

Fiscal Year 2022 Annual Report



Commissioner Dana Murphy
Commissioner Bob Anthony
Commissioner Todd Hiett



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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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Oklahoma Corporation Commission History

The Oklahoma Corporation Commission (Commission) was established in 1907 by Article 9 of the Oklahoma Constitution.

The first state legislature gave the Commission the authority to regulate public service corporations. Initially, the Commission regulated transportation and transmission companies; mostly railroad, telephone and telegraph companies. The Commission was also directed to collect and maintain records of the directors, officers and stockholders of all corporations chartered or licensed to do business in the State of Oklahoma. At Statehood, there were approximately 12,500 businesses identified in Oklahoma.

As the state grew, the decision was made to keep authority over public service companies at OCC while responsibility over other companies was placed with the Oklahoma Secretary of State and other state agencies or commissions.

In 1908, pipelines and telephone services were placed under the authority of the Commission. In 1913, regulation of heat, light, power rates and water became the authority of the Commission.

The Commission began regulating oil and gas in 1914, when it restricted oil drilling and production in the Cushing and Healdton fields to prevent waste when production exceeded pipeline transport capacity. In 1915, the state legislature passed the Oil and Gas Conservation Act which 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.

OCC Responsibilities

The OCC develops and enforces regulations that affect:

- » 359 Public Utilities
- » 8,430 Motor Carriers
- » 2,300 Oil and Gas Operations; and
- » 4,200 Motor Fuel Facilities.

The OCC additionally oversees the safe operation of:

- » 175,493 active oil, gas, and injection wells
- » 53,381 miles of natural gas and hazardous liquids pipelines
- » 170,000 miles of electric distribution lines
- » 10,200 petroleum storage tanks
- » 45,000 motor fuel dispensers; and
- » 3,475 railroad crossings



The Commission's basic regulatory responsibilities have remained intact. 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.

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

The agency is comprised of 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 its orders are only appealable to the Oklahoma Supreme Court.

The Commissioners

Commissioner Dana Murphy



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.

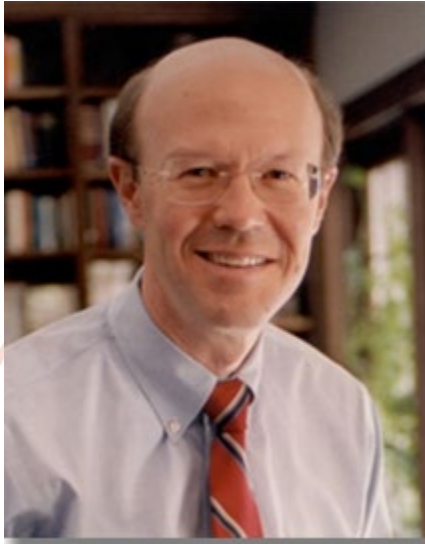
Commissioner Murphy is a member of the National Association of Regulatory Utility Commissioners (NARUC), where she serves on the Electricity Committee. She is a member of the Electric Power Research Institute (EPRI) Advisory Council. She is the Oklahoma member of the Regional State Committee of Southwest Power Pool. She also serves on the Oklahoma Water Resources Research Institute Advisory Board, serves on the advisory board of the Financial Research Institute and is a member of the Oklahoma Bar Association and Oklahoma Women's Coalition. In March 2007, Commissioner Murphy was recognized as an outstanding woman in energy by Energy Advocates. 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.

Prior to joining the Commission, she was a member of the board of directors of Farmers Royalty Company and a member of the Edmond Chamber of Commerce. She is also a part-time personal fitness trainer.

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



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 the Oklahoma Corporation Commission. 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 "in appreciation of his tireless efforts on behalf of Oklahoma consumers."

Anthony has served as a statewide elected official longer than any other current Oklahoma office holder, winning his sixth consecutive six-year term on the Oklahoma Corporation Commission 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, Oklahoma and his mother grew up in Enid, Oklahoma. The Commissioner and his wife, Nancy, were married in 1975. They are the parents of four daughters and have five grandchildren.



Commissioner Todd Hiatt



Todd Hiatt is married to Bridget Hiatt and they have three children, Jimmy, John and Hillary. The Hiatt family lives on a ranch two miles south of Kellyville. Hiatt graduated from Oklahoma State University.

Hiatt was elected to the Oklahoma House of Representatives in 1994 at the age of twenty-seven. Hiatt quickly ascended into leadership and was selected by his colleagues to be House Minority Leader in November of 2002. Two years later, he led the state House Republicans to their first majority in eight decades and their largest victory in nearly a half-century. Marking a historic shift in power at the Capitol, Hiatt was chosen the first Republican Speaker of the House in more than eight decades.

During his first year as Speaker, Hiatt oversaw a smooth transition as House Republicans ascended to power with a bold agenda. The new Speaker pushed through the largest tax cut in state history, the most significant right-to-life legislation in thirty years, an innovative highway-funding bill and significant education reforms, collectively known as the ACE Initiative, which raised the bar for curriculum standards and graduation requirements in Oklahoma.

After a successful twelve years in the Oklahoma Legislature, Speaker Hiatt worked eight years with various entities in the manufacturing, navigation and energy industries. In this role, Hiatt enjoyed the opportunity to work with many pro-growth companies such as Webco Industries and Callidus Technologies to strengthen and expand their ability to provide jobs.

Most recently, Hiatt was elected to serve as Chairman of the Oklahoma Corporation Commission, effective April 1, 2019.

Bridget Hiatt teaches at Kellyville Elementary. Sons Jimmy and John are graduates of Oklahoma State University. Daughter Hillary is a junior at Oklahoma State University. The Hiatts attend First Baptist Church of Kellyville.

Todd and Bridget continue to operate a ranch south of Kellyville and Todd serves on the board of directors for SpiritBank and as a member of the SpiritBank Corp. Holding Co.



Administrative Services

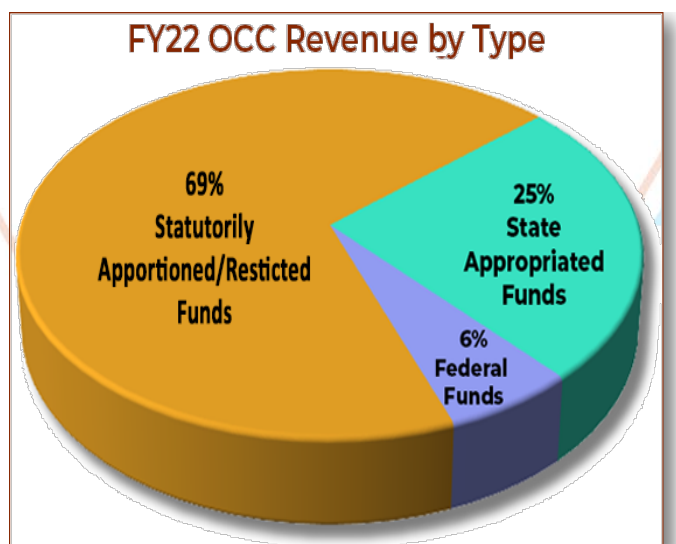
Administrative Services is comprised of the finance and human resources functions for the entire agency. Together, it oversees all fiscal and human capital operations of 4 core divisions – Transportation, Oil and Gas Conservation, Petroleum Storage Tank and Public Utility – as well as the support division. Administrative Services staff responsibilities include the following:

- Create and present monthly financial statements and quarterly and annual financial reports for/to 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 P/Card program
- Process all agency revenue and deposit within statutory timeframe
- Perform clearinghouse disbursements for the IFTA and 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 to divisions
- Inventory, surplus and asset management
- Maintain building projects, safety inspections and related requirements
- Complete risk management surveys and forms
- Process agency's bi-weekly payrolls
- Interview, on-board and off-board agency employees
- Provide HR support (benefits, retirement, performance ratings, salary changes, discipline) to all 528 current employees

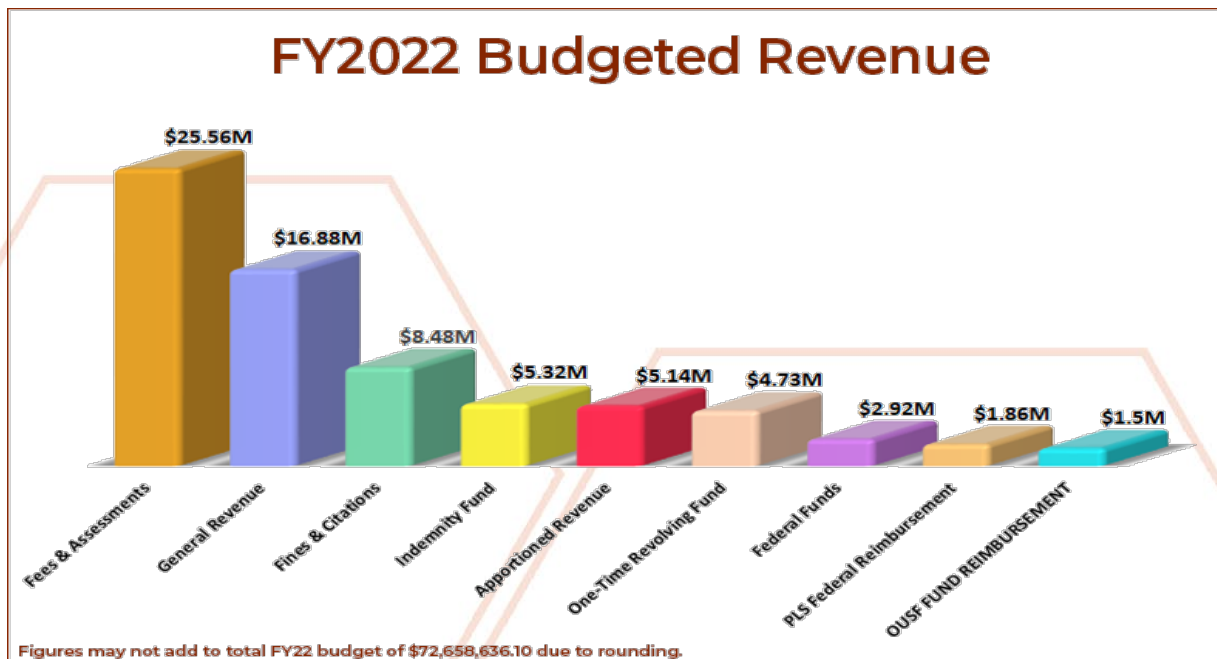
Financial Review

Commission operations are categorized by 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, both of which can be spent for all agency-related operations. Restricted funds are monies deposited into agency revolving funds that regulated entities pay for things like licenses, permits, fees and fines. Oklahoma statutes restrict these fund's usage to only what the law allows and cannot be transferred to other departments or for other uses within the agency.

The Commission receives federal funds in the form of grants for programs that agency staff administer and can only be used for the grant's specified purpose. Lastly, the agency maintains two fiduciary funds for unlocated mineral owners and oil and gas operators' surety.



State appropriated funds account for about 25 percent of the agency's \$78 million budget. Federal funds make up about six percent. The bulk of agency revenue, 69 percent, comes from customers through assessments, fees, citations, the Indemnity Fund and revenue apportioned by statute. The Public Utility and Petroleum Storage Tank divisions are self-funded and do not receive state appropriations.



The Public Utility Division (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 program.

The Petroleum Storage Tank Division receives money from the Indemnity Fund, which is largely funded by a motor fuel assessment and federal grants.

