections
- 4,509 underground injection control well inspections
- 4,075 complaint investigations
- Oversaw 1,925 well plugging jobs
- Oversaw 5,088 UIC well integrity tests
- Referred 256 abandoned oil field sites to the OERB and the Commission Brownfields Section

Field Operations was very busy in FY23 with the IJIA well plugging and underwent some staff changes with the addition of an Assistant Field Operations Manager (Roger Pearman). Several staff retired and several internal staff were able to step up and fill those vacancies. Staff continue to work with operators to bring wells into compliance.

Pollution Abatement Department

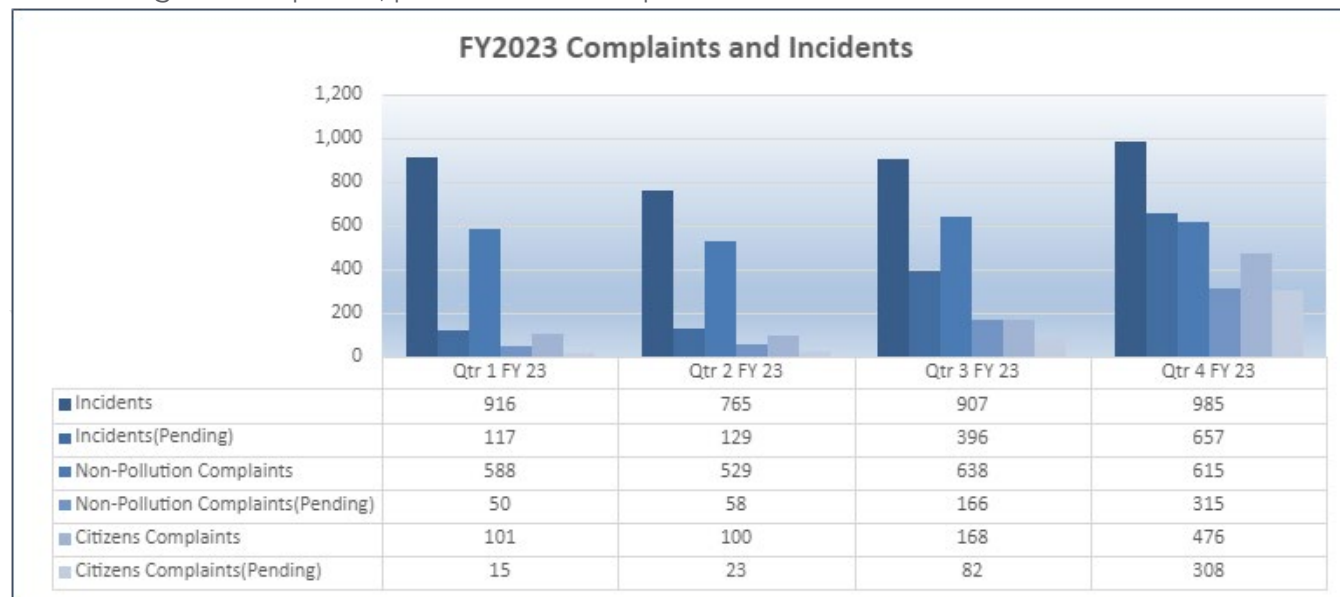
The Pollution Abatement Department's purpose is to provide environmental management services to division field inspectors, the oil and gas industry, landowners, and state and federal agencies to ensure Oklahoma's oil and gas resources are safely and responsibly produced. Pollution Abatement includes:

- Environmental Waste Management
- Brownfields

Commission staff process highly complex and technical applications that require thorough review and analysis before a project can move forward. Staff also help oil and gas operators manage their waste to ensure the state's groundwater is protected from potential

contamination. The state can further advance economic development when land and groundwater resources are protected from pollution.

Properly managing waste disposal is paramount to oil and gas drilling. Absent proper disposal and management options, petroleum development cannot continue.



Environmental Waste Management

Responsibilities include:

- Monitoring and regulating waste disposal resulting from oil and natural gas activity
- Overseeing necessary clean-up and restoration efforts
- Responding to pollution complaints

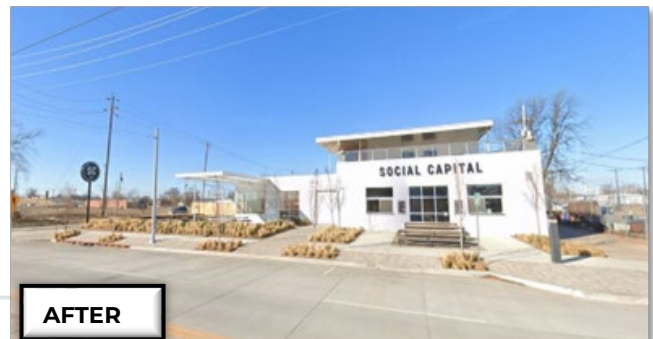
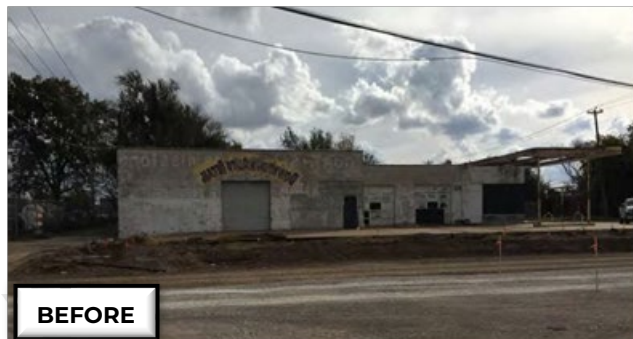
Prior to approving each waste disposal project application, staff spend hours with operators discussing regulatory specifications, examining site assessments and evaluating proposals to ensure each site is suitable for what is requested. This analysis involves complex technical documents that require vast knowledge of environmental engineering controls, soil science, geology, chemistry and an in-depth understanding of various state and federal regulations. This specialized knowledge is important so staff can address disposal and potential reuse options for oilfield waste material. Staff continued to be a major participant in the Governor's Produced Water Working Group which was tasked with investigating alternatives to produced water disposal.

During FY23, Pollution Abatement staff processed:

- 1,524 applications for one-time land application (1014S)
- 728 post land applications (1014R)
- 3,002 site inspections
- 398 conference calls/meetings
- 1,586 environmental sampling events
- 6,158 file reviews
- 842 referrals for assistance
- 787 industry consultation events
- 470 remediation plan reviews/approvals
- 293 surety reviews

Brownfields Program

The Brownfields Program provides a process for individuals, companies, and organizations to voluntarily investigate, remediate and receive a liability release for any pollution found on properties contaminated by historic oil field exploration and production activities or old petroleum storage tanks.



One of the Brownfields Program's main functions is to do site-specific work, which is described in the [Brownfields Program Story Map](#) on the agency website.

The OCC Brownfields Program closed four sites in FY23. These sites received oversight and/or were provided with environmental work through the state's EPA recognized Brownfields Program and/or Petroleum Storage Tank Division (PSTD). The Program used the obtained reports from enrollees, contractors and PSTD to determine each site met risk-based standards for closure.

The program issued the following Certificates of Closure in FY23:

- Certificate of No Action Necessary
 - Chickasha Downtown Park in Chickasha, OK
 - Brian Baker Homes in OKC, OK
- Certificate of Completion
 - McCormick Station in Boley, OK
 - J.C. Wilson & Co. Station ok Okemah, OK

The program enrolled 12 new sites in FY23:

- Oil and Gas Sites
 - Brian Baker Homes in OKC, OK
 - Producers Coop Oil Mill in OKC, OK
 - Creek County-Jackson in Sapulpa, OK
 - Tolle Acreage in Okemah, OK
 - 615 NE 3rd Street in OKC, OK
- Gas Station Sites
 - 55 Performance Factory in Stilwell, OK
 - Campus Corner in Midwest City, OK
 - Former S&S Convenience Store in Stroud, OK
 - June's Restaurant in Holdenville, OK
 - Birdsell Tire Shop in Miami, OK
 - Feltman's Cordell Total in Cordell, OK
 - Village Market in Holdenville, OK

The Brownfield Program staff manage several ongoing projects, including:

- Oil and Gas Sites
 - Former Body Works Facility in OKC, OK
 - Waggoneer Trucking - Building Parcel in OKC, OK
- Gas Station Sites
 - Floyd's Apco in Okemah, OK
 - 2445 MLK Station in OKC, OK
 - 2523 MLK Station in OKC, OK
 - Montgomery Oil Co. Station in Fairview, OK
 - Cherokee Floral and Gifts in Cherokee, OK



Chickasha Downtown Park

In addition to site-specific projects, one Brownfields Program staff member manages the Oklahoma Historical Aerial Digitization Project, which coordinates the gathering, scanning and geo-referencing of all the existing historical aerial photographs in the state from the 1930s to the 1980s. This creates a permanent digital record of how the state's surface has changed throughout time and makes all of the data available to the public.

Brownfields Program staff also works closely with the Oklahoma Department of Environmental Quality and tribal and local Brownfields Programs throughout Oklahoma to coordinate efforts and promote our various resources to the public. This has enabled the program to leverage millions of development dollars with federal grant funds by providing technical and financial assistance to properties contaminated or perceived to be contaminated by historic oil and gas exploration and production activities, pipelines, bulk oil storage and gas stations.

Technical Department

The Technical Department's purpose is to provide compliance and permitting services to the public and the oil and gas industry, as well as technical reviews for various legal documents. In FY23, the OGCD's Technical Department continued to see an increase in activity as oil prices continued an upward trend. The review of applications, permits and orders is all done online utilizing Electronic Case Filing (ECF) and Laserfiche. Upgrades to the Intent To Drill (ITD) system are still being tested and implemented as processes continue to improve. Technical includes the following sections:

- Compliance
- Technical Review

Compliance

Responsibilities include:

- Analysis and recommendations
- Data compilation, presentation and supporting filings
- Ensuring testing compliance
- Ensuring all operators in the state maintain surety for plugging wells and remediating sites
- Maintaining reporting requirements for oil and gas wells completed in the state

During FY23, the OGCD eliminated monthly gas volume reporting. Reporting parties now only report to the Oklahoma Tax Commission's gross production reporting system.

Technical Review

The Technical Review Section is responsible for ensuring the various applications filed and orders issued meet approval criteria pursuant to Commission rules.

Staff workload included:

- 4,055 requests for surface casing and pit requirements
- 1,503 applications to drill, recomple and re-enter wells
- 3,867 spacing, location exceptions, increased density and other related applications and orders
- 0 applications for vacuum pump installations
- 54 applications for commingling, venting or flaring of gas
- 4 applications for other forms of technical relief
- 1,776 completion reports

Induced Seismicity Department

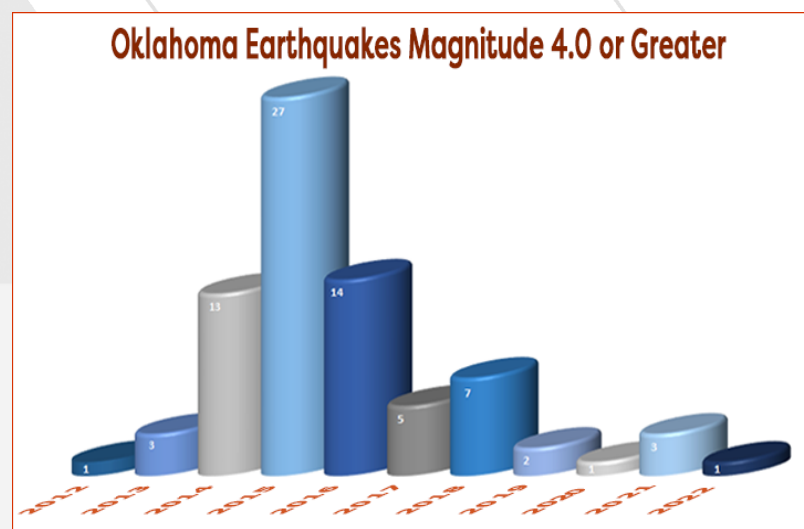
The Induced Seismicity Department (ISD) is responsible for mitigating the risk of induced seismicity in Oklahoma related to oil and gas activity. ISD's mission is to ensure the utmost stewardship of oil and gas data submitted to and maintained by the Commission, instill public confidence in the duties bestowed upon the Commission and demonstrate to varied stakeholders the fulfillment of ISD's responsibilities.

To accomplish these goals, ISD monitors and tracks all earthquake and oil and gas activity in Oklahoma using modern software, including Geographic Information Systems (GIS). ISD has also developed numerous tools and automated systems to alert staff of earthquake activity throughout Oklahoma in near real-time.

