

The background of the cover features a large, faint watermark of the Seal of the State of Oklahoma. The seal is circular and contains a five-pointed star in the center. Inside the star, there is a smaller seal depicting a figure holding a scale and a sword, with the words "JANUARY 1890" and "GREAT SEAL OF THE STATE OF OKLAHOMA" around it. The outer ring of the seal contains the text "GREAT SEAL OF THE STATE OF OKLAHOMA" and the year "1907".

OKLAHOMA
CORPORATION
COMMISSION

ANNUAL REPORT
FISCAL YEAR 2014

JULY 1, 2013 - JUNE 30, 2014

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**Oklahoma
Corporation
Commission**
ENERGY • TRANSPORTATION • UTILITIES

OUR MISSION

To regulate, enforce laws and supervise activities associated with the exploration and production of oil and gas, the storage and dispensing of petroleum-based fuels, the establishment of rates and services of public utilities, and the operation of intrastate transportation to best serve the economic needs of the public. In the interests of the public, the Commission will oversee the conservation of natural resources to avoid waste, abate pollution of the environment, and balance the rights and needs of the people with those of the regulated entities which provide essential and desirable services for the benefit of Oklahoma and its citizens.

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www.occeweb.com

Office of Public Information

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This publication, printed by the Oklahoma Corporation Commission, is issued by the Corporation Commission of Oklahoma as authorized by Article XI, Sections 18, 25 and 29 of the Oklahoma State Constitution; Title 65, Section 3-114 of the Oklahoma Statutes, and in accordance with SSJR20, 1974, passed by the 2nd Session of the 34th Oklahoma Legislature. 100 copies (70 black & white, 30 color) have been prepared and distributed at an approximate cost of \$100.00. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

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Volume II

Rules ***

*** Pursuant to Article 9, Section 18 of the Oklahoma Constitution, any transportation and transmission rules adopted in Fiscal Year 2014 are available at www.occeweb.com, as are all other Commission rules.

The Oklahoma Corporation Commission

History and Responsibilities

The Corporation Commission was established in 1907 by Article 9 of the Oklahoma Constitution, and the First Legislature gave the Commission authority to regulate public service corporations; those businesses whose services are considered essential to the public welfare.

The legal principle for such regulation had been established in 1877 when the United States Supreme Court ruled in *Munn v. Illinois* that when a private company's business affects the community at large, it becomes a public entity subject to state regulation.

Initially, the Corporation Commission regulated transportation and transmission companies; mostly railroads and telephone and telegraph companies. The Commission also was directed to collect and maintain records of the stockholders, officers and directors of all corporations chartered or licensed to do business in Oklahoma (about 12,500 at statehood).

As the state grew, the records collection task became larger than one agency could handle. The Commission kept authority for public service companies, and responsibility for other corporations was allocated to the Secretary of State and other state commissions and agencies according to business type.

Pipelines and telephone service were placed under Commission jurisdiction in 1908. Regulation of water, heat, light and power rates began in 1913.

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 Legislature passed the Oil and Gas Conservation Act. This expanded oil and gas regulation to include the protection of the rights of all parties entitled to share in the benefits of oil and gas production. Also in 1915, the Legislature declared cotton gins to be public utilities and extended Corporation Commission authority over utility companies to include practices as well as rates.

While the basic regulatory responsibility of the Corporation Commission has remained intact, many changes in state and federal laws have changed what is regulated.

The Commission presently regulates public utilities, except those under municipal or federal jurisdiction 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, cotton gins, private water companies, and the environmental integrity of petroleum storage tank systems. It also has responsibility for the proper operation of fuel dispensing units ("gas pumps") at retail filling stations.

The Corporation Commission also enforces federal regulations for underground disposal of certain oil and gas waste fluids and remediation of soil and groundwater pollution caused by leaking petroleum product storage tanks.

The Corporation Commission is comprised of three commissioners who are elected by statewide vote to serve six-year terms. The terms are staggered so one commissioner vacancy occurs every two years. The election pattern was established when the Commission was created by the state constitution. The first three elected commissioners drew lots for two-year, four-year and six-year terms.

The Corporation Commission has judicial, legislative and administrative authority. The three Commissioners rule on all regulatory matters within Corporation Commission jurisdiction. Commission orders are appealable only to the Oklahoma Supreme Court.

In-term vacancies are filled by gubernatorial appointment. Fifteen commissioners have been seated by appointment.



The Commissioners

Bob Anthony, Chairman

Term: January 2013 — January 2019

Bob Anthony is currently the longest serving utility commissioner in the United States. 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.