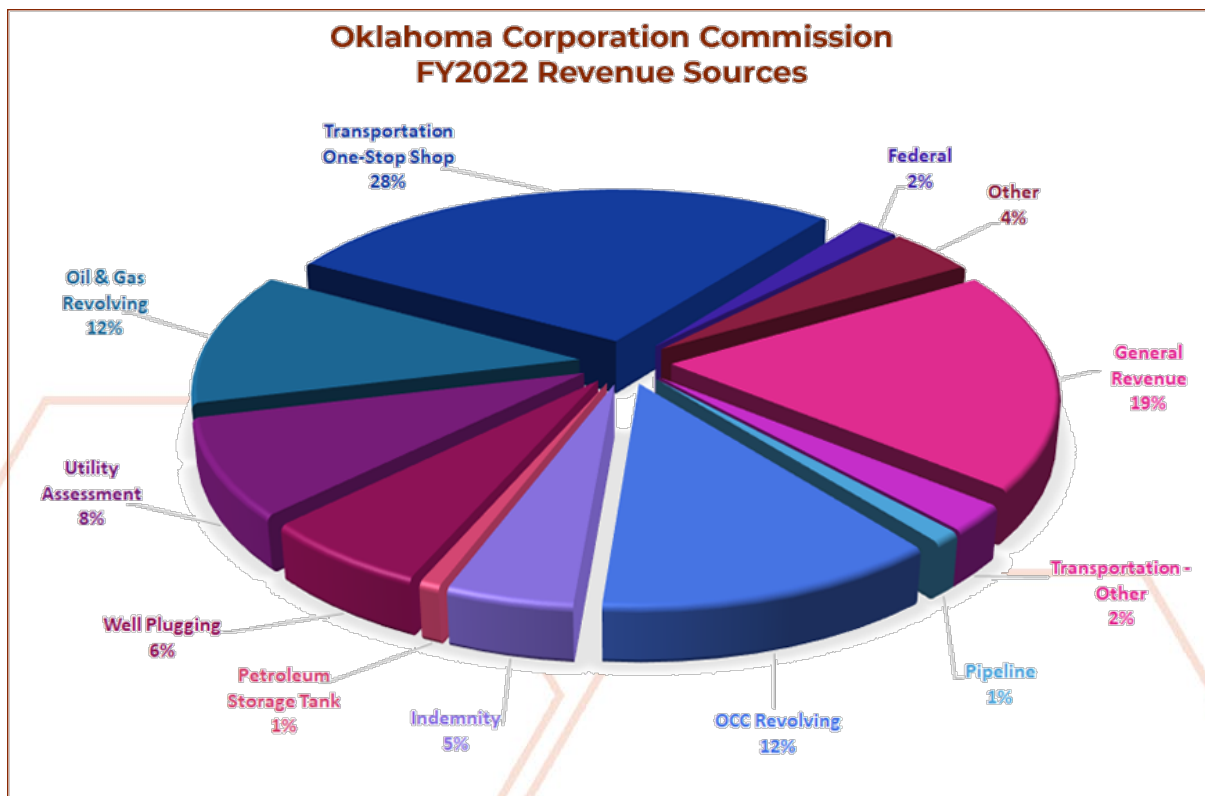
The Transportation and the Oil and Gas Conservation Divisions rely on appropriations, fees and fines to cover operational costs. Revenue to each of these divisions is inherently volatile due to economic factors, like oil and gas drilling activity, influencing the amount of funding generated each year.

In FY22, the agency received additional appropriations for a third year to fund digital transformation and agency modernization. Another substantial increase to revenue was based on more post-pandemic fee income, which help off-set the agency's investment in IT efforts to reduce its old technology debt. With this critical funding in place, OCC was able to roll-out Phase 2 of the overall Information Management System (IMS) project for electronic case filing that provides stakeholders the ability to file cases electronically and pay online.

Substantial efforts continue to ensure budget requests align with known and anticipated needs, with the strategic plan goal of actual spending falling within 10 percent of its established budget. Finance collaborated with division to bring budgets into line with strategic plan goals.

Despite continued post-pandemic effects, such as restricted travel and training cancellations during the first half of the fiscal year, the agency had 3 of the 5 divisions meet this goal.





With the implementation of the first phase of IMS revenue tracking system in place, the Commission was able to address another strategic goal of the agency: improved financial reporting. Finance began utilizing Microsoft Power BI, which was part of the state's existing Microsoft Suite package and came at no additional cost to the agency. This application provides interactive reporting for the agency's 200+ revenue streams. These reports, as well as several other financial reports, are posted within the agency-wide online team for full transparency and accountability. The agency's budget and strategic plan documents are also placed in this centralized location, as well as the agency's home page in SharePoint. Finance will continue to provide meaningful metrics, along with process changes, through the summary in the monthly financial reports to promote transparency and accountability to the agency's stakeholders and the citizens of Oklahoma.

Human Resource Activity

The Commission has a three-person human resource team that supported an average of 528 employees across five agency divisions posted throughout the state in FY22. The staff provides advice, guidance and administrative support to personnel in all aspects of human resources.

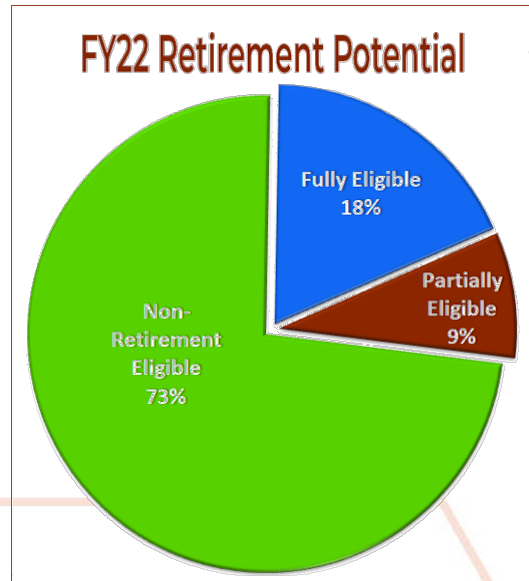
Agency demographics are listed below:

- Transitioned from the merit system to the new Civil Service Division
- The population is slightly less than two-thirds male and over one-third female
- The average employee age is slightly over 50 years old
- Within the next five years, 45 percent of total agency staff is eligible to retire, while 27 percent is now retirement-eligible



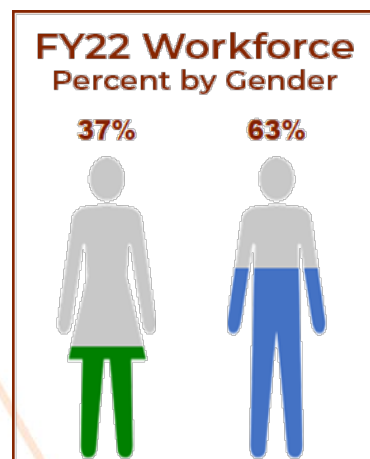
- 70 percent of employees have worked for/been employed by the state over 5 years, with more than 22 percent being employed 20 years or more
- The Commission field staff makes up 46 percent of the agency's workforce

During FY22, the Commission, along with all other state agencies, transferred to a new Human Resources System although the final product did not deploy until August 2022. This modern system streamlined pay, leave, performance, learning and benefit information all onto one system for employee ease. Additionally, HR was heavily involved with the transition from the Merit System to the new Civil Service Division, which was a large-scale change for all state employees. HR conducted several "Town-Hall" "town hall" style meetings with employees to discuss the changes, shifts in roles and the change of class from a Merit System to the new employee-based system.



Other activities for the fiscal year included:

- Administered pay-rate changes for court reporters mandated by the legislature
- Performed over 397 transactions, including hiring, promotions and appointment/title changes
- Processed 59 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



The statistics listed above required thousands of entries into the Human Capital Management (HCM) PeopleSoft System, along with the filing of legal source documents and confidential personnel records. HR continues efforts to scan all personnel files for electronic storage and minimize paper usage with an estimated completion date of December 31, 2022 to be paperless.

The Commission's workforce reduced by four percent from the previous fiscal year. Although the Commission is heavily invested in recruiting and hiring to maintain sufficient staff to fulfill its constitutionally and statutorily mandated missions, it is losing a number of employees throughout the agency each month due to natural attrition, post-pandemic concerns and superior salaries offered by private industry.

The agency lost 59 people, more than 11 percent of its workforce, during the fiscal year.

The Commission is committed to ensuring that every hire is necessary to meet its constitutional and legislative mandates, including Title 17 and the Oklahoma Personnel Rules, as well as the aggressive strategic goal of automating the on/off boarding of employees to streamline the process. The HR team strives to gain efficiencies and promote change agency-wide, while modernizing and preparing for the future, as the agency continues to return to a pre-pandemic posture.



Oil and Gas Conservation Division

In 1915, the state legislature gave the Corporation Commission statutory responsibility for regulating the oil and gas explorations and production industries in Oklahoma. 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 the waste of the state's oil and gas resources
- Protect the 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 general 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)
- Public Assistance
- Administrative
 - Document Handling
 - Intents to Drill
 - Surety
 - 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)

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

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

In FY22, Field Operations’ 68 field inspectors conducted:

- 54,170 site inspections
- 4,509 underground injection control well inspections
- 4,572 complain investigations
- Oversaw 1,451 well plugging jobs
- Oversaw 4,533 UIC well integrity tests
- Referred 949 abandoned oil field sites to the OERB and the Commission Brownfields Section

Field Operations’ streamlined processes for responding to incidents maximizes efficiency and results in timely enforcement actions when necessary. The 30-day period permitting resolution of an incident before filing an enforcement remains in effect. This process permits sufficient time for operators to safely and legally continue operations while resolving any possible or known issues.

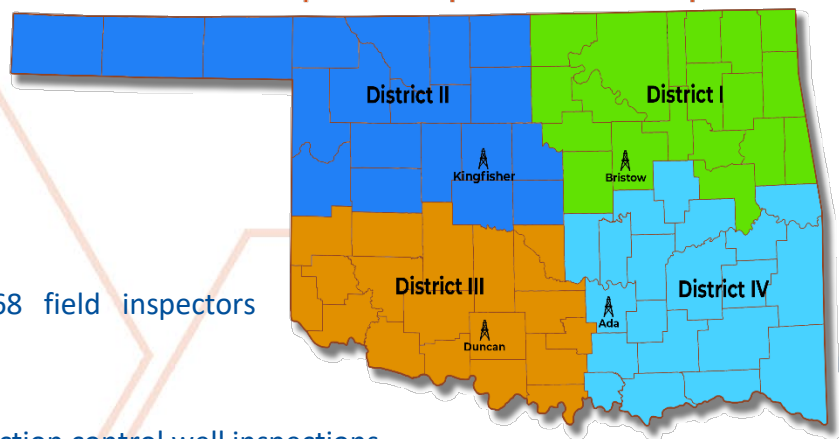
Pollution Abatement Department

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:

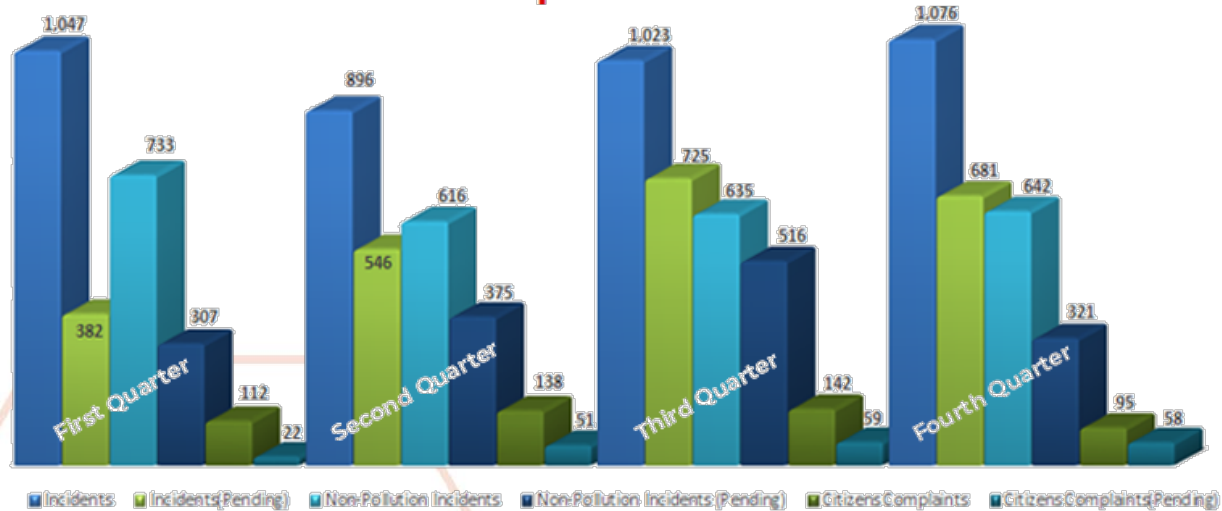
- Environmental waste management
- Brownfields

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.