ISD is a multi-disciplinary department that collaborates regularly with industry, academia and other state and federal regulatory entities to stay abreast of new developments in the science of induced seismicity, as well as tool/application development. Such collaborations include:

- The University of Oklahoma
- Oklahoma Geological Survey (OGS)
- US Environmental Protection Agency Region 6
- Stanford Center for Induced and Triggered Seismicity
- Ground Water Protection Council
- Regional Induced Seismicity Collaborative (RISC)

In FY23, ISD responded to one earthquake ≥ 4.0 magnitude reported by OGS located within the Area of Interest (AOI) for induced seismicity. ISD acted to shut-in 7 active Arbuckle disposal wells and 5 inactive wells located within 6 miles of the epicenter of the earthquake. Additionally, 11 disposal wells located within 6 to 10 miles of the epicenter were required to reduce injection rates.



In response to seismic activity associated with hydraulic fracturing (HF), ISD recorded more than 116 individual communications with operators related to HF seismicity during FY23. Operators paused completion activities at least 57 times due to HF induced seismicity during FY23. Operator contacts for HF induced seismicity increased from 9 in 1st Quarter FY23 to 13 contacts in 4th Quarter FY23, a 44 percent increase.

The frequency of earthquakes during 4th Quarter FY23 for magnitude ≥ 3.0 has increased by five events, or 500 percent, since 1st Quarter FY23. A year-over-year comparison of total earthquake counts (magnitude ≥ 3.0) for FY22 and FY23 remain unchanged at 20. Total earthquake counts ≥ 4.0 magnitude also remained unchanged from FY22 to FY23 with a single earthquake.

Arbuckle injection volumes in the AOI saw a year-over-year increase of 35.3 million barrels from FY22 to FY23, or a 16.6 percent increase. The increase is attributed to a rise in oil commodity prices and the resumption of primary production in several older basins in Oklahoma. Arbuckle disposal volumes within the AOI, a 15,000 square mile area in central and northern Oklahoma, have dropped ~70 percent since the peak Arbuckle injection in FY 2016. There were approximately 510 Arbuckle disposal wells at the end of FY23.

ISD received 870 Hydraulic Fracture Notice Forms during FY23. Submissions increased by 209 notices, or 32 percent, year-over-year from FY22 to FY23. Oil prices and economic recovery in the US increased the rate of new wells completed during FY23. ISD witnessed an decrease in activity of 18 Notices from 1st Quarter FY23 to 4th Quarter FY23, an 8 percent decrease in hydraulic fracturing activity.

In FY23, ISD staff both participated and presented at several in-person conferences and successfully deployed numerous Geographic Information System (GIS) applications on its Environmental Systems Research Institute (ESRI) platform. The debut of several public GIS applications has greatly increased the OGCD GIS presence, and those efforts culminated in winning the South-Central Art User Group Founders Award for the OCC's excellence in GIS science in April of 2023. ISD has continued to innovate, including modernizing our data collection and retention systems with several new automated tools incorporated in FY23. Oklahoma's response to and success in mitigating, widely felt damaging earthquakes, was singularly identified as an example for other states to follow. The OCC received many congratulations for all the measures it took to prevent earthquakes in Oklahoma and our data-driven regulatory approach utilizing GIS and new technologies to manage the hazard of induced seismicity.

Underground Injection Control

In FY23, the Underground Injection Control (UIC) Department reviewed over 11,000 form 1012 reports and 1,000 form 1012C reports. The testing of UIC wells is on various schedules and requires monitoring on a case-by-case basis. The UIC Department reviewed 4,236 tests the previous year, 449 of which were tracer reviews. UIC works closely with Field Operations to coordinate and train to maintain compliance in all facets of testing and reviews. While UIC's goal for compliance is 100 percent, a 99.9 percent compliance in testing and reporting is currently maintained.

In FY23, UIC received 365 applications:

- 58 applications for an exception to a Commission rule
- 113 applications for an injection well
- 69 applications for a non-commercial disposal well

- 16 applications for a commercial disposal well
- 109 applications were completed either by permitting or dismissal

UIC administratively permitted 127 applications:

- 67 injection wells
- 54 non-commercial disposal wells
- 6 commercial disposal wells

Administrative Department

The Administrative Department was created to maximize efficiency and to streamline customer experience. This includes:

- Document handling
- Intents to drill
- Well records

The Administrative Department is responsible for processing and maintaining the majority of documents filed with the division. During FY23, staff processed:

- 307 certificates of record search
- 1,576 intents to plug
- 13,143 well transfers

Additionally, staff provide customer service to industry representatives, mineral and surface owners and other interested parties with information concerning individual wells in Oklahoma.

The Administrative Department has changed processes to accommodate for the integration of IMS, Laserfiche and ECF. As processes are streamlined and cross training of staff continue, the Administrative Department continues to maximize efficiency.

Mineral Owners Escrow Account/Surety

MOEA

The primary function of Mineral Owners Escrow Account (MOEA) is to manage any payment of bonus, royalty or other payments under a pooling that cannot be made due to the person being unknown or unable to be located.

During FY23 there were a total of:

- 36 new reporting holder/operators
- 349 pooling orders
- 4,436 unallocated owners involved in forced pooling orders
- 53,615 unknown or unallocated royalty mineral owners

The Commission collected and deposited a total of \$14,107,554, an increase of 26 percent from FY22. Reimbursements to the located royalty mineral owners or their heirs totaled \$3,549,081.81, a decrease of \$5,316,526.94 from FY22. The 25-year transfer to the Treasurer's Office totaled \$8,346,145.88. The 25-year transfer to the Treasurer's Office totaled \$8,327,883.37. At the end of FY23, the MOEA fund balance totaled \$64,301,815.01.

Surety

Surety provides a financial responsibility on an operator of oil and gas wells in the State of Oklahoma. Forfeit of surety can occur through proper legal process when an operator is found to be in violation of Commission rules. The surety forfeit can then be used to plug that operator's wells and restore those sites. Without surety, the financial responsibility to plug wells and cleanup sites would fall to the Commission and in turn taxpayers.

2,415 oil and gas operators in the state are using the following forms of surety:

- 432 bonds (17.9 percent)
- 163 cashier check (6.7 percent)
- 234 certificates of deposit (9.7 percent)
- 392 financial statement (16.2 percent)
- 1,194 letters of credit (49.4 percent)

Petroleum Storage Tank Division

The PSTD administers the federal underground storage tank (UST) program in lieu of federal regulation and has jurisdiction over underground and aboveground storage tanks that contain anti-freeze, aviation fuel, diesel, gasoline, kerosene, motor fuel and motor oil.

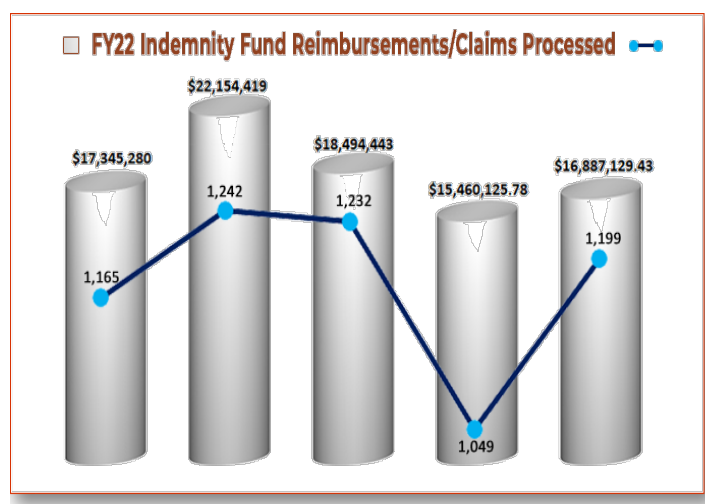
The federal program's mission is to protect human health, safety and the environment by preventing releases of petroleum products from regulated storage tanks; and reduce, mitigate and eliminate the threats posed by petroleum products released from storage tanks.

The division operates and administers the Oklahoma Storage Tank Program, which includes financial responsibility, regulatory compliance and inspection requirements, technical review, development and approval of corrective action plans at contaminated sites and enforcement of state and federal regulations applicable to the storage, quality and delivery of refined petroleum products. The program also conducts risk assessments to determine the potential effects of exposure after a leak has occurred, provides alternative water supplies when necessary, and emergency services if needed.

PSTD administers and maintains the Oklahoma Petroleum Storage Tank Indemnity Fund (Indemnity Fund), Oklahoma's financial assurance mechanism that ensures funds are available for corrective action when notified of a release from a regulated petroleum storage tank system.

The Indemnity Fund provides up to \$2.5 million to reimburse eligible owners for corrective action at sites that have a release of a regulated substance from an eligible storage tank system and eligible owners.

The Administrator of the Indemnity Fund determines eligibility and ensures enough funds are available for required corrective actions needed to mitigate the environmental, health and safety threats to the public. In FY23, the Administrator determined 110 cases were eligible for reimbursement.



The motor fuel assessment is Oklahoma's financial responsibility mechanism to ensure that funds are available for corrective action when a release occurs from a storage tank system. Fuel distributors pay one penny for each gallon of fuel distributed and the assessment is the sole funding mechanism for the Indemnity Fund. The Indemnity Fund receives only a portion of the assessment, and the Division does not receive any state appropriations. The Indemnity Fund is the division's primary source of funding, not only for the federal reimbursement program, but also for the operational expenses to fully administer the storage tank program.

PSTD also administers and maintains the Oklahoma Leaking Underground Storage Tank Trust Fund (LUST Trust Fund) which can be utilized when emergency response measures are required at leaking underground storage tank sites. These are situations in which imminent threat to human health, safety or the environment have been identified and immediate mitigation measures are necessary to curtail that threat, or when the responsible party is unknown, unwilling or unable to respond.

PSTD is organized into four departments that segregate the duties and responsibilities for regulatory (Technical); inspection and enforcement (Compliance and Inspection); financial responsibility (Indemnity Fund); and division support services (Administration and Accounting) for PSTD and the Indemnity Fund. The duties within each department are set to accomplish specific criteria required to administer the federal underground storage tank program, financial assurance and reporting requirements to EPA, and implement the provisions of the storage tank program set forth in 17 O.S. §§ 301 et seq.

Division staff continued to meet its responsibilities, performed its duties, and offered division services in conjunction with providing staff scheduling and workstation options that included in-office work, remote work, and on-site work in FY23. PSTD management coordinates with its staff to ensure every department has personnel available in the office to provide in-person assistance to the public and other staff.

FY23 efficiencies include shared services between PSTD and OGCD Accounting and Administrative personnel, and OGCD Induced Seismicity staff working with PSTD Compliance personnel to create an infographic depicting the main components of a storage tank system for PSTD's website.

Accounting

The Accounting Department assists in the mission of the division by ensuring the efficient use of the Indemnity Fund, state revolving fund and cost recovery monies, in addition to the LUST Trust Fund Corrective Action and UST Prevention Program Grants. The PSTD Comptroller manages the accounting functions within the division and is responsible for supervising the quality of accounting and financial reporting for PSTD. The Comptroller manages, reconciles and is responsible for expenditure, revenue and reporting processes for all financial transactions pertaining to PSTD funds; oversees all expenditures to ensure Indemnity Fund payments are made in a timely manner; reconciles division revenue; prepares and submits EPA assistance grant applications; prepares reports, surveys and analytical information to the Commission, the Legislature, the Storage Tank Advisory Council and EPA; reports all financial data on the Indemnity Fund to EPA for the annual assessment of financial assurance; and serves as the accounting contact for the annual audit of the Indemnity Fund. For 18 consecutive years, external auditors have reported no material findings on the annual audits.

The Comptroller supervises the Accounting Department staff who perform the following duties:

- Audit petroleum release case purchase orders approved by technical staff to ensure they meet the division's unit cost guidelines
- Process checks, credit card and EFT payments for permits, licensing, antifreeze fees and Indemnity Fund co-pays
- Audit and process check and EFT payments for reimbursement of corrective action claims
- Initiate and track all LUST Trust Fund grant expenditures
- Initiate and reconcile procurement expenditures
- Prepare all paperwork for Commission legal staff for cost recovery of LUST Trust Fund grant monies expended
- Conduct audits of tank owner/operator accounts for compliance with accepted accounting standards
- Manage the inventory and assets for the division
- Oversee fleet management for division personnel
- Initiate Indemnity Fund check run process by preparing voucher requests
- Prepare and submit division requests and travel request claims

Income and Expenditures

PSTD processed 869 Indemnity Fund claims totaling \$22,817,899 in FY23. The average time for payment of an initial claim was 4.73 days, the average time for payment of a supplemental claim was 4.49 days and the average time for payment of a final claim was 4.49 days.