Anthony is a member of the National Petroleum Council, having been appointed twice by the United States Secretary of Energy. He is past president of the Mid-America Regulatory Conference, a member and past president of the Economic Club of Oklahoma, and 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



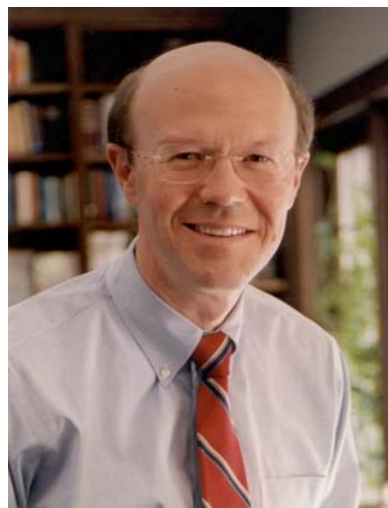
the rank of captain in the U.S. Army Reserve. In 1972 he served as staff

economist for the U. S. House on 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 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, annual sales for the retail chain increased from \$256 to \$411 million, with 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 American Association of Retired Persons 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 fifth consecutive six-year term on the Oklahoma Corporation Commission in 2012 and carrying all 77 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 reelection to a state office. In 2000 he was reelected, 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. He and his wife Nancy were married in 1975. They are the parents of four daughters and have three grandchildren.



The Commissioners

Dana Murphy, Vice Chairman

Term: January 2011 — January 2017

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. On July 27, 2010, she was re-elected to a full six-year term. Commissioner Murphy served as Chair of the Corporation Commission following election by her fellow Commissioners from January 3, 2011 through July 31, 2012.



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 the Oklahoma member and vice president of the Regional State Committee of Southwest Power Pool. She also serves on the Oklahoma Water Resources Research Institute Advisory Board, is the OCC representative on the Board of Trustees of the Oklahoma Public Employees Retirement System, serves as vice chair of the

advisory board of the Financial Research Institute, and is a member of the Oklahoma Bar Association, American Association of Petroleum Geologists, Oklahoma City Geological Society and Oklahoma Women's Coalition. 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. In 2013, Commissioner Murphy was recognized as an outstanding woman in energy by Energy Advocates.



She previously served as a trustee and 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.

The Commissioners

Patrice Douglas, Chairman

Term: January 2012 — January 2015

Patrice Douglas was first appointed to the Commission and took office October 10, 2011. In 2012, she was elected by the people of Oklahoma to her current term. She has traveled extensively throughout Oklahoma, visiting drilling rigs, wind farms, power plants and many other critical facilities and operations that fall under Commission jurisdiction. She is a member of the National Association of Regulatory Commissioners (NARUC) and serves on NARUC's committees on water and critical infrastructure.



An Oklahoma native, Patrice is a long-time Edmond resident. She attended Oklahoma Christian University for her undergraduate degree, and went on to the University of Oklahoma, where she obtained her law degree.

Patrice practiced law full-time for 13 years until she joined the family business. Working with her father in his company, ACP Sheet Metal, she faced first-hand the challenges of small business owners. During her five years at ACP, she served as its vice president and general counsel.

With her legal experience and love of small business, banking was a perfect fit. Patrice served as president of SpiritBank, and executive vice president of First Fidelity Bank. She was appointed to the Oklahoma Bankers Association Board of Directors in May, 2011.

Community service is her passion. She has been appointed by three governors to serve on six different statewide boards and task forces. Serving two terms for the Edmond Economic Development Authority, Patrice was elected its chair and served in that capacity until October, 2008.



In April 2009 Patrice was elected Edmond's Mayor. While in office she championed the creation of the Small Business Task Force, launched a youth volunteerism program, fought to reinstate the senior meal program, and oversaw Edmond's electric utility, the largest municipal electric utility in the

state. She also led successful efforts involving a partnership of the public and private sectors to allow the Oklahoma Medical Examiner's office to move to Edmond, and to build Oklahoma's largest competition swimming pool complex. She was elected to serve on the Oklahoma Municipal League Board of Directors, and served on its Task Force on Government Efficiencies. She was instrumental in creating the Mayors Council on Economic Development, and was elected its Chair. In February 2011, Patrice received the Kate Barnard Award for Outstanding Public Service in Oklahoma.



Family and faith are her focus. Her husband of 24 years, Brent Douglas, is a strategic planning consultant. Her two sons are the lights of her life. She enjoys hanging out with them, and knows that she is raising a future astronaut and a President of the United States. She is actively involved in her church, Life Church.