OGCD Field Operations Department District Map



FY2022 Complaints and Incidents



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

Environmental Waste Management Section

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 FY22, Pollution Abatement staff processed:

- 1,272 applications for one-time land application (1014S)
- 512 post land applications (1014R)
- 3,106 site inspections
- 778 conference calls/meetings
- 1,572 environmental sampling events
- 8,122 file reviews
- 589 referrals for assistance
- 888 industry consultation events
- 357 remediation plan reviews/approvals
- 160 surety reviews



Brownfields Section

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

The OCC Brownfield Program closed five sites in FY22. 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 FY22:

- Certificate of No Action Necessary
 - Outsiders DX Station in Sperry, OK
 - Neal's Garage in Okemah, OK
 - Bricktown Entertainment Tract B in OKC, OK
- Certificate of Completion
 - Waggoner Trucking – Vacant Parcel in OKC, OK
 - 10th Street Sinclair in Okemah, OK



Neals Garage, Okemah

The Program enrolled 3 new sites in FY22:

- Oil and Gas Sites
 - Chickasha Downtown Park in Chickasha, OK
- Gas Station Sites
 - Cherokee Floral and Gifts in Cherokee, OK
 - Former Montgomery Oil Co. Station in Fairview, OK



The Brownfield Section staff manage several ongoing projects, including:

- Oil and Gas Sites
 - Former Body Works Facility in OKC, OK
 - Wagoner Trucking - Building Parcel in OKC, OK
 - Chickasha Downtown Park in Chickasha, OK
- Gas Station Sites
 - Floyd's Apco in Okemah, OK
 - 2445 MLK Station in OKC, OK
 - 2523 MLK Station in OKC, OK
 - JC Wilson Co. Station in Okemah, OK
 - McCormick Service Station in Boley, 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 Section 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 Section 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 general public and the oil and gas industry, as well as technical review for various legal documents. In FY22, the OGCD's Technical Department saw an increase in activity as oil prices increased. The Technical Department returned to a hybrid office schedule. Online review of applications, permits and orders continued along with department meetings and technical conferences. Two major projects for the Technical Department this year included participation in testing and developing our review processes in the new ECF system and the conversion from Imaging to Laserfiche. Technical includes the following sections:

- Compliance
- Technical Review



Compliance Section

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 FY22, staff processed gas volume reports containing monthly production information on the 43,439 gas wells in the state. There were 108 new companies that filed Financial Assurance Mechanisms and Operator Agreements with the state and 2,332 active operators in the state as of June 30, 2022.

Technical Review Section

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

Staff workload included:

- 4,140 requests for surface casing and pit requirements
- 1,554 applications to drill, recomple and re-enter wells
- 3,811 spacing, location exceptions, increased density and other related applications and orders
- 2 applications for vacuum pump installations
- 51 applications for commingling, venting or flaring of gas
- 4 applications for other forms of technical relief
- 1,593 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.

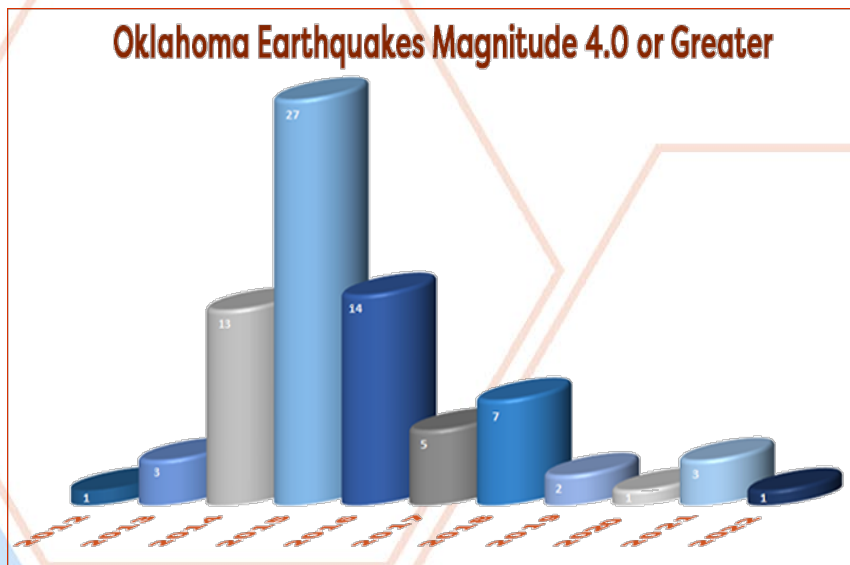
ISD is a multi-disciplinary department that collaborates regularly with industry, academia and other state and federal regulatory entities to stay abreast of new developments in the science of induced seismicity, as well as tool/application development. Such collaborations include:

- 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

In FY22, 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 4 active Arbuckle disposal wells and 3 inactive wells located within 6 miles of the epicenter of the earthquake. Additionally, 15 disposal wells located within 6 to 10 miles of the epicenter were required to reduce injection rates. ISD acted upon one earthquake ≥ 3.0 magnitude located outside the AOI for induced seismicity. ISD shut-in one Arbuckle disposal well located within 3 miles of the epicenter of the earthquake and no other actions were taken.



In response to seismic activity associated with hydraulic fracturing (HF), ISD recorded more than 75 individual communications with operators related to HF seismicity during FY22. Operators paused completion activities at least 40 times due to HF induced seismicity during FY22. Operator contacts for HF induced seismicity increased from 12 in 1st

Quarter FY22 to 19 contacts in 4th Quarter FY22, a 58 percent increase.

The frequency of earthquakes during 4th Quarter FY22 for magnitude ≥ 3.0 has declined by eight events, or 73 percent, since 1st Quarter FY22. A year-over-year comparison of total earthquake counts (magnitude ≥ 3.0) for FY21 and FY22 exhibit a decrease of 9 events, or 31 percent, from the previous year. Total earthquake counts ≥ 4.0 magnitude decreased slightly from FY21 to FY22, with a decrease to 1 event in FY22.

Arbuckle injection volumes in the AOI saw a year-over-year increase of 15.4 million barrels from FY21 to FY22, or a 6.5 percent increase. Arbuckle disposal volumes within the AOI, a 15,000 square mile area in central and northern Oklahoma, have dropped 80 percent since peak Arbuckle injection in FY 2016. There were approximately 522 Arbuckle disposal wells and 133 operators in the AOI at the end of FY22.

ISD received 661 Hydraulic Fracture Notice Forms during FY22. Submissions increased by 226 notices, or 51 percent, year-over-year from FY21 to FY22. Oil prices and economic recovery in the US increased the rate of new wells completed during FY22. ISD witnessed an increase in activity of 32 Notices from 1st Quarter FY22 to 4th Quarter FY22, a 20 percent increase in hydraulic fracturing activity.

In FY22, ISD staff participated in several induced seismicity panels and presented at in-person conferences for the first time since the start of the COVID-19 pandemic. Oklahoma's response



to and success in mitigating damaging and widely felt earthquakes was singularly identified as the example for other states to follow. The Commission received many congratulations for all the measures our agency and staff have taken to prevent earthquakes in Oklahoma and for our data-driven regulatory approach utilizing GIS and new technologies to manage the hazard of induced seismicity.

Underground Injection Control (UIC) Department

In FY22, UIC 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 3,722 tests the previous year, 400 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 FY22, UIC received 268 applications:

- 97 applications for an exception to the rule
- 85 applications for an injection well
- 71 applications for a non-commercial disposal well
- 15 applications for a commercial disposal well
- 109 were completed either by permitting or dismissal

UIC administratively permitted 100 applications:

- 49 injection wells
- 43 non-commercial disposal wells
- 8 commercial disposal wells

Administrative Department

The Administrative Department was created to maximize efficiency and to streamline the 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 FY22, staff processed:

- 396 certificates of record search
- 2,173 plugging reports
- 11,287 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 Electronic Case Filing (ECF). As processes are streamlined and cross training of staff continue, the Administrative Department continues to maximize efficiency.



MOEA ➤➤ Surety ➤➤ Public Assistance

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. MOEA rejoined the OGCD at the beginning of FY22. They have been incorporated into a working group including the Surety and Public Assistance departments.

During FY22 there were a total of:

- 25 new reporting holder/operators
- 355 pooling orders
- 4,529 unallocated owners involved in forced pooling orders
- 71,172 unknown or unallocated royalty mineral owners

The Commission collected and deposited a total of \$11,183,392.34, a decrease of 31.14 percent from FY21. Reimbursements to the located royalty mineral owners or their heirs totaled \$8,865,608.75, a decrease of \$1,803,954 from FY21. The 25-year transfer to the Treasurer's Office totaled \$8,346,145.88. At the end of FY22, the MOEA fund balance totaled \$66,251,554.52.

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.

2,397 oil and gas operators in the state are using the following forms of surety:

- 451 bonds (18.8 percent)
- 160 cashier check (6.7 percent)
- 230 certificate of deposit (9.6 percent)
- 393 financial statement (16.4 percent)
- 1,163 letter of credit (48.5 percent)

Public Assistance

The Public Assistance Department acts as the Commission contact for mineral and surface owners in their dealings with petroleum companies. Staff also serve as an information and referral center for oil and gas matters. Mineral and surface owners and oil and gas industry members call with a wide variety of questions and complaints, ranging from royalty payments and leasing to spacing, pooling, production volumes and Commission rules and regulations. Public Assistance helps facilitate communication wherever possible. In FY22, Public Assistance included:

- 3,303 telephone calls
- 476 letters, faxes and emails



- 52 walk-ins

No advice or legal counsel is given during the assistance process. The Public Assistance Department does refer people to organizations that can help, such as royalty owners' trade groups. Staff help guide callers through our website so they can learn how to do the research they need on their own.

Though most of the calls are related to matters over which the agency does not have jurisdiction, the goal is to provide friendly, accurate information to help the mineral owner, surface owner and Oklahoma residents seeking to learn more about the industry.

Several examples of the assistance call types include:

- Helping guide callers through the administrative system and what it means when they receive a hearing document or a forced pooling notice
- Outlining the basics of oil and gas drilling
- Explaining recent law changes and how that affects the industry and mineral owners
- Providing information for county commissioners
- Describing how to read a legal description of a well site's location
- Listening to complaints of alleged missed payments or unpaid bonuses and facilitating dialogue with the operator

Due to ongoing concerns from COVID-19, the Public Assistance Department was unable to hold its annual workshop for Oklahoma royalty owners to provide education on managing oil and gas interests. The department is looking into the possibility of a virtual workshop.

Petroleum Storage Tank Division

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 antifreeze, aviation fuel, diesel, gasoline, kerosene, motor fuel and motor oil.

The 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.

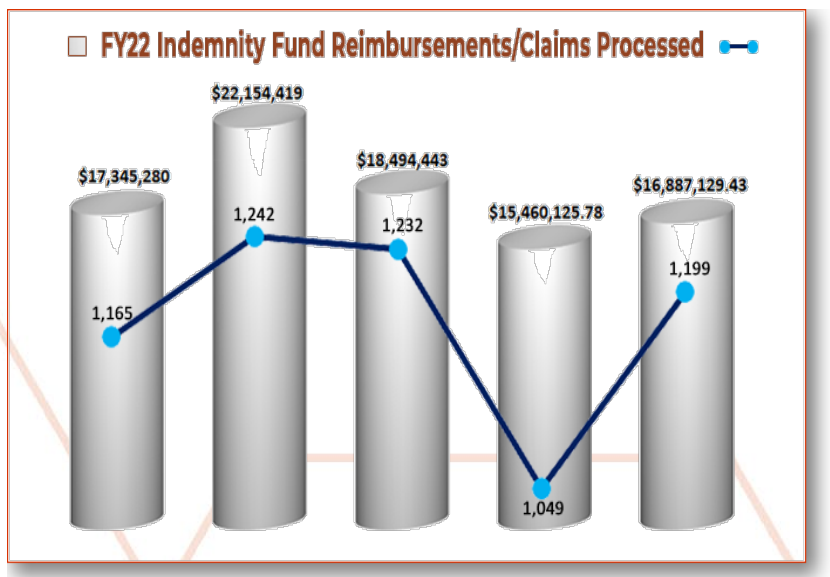
The program conducts risk assessments to determine the potential effects of exposure after a leak has occurred, provides alternative water supplies when necessary, and emergency services if needed.