In FY23, the Division collected:

- \$84,125 in fines:
- \$61,625 in enforcement actions
- \$22,500 in substantial compliance penalty assessments and
- \$1,733,949 in LUST Trust cost recovery funds

Administration

PSTD's Administration Department provides administrative support and management of the daily business operations for the division. The Administration Department is responsible for:

- Maintaining oversight of the Petroleum Information Management System (PIMS) storage tank database
- Operating, maintaining and administering Compliance with the petroleum storage tank operator training program
- Processing petroleum storage tank registrations
- Invoicing and permitting regulated petroleum storage tanks
- Scheduling tank system installations, removals, repairs and testing activities
- Printing and posting Indemnity Fund checks with the state treasurer's office
- Managing PSTD's licensing program for storage tank professionals who install, monitor or remove regulated storage tank systems
- Licensing and permitting of antifreeze sold within the state
- Imaging records and documents
- Providing customer service for PSTD stakeholders

At the close of FY23, 8,204 underground storage tanks and 1,964 aboveground storage tanks were registered currently in use or temporarily out of use, 151 storage tanks were removed from service, 23 storage tanks were installed and 243 tank and/or line closures were scheduled.

In FY23, the PSTD Administration Department staff processed 3,020 tank permit invoices, issued 4,335 tank permits, 266 closure reports, 785 antifreeze licenses, 95 temporary authorizations (ballasting permits), and managed 90 environmental consultant licenses and 241 storage tank professional's licenses.

Compliance and Inspection

The Compliance and Inspection Department is responsible for implementing and maintaining all regulatory compliance activities, including the enforcement of rules to implement the regulatory program with the authority to close a storage tank system found to pose an imminent threat to human health, public safety, or the environment.

Inspections Enforcement

PSTD has 18 Fuel Specialists in the field, 1 of whom is dedicated to monitoring installations and removals of tank systems statewide, and the remaining 17 inspect regulated motor fuel facilities in assigned territories throughout the state. A Fuel Specialist's job is two-fold – to ensure tank systems and associated equipment have no leaks and that leak prevention is in place, and to ensure consumers receive the correct type and amount of motor fuel from the dispenser.



PSTD Fuel Specialists perform annual on-site compliance inspections to determine compliance with federal regulations. Compliance inspections include reviewing tank system monitoring, testing and other required recordkeeping, reviewing records for environmental and equipment testing, ensuring current tank permits are posted, and assisting tank owners with understanding the operation and maintenance of their tank system.

In addition, Fuel Specialists conduct consumer service station inspections at retail fueling facilities every 6 months. Fuel Specialists will check for the presence of water and the quality of fuel in storage tanks, verify

accurate meter calibration in dispensers, and measure octane rating. White calibration stickers are placed on the face of each fuel dispenser (pump) by the Fuel Specialist when meter calibration is measured. This sticker is an indication to the public that calibration of the meter was verified by a PSTD Fuel Specialist during the month and year indicated on the sticker.

Fuel Specialists also:

- Ensure breakaways for dispenser hoses are operational in case a motorist drives off with the nozzle still in the vehicle
- Verify emergency breakaways between the dispenser and the fuel delivery system will disconnect from the fuel source if the dispenser is knocked over
- Check the lower interiors of dispensers to make sure there are no exposed wires or leaks

- Verify the per gallon price advertised on the store's marquee is the same as what is on the dispenser and signs are properly posted that identify which dispensers are designated for ethanol blended fuels
- Ensure all antifreeze sold has a valid permit
- Investigate consumer complaints

Inspections >> Violations > Calibrations

In FY23, PSTD Fuel Specialists conducted 4,686 service station inspections, which represents 100 percent of the retail facilities operating in the state; checked the octane rating in 9,822 storage tanks; and checked 84,275-meter calibrations on 47,592 fuel dispensers, finding 572 meters that were out of calibration. Fuel Specialists conducted 4,082 compliance inspections, identified 229 water violations and investigated 267 consumer complaints regarding gasoline purchases.

PSTD continues to find innovative ways to streamline and be more efficient. In FY23, the division reassigned a vacant Fuel Specialist position and purchased two 50-gallon provers for 6-week rotations among the inspectors to conduct calibrations at locations with high-flow dispensers at truck stops and travel plazas within their territory. Previously, the position was for one designated Fuel Specialist who traveled across the entire state to conduct the high-flow calibrations. These cost saving measures have resulted in more efficient use of division vehicles, and reduced travel, fuel, and personnel expenditures.

Regulatory >> Compliance

PSTD Compliance Analysts respond to calls from consumers, licensees and field personnel; answer inquiries from property owners, prospective buyers, bankers and real estate personnel on a facility's history; review and approve Indemnity Fund applications and tank system monitoring and testing records for substantial compliance; make fine recommendations, determine tank system shutdown; pursue enforcement actions when violations of Commission rules occur; resolve consumer complaints; provide testimony and exhibits in Commission administrative proceedings and impose administrative penalties and fines.

Compliance Analysts also review rules, policies and procedures for PSTD rulemakings; review and approve all registrations and closures of regulated storage tanks; review and approve licensee applications for testing; assist Fuel Specialists in determining a Notice of Violation for non-compliance; are actively involved in industry task force groups and participate on workgroups, committees and review boards; and represent the division at trade association shows, seminars and at national conferences and meetings.

To streamline processes and reduce administrative hearings, PSTD rules were revised to allow tank owners to apply for administrative approval for a variance without the need for a hearing before a Commission Administrative Law Judge (ALJ). PSTD Compliance Analysts review and administratively approve variance applications and then submit a proposed order to the Commission to determine whether to grant the variance. If staff deny the application and the owner/operator disagrees, there is an option to request a hearing and present the case to an ALJ. The administrative process can save time and money for both the owner/operator and the Commission.

When a release occurs from a regulated tank system, tank owners must be substantially compliant with PSTD rules to be eligible to apply for Indemnity Fund reimbursement. When the Fund was first established, tank owners were required to be 100 percent compliant. The state

legislature subsequently relaxed this requirement to permit more tank owners the opportunity to access the Indemnity Fund for reimbursement of corrective action or remediation of any contamination.

Compliance Analysts review the facility's records to determine if the owner was following applicable rules when the release occurred and issue a fine for violations so that an ALJ can make a recommendation to the Commission. Once any required fine is paid and the determined violation(s) is corrected, the owner may obtain a Substantial Compliance Certificate allowing it to be eligible to receive Indemnity Fund reimbursement.

PSTD's 3 Compliance Analysts conducted research on 29 variance request applications and administratively approved 17 applications; reviewed and approved 549 registrations; reviewed and approved 266 closure reports; witnessed and provided testimony for 23 penalty assessments; and witnessed and provided testimony for 137 contempt actions.

To curb illegal tank removals and increase the pool of licensees, PSTD compliance and inspection personnel worked with industry stakeholders to split the license that allowed both installations and removal of aboveground storage tanks into separate licenses to install and remove. Current license-holders were allowed to continue performing installations and removals until their license renews, at which time it automatically splits into the separate licenses without them having to retest.

Technical Department

The PSTD Technical Department has direct environmental oversight for all corrective actions performed at leaking petroleum storage tank sites. PSTD assesses the degree of hydrocarbon impact to subsurface soils and groundwater, detecting the associated degree of risk to surrounding populations and remediating the contamination to risk-based levels.

To that end, staff Project Environmental Analysts (PEAs) work with PSTD Licensed environmental consultants to determine associated reasonable corrective action costs that are eligible for reimbursement by the Indemnity Fund. Costs for appropriate corrective actions are then approved in the form of purchase orders in advance of the work taking place.

Private or public water supply wells that are determined to be impacted by hydrocarbons from a petroleum release case are plugged and, where needed, an alternate clean source of water is supplied (either by installing a new water supply well, plumbing into existing municipal or rural water source or extending a new municipal or rural water line if needed). The costs to plug impacted water supply wells and provide an alternate clean water source is reimbursable by the Indemnity Fund. The process of pre-approving any corrective action measures through purchase orders ensures that only the work that needs to be conducted is reimbursed and the Indemnity Fund will continue to remain financially sound. Where imminent threat to human health, safety or the environment is present, the PSTD will prioritize and engage in the needed corrective action measures necessary to eliminate such threats.

PSTD's Technical Department also serves as a clearinghouse for information about various aspects of the department to other state agencies with environmental functions, municipalities, utility companies and the public at large. Disseminating accurate information about the program in general and details of certain petroleum release cases in particular helps ensure that stakeholders are aware of program requirements and any responsibilities they may have under the program. Examples include developers notifying the agency of any development that will be

occurring at or adjacent to closed release cases so PSTD can evaluate whether additional corrective actions might be necessary and utility companies and/or municipalities contacting the department to inquire about potential petroleum impact around utilities or roadways before excavation for new construction or repairs.

The department's 6 PEAs are currently made up of hydrogeologists and environmental scientists. Each is charged with oversight of corrective actions implemented at leaking petroleum storage tank sites and must be skilled in differing elements of the position that require specific capabilities. Staff PEAs are proficient in hydrogeology, risk-based corrective action, environmental assessment, regulatory issues and remediation technologies, both in design and operation and Indemnity Fund issues associated with leaking storage tank sites.

Technical Department PEAs:

- Coordinate, oversee and enforce all corrective actions implemented at leaking petroleum storage tank release sites.
- Oversees environmental assessment activities, installed corrective action remediation systems and remediation systems operation.
- Evaluates exposure risk and plume stability to determine the most appropriate course of action to achieve release case closures.
- Review and approve all release case work plans, purchase orders and change orders submitted by Licensed Environmental Consultants.
- Review and approve all regulatory reports, maps, and other information submitted for petroleum release cases.
- Review and approve all claims and invoices for completed work performed.
- Ensure that appropriate measures are taken in response to emergencies.
- Conduct site visits to ensure corrective actions are progressing according to established protocols, rules, standards and other requirements.

In FY23, the Technical Department continued to make headway in its statewide “permanently out of use project” (POU) to identify and assess sites with old, abandoned storage tanks in POU status prior to the UST rules going into effect to determine if contamination is present. PSTD identified approximately 3,500 historical facilities across the state in this category. At the end of the fiscal year, site assessments performed at 39 facilities in four counties revealed contamination was present and high enough to warrant activating 14 petroleum release cases. An EPA Special Project Grant and LUST Trust Fund cost recovered funds are being used to remediate the sites without the property owner bearing the cost for the assessments.



At the close of FY23, PSTD had 449 active petroleum release cases in various stages of assessment and investigation to evaluate exposure risk, plume stability, and other concerns to determine the most appropriate course of action to achieve case closure. Actions included periodic monitoring to determine if/when case closure may be appropriate, active remediation or other form of mitigation measures such as implementing engineering controls or receptor pathway elimination; or awaiting funds to implement these measures. Of those, 442 are Indemnity Fund cases and seven are LUST Trust Fund cases. Each staff PEA manages roughly 88 cases and spends

an appropriate amount of time visiting release sites to adequately oversee all environmental assessment activities, examine installed corrective action remediation systems and remediation system operation.

In FY23, Technical Department PEAs activated 92 petroleum release cases, closed 77 petroleum release cases, processed 166 release case work plans, processed 1,144 release case purchase orders, processed 777 release case change orders, processed 1,333 release case reports and processed 1,205 release case claims.

As of June 30, 2023, PSTD has performed corrective action and closed a total of 6,052 confirmed and suspicion of release cases in Oklahoma since program inception. All 77 counties in Oklahoma have been impacted by releases from petroleum storage tanks.

Petroleum Information Management System

PSTD upgraded its information application system into a centralized database several years ago and docking stations are installed at workstations to facilitate easy transition whether staff is working in-person at the office or remotely.

PIMS is a centralized database that maintains all PSTD's information and data. Separate modules within the database link registration, compliance, inspection, petroleum release case management, accounting, and licensing functions into a single information management system. PIMS has over 100 standardized, frequently used reports and staff can build customized queries and reports.

The PSTD regulated community, and environmental contractors complete all required forms online and submit electronically through the online PSTD portal which then automatically uploads into PIMS. All information is in real-time as each document is received and processed. Upon approval or denial, each document is auto imaged within PIMS and available for public access.

PIMS was designed to implement online submissions, establish regulatory guidelines, and has a transparent approval workflow process where it tracks the status of submittals. Users are assigned permissions to view, edit and approve submissions based on job roles.

In FY23, PSTD rolled out Fine Memo Builder ("FMB"), a new module in PIMS which replaces manually created fine memorandums with an automated process. FMB allows PSTD Compliance personnel to create and track fines through the enforcement process and PSTD attorneys can view all information related to the fine. As with all processes in PIMS, FMB has an approval workflow and transparent processing. FMB is unique, however, because OGCD personnel are also included in the workflow process. Our goal is to include penalty assessments and variances in the process and eventually link to FMB to ECF and IMS so staff can track the entire legal process.