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.

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 FY22, the Administrator determined 131 cases were eligible for reimbursement.



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 where imminent threat to human health, safety or the environment has been identified and immediate mitigation measures are necessary to curtail the threat, or when the responsible party is unknown, unwilling or unable to respond.

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 is organized into 4 departments that segregate the duties and responsibilities for regulatory (Technical); inspection and enforcement (Compliance and Inspection); financial responsibility (Indemnity Fund); 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 carry out the provisions of the storage tank program set forth in 17 O.S. § 301 et al.



Accounting Department

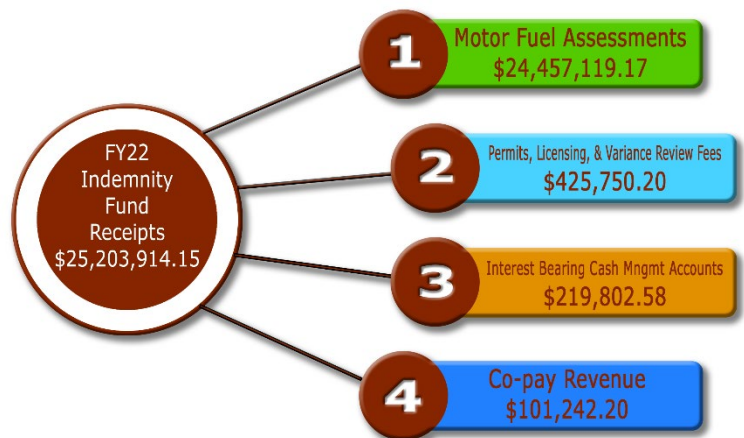
The Accounting Department assists in the mission of the division by ensuring the efficient use of Indemnity Fund, state revolving fund and cost recovery monies, in addition to the LUST Trust Fund Corrective Action and UST Prevention Program Grants. The PSTD Comptroller manages the accounting functions 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 17 consecutive years, external auditors have reported no material findings on the annual audits.

The Comptroller supervises the division's Accounting Department staff who:

- 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 1,199 Indemnity Fund claims totaling \$16,887,129 in FY22. The average time for payment of an initial claim was 4.72 days, the average time for payment of a supplemental claim was 5.37 days and the average time for payment of a final claim was 5.37 days.



In FY22, the Division collected:

- \$55,500 in fines:
 - \$39,750 in enforcement actions
 - \$15,750 in substantial compliance penalty assessments and
- \$1,733,949 in LUST Trust cost recovery funds

Administration Department

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

- Maintaining the storage tank database
- Operating, maintaining and administering the petroleum storage tank operator training program
- Processing petroleum storage tank registrations
- Invoicing and permitting for 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 FY22, 8,276 underground storage tanks and 2,019 aboveground storage tanks were registered currently in use or temporarily out of use; 339 storage tanks were removed from service; 95 storage tanks were installed; and 262 tank and/or line closures were scheduled.

In FY22, PSTD Administration Department staff processed 2,468 tank permit invoices, issued 4,446 tank permits, 613 registration forms, 245 closure reports, 768 antifreeze licenses, 63 temporary authorizations (ballasting permits) and managed 95 environmental consultant licenses and 259 storage tank professional's licenses.

Compliance and Inspection Department

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 Specialists 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 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 leak
- 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 FY22, PSTD Fuel Specialists conducted 5,077 service station inspections, which represents 100 percent of the retail facilities operating in the state; checked the octane rating in 10,395 storage tanks; and checked 89,251 meter calibrations on 44,349 fuel dispensers, finding 700 meters that were out of calibration. Fuel Specialists conducted 4,225 compliance inspections, identified 236 water violations and investigated 220 consumer complaints regarding gasoline purchases.

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.

In an effort 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 for determining whether to grant the variance. If staff deny the application and the owner/operator disagrees, they still have the 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 came back later and relaxed this requirement to permit more tank owners the opportunity to access the fund for reimbursement of corrective action or remediation of any contamination.

Compliance Analysts review the facility's records to determine if the owner was in compliance with applicable rules when the release occurred and issue a fine for violations so that an ALJ can make a recommendation to the Commission. Once the fine is paid and the violation(s) 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 42 variance request applications and administratively approved 10 applications; reviewed and approved 613 registrations; reviewed and approved 245 closure reports; witnessed and provided testimony for 18 penalty assessments; and witnessed and provided testimony for 56 contempt actions.

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.

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 are reimbursable by the Indemnity Fund. The process of pre-approving any corrective action measures through purchase orders ensures that only the work that actually 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 issues, risk-based corrective action, environmental assessment, regulatory issues, 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 system 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 FY22, the Technical Department continued to make headway in it's statewide "permanently out of use project" to identify and assess sites with old, abandoned storage tanks in permanently



out of use (POU) status 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 71 facilities in 8 counties revealed contamination was present and high enough to warrant activating 26 petroleum release cases. An EPA Special Project Grant and LUST Trust Fund cost recovered funds are being used to fund the project so there is no cost to the property owner for the assessment.

At the close of FY22, PSTD had 429 active petroleum release cases in various stages of assessment and investigation to evaluate exposure risk, plume stability, other concerns and 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, 428 are Indemnity Fund cases and eight are LUST Trust Fund cases. Each staff PEA manages roughly 71 cases. Staff 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 FY22, Technical Department PEAs activated 101 petroleum release cases, closed 92 petroleum release cases, processed 212 release case work plans, processed 1,147 release case purchase orders, processed 641 release case change orders, processed 1,281 release case reports; and processed 1,244 release case claims.

As of June 30, 2022, PSTD has performed corrective action and closed a total of 5,927 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 (PIMS)

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 at the office or remotely.

The Petroleum Information Management System, (PIMS database) maintains all of PSTD's information and data. Separate modules within the database link registration, inspection, petroleum release case management, accounting and licensing functions into a single information management system.

PSTD regulated community and environmental contractors complete all required forms online and submit electronically through the online PST portal. 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.

The database has over 100 standardized, frequently used reports and staff can build customized queries and reports instantaneously.

PIMS was designed to implement online submissions, establish guidelines and has a transparent approval workflow process where the status of submittals can be tracked at all times.

PIMS automatically assigns permissions to view, edit and approve submissions based on job roles.



Review and approval by separate individuals at different levels ensures segregation of duties and no single individual in the division has sole control of the approval workflow process.

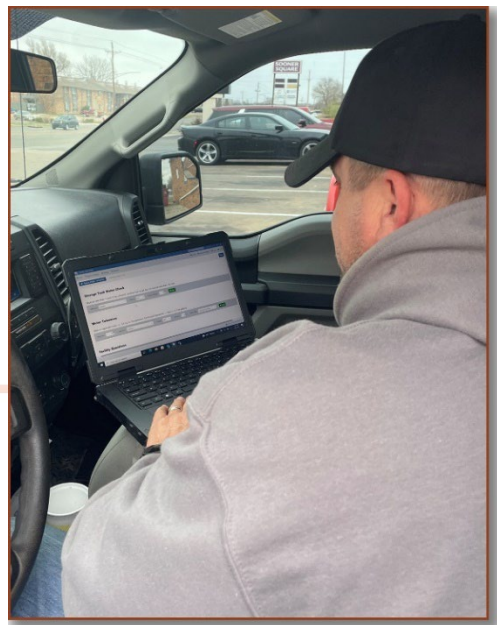
Tank Universe

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 imaged documents for all regulated fueling facilities in the state.

Facilities can be sorted by last inspection date, city, county, facility name or ID number. PIMS increases efficiencies 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 on a daily basis.



PSTD Portal

The Petroleum Storage Tank (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 their 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 a 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.

The development of PIMS, Tank Universe and the PST 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 has increased the speed and accuracy of staff's workflow, 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 that is to be performed and funding is encumbered before the work begins.

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 causes involving regulated utilities and providing data to help the Commission make regulatory decisions that are in the public interest and result in the lowest reasonable cost for safe and reliable service;
- 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 causes.

PUD seeks to protect Oklahoma ratepayers in receiving appropriate service and against unfair or impermissible rates and charges by regulated utilities and OUSF service providers. The Division also enforces federal and state statutes and rules related to public safety for some regulated entities.

The Division is comprised of seven departments:

- Administration
- Compliance



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

Statewide Outreach

PUD works hard to be transparent for the residents of Oklahoma. PUD understands how critical it is for Oklahomans to be informed about utility regulation and its impacts and strives to make this information easily accessible, useful and understandable. During the past few years, to accomplish this PUD visited all 77 counties; however, due to the pandemic, recently PUD has been reaching out virtually to Oklahomans.

Members of the public can access more information on the agency's PUD section of the website at <https://oklahoma.gov/occ/divisions/public-utility.html> or follow OCC's Facebook page at <https://www.facebook.com/okcorpcomm> 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 <https://oklahoma.gov/occ/divisions/public-utility/pudreports.html>

Additionally, the public has free online access to documents filed in all cases before the Commission. To find case documents: first, identify the case number in which you're interested by using the link to reports referenced at the previous link just above; second, go to <http://imaging.occeweb.com/imaging/OAP.aspx> and place the case number in the "Case #" field and "PUD" in the "Case Type" field, then choose "Search."

To access documents for any case filed at the Commission, visit <https://oklahoma.gov/occ/court-dockets/imaging.html>.

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 two Policy Advisors report to the Director and are primarily responsible for PUD's day-to-day activities in all PUD docket causes before the Commission. The Administration Department also manages the budget, expenditures, human resources management and fiscal planning for the division.

Compliance

This department serves as embedded auditors for the division. They are responsible for ensuring that statutory and regulatory deadlines are met and communicating with both contracted auditors and State Auditors. This department also works in conjunction with PUD's Change Management and Quality Control teams. 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. Quality Control is designed to track progress of all work groups in relation to strategic



goals, improve inefficient processes and focus on the quality of processes, documents and all things worked on by and within PUD.

Consumer Services » Enforcement » Outreach

These departments handle incoming consumer complaints and enforcement of division-related rules across the state. Through its call center, Consumer Services addresses incoming calls, walk-in complaints, electronic 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.

Division Highlights » Response to Pandemic » Staffing

PUD's swift response to the COVID-19 pandemic emergency was simple and seamless since PUD already had in place the technical ability, established processes and employment practices to work remotely. PUD employees have worked remotely in some instances for several years and PUD had already converted to primarily using SharePoint to reduce the burden on the state's virtual private network. Every PUD employee was already equipped with the necessary



technology to transition to telework with few disruptions in completing daily responsibilities. PUD's extensive experience in working remotely also resulted in PUD staff assisting other OCC divisions to successfully implement new technology as their employees transitioned to telework. PUD continued working remotely efficiently and successfully in FY22.

Consumer Services

In May 2021 PUD worked with OGCD to develop and implement a process whereby PUD staff supported OGCD incoming call volumes. The goal of this is to provide real time notification to the appropriate subgroup when a call has been received, as well as a tracking tool which ensures follow-up with all stakeholders in a timely manner. On May 10, 2021, that process began and on August 27, 2021, PUD began accepting and tracking all calls previously received at the third-floor reception desk. These two projects increased the call volume from an average of 950 contacts per month to 1690 contacts per month for the same time of year from calendar year 2020 to 2021. This was accomplished with currently available technology and staff. PUD looks forward to the opportunity to expand on this process in the future.

Full-Time Equivalent by Working Group	
PERSONNEL STATUS	
Full-Time Equivalent (FTE)	54
FTE BY WORKING GROUP	
Administration	5
Compliance	2
Consumer Education/Outreach, Consumer Services, and Enforcement	16
Energy	16
OUSF	7
Telecommunications	8

OUSF Contribution Factor

On May 8, 2019, the Commission issued Order No. 695781 in Cause No. OSF 201900036 establishing the OUSF contribution factor, beginning July 1, 2019, to be 6.28 percent until further order of the Commission. Subsequent filings occurred in this case, including a request to adjust the interim factor (Factor).

Concurrent with the activity, the OUSF Administrator filed a new case (Cause No. OSFXXXXXX) seeking to establish the factor and determine a new assessment methodology. On August 5, 2021, the Commission issued Interim Order No. 719918 adopting a change in assessment methodology to a connections-based methodology. The per connection assessment amount was set at \$1.14 per connection.

Implementation of the new methodology is underway with a November 1, 2021, effective date. The interim order also required that steps be taken to consider: 1) legislative reforms for the OUSF; 2) appropriate confidential treatment for information provided by Contributing Providers; and 3) pass through status of the connections-based assessment to include the average amount of the pass through per customer. Steps are underway to address each of these requirements.

Response to Arctic Storm 2021

In February 2021, the State of Oklahoma suffered a historic arctic storm caused by a polar vortex. The multi-day storm impacted all Oklahomans, as the extreme cold weather forced Oklahoma gas utilities and transport companies to mitigate drastic spot price increases and commodity acquisition, as well as line pressure and supply shortages. These issues produced such a demand on the electric grid, emergency action was required to prioritize natural gas service in the interest of public health, welfare, safety and security and reduce power consumption to non-essential to



life businesses. PUD filed Cause No. PUD 20210035, requesting the Commission assist in stabilizing the supply issues and to direct power providers to coordinate with all Oklahoma power consumers to reduce non-essential power consumption to assist in stabilizing the grid. To avoid expected adverse customer impact, utility companies are filing causes requesting the Commission approve special regulatory treatment of the anticipated costs to moderate the effects to customers, as well as approve a waiver of terms existing in purchased gas adjustment clauses to accommodate the requested regulatory treatment.

Response to Winter Storm 2022

In late January 2022 reports indicated that another winter weather event was scheduled to hit the State of Oklahoma for multiple days. As in 2021 this storm would impact all Oklahomans with extreme cold, ice and snow. In advance of the winter storm, PUD was in constant communication with Oklahoma gas and electric utilities asking them to provide updates on preparations to alleviate supply and price volatility. After the storm subsides, PUD intends to speak with Oklahoma utilities to learn best practices.

Notice of Inquiry

On August 20, 2020, PUD recommended the Commission open a Notice of Inquiry (NOI) to identify and examine issues regarding maximizing available or developing resources in Oklahoma. Working groups have been developed to facilitate robust discussion of important topics such as (1) Battery Storage; (2) Renewable Natural Gas; (3) Increased Bill Information; (4) Statewide Utility Rate Transparency and Reporting; (5) Utility Related Eminent Domain Best Practices; (6) Electric and Compressed Natural Gas; (7) Findings and Key Recommendations resulting from the Oklahoma Academy 2019 Town Hall; (8) Electrical Restructuring; and (9) 3rd Party Aggregators. A public hearing was convened on October 21, 2021.

Process Improvements

PUD continues to use the Change Management team and evaluations to improve processes and increase efficiency and have implemented 360 Evaluations on a “work group” basis, e.g., OUSF and Energy. Since its inception in August 2015, the Change Management team has processed more than 735 change recommendations and more than 90 percent of the submitted staff recommendations have been implemented by management.

A revamping initiative of PUD’s SharePoint site is being developed to improve internal administrative, audit and communication processes.

Compliance >> Audits Pending

On November 19, 2019, the audit committee for the OCC posted a Request for Proposal (RFP) seeking proposals from qualified auditing firms to perform an Operational and Financial Audit of the Oklahoma Universal Service Fund (OUSF). On January 16, 2020, the OCC accepted the proposal of BKD, LLP CPAs & Advisors. The audit is being conducted for the years ended June 30, 2016, 2017, 2018 and 2019. The audit is being performed in accordance with generally accepted auditing standards and government auditing standards.



Energy » Electric Activity » Rate Cases

Public Service Company of Oklahoma (PSO)

On April 30, 2021, PSO filed an application for an adjustment in its rate and charges. PSO initially requested a net increase to base rates of nearly \$140 Million, at a return on equity of 10 percent. A non-unanimous joint stipulation and settlement agreement was signed which would result in a net increase in base rates of 50.7 million at a return on equity (ROE) of 9.4 percent. A hearing was held on September 28, 2021 before an ALJ who recommended adoption of the agreement. On December 28, 2021, the Commission issued a final order approving the joint stipulation and settlement agreement.

Oklahoma Gas and Electric (OG&E)

On December 30, 2021, OG&E filed an application to increase its rates of approximately \$163.5 million. In its request, the company requests an ROE of 10.2 percent, updated depreciation rates, extension and expansion of its grid enhancement mechanism and the implementation of a performance based rate plan. A hearing before an ALJ began on June 27, 2022, and a Joint stipulation and settlement agreement was either agreed to or not objected by all the parties on June 29, 2022. The ALJ recommended adoption of the agreement and the Commission issued a final order approving the joint stipulation and settlement agreement.

Empire District Electric Company (Liberty-Empire)

On February 28, 2022, Liberty-Empire filed an application seeking an increase to base revenues of \$6,213,660. In its request, the company requests an ROE of 10 percent, updated depreciation, improved access to clean and reliable energy, the retirement of its Asbury coal plant, an investment in 600 MW of wind generation and other investments designed to improve the safety and reliability for customers. An ALJ recommended adoption of the agreement and the Commission issued a final order approving the joint stipulation and settlement agreement.

Fuel Audits and Reviews

Title 17 O.S. §§ 252, 253, and 259, OAC 165:50-3-3(a)(3) and OAC165:50-5-7 set out the statutory and administrative rule requirements that PUD verify the arithmetical accuracy of the dollar amounts and recovery involved in the fuel and/or purchase gas adjustment clauses of all regulated electric and natural gas companies and electric cooperatives. PUD also ensures that all fuel-related investments and purchases made by the companies are prudently incurred and limited to reasonable costs only.

PUD is in the process of filing annual fuel audits and prudence reviews for the three investor-owned electric utilities, five electric cooperatives and seven natural gas utilities. These reviews cover calendar year 2020 and approximate fuel costs of \$1.7 billion. The reviews include the following companies:

- Three investor-owned electric utilities:
 - OG&E
 - PSO
 - Liberty-Empire



- Five electric cooperatives:
 - Canadian Valley Electric Cooperative
 - Northeast Oklahoma Electric Cooperative
 - Arkansas Valley Electric Cooperative
 - Rich Mountain Electric Cooperative
 - SW Arkansas Electric Cooperative
- Seven natural gas utilities:
 - Oklahoma Natural Gas
 - Arkansas Oklahoma Gas
 - CenterPoint Energy Oklahoma Gas
 - Ft. Cobb Fuel Authority
 - West Texas Gas
 - Panhandle Natural Gas
 - First Natural Gas

Securitization Causes

On April 23, 2021, Governor Stitt signed into law the February 2021 Regulated Utility Consumer Protection Act. This Act allows regulated utilities the option to request a financing order from the Commission, which would remove the debt the utilities are carrying from the winter weather event in February 2021. Upon issuance of a financing order from the Commission, ratepayer backed bonds will be issued by the Oklahoma Development Finance Authority and there will be a charge on customer bills that goes directly to paying back the bonds. This will save ratepayers millions of dollars by reducing the financing charges and helping preserve utility credit ratings, which ultimately lowers the costs utilities must pay for debt and the costs paid by consumers.

The securitization causes filed by OG&E, ONG, PSO and Summit Utilities (formerly CenterPoint) were approved by the Commission and the Oklahoma Supreme Court approved the ratepayer-backed bonds by concluding that the debt obligations were properly authorized and the bonds constitute valid obligations with their terms.

Transmission Activity >> Regional Transmission Organization >> SPP

PUD continued to actively monitor and participate in the following SPP working groups:

- Regional State Committee
- Board of Directors / Members Committee
- Strategic Planning Committee
- Markets and Operations Policy Committee
- Cost Allocation Working Group
- Market Working Group
- Transmission Working Group
- Change Working Group
- Settlement User Group
- Economic Studies Working Group
- Supply Adequacy Working Group
- Project Cost Working Group
- Regional Allocation Review Task Force
- Regional Tariff Working Group



Complete details and minutes of each group's meetings can be found online at [SPP.org](https://www.spp.org).

Regional State Committee

The SPP Regional State Committee (SPP RSC) provides collective state regulatory agency input on matters of regional importance related to the development and operation of bulk electric transmission. Commissioner Dana Murphy represents Oklahoma as a member of this committee. The SPP RSC's April 25, 2022 quarterly meeting was held both in person and virtually. Complete details of these quarterly meetings can be found online at [spp.org](https://www.spp.org).

SPP Board of Directors

The SPP Board of Directors' (Board) July 27 quarterly meeting was held virtually due to ongoing COVID-19 pandemic concerns. Complete details of these quarterly meetings can be found online at [spp.org](https://www.spp.org).

The SPP Board's April 26 quarterly meeting was held both in person and virtually. Complete details of these quarterly meetings can be found online at [spp.org](https://www.spp.org).

Markets and Operations Policy Committee

The SPP Markets and Operations Policy Committee's (MOPC) July 12-13 quarterly meeting was held virtually due to lingering COVID-19 pandemic concerns. Complete details of these quarterly meetings can be found online at [spp.org](https://www.spp.org).

The SPP MOPC January 10-11 quarterly meeting was held virtually due to ongoing concerns over the COVID-19 pandemic. Complete details of these quarterly meetings can be found online at [spp.org](https://www.spp.org).

The SPP MOPC April 11-12 quarterly meeting was held both in person and virtually. Complete details of these quarterly meetings can be found online at [spp.org](https://www.spp.org).

Natural Gas Activity

Arkansas Oklahoma Gas (AOG)

AOG filed its Performance Based Ratemaking Case (PBRC) application on April 30, 2021. In its application, AOG is requesting a rate increase of \$1.6 million due to increases in plant, associated primarily with replacement of aging infrastructure. A hearing before an ALJ took place on September 9, 2021 and the ALJ recommended approval of the PBRC plan as being prudent including a revenue increase of \$1,466,334 and the exclusion of 50 percent of Short-Term Incentive Compensation which is a decrease of \$296,015. In addition, AOG will provide updated reports regarding plant investments and depreciation in its next PBRC filing. The Commission issued a final order approving the PBRC.

Oklahoma Natural Gas (ONG)

On May 28, 2021, ONG filed an application which began with an audit and investigation of the Company's books and records. ONGs requested an increase in rates that will produce an increase of revenues in the amount of \$28,693,017. An ALJ recommended adoption of the joint stipulation and settlement agreement and the Commission issued a final order in the rate case.



Summit Utilities Oklahoma (SUO) - Formerly CenterPoint Energy

On March 15, 2022, SUO filed its Performance Based Rate Change Plan. In its application, the Company requests no change to base rates, approval of Energy Efficiency true-up adjustments and incentive and approval of a 13-year amortization of unprotected EDIT resulting from the Cost of Removal being reclassified by SUO as a result of an IRS private letter ruling. Parties intervening in this cause are currently in discussions on a procedural schedule which will mandate dates for parties to file Responsive Testimony. An ALJ heard the matter on July 28, 2022 and recommended adoption of the joint stipulation and settlement agreement. The Commission issued a final order approving the PBCR on January 10, 2022.

Consumer Services and Enforcement Activity

Complaints by Industry	FY22 Total	Source of Complaint	FY22 Total
Electric Utilities	4774	Referral	43
Natural Gas Utilities	1549	E-Mail	473
Telecommunication Companies	1703	Enforcement	1326
Water	15	Mail	29
Cotton Gin	0	Telephone	11,115
Other / Non Jurisdiction	6921	Walk-In	19
Total	14,962	Social Media	18
		OGCD Calls	3144
Documented Savings to Utility Consumers by CS Intervention	\$32,291.28	Total	16,167

COVID-19 Pandemic Coordination

Despite the limitations in dealing directly with the public due to safety concerns related to the pandemic, field staff were still able to address safety-related consumer complaints with the help of photographs provided by consumers and field time by auditors.