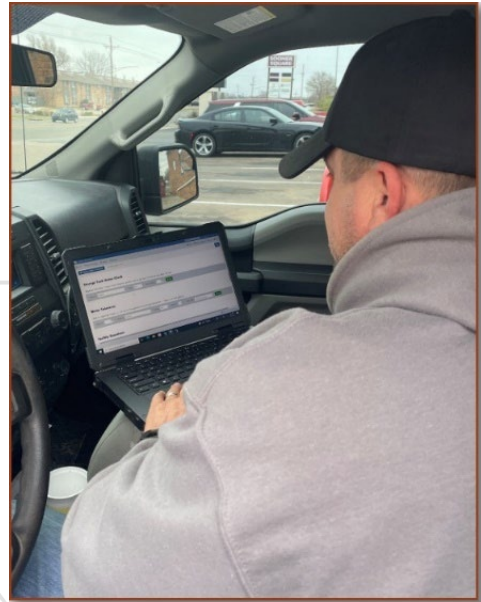
Tank Universe

Fuel Specialists enter their inspection information directly from the field into Tank Universe, an inspection application, which is available on their laptops. The information is synced through a wireless or mobile internet connection and is immediately uploaded to the division's database, so all inspection data is real-time information. Fuel Specialists can track all:

- Tank system information
- Current and historical ownership records

- Permits
- Prior inspections
- Violations
- Operator training
- Release/leak history

Fuel Specialists can also access digital documents for all regulated fueling facilities in the state. Facilities can be sorted by the last inspection date, city, county, facility name or ID number. PIMS increases efficiencies by assisting inspectors to strategically plan inspections within their territory. The application also alerts the inspector when a violation has occurred based on Commission rules written into the software. When a compliance performance measure violation is entered and synced, PIMS automatically generates a notice to the operator. The system also emails operators – notifying them that there is a secure message on the PSTD Portal. The dual notification system is especially helpful for owners who are not at the facility daily.



PSTD Portal

The PSTD Portal was developed as a convenient website to standardize and streamline all petroleum storage tank related communication for tank owners, operators and licensees. The division's records and information can be accessed by the public through the portal's public imaging section. Operators control their account and have 24/7 access to the PSTD Portal. All information entered in the PSTD Portal is automatically uploaded into PIMS. PSTD can post secure messages to owners, operators and licensees about PSTD rulemakings, updates, deadlines and events. PSTD also utilizes govDelivery, a free subscription service that stakeholders and the interested public can subscribe to for division news and information.

Environmental contractors submit online Indemnity Fund applications and documents electronically through the portal. Electronic submissions automatically upload into PIMS allowing administrative and compliance staff to approve the applications. Staff can use the portal to send the application back for corrections if deficiencies are found during its review. Once approved, the portal's software automatically generates the eligibility letter, Indemnity Fund co-payment invoice, sends the documents electronically to the environmental consultant and prepares the paperwork for staff to mail to the Indemnity Fund applicant. The environmental contractor receives an email notification that the documents are available through the PSTD Portal as well.

All required petroleum release case information and documentation is submitted through the portal, which automatically uploads into PSTD technical department electronic work folders in PIMS. All corrective actions must be submitted and approved before any work begins at a release site and contractors can log in to the portal at any time to track the status of their submittal. After the scope of work is approved, PIMS electronically delivers the document to PSTD accounting

staff for review and approval. The Indemnity Fund Administrator can then encumber money to pay the contractor when work is completed. Contractors submit invoices and upload online claim forms via the portal and payments from the Indemnity Fund to the environmental contractors are made by EFTs. Contractors can log in to the Portal at any time to track the status of their submittals.

The development of PIMS, Tank Universe and the PSTD Portal helps control corrective action costs at petroleum release sites, provides real-time information access, consistent and uniform inspections across the state, and allows the public to access all imaged records and information directly from their own computers. This development in PIMS has increased the speed and accuracy of staff's workflow, reduced paper and postage costs, increased transparency, and improved worker productivity without adding more employees to the division. The Indemnity Fund continues to be a viable and solvent financial responsibility mechanism for storage tank owners and operators because the system requires pre-approval for work to be performed, and funding is encumbered before the work begins.

Future Challenges:

Compatibility issues in older single-wall steel tanks that store E15, or other biofuels, are one of the biggest challenges facing the division. Most of these tanks are in rural areas of the state and are at risk of corrosion leading to a release into the soil and groundwater. In some cases, these tanks are the only fueling source in a rural town or city, however, the cost to remove and install a new system is often prohibitive for smaller individually owned operations. These operators are at risk of going out of business and walking away from their environmental responsibilities, creating a fuel desert for the area. PSTD is prohibited from using the Indemnity Fund for tank removal unless it is integral and necessary to corrective actions at a petroleum release site and cannot fund installations for any reason. As in other states, a dedicated funding source or grant funds are needed to assist small tank owners.

Public Utility Division

The Public Utility Division (PUD) provides technical support and policy analysis to the Commission by:

- Administering the Oklahoma Universal Service Fund (OUSF)
- Participating as a party in ratemaking and other cases involving regulated utilities and providing data to help the Commission make regulatory decisions that are in the public interest
- Enforcing compliance with applicable statutes and rules
- Ensuring reliable and safe public utility services are provided at the lowest reasonable cost
- Fulfilling constitutional and statutory obligations

In these roles, PUD develops and presents fact-based, independently researched, objective recommendations, findings, determinations, and testimony to the Commission in filed cases.

PUD seeks to assist Oklahoma ratepayers in receiving appropriate service and protect against unfair or impermissible rates and charges by regulated utilities and OUSF service providers. The Division also enforces federal and state statutes and rules relevant to the activities of some regulated entities, to include public safety matters.

The Division is comprised of seven departments:

- Administration

- Compliance
- Consumer Services
- Energy
- Enforcement and Outreach
- Telecommunications
- Oklahoma Universal Service Fund

Statewide Outreach

Members of the public can access information on the agency's PUD section of the OCC [website](#) or follow OCC's [Facebook](#) page at for easy access to important updates and the ability to submit complaints and public comments.

The public can also directly view a [list](#) of pending cases and activities at the following [here](#).

Additionally, the public has free online access to documents filed in PUD cases [here](#).

Click on this [link](#) to access documents for any case filed at the Commission.

Administration

The Administration Department is primarily responsible for managing day-to-day operations for the Division. The Director oversees the Division, acts as PUD's advisor to the Commission on utility matters and legislative policy, and serves as the statutorily appointed OUSF Administrator. The Division's Deputy Director and Policy Advisor report to the Director and are primarily responsible for the Division's day-to-day activities in all PUD and OUSF docket cases before the Commission. The Administration Department also manages the budget, management, and fiscal planning for the Division.

Compliance

This department serves as embedded auditors for the Division, responsible for ensuring that statutory and regulatory deadlines are met, communicating with contracted auditors and State Auditors, and working in conjunction with PUD's Change Management. Change Management consists of internal reviews designed to identify and eliminate duplicative efforts, track implemented changes and provide a formal process to evaluate and implement approved recommendations made by PUD employees.

Consumer Services, Enforcement and Outreach

These departments handle consumer complaints and enforcement of Division-related rules across the State. Through its call center, Consumer Services addresses incoming calls, walk-in complaints, e-mail complaints, and social media outreach. Field Enforcement monitors all regulated facilities Statewide. Additionally, this department has a public outreach arm that conducts educational programs across the State.

Energy

This department is responsible for ensuring the Commission meets its mandate in regulating certain utilities, including electric, gas, and water distribution companies, to provide for safe and reliable service at a fair cost, and ensure certain legal requirements are met regarding wind and solar generation, as well as cotton gin regulation. Energy is comprised of experts who serve as witnesses in litigated matters before the Commission and conduct audits and prudence reviews

involving billions of dollars annually. This department participates in energy efficiency program oversight, managerial and ownership changes, and federal compliance plan reviews. Assigned staff serve as representatives for Oklahoma to the Southwest Power Pool (SPP), a federally recognized regional transmission organization.

Telecommunications

This department is responsible for overseeing telecommunications companies operating within the State of Oklahoma. This oversight includes review of applicable tariffs, recommendations regarding applications of telecommunications companies to operate in the State and to receive certain designations, Lifeline services, interconnection agreements, and federal program involvement. Work within the department has saved Oklahoma ratepayers hundreds of millions of dollars over the last few years. This group is a key asset to fighting waste, fraud, and abuse in the Federal Lifeline program.

Oklahoma Universal Service Fund Administration

This department manages the legislatively created OUSF, which was designed to ensure that reasonably priced telephone service is available for all Oklahomans. Additionally, the program provides financial support for broadband Internet access to eligible public schools, public libraries, and healthcare facilities. This department also processes hundreds of payment requests monthly and ensures statutory compliance and ratepayer protection through audits and defined processes.

Consumer Services

Consumer Services is now the first point of contact for most incoming calls to the OCC. The goal of this unit is to provide real-time assistance to callers and ensure calls are tracked in a central database. All tracked calls are subject to monthly review for quality control purposes. Call volumes for the 4th quarter of FY23 show an increase of 21 percent in contacts over the same period in FY22. Consumer Services typically receives, on average, between 95 to 140 contacts each business day. The scope of these contacts can be anywhere from a consumer needing information on how to read their utility bill, to an entire community experiencing a service outage, to a senior citizen trying to locate financial assistance to keep their utility services turned on. Consumer Services also helps callers reach specialists in the Oil and Gas and Transportation Divisions.

OUSF Contribution Factor

On May 30, 2023, the OUSF Administrator filed Motion to Reopen the Record to Adjust the OUSF Assessment Factor in Case No. OSF 2022-000045, seeking to adjust the OUSF connections-based assessment factor for the funding period beginning July 1, 2023. On May 30, 2023, PUD filed Direct Testimony on behalf of the OUSF Administrator recommending adjusting the OUSF connections-based factor from \$1.85 to \$2.02 per connection. On June 29, 2023 and July 7, 2023, the OUSF Administrator filed a testimony in support of the Joint Stipulation and Settlement Agreement filed in the case supporting the OUSF Administrator's recommendation to adjust the OUSF connections-based factor from \$1.85 to \$2.02.

Process Improvements

PUD continues to use the Change Management team and 360 Evaluations to improve processes and increase efficiency and have implemented 360 Evaluations on a "work group" basis, e.g., its

departments identified above. Since its inception in August 2015, the Change Management team has processed more than 795 change recommendations, and management has implemented 90.9 percent of the staff recommendations.

PUD started revamping its SharePoint site to improve internal administrative, audit, and communication processes.

Compliance >> Audits Pending

In November 2021, the Appointing Authority approved an engagement letter with the Oklahoma State Auditor and Inspector's (OSAI) office to perform an Operational and Financial Audit of the OUSF. OSAI is conducting an audit for the years ended June 30, 2016, 2017, 2018, 2019, 2020, 2021, and 2022.

Energy >> Electric Activity > Cases

Public Service Company of Oklahoma (PSO)

On September 9, 2022, PSO filed its notice of intent to file a base rate case in Case No. PUD 2022-000093. As expected, PSO filed its Application package for the rate case on November 22, 2022. Among other things, PSO is requesting approval of a new formula rate plan and a \$294M increase to base rates with an ROE of 10.4 percent. A merits hearing was held on May 9, 2023, and is still pending.

On November 17, 2022, PSO filed an Application for Pre-Approval of 995.5 MW of renewable energy facilities, including 553 MW of wind and 442.5 MW of solar. In the case, PSO requested pre-approval of the projects, along with cost recovery through a Renewable Resources Rider as the projects begin commercial operation. The total estimated cost of the six projects is \$2.47 billion. A merits hearing was held on April 11, 2023. A Final Order was issued on May 4, 2023, approving the joint stipulation that was filed April 7, 2023.

Empire District Electric Company (Liberty-Empire)

On February 28, 2022, Liberty-Empire filed an application seeking an increase to base revenues of approximately \$6.2 million. In its request, the company sought an ROE of 10 percent, updated depreciation, asserted it had improved access to clean and reliable energy, and the retirement of its Asbury coal plant. The company further sought recovery of an investment in 600 MW of wind generation, and other investments designed to improve the safety and reliability for customers. Parties intervening in this cause are currently in discussions on a procedural schedule, which will mandate dates for parties to file requisite responsive testimony.

Fuel Audits and Reviews

PUD verifies the arithmetical accuracy of the dollar amounts and recovery involved in the fuel adjustment clauses (FACs) of all regulated electric, natural gas companies, and electric cooperatives and ensures that all fuel-related investments and purchases made during the review period by the companies are prudently incurred and limited to reasonable costs only. PUD will continue to conduct reviews of the procurement practices of utilities, including plans to implement hedging and storage.