Enforcement Issues Identified

Category	FY22 Total
Mobile Marketing Audits	26
Open Safety and Rule Compliance Investigations	1605
Total	1631

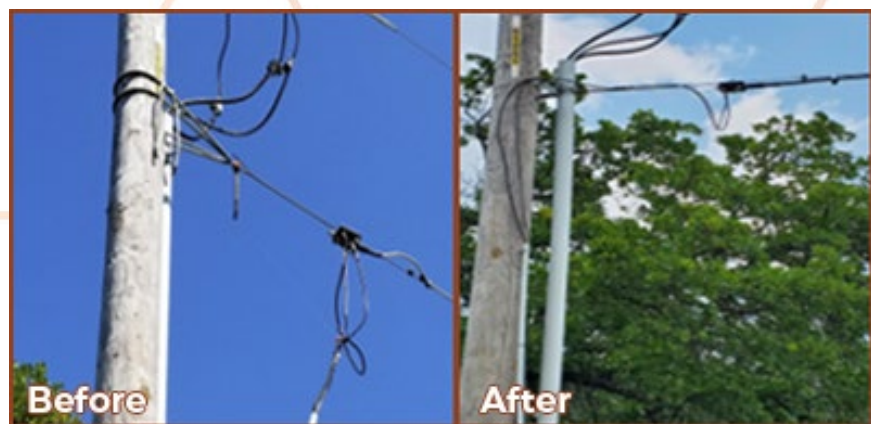


PUD's enforcement investigators found several "live" electric service lines hanging down from utility poles. The Utility was notified of the safety issues and secured these unsafe lines.



Investigators found this unsecure service line in property owner's front yard wrapped around a gas meter. PUD contacted the utility to remove the line.

Investigators discovered this main service line connected *only by a rope* and broken guy wire within reach of the public. The utility was contacted and the rope was replaced by the proper lines.





A triplex is hanging from the utility pole in easement and laying on the ground within reach of the public. The line was *not* energized at the time of discovery. Also, an old, rotted utility pole is laying on the ground, no telecommunications attached. The power provider responded quickly and removed both the triplex and the old pole.

Telecommunications Activity

PUD continued its investigations related to potential abuse of the Federal Lifeline Program and 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 5 new cases filed requesting CCNs and five were closed during FY22.

Interconnection Agreements/Amendments

There were 17 new cases filed for interconnection amendments during FY22.

Arbitrations and Complaints

PUD did not have any arbitrations or complaints during FY22.

Eligible Telecommunications Carrier (ETC) Designations

There were 12 new cases filed for ETC Designation during FY22.



NOI

NOI Cause No. PUD 201800066 involves issues related to OUSF, Lifeline service, Oklahoma High Cost Fund, broadband support, Voice over Internet Protocol service and other telecommunications matters. This NOI will be used to develop recommendations for potential language for legislation to address possible changes to the OUSF.

Rural Digital Opportunity Fund

The Federal Communications Commission (FCC) announced winning bidders in the Rural Digital Opportunity Fund Phase I (“RDOF”) auction conducted on November 25, 2020. Bidders won support for a total of \$154,556,450 in support of 126,153 locations in Oklahoma. The Commission has approved all applications seeking relief in relation to the RDOF auction.

As of May 12, 2022, the FCC has released RDOF funding to 17 Oklahoma winning bidders but has not yet authorized RDOF funding to two additional Oklahoma winning bidders. To date, the FCC has released approximately \$52 million to serve approximately 60,000 locations in Oklahoma.

High-Cost Eligible Telecommunications Carrier (ETC) Certifications

Annually, October 1, in accordance with 47 C.F.R § 54.314 states must certify with the FCC and Universal Service Administrative Company (USAC) that federal high-cost support provided to ETCs within the state was used in the preceding calendar year and will be used in the coming calendar year, only for the provision, maintenance and upgrading of facilities and services for which the support is intended.

PUD reviewed the affidavits and confidential documentation provided by the ETCs via submission of FCC Form 481 and certified the high-cost support received in 96 study area codes in Oklahoma, as applicable, on September 30, 2021.

OUSF Monthly Payment Process

In 2015, to eliminate the requirement for a new application, 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. In March 2020, the Emergency Change Request Process simplified the procedure even further by temporarily approving all reasonable increases in bandwidth without the customary audit.

Regular Change Requests

PUD received 130 regular change requests, of which 113 were approved by PUD and 5 were denied.

Emergency Change Requests

PUD received 3 emergency change requests to temporarily increase bandwidth to allow for online instruction and expanded telemedicine due to the COVID-19 pandemic. PUD streamlined the manner in which OUSF service providers could request immediate

Emergency Change Request Beneficiaries	FY 2022 Number of Beneficiaries	Total Beneficiaries Since March 2020	Average Bandwidth Increase
Public Schools	2	52	1.2 Gbps
Public Libraries	1	1	150 Mbps
Healthcare	0	48	500 Mbps
Totals	3	101	875 Mbps



approval of bandwidth increases for eligible telemedicine facilities, public schools and public libraries for the designated emergency period. As a matter of public safety, this allowed for an immediate response to the increased needs with no risk or increased costs to the beneficiaries.

Since the program began in March 2020, PUD has approved temporary increases to bandwidths to about 100 schools, libraries and health-care entities. PUD hopes that the increased bandwidths have equipped them to better respond to the COVID-19 pandemic.

Invoice Audits

In FY22, PUD reviewed 636 invoices and identified nine 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 better identifying changes in service and properly reporting those changes. With the lower risk, PUD has decreased the percentage of invoices reviewed by 65 percent.

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 any duplicative funding. For FY22, USAC has issued 3,062 Funding Commitment Letters for Oklahoma beneficiaries. 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 closely monitors payments from the fund to avoid duplicative payments for the same service in the same location. In FY22, PUD issued 20 refund requests to service providers because of duplicative funding beyond the 30-day statutorily-allowed overlap which largely occurs when schools or hospitals transition from one service provider to another. Refunds received from providers during this time period totaled \$137,010.

OUSF Beneficiary Outreach

PUD continues to monitor the FCC Form 470s filed with the USAC by public schools and public libraries and notifies these entities on a best-effort basis if it appears the Form 470 information might be in 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. The OUSF E-rate training session was offered in a virtual setting in October and was attended by beneficiaries, service providers and consultants. All attendees were provided with the slides used during the presentations as reference for OUSF and E-rate practices.

OUSF Preapproval and Cause Processing

During FY22, PUD received a total of 201 Requests for OUSF Funding and Preapproval. PUD filed 153 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.

Due to the ongoing pandemic, the OUSF Primary Case team continued to conduct teleconferences and video calls in lieu of on-site visits to company headquarters. During the



video calls, PUD was able to screen-share and discuss documents as if sitting together at the telephone company's headquarters.

Pursuant to 17 O.S. § 139.106(G), 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 has previously issued an initial Determination and the requested amount in the variance and risk-based Request does not exceed five percent of the amount granted in the initial Determination.

The Primary Case team reviewed and approved Requests for OUSF funding filed under 17 O.S. § 139.106(G) for Terral Telephone Company, Pine Telephone Company, Salina-Spavinaw Telephone Company and The Hinton Telephone Company of Hinton, Oklahoma, Inc. These requests were a combination of full reviews and variance and risk-based reviews. Additional requests are expected to be filed soon.

The team also approved funding for three cases filed by South Central Telephone Association, Inc. and one case filed by Pine Telephone Company, Inc. that were filed under 139.106 (K), seeking support due to a loss of federal funding over multiple years. 17 O.S. § 139.106 (K) (1) (a) states in the event of an FCC order, rule or policy, the effect of which is to decrease 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.

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 Section

The Administrative Support Section employees are responsible for:

- Human resources and 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 Section

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 46,431 citations in FY2021. All Ports of Entry and Weigh Stations enforcement did not resume until the week of July 27, 2020, due to COVID-19.

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

There are more than 8,346 for-hire and private carriers licensed to operate in interstate and intrastate commerce in Oklahoma. All for-hire and private intrastate motor carriers must comply with administrative requirements and insurance standards in order 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 8,648 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 Sub-section

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 Sub-section

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.

FY22 transmissions from the Commission to the IFTA and IRP clearinghouses were both timely and accurate. Division employees sent more than \$157 million in total revenues to the IFTA and



IRP clearinghouses.

Nonconsensual Towing Sub-section

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 468 DPS licensed wreckers. In FY2021, the section investigated 43 complaints and ordered 22 refunds.

Enforcement Department

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

Motor Carrier Enforcement Section

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 training 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 FY22. 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 Department

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 42,024 miles of natural gas pipeline and 5,359 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.

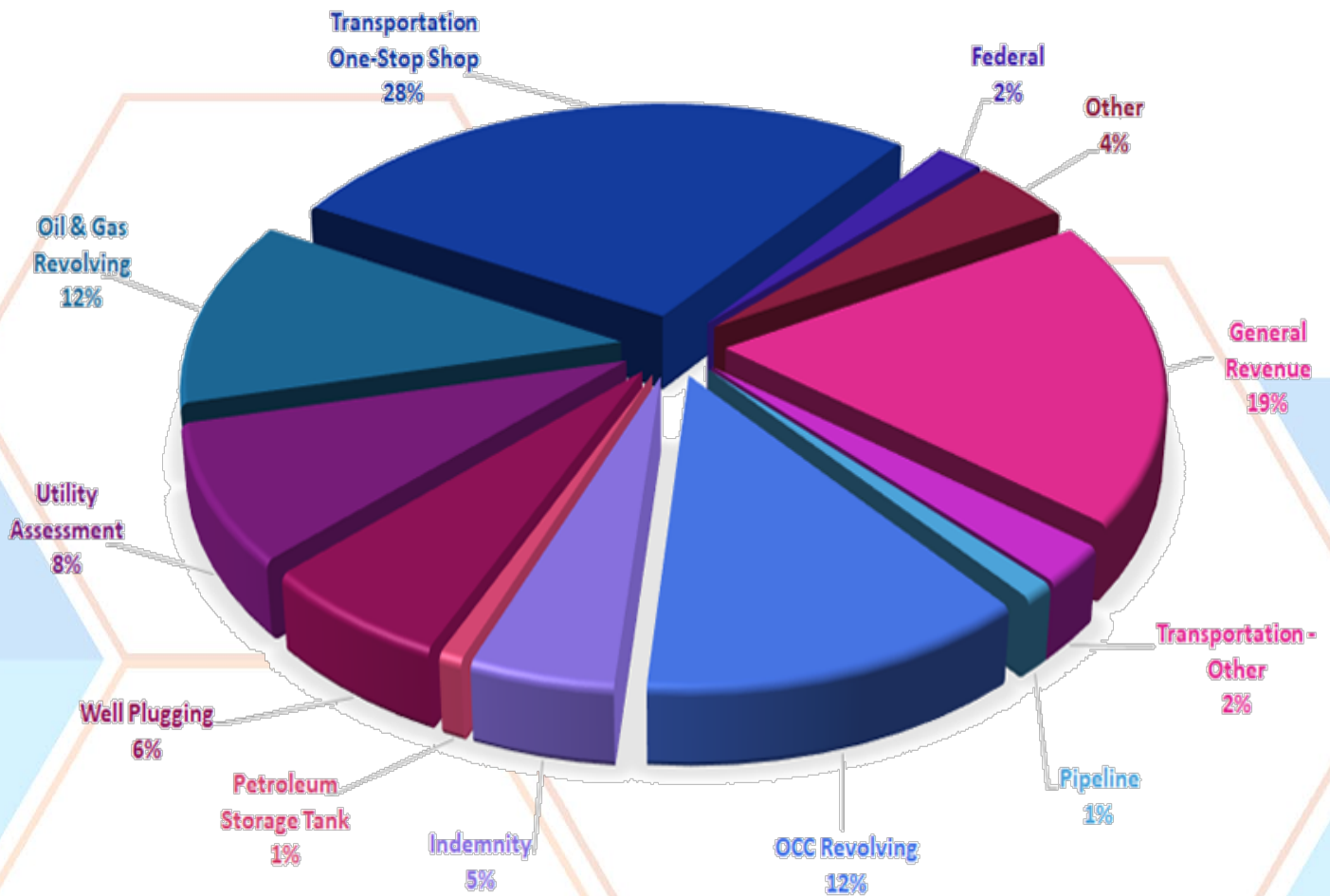
In its annual review, Oklahoma was found adequate in establishing statutes covering damage prevention to underground facilities. The Commission was authorized to enforce those standards as they apply to gas and hazardous liquid pipelines. In a 2021 review, the Pipeline and Hazardous Materials Safety Administration (PHMSA) found the Commission to be in compliance with all requirements of federal guidelines for promoting and enforcing the damage prevention statutes.

During 2021, the department continued its practice of virtual reviews of operator's records due to COVID-19. On-site reviews were only conducted for accident investigations and site reviews. The 2021 National Association of Pipeline Safety Representatives (NAPSR) annual and regional meetings were canceled due to the pandemic. Annual meetings were conducted virtually and were attended by all 50 state pipeline safety programs, PHMSA and the Chairman of the National Transportation Surface Board (NTSB).



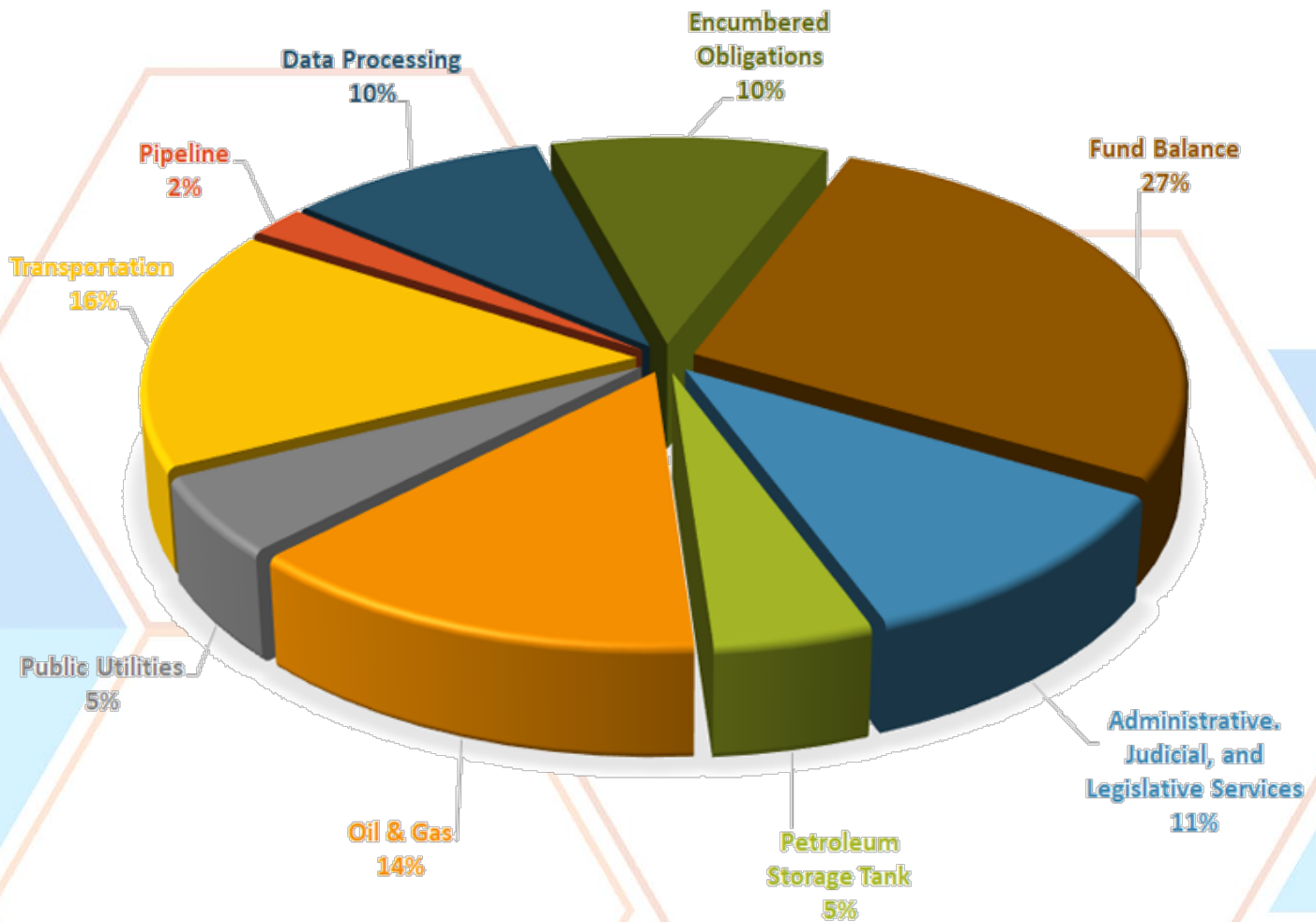
APPENDIX A

Oklahoma Corporation Commission FY2022 Revenue Sources



APPENDIX B

Oklahoma Corporation Commission FY2022 Expenditures and Obligations



APPENDIX C

OKLAHOMA CORPORATION COMMISSION Statement of Revenue and Expenditures (CASH BASIS) For the Fiscal Year Ending June 30, 2022

REVENUE SOURCES	2022	2021	2020	2019	2018
General Revenue Fund	\$20,214,033	\$18,846,991	\$18,170,522	\$10,638,626	\$8,271,629
Oil & Gas Conservation Fund	\$12,368,957	\$11,609,342	\$11,985,360	\$9,314,171	\$7,224,560
Corp Comm Revolving Fund	\$16,515,450	\$16,539,916	\$15,326,639	\$16,169,796	\$13,090,912
Public Utility Assessment Fund	\$8,904,915	\$9,109,557	\$8,550,434	\$8,786,871	\$8,866,882
Transportation One-Stop Shop Fund	\$29,298,663	\$25,209,612	\$26,162,506	\$23,421,314	\$15,725,847
Indemnity Fund	\$4,841,299	\$5,056,337	\$4,321,904	\$4,509,867	\$4,783,767
Well Plugging Fund	\$6,498,722	\$5,515,987	\$5,555,717	\$5,347,285	\$4,319,385
Federal Funds	\$2,046,382	\$1,741,777	\$1,647,296	\$1,978,784	\$1,657,231
PST Revolving Funds	\$5,169,245	\$3,813,237	\$3,918,568	\$3,923,294	\$3,539,669
TOTAL REVENUE SOURCES	\$105,857,666	\$97,442,757	\$95,638,946	\$84,090,008	\$67,479,882
EXPENDITURES AND OBLIGATIONS					
*Administrative, Judicial, and Legislative Services	\$11,507,933	\$11,258,423	\$11,794,046	\$10,823,127	\$10,080,707
Consumer Services Division					
Petroleum Storage Tank	\$4,919,991	\$5,089,433	\$4,477,505	\$4,486,712	\$4,254,340
Oil & Gas Division	\$12,356,085	\$11,524,568	\$11,299,556	\$10,031,899	\$9,240,624
Well Plugging/Storage Pits	\$1,811,249	\$1,967,508	\$1,623,270	\$1,669,062	\$1,038,051
UIC Federal	\$323,691	\$399,801	\$496,789	\$501,002	\$407,650
Office of Administrative Proceedings					
Public Utilities	\$5,510,025	\$5,424,448	\$5,663,556	\$5,185,778	\$4,807,795
Office of General Counsel					
Transportation	\$17,194,743	\$7,302,011	\$17,673,758	\$16,361,952	\$13,365,087
Pipeline Safety	\$2,190,629	\$2,146,397	\$2,200,682	\$2,022,324	\$2,033,430
Data Processing	\$10,235,803	\$10,037,732	\$8,374,471	\$4,369,335	\$3,990,835
Expenditures	\$66,050,148	\$65,150,320	\$63,603,632	\$55,451,192	\$49,218,519
Reserve for Obligations	\$10,265,127	\$7,684,276	\$5,625,574	\$5,770,541	\$6,919,313
Reserve for Obligations (Well Plugging)	\$539,950	\$356,240	\$1,239,886	\$787,310	\$1,350,934
Lapsed Funds	\$ -	\$2,690	\$ -	\$ -	\$ -
Transferred Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Revolving Funds Balance	\$29,002,441	\$24,249,231	\$25,169,854	\$22,080,965	\$9,991,116
TOTAL EXPENDITURES AND OBLIGATIONS	\$105,857,666	\$97,442,757	\$95,638,946	\$84,090,008	\$67,479,882

*In FY2018, Administration, Office of Administrative Proceedings, and Office of General Counsel merged into one division – Administrative, Judicial, and Legislative Services (AJLS)



APPENDIX D

OKLAHOMA CORPORATION COMMISSION			
Statement of Revenue			
Fiscal Year Ending June 30, 2022			
REVENUE SOURCES	Breakdown	AMOUNTS	Percent of TOTAL
General Revenue Fund:			
FY22 Beginning Cash Balance		\$ 3,337,314	3.2%
General Revenue Appropriations		\$ 16,876,719	15.9%
Oil & Gas Revolving Fund:			
FY22 Beginning Cash Balance		\$ 5,819,433	5.5%
Intent to Drill Fees	\$ 872,500		
Other	\$ 5,677,024		
OCC Revolving Fund:			
FY22 Beginning Cash Balance		\$ 6,977,627	6.6%
Unified Carrier Registration	\$ 2,457,796		
Pipeline Safety Assessment	\$ 1,070,828		
Filing Fees	\$ 1,019,350		
Other	\$ 4,989,849		
Petroleum Storage Tank:			
FY22 Beginning Cash Balance		\$ 312,107	0.3%
Permits	\$ 330,275		
Other	\$ 150,975		
Public Utility Assessment Fund:			
FY22 Beginning Cash Balance		\$ 1,439,149	1.4%
Assessments	\$ 6,966,368		
Other	\$ 499,398	\$ 7,465,766	7.1%
Transportation One-Stop Shop Fund:			
FY22 Beginning Cash Balance		\$ 8,358,826	7.9%
Transportation Fees & Fines		\$ 20,939,837	19.8%
Indemnity Fund:			
FY22 Beginning Cash Balance		\$ 29,926	0.0%
Fund Receipts		\$ 4,811,373	4.5%
Well Plugging Fund:			
FY22 Beginning Cash Balance		\$ 3,875,337	3.7%
Oil & Gas Excise Tax Receipts		\$ 2,623,385	2.5%
Federal Funds:			
FY22 Beginning Cash Balance		\$ 780	0.0%
Federal Funds Received		\$ 2,045,602	1.9%
Other Funds:			
FY22 Beginning Cash Balance		\$ 2,141,938	2.0%
Fund Receipts		\$ 2,233,950	2.1%
TOTAL REVENUE SOURCES		\$ 105,857,666	100.0%