PUD is in the process of filing the annual FAC and prudence reviews for the three investor-owned electric utilities, five electric cooperatives, and seven natural gas utilities. These audits and

reviews cover calendar year 2022 and approximate fuel costs of \$3.2 billion. PUD will also conduct prudence reviews for the following companies:

Three investor-owned electric utilities

- Oklahoma Gas & Electric
- Public Service of Oklahoma
- Liberty-Empire

Five electric cooperatives

- Canadian Valley Electric Cooperative
- Northeast Oklahoma Electric Cooperative
- Arkansas Valley Electric Cooperative
- Rich Mountain Electric Cooperative
- Southwest Arkansas Electric Cooperative

Seven natural gas utilities

- Oklahoma Natural Gas
- Arkansas Oklahoma Gas (AOG)
- Summit Utilities Oklahoma (SUO) (formerly known as CenterPoint Energy Oklahoma Gas)
- Ft. Cobb Fuel Authority
- West Texas Gas
- Greenlight Gas (formerly known as Panhandle Natural Gas)
- First Natural Gas

Securitization Cases

On April 23, 2021, Governor Stitt signed into law the February 2021 Regulated Utility Consumer Protection Act. This Act allowed a regulated utility the option to request a financing order from the Commission which, if approved, removed the debt a utility carried from the Winter Weather Event (as defined by the Act) in February 2021. Ultimately, the Commission issued finance orders for OG&E, ONG, PSA and SUO, which resulted in the Oklahoma Development Finance Authority issuing ratepayer-backed bonds to recover the related costs and the validation by the Oklahoma Supreme Court – which approved the ratepayer-backed bonds. As a result, these utility customers began receiving a charge on their bills that goes directly to paying back the bonds.

Although all Oklahoma utilities were impacted by the extraordinary expenditures associated with the February 2021 Winter Weather Event, not all sought approval for securitization. For utilities that did seek securitization, cost recovery was sought through traditional regulatory assets. These utilities include Arkansas Oklahoma Gas, Liberty-Empire, and Fort Cobb Fuel Authority.

Transmission Activity >> Regional Transmission Organization > Southwest Power Pool

PUD continued to actively monitor and participate in the following Southwest Power Pool (SPP) working groups:

- Regional State Committee
- Board of Directors / Members Committee (BOD/MC)
- Strategic Planning Committee (SPC)

- Markets and Operations Policy Committee (MOPC)
- Finance Committee (FC)
- Cost Allocation Working Group (CAWG)
- Market Working Group (MWG)
- Transmission Working Group (TWG)
- Change Working Group (CWG)
- Settlement User Group (SUG)
- Economic Studies Working Group (ESWG)
- Supply Adequacy Working Group (SAWG)
- Project Cost Working Group (PCWG)
- Regional Allocation Review Task Force (RARTF)
- Regional Tariff Working Group (RTWG)
- Improved Resource Availability Task Force (IRATF)
- Resource and Energy Adequacy Leadership Team (REAL)
- Aging Infrastructure Focus Group (AIFG)

Complete details and minutes of each group's meetings can be found [online](#).

Regional State Committee

The RSC April 2023 quarterly meeting was held in person in Kansas City, MO. The RSC approved the following items on its agenda: meeting minutes for January 30, 2023, the scope of REAL, the Effective Load Carrying Capability (ELCC) and Performance Based Accreditation FERC filings. The RSC's next meeting will be on July 23, 2023, in St. Paul, MN.

SPP Board of Directors

The BOD April 2023 quarterly meeting was held in Kansas City, MO. The BOD approved the following items: consent agenda, January 31, 2023 minutes, scope for the SPC, addition of Rodney Palesano as the transmission owners seat on the Human Resources Committee, RR 530, SIR 61, Finance Committees items including the 2023 Benefit Plan Funding, \$30.0 MM Line of Credit Renewal, 2022 Financial Audit acceptance, recommendation on the ELCC and PBA approaches from the REAL committee, the IEP Pool Recommendation for the Oversight Committee, the cost increase of the North Dakota/Saskatchewan Border (Boundary Dam) - Tande 203kV line and the SUS-036 Franklin Transformer. The BOD's next meeting will be on July 25, 2023, in St. Paul, MN.

Markets and Operations Policy Committee

The MOPC April 2023 quarterly meeting was virtually. MOPC approved the following items: January 2023 meeting minutes, RR532/SIR422, RR533/SIR291,330,355, RR535/SIR19, RR538/SIR276, RR540/SIR546, RR541/SIR535, RR530/SIR 61 (Transmission Reconfiguration). RR544/SIR568 (Business Practice 7060 update), sponsored upgrade study (SUS-036) Franklin, and RR534/SIR566 (Limit long-term service to interconnection service amount. Additionally, the MOPC received a 2024 ITP Scope Update. MOPC's next meetings will be on July 10-11, 2023, in Omaha, NE.

Natural Gas Activity

Arkansas Oklahoma Gas

AOG is expected to file its next Performance Based Rate Change (PBRCP) application during the next quarter.

Oklahoma Natural Gas

On March 1, 2023, ONG filed its PBRCP. In its application, the Company requests an increase to base rates of approximately \$27.6 million.

Consumer Services and Enforcement

Complaints by Industry	Quarterly Total
Electric Utilities	3,635
Natural Gas Utilities	632
Telecommunication Companies	511
Water	3
Cotton Gin	1
Other / Non-Jurisdiction	1,944
OGCD	1,241
Total	7,978
Documented Savings to Utility Consumers by CS Intervention	\$4,608.20

Source of Customer Contact	Quarterly Total
Referral	34
Electronic	231
Enforcement	321
Mail	18
Telephone	7,309
Walk-In	0
Total	7,978

Enforcement Issues Identified

Category	Quarterly Total
Mobile Marketing Audits	14
Open Safety and Rule Compliance Investigations	370

One of PUD's Enforcement Investigators discovered a broken utility pole, severely leaning, with the transformer and service line still attached. The Electric Utility was contacted, and the utility pole was replaced to make the area safe again.



Another Inspector, while out on patrol discovered an energized electric line that had been wrapped around a chain link fence behind a residential home in Apache Oklahoma. Because of his training and testing equipment in the vehicle, he was able to determine that the line was energized and that it posed a danger. He was able to notify the utility and provide needed information so the provider could quickly address the safety issue.



Another inspector discovered an old triplex electric line that was laying on the ground near the driveway entrance in front of a church and reported the safety issue which was addressed by the utility provider.



Several broken utility poles were discovered through the OGCD interdivisional program which cross trains field personnel, while in the scope of their regular duties, to report relevant issues to respective divisions thereby reducing the need for additional FTE.



An OGCD Field Inspector and participant in OCC's interdivisional program, discovered this downed electric power pole laying on a dirt road in Walters, OK. The pole, damaged by a storm, was replaced and the road was made safe.



Telecommunications

PUD continued its investigations related to potential abuse of the Federal Lifeline Program. PUD also continued its investigations related to compliance with the Commission's mobile marketing rules. PUD continues to monitor and review customer lists and conduct audits at various Lifeline tent and retail locations in Oklahoma.

Certificates of Convenience and Necessity (CCN)

There were two cases filed requesting a CCN and one previously filed case was closed during the quarter. There are two pending at the end of the quarter. Five cases were filed requesting to cancel CCNs during the quarter and five pending at the end of the quarter.

Interconnection Agreements/Amendments

There were six cases filed for interconnection agreement/amendment during the quarter and five previously filed agreements were closed, leaving five pending at the end of the quarter.

Arbitrations and Complaints

PUD did not have any arbitrations or complaints during the quarter.

Eligible Telecommunications Carrier (ETC) Designations

There was one case filed for ETC Designation, and one case was closed leaving two pending at the end of the quarter. There were no cases filed to relinquish ETC Designation during the quarter and one case was closed, leaving none pending at the end of the quarter.

Rural Digital Opportunity Fund

The Federal Communications Commission announced winning bidders in the Rural Digital Opportunity Fund Phase I (RDOF) auction conducted on November 25, 2020. The OCC has approved all applications seeking relief in relation to the RDOF auction.

As of January 13, 2023, the FCC has released RDOF funding to all Oklahoma winning bidders. To date, the FCC has released approx. \$72 million to serve approx. 83,000 locations in Oklahoma.

OUSF Monthly Payment Process Efficiency Improvements

Beginning July 2023, the Monthly Payment Team (MPT) implemented a new system for OUSF monthly payment requests. The new system shifts OUSF monthly funding to a projected funding environment.

Detailed funding worksheets supporting service provider requests are no longer required. Instead, an online portal with a user dashboard projects eligible funding using OUSF data collected from audited OUSF applications, change requests and previous funding requests. The process requires a certification from the service provider that the projected funding is accurate, and that no changes have occurred that would impact the funding. Ongoing audits by the MPT will test those certifications to confirm that OUSF funding is accurate.

An additional benefit to service providers is that the user dashboard will provide real-time funding data that will include approved monthly funding, deferred funding balances and monthly proration payments. Service providers may register multiple company users to allow accounting personnel to view OUSF funding data to reconcile their accounting records. The MPT anticipates administrative time savings for our service providers as well as internally for the MPT.

Regular Change Requests

In 2015, PUD developed a streamlined OUSF process to allow service providers to request changes to an approved order, due to a change in circuit bandwidth, price, or both, instead of requiring a new application.

Emergency Change Requests

The Emergency Bandwidth response process that was established to facilitate the availability of adequate broadband services for hospitals, schools, and libraries during this historically challenging time has ended. Because of this process, over 100 hospitals, schools, and libraries

successfully requested and received increases in bandwidth during the emergency period from March 2020 to June 2022. Changes to bandwidths for eligible entities after June 2022 will continue to be available under the normal request procedure.

Beneficiary Type	Total Beneficiaries	Average Bandwidth Increase
Public Schools		1.2 Gbps
Public Libraries		150 Mbps
Healthcare		570 Mbps
Totals		900 Mbps

Invoice Audits

PUD reviewed 154 invoices and identified zero discrepancies between actual and reported bandwidth and pricing data. Since the initiation of the invoice audit process, PUD has noticed a significant decrease in the number of discrepancies, which indicates that service providers are identifying changes better in service and properly reporting those changes. With the lower risk, PUD has decreased the percentage of invoices reviewed by 65%.

Telemedicine True-Ups

PUD continues to monitor federal funding from the Rural Healthcare Program to ensure that true ups are completed as federal funding changes. This is necessary to make certain that the OUSF recovers duplicative funding. USAC issued 59 Funding Commitment Letters for Oklahoma beneficiaries through. For OUSF eligible healthcare entities, any change in federal funding will impact the amount of eligible OUSF funding and require a true-up.

Refund Requests

PUD issued four refund requests to service providers because of duplicative funding beyond the 30-day statutorily allowed overlap. Refunds received from providers during this time totaled \$10,034.96.

OUSF Beneficiary Outreach

PUD continues to monitor the FCC Form 470s filed with the Universal Services Administrative Company (USAC) by public schools and public libraries and notifies the schools and libraries on a best-effort basis if the Form 470 information appears to somewhat conflict with OUSF rules. In addition, PUD regularly contacts beneficiaries and service providers to provide help in meeting OUSF requirements. PUD also coordinates with other agencies and support groups to address OUSF issues as they arise.

OUSF Preapproval and Cause Processing

During this quarter, PUD received 51 Requests for OUSF Funding and Preapproval. PUD filed 54 Determinations and Preapproval Funding Letters. As part of its cause review process, PUD issued Data Requests to service providers, schools, libraries, and healthcare entities to verify data.

OUSF Primary Case Processing

PUD is reviewing Requests filed under 17 O.S. § 139.106(G) for Dobson Telephone Company for test year 2021, McCloud Telephone Company for test year 2021, Grand Telephone Company for test year 2018 and Cross Telephone Company for test year 2018. C PUD reviewed and approved Requests for funding for Hinton Telephone Company, Inc. for test year 2021, Pioneer Telephone Cooperative, Inc. for test year 2019, Salina-Spavinaw Telephone Company for test year 2022, Atlas Telephone Company for test year 2019, Medicine Park Telephone Company for test year 2019, Oklahoma Western Telephone Company for test year 2019 and Central Oklahoma Telephone Company for test year 2018.

17 O.S. § 139.106(G) provides that an eligible local exchange telecommunications service provider may request OUSF funding to maintain reasonable and affordable rates for its customers for primary universal services while OAC 165:59-3-70(o) provides rules related to 17 O.S. 139.106(G). This rule allows an eligible local exchange telecommunications service provider the option to file a Request for a variance and risk-based review if the OUSF Administrator previously issued an initial Determination, and the requested amount in the variance and risk-based Request does not exceed 5% of the amount granted in the initial Determination.

17 O.S. § 139.106 (K)(1)(a) provide that, if a Federal Communications Commission (FCC) order, rule or policy, decreases the federal universal service fund revenues of an eligible local exchange telecommunications service provider, the eligible local exchange telecommunications service provider shall recover the decreases in revenues from the OUSF. PUD reviewed and approved true-ups for Panhandle Telephone Cooperative, Inc. and South Central Telephone Company.