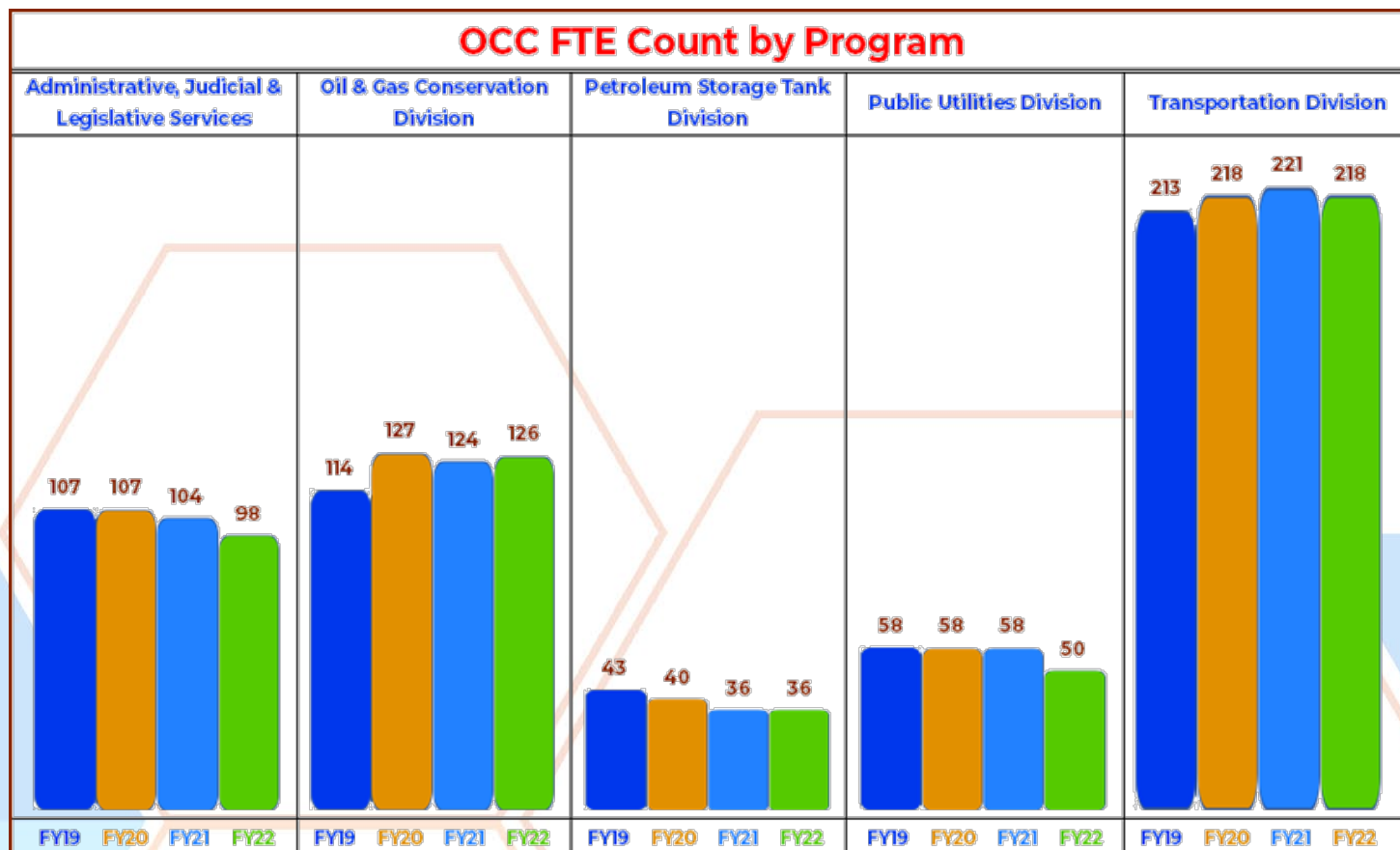
APPENDIX E

Oklahoma Corporation Commission Expenditure and Obligations Fiscal Year Ending June 30, 2022		
	BUDGETED FTE	AVERAGE FTE
Agency staffing levels	588	536
Expenditure Category	Amounts	Percent of Total
Personnel	\$ 46,000,820	43.46%
Professional Services	\$ 8,277,784	7.82%
Travel	\$ 144,562	0.14%
Administrative	\$ 5,446,397	5.15%
Furniture & Equipment	\$ 2,220,341	2.10%
Transfers & Disbursements	\$ 25,000	0.02%
General Assistance and Awards	\$ 7,000	0.01%
Prior Year Obligations	\$ 3,928,244	3.71%
Funds reserved for obligations	\$ 10,805,077	10.21%
Transferred/Lapsed Funds	-	0.00%
Fund Balance	\$ 29,002,441	27.40%
TOTAL	\$ 105,857,666	100.00%



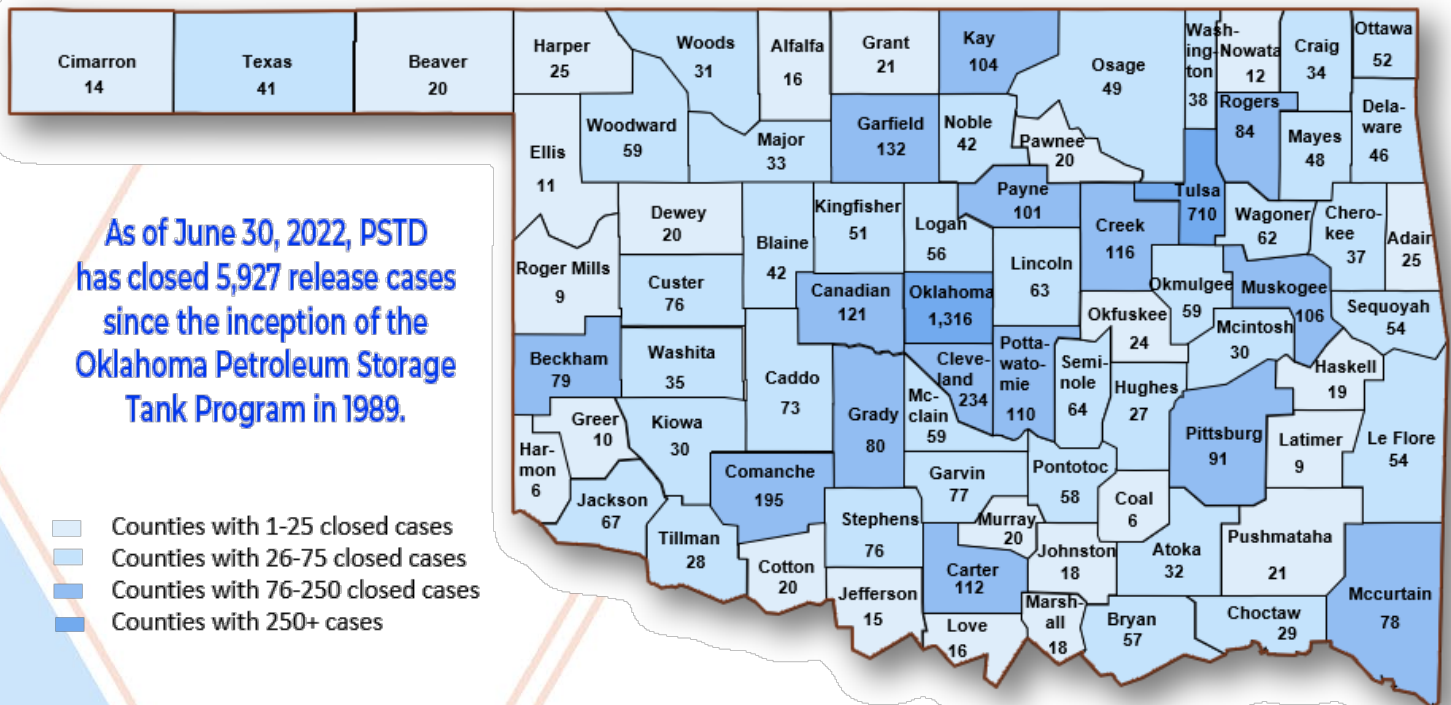
APPENDIX F

OCC FTE Count by Program

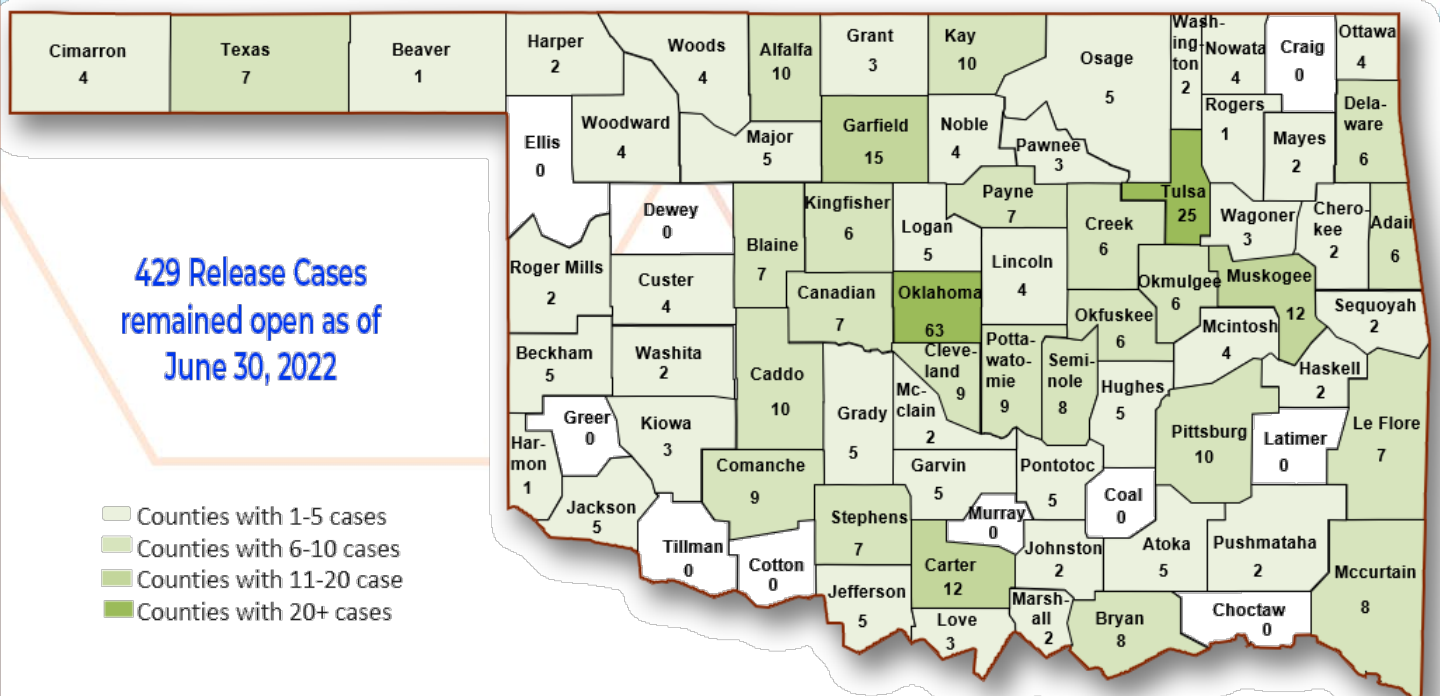


APPENDIX G

Petroleum Storage Tank Division Historical Closed Release Cases at Fical Year End



Petroleum Storage Tank Division Open Release Cases at Fiscal Year End

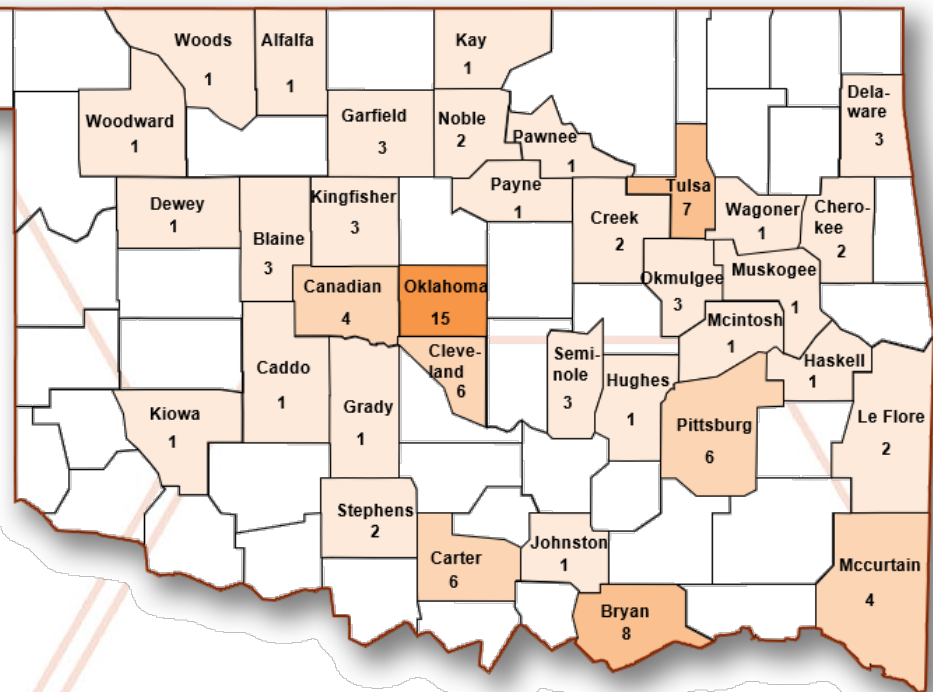


APPENDIX H

Petroleum Storage Tank Division FY22 New Release Cases

New Release Cases
activated in FY22
totaled 101

- Counties with 1-3 cases
- Counties with 4-6 cases
- Counties with 7-9 cases
- Counties with 10+ cases



Petroleum Storage Tank Division FY22 Closed Release Cases

Release Cases
closed in FY22
totaled 92

- Counties with 1-3 cases
- Counties with 4-6 cases
- Counties with 7-9 cases
- Counties with 10+ cases