17 O.S. § 139.106 (K)(1)(b) provides that if, as a result of changes required by existing or future federal or state regulatory rules, orders, or policies or by federal or state law, an eligible local exchange telecommunications service provider experiences a reduction in revenues or an increase in costs, it shall recover the revenue reductions or cost increase from the OUSF, the recovered amounts being limited to the net reduction in revenues or cost increases. PUD is reviewing a Request for Cross Telephone Company, LLC for a highway relocation.

Transportation Division

The Transportation Division administers and enforces the following:

- Commission rules
- Federal and state laws
- International and interstate compacts

As they apply to the following:

- Commercial motor vehicles
- Motor carriers
- Pipeline safety
- Railroad safety

The Transportation Division is comprised of four departments:

- Administrative services
- Regulation
- Motor carrier/vehicle enforcement
- Pipeline safety

Administrative Services Department

The Administrative Services Department is comprised of two sections:

- Administrative Support Section
- Enforcement Support Section

Administrative Support

The Administrative Support Section employees are responsible for:

- Budget-related items
- Fleet tracking
- Inventory
- Purchasing
- Travel
- Legislative tracking
- Council on Law Enforcement Education and Training (CLEET) requirements coordination
- Training coordination
- Supporting the division's management

Enforcement Support

Employees in this section support all motor carrier and motor vehicle enforcement activities:

- Citation/warning tracking
- Fine tracking
- Leniency requests and citation dockets
- Officer activity reporting
- Site visit inspection tracking

OCC Enforcement personnel issued 48,547 citations in FY23.

Regulation Department

The Regulation Department includes the Motor Carrier Requirements Section and the International Fuel Tax Agreement (IFTA)/International Registration Plan (IRP) Section.

Motor Carrier Requirements Section

The Motor Carrier Requirements Section staff is responsible for:

- Administering the Unified Carrier Registration Program (UCR Program) for Oklahoma

motor carriers

- Certifying household goods carriers
- Issuing permits for transportation of deleterious substances and hazardous waste
- Licensing/permitting intrastate for-hire and private carriers, including passenger carriers



All for-hire and private intrastate motor carriers must comply with administrative requirements and insurance standards to obtain and hold certificates or licenses to operate in Oklahoma. The state has 55 carriers authorized to transport household goods within its borders.

The UCR Program is a federally mandated system for registering operators of commercial vehicles

headquartered in a certain state who are engaged in interstate and international travel. This program is administered by the Transportation Division's Motor Carrier Requirements Section. The annual registration period runs from October 1st of each year to September 30th of the following year.

This national plan requires annual audits to ensure carriers are properly paying registration fees for the number of vehicles they operate. There are currently 8,389 carriers required to register for the UCR Program whose governing board consists of 15 members from different states across the country.

IFTA/IRP Section

The IFTA/IRP Section is comprised of three Sub-sections:

- Audit
- IFTA/IRP Administration
- Nonconsensual Towing



Audit

The Audit Sub-section staff is responsible for auditing registrants to ensure motor carriers comply with the IFTA and IRP compacts, as well as with Commission rules and Oklahoma statutes. The Sub-section employees ensure registrants pay the proper registration fees and fuel taxes by reviewing records to verify reported distances, distance allocations and motor fuel purchases.

IFTA/IRP Administration

The IFTA/IRP Administration Sub-section staff ensure applicants' commercial vehicles have proper licensing and registration used in interstate operations under the IFTA and IRP compacts.

This information is available through an electronic exchange to various jurisdictions through both the IFTA clearinghouse and the IRP Clearinghouse.

The clearinghouses collect and net all fees collected by various jurisdictions and provide a settlement mechanism between member jurisdictions. The Commission accepts walk-in

applicants and processes mailed-in applications.

FY24 transmissions from the Commission to the IFTA and IRP clearinghouses were both timely and accurate. Division employees sent more than \$131.1 million in total revenues to the IFTA and IRP clearinghouses.

Nonconsensual Towing

The Nonconsensual Towing Sub-section employees administer the Nonconsensual Towing Act of 2011 found in 47 O.S. § 967, which authorized the Commission to establish rates charged for nonconsensual towing and storage. This section regulates 461 DPS licensed wreckers. In FY23, the section investigated 84 complaints and ordered 69 refunds.

Enforcement

The Enforcement Department includes both the Motor Carrier Enforcement Section and the Railroad Section.

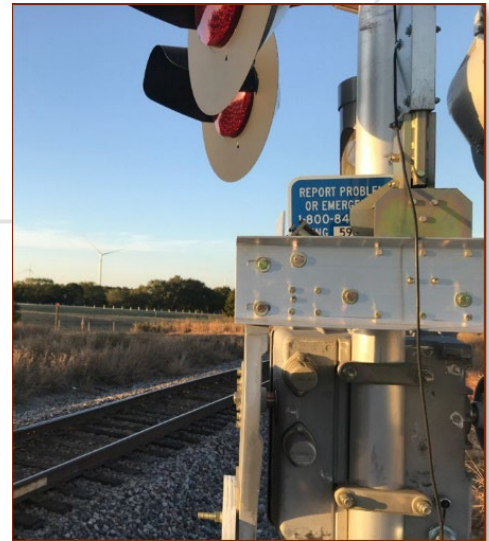
Motor Carrier Enforcement

The Motor Carrier Enforcement Section staff perform compliance checks on for-hire and private motor carriers to ensure those operators are following Commission rules, federal regulations and Oklahoma statutes that govern commercial vehicles and interstate and intrastate motor carriers. This section is also responsible for:

- Conducting complaint investigations to include, but not limited to, illegal dumping of deleterious substances
- Performing overweight audits of motor carriers and shippers

Transportation Division CLEET-certified officers completed mandated annual firearms qualification and continuing service training hours. CLEET-certified trainers conducted four sessions, one in each of the four zones, for all certified officers, with applicable training extended to non-CLEET-certified officers.

The agency completed its portion of the Federal Highway Administration State Enforcement Plan for FY24. Documentation was submitted to DPS and Oklahoma Highway Patrol Troop S, who compile information from the Oklahoma Department of Transportation, DPS permits, DPS Troop S and the Transportation Division and then submit the State Enforcement Plan to the federal agency.



Railroad Section

The Railroad Section is responsible for enforcing state rules and regulations on rail company right-of-way fencing and at-grade rail crossing maintenance and safety.

Pipeline Safety

The Pipeline Safety Department is responsible for enforcement and inspection authority over 229 natural gas operators, 31 hazardous liquid operators and four underground natural gas storage facilities. These companies operate more than 115,822 miles of natural gas pipeline and 4,984 miles of hazardous liquid pipeline throughout the state. The department's staff conducts on-site inspections of the pipeline operators' facilities and records, as regulations cover the abandonment, construction, design, maintenance and operation of operators' pipeline and underground natural gas storage facilities.



This department receives funding from an assessment paid by pipeline operators and by a federal reimbursement. The U.S. Department of Transportation's Southwest Regional Office of Pipeline Safety oversees and supports the program. The federal Department of Transportation (DOT)'s Office of State Programs annually evaluates Oklahoma's Natural Gas and Hazardous Liquid Pipeline Safety Programs and Underground Natural Gas Storage Facilities Program and assigns a proficiency rating to each program.

The U.S. DOT's Office of State Programs performed its annual evaluation and assigned a 100 percent proficiency rating to both the department's Hazardous Liquid Pipeline Safety Program and Natural Gas Pipeline Safety Program.

In its annual review, Oklahoma was found adequate in establishing statutes covering damage prevention to underground facilities. The Commission was authorized to enforce those standards as they apply to gas and hazardous liquid pipelines. In a 2023 review, the Pipeline and Hazardous Materials Safety Administration (PHMSA) found the Commission complied with all federal guideline requirements for promoting and enforcing the damage prevention statutes.

Division Highlights:

Construction of the new Bryan County Port of Entry is scheduled for completion in August 2023. Enforcement Officers participated in the Great State Fair of Oklahoma in Oklahoma City and also manned a booth at the Tulsa State Fair seeking to recruit new officers at locations across the state.

All Motor Carrier Enforcement Officers attended Active Shoot Training conducted by officers Chris Joslin and Jamison McCollister. All CLEET certified officers attended various annual firearms requalification events. In February, Hugo Weigh Station Enforcement Officers responded to a request for assistance from Hugo Police and set up a perimeter around an active shooter event providing local offices the ability to engage the suspect without any injuries to officers or the public.

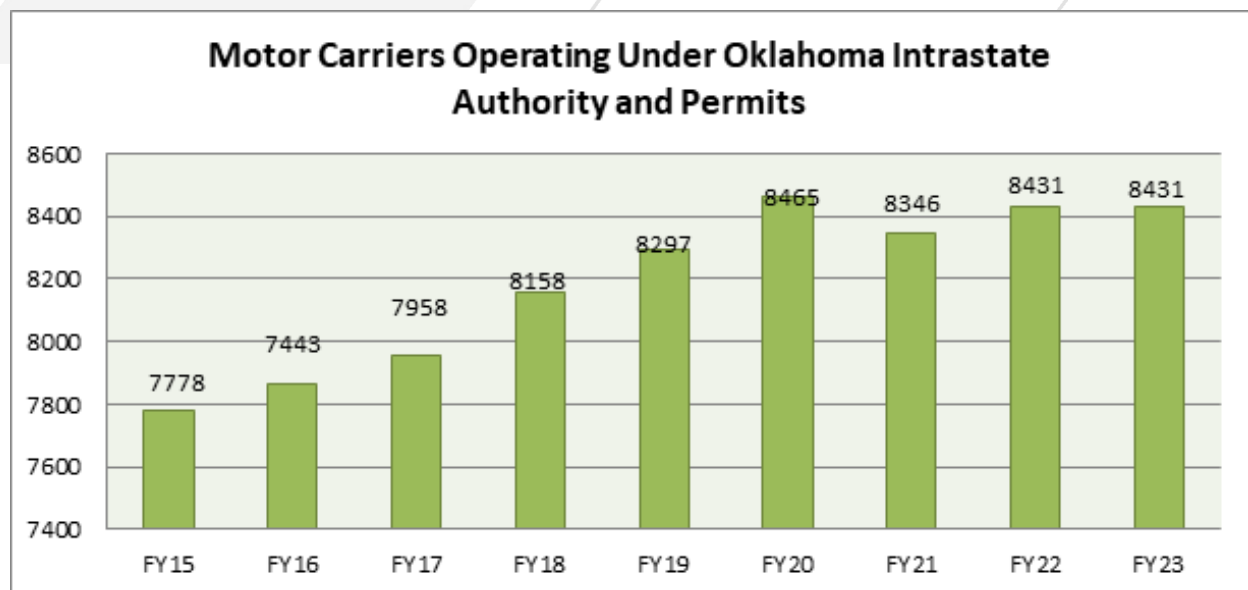
Pipeline Safety Department personnel attended multiple federally mandated training on Safety Evaluation of gas Pipeline Systems, Safety Evaluation of Control Room Management and Pipeline Failure Investigation Techniques. These employees participated in a federal records audit of Underground Natural Gas Storage Facility and hosted small operator training in Enid, Gore, Afton, and Drumright, Oklahoma covering topics including Drug and Alcohol Plan, Excavation Damage and Corrosion. Personnel also attended regional and national meetings of the National Association of Pipeline Safety Representatives.

Division staff participated in IMS Advisory Council meetings on Phase 2 Development of court processes and other legal actions. They also participated in discussion of Phase 4 including eCitation Application, development of Transportation Database, Complaints Tracking, Transportation Informant Management System (TIMS) and IFTA/IRP requirements gathering.

Personnel attended workshops in New Orleans, Louisiana, on Motor Carrier Safety, Data Quality and eScreening. The Motor Carrier Requirements Department worked on developing an online application for motor carriers. Crystal Stevens was appointed Finance Chairman for Unified Carrier Registration (UCR) continuing OCC's prominent participation in this regulatory body.

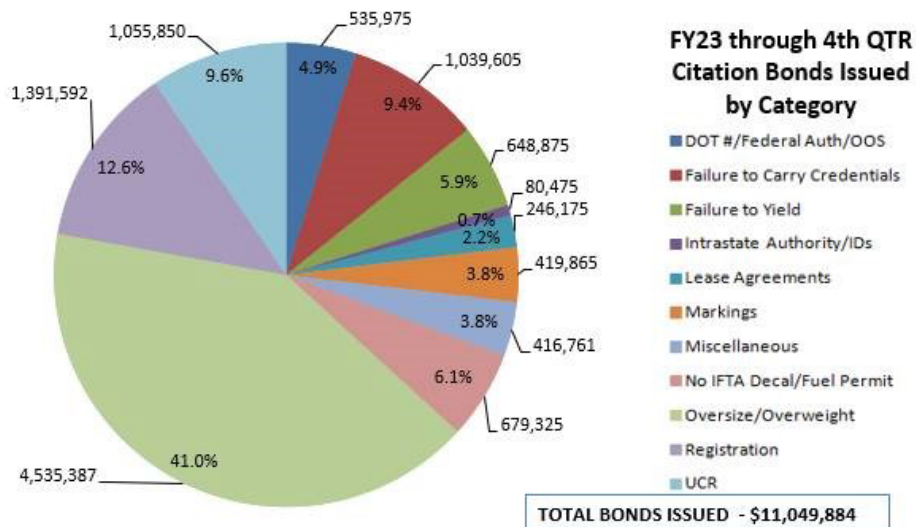
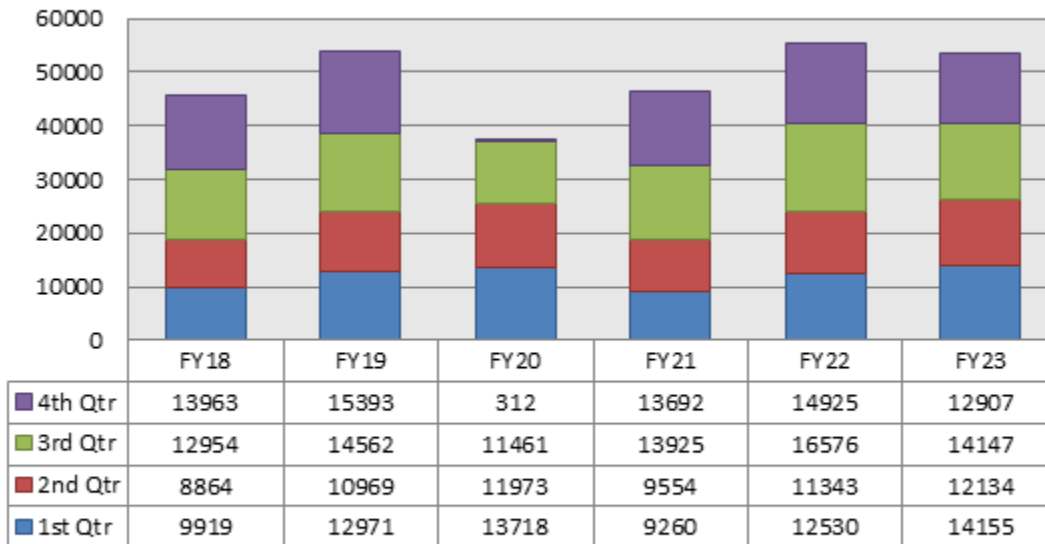
The Railroad Department worked with BNSF to get rights-of-way cleaned in Tulsa that have been the source of multiple complaints over several years.

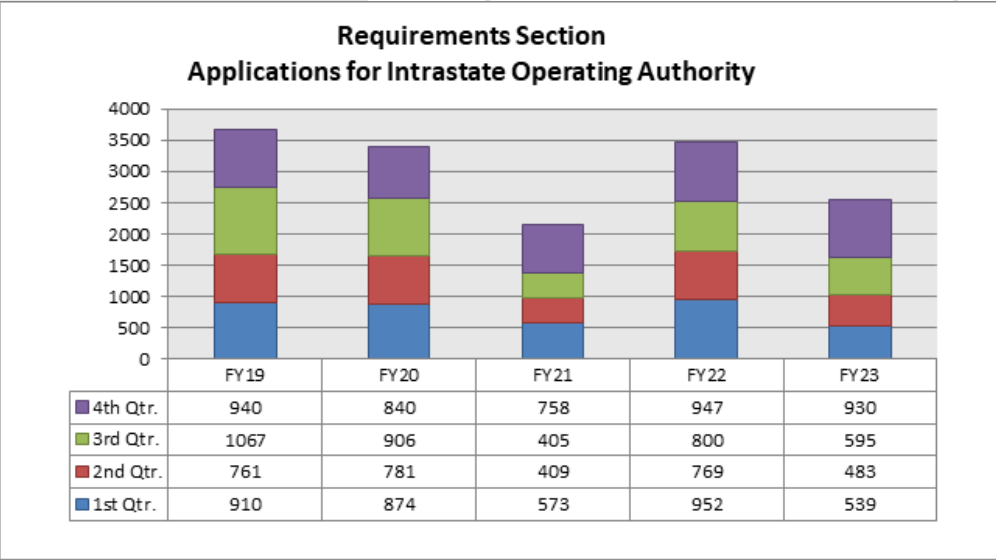
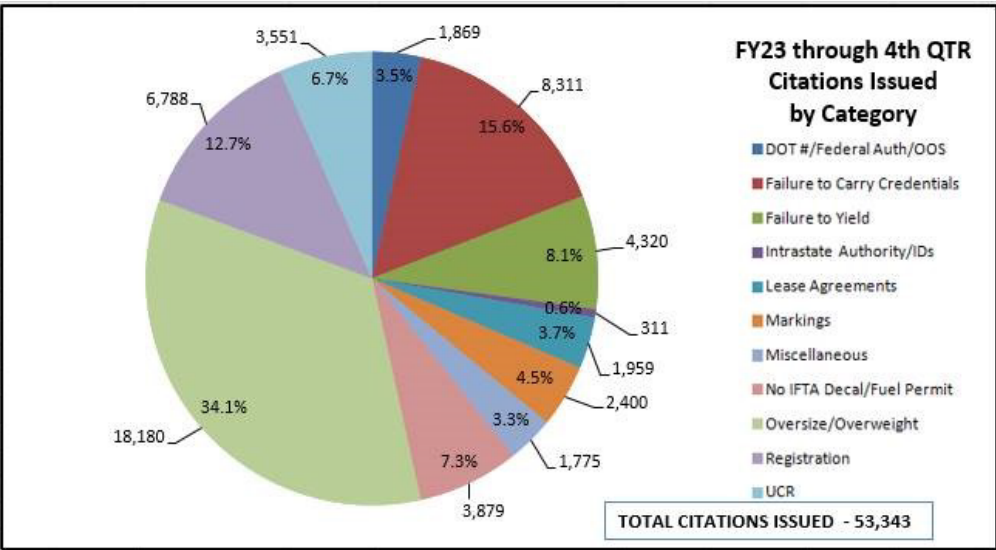
ENVIRONMENTAL INDICATOR:



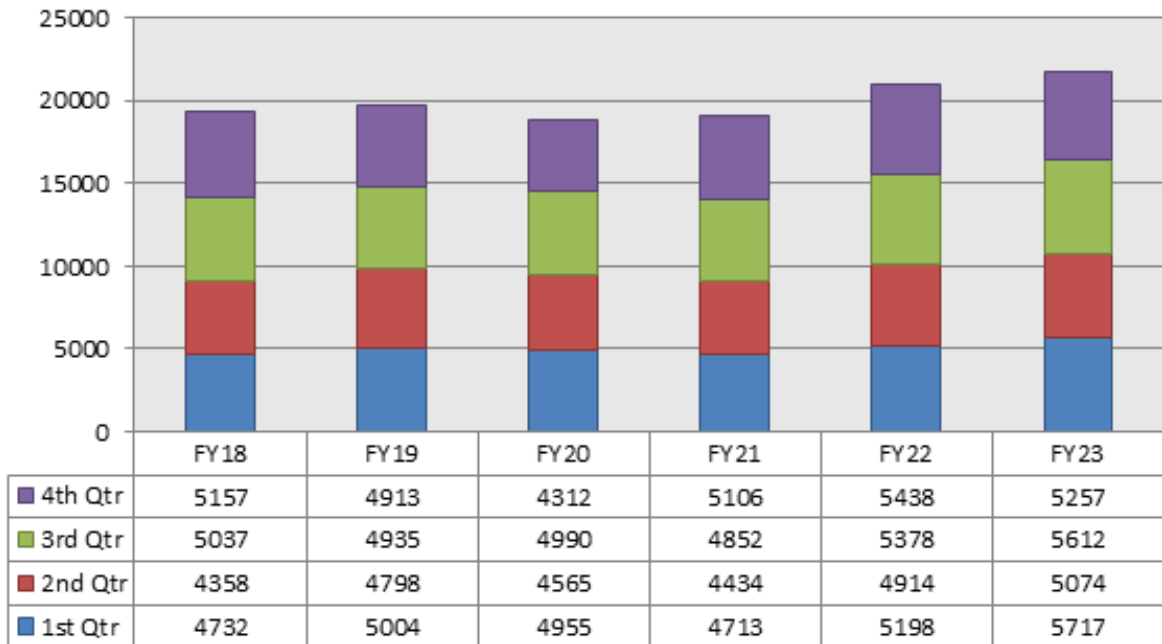
DIVISION STATISTICS:

Motor Carrier Enforcement Department Citations Issued

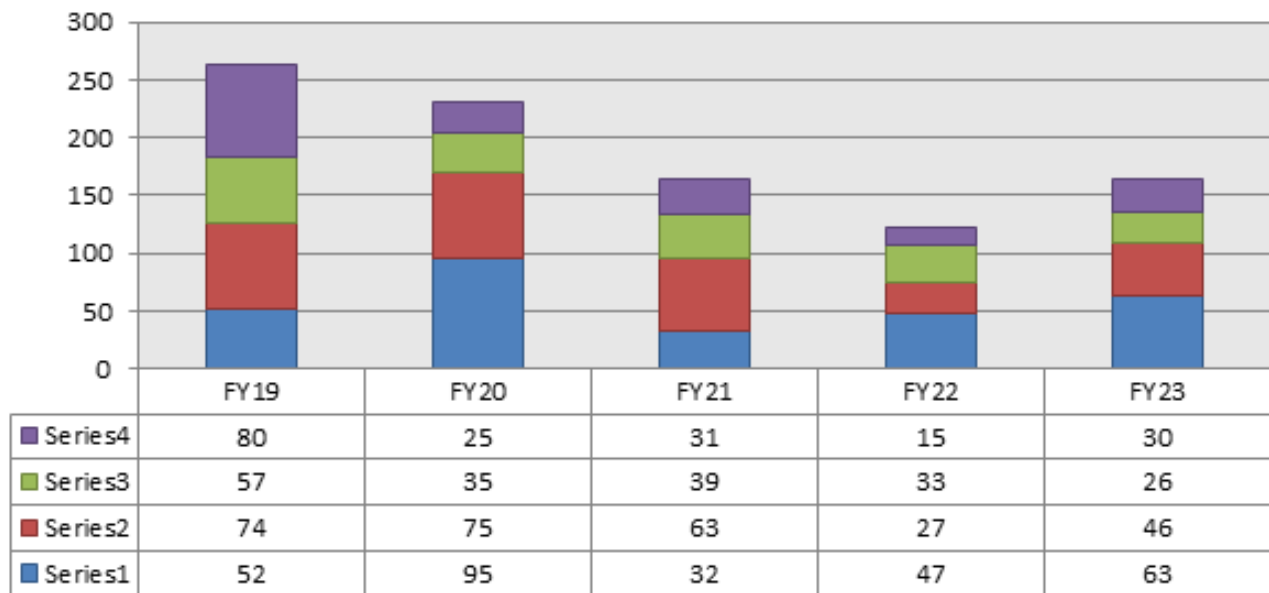




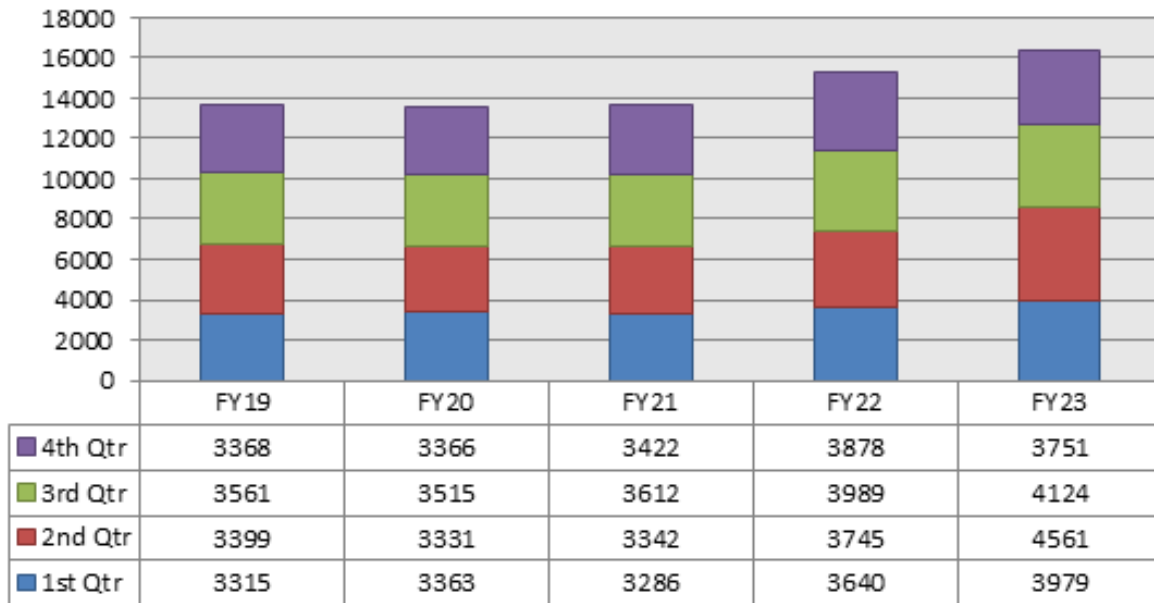
IFTA/IRP Section IRP Applications



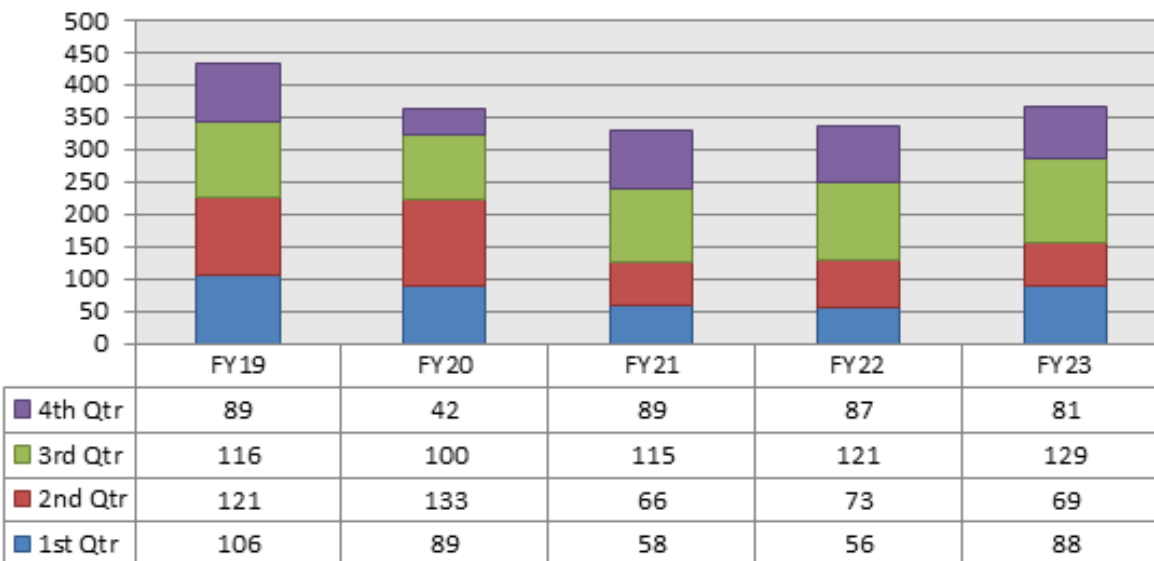
IFTA/IRP Section IFTA/IRP Field Audits



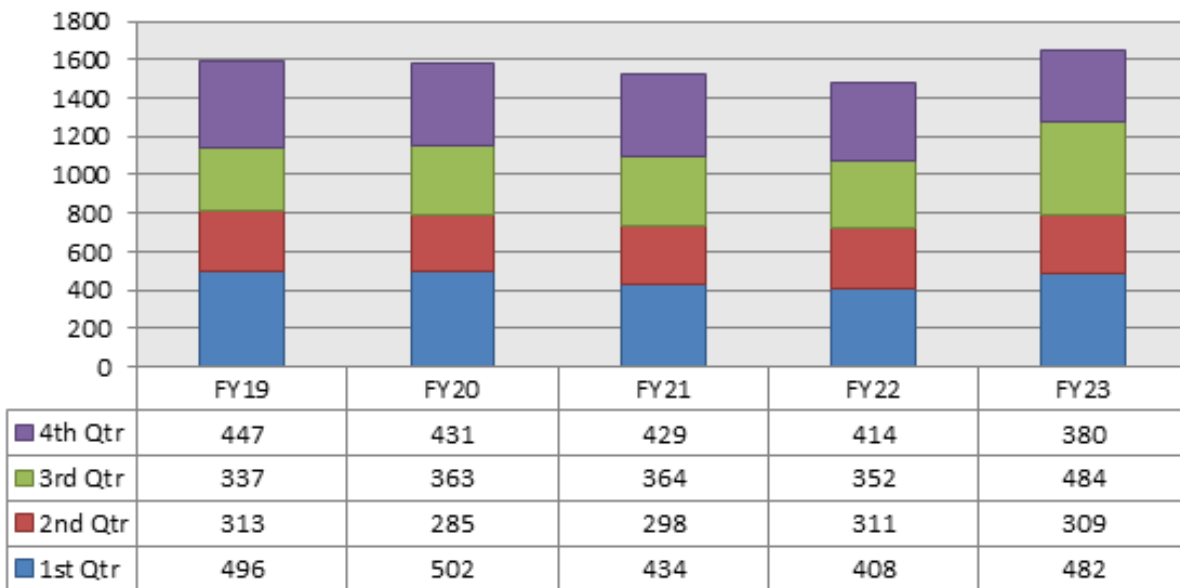
IFTA/IRP Section IFTA Returns Processed



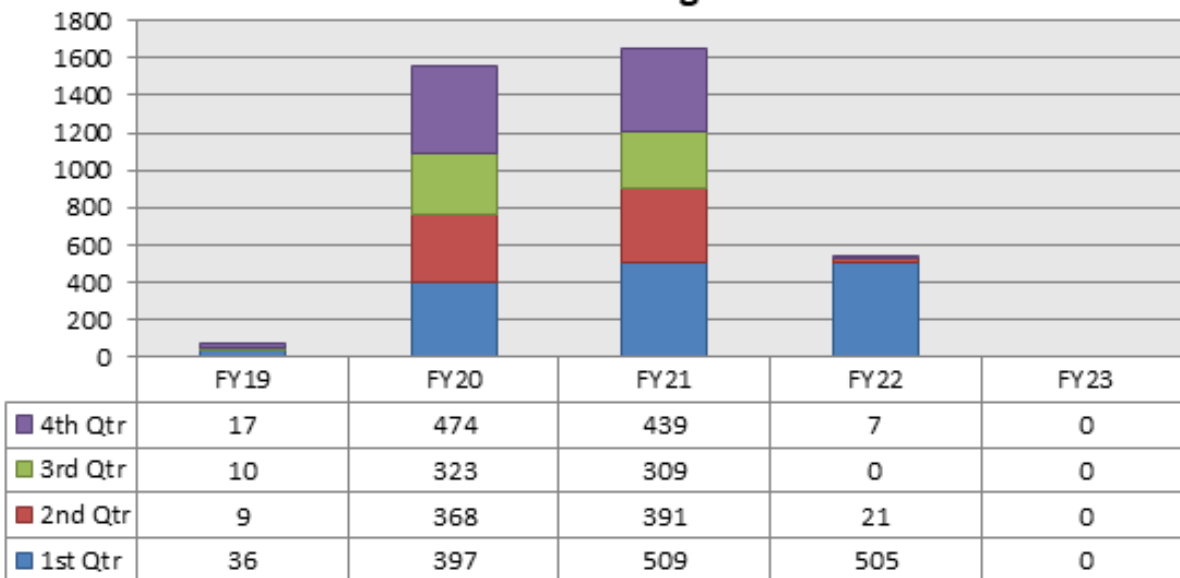
Pipeline Safety Department Operator Inspections



Pipeline Safety Department Inspections Performed (# of Person Days)

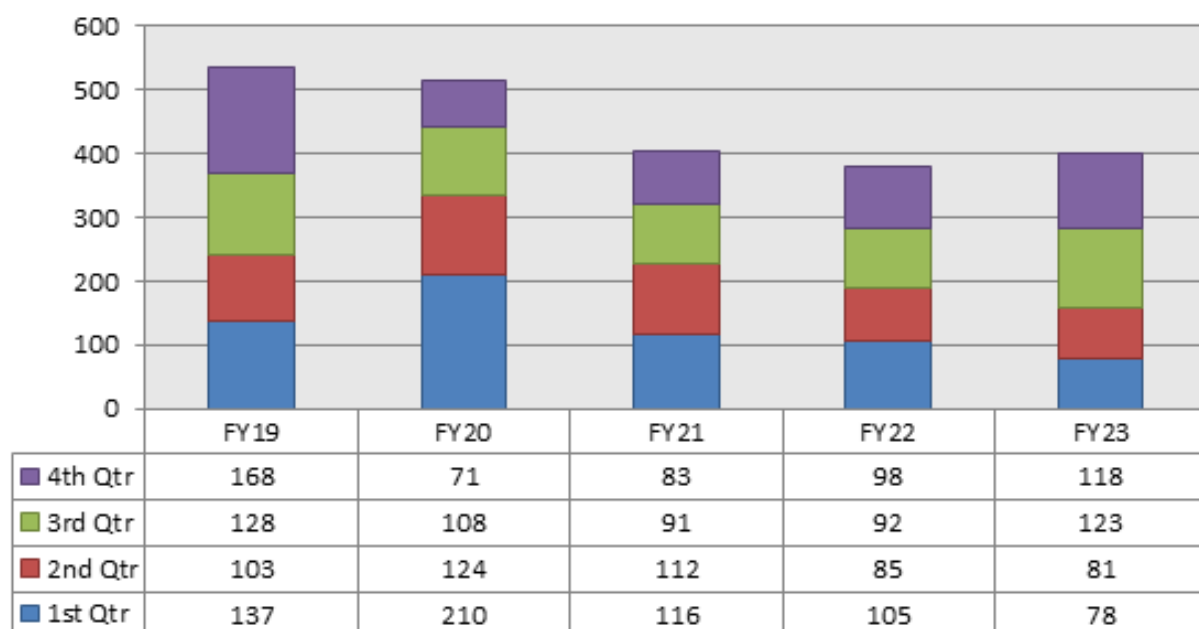


Pipeline Safety Department Line Hits Investigated

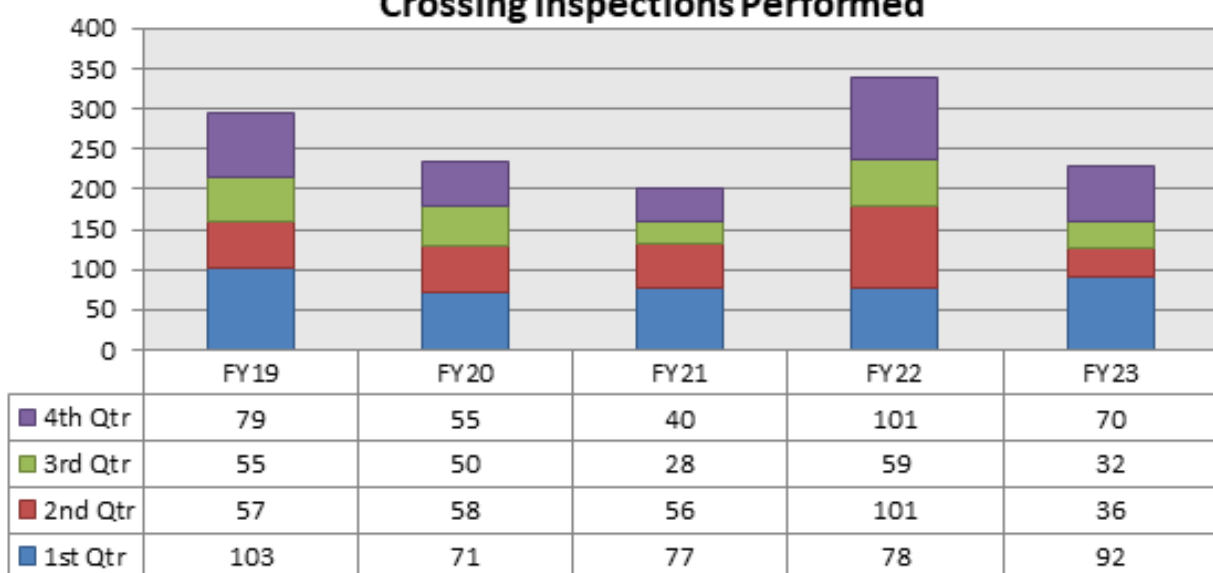


1st Qtr FY20 increase in activity due to receiving of one hour notifications from pipeline operators concerning

Railroad Section Complaints Addressed



Railroad Section Crossing Inspections Performed



The increase in number of crossing inspections performed from FY17 to FY18 is a result of the implementation of Transportation's Strategic Plan/Action Plan 4.4 - Increase use of field officers to perform railroad crossing inspections and complaint inspections.