Corporation Commissioners Since 1907

Seat One

Andrew P. Watson (D)
E—1907
RE—1908
RE—1914
Impeached—1915

W.D. Humphrey (D)
A—1915
E—1916
Resigned—1919

R.E. Echols (D)
A—1919

E.R. Hughes (R)
E—1920

C.C. Childers (D)
E—1926

J.C. (Jack) Walton (D)
E—1932

Ray O. Weems (D)
E—1938
RE—1944
RE—1950
Resigned—1955

Harold Freeman (D)
A—1955
E—1956
RE—1962

Charles Nesbitt (D)
E—1968

Hamp Baker (D)
E—1974
RE—1980

Bob Hopkins (D)
E—1986
Resigned—1991

Cody L. Graves (D)
A—1991
E—1992
Resigned—1997

Denise A. Bode (R)
A—1997
E—1998
E—2004
Resigned—2007

Jim Roth (D)
A—2007

Dana Murphy (R)
E—2008
RE—2010

Seat Two

J.J. McAlester (D)
E—1907

George Henshaw (D)
E—1910

Campbell Russell (D)
E—1916

Frank Carter (D)
E—1922

E.R. Hughes (R)
E—1928

A.S.J. Shaw (D)
E—1934

William J. Armstrong (D)
E—1940

Ray C. Jones (D)
E—1946
RE—1952
RE—1958
RE—1964
RE—1970
Resigned—1976

Jan Eric Cartwright (D)
A—1976
E—1976
Resigned—1979

Norma Eagleton (D)
A—1979
E—1980
RE—1982

Bob Anthony (R)
E—1988
RE—1994
RE—2000
RE—2006
RE—2012

Seat Three

J.E. (Jack) Love (D)
E—1907
RE—1912
Died in Office—1918

Art L. Walker (D)
A—1918
E—1918
Resigned—1923

Joe B. Cobb (D)
A—1923

Fred Capshaw (D)
E—1924

Paul A. Walker (D)
E—1930
Resigned—1934

Reford Bond (D)
A—1934
E—1936
RE—1942
RE—1948
Died in Office—1954

Wilburn Cartwright (D)
A—1954
E—1954
RE—1960
RE—1966

Rex Privett (D)
E—1972

Bill Dawson (D)
E—1978
Resigned—1982

James B. Townsend (D)
A—1982
E—1982
RE—1984

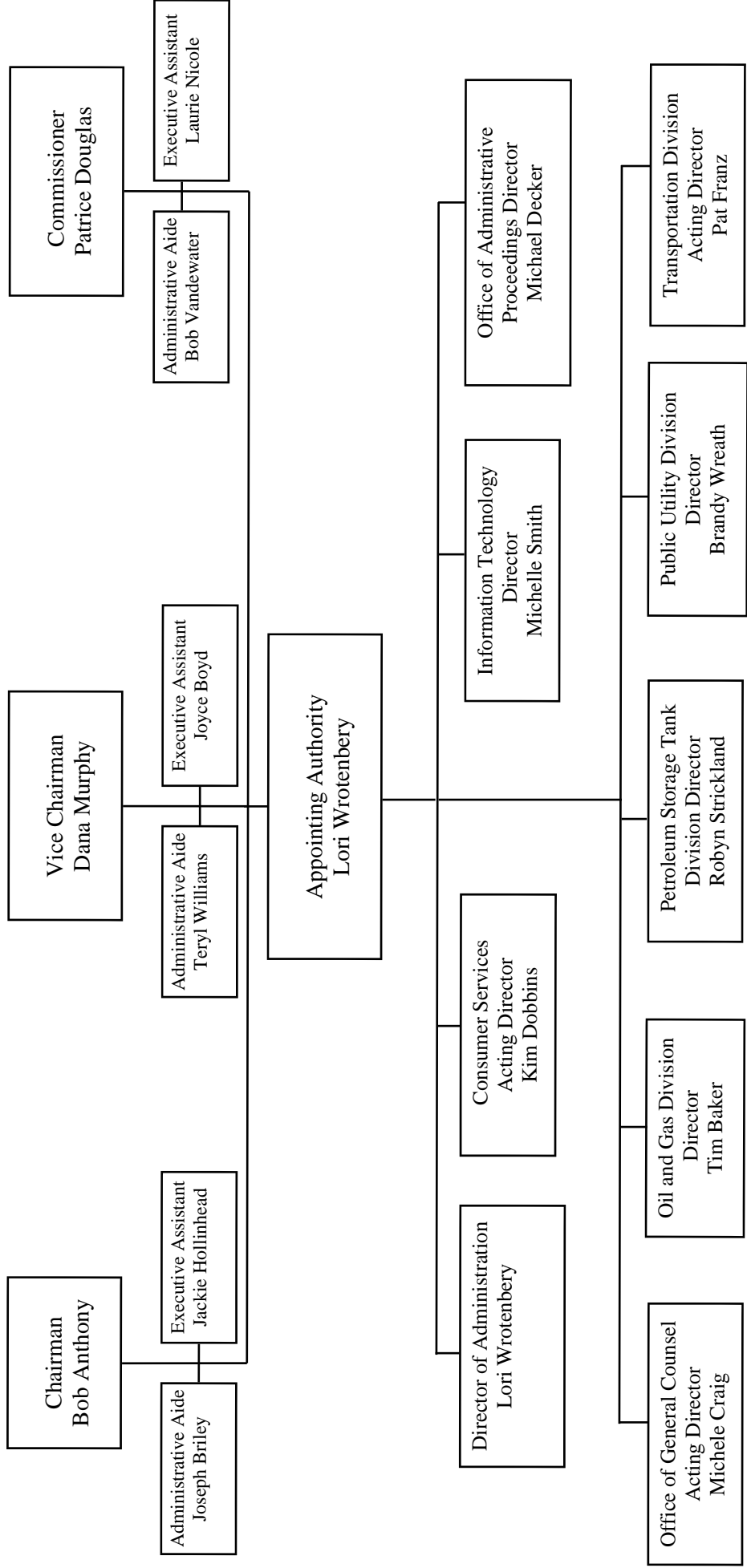
J.C. Watts Jr. (R)
E—1990
Resigned—1995

Ed Apple (R)
A—1995
E—1996

Jeff Cloud (R)
E—2002
RE—2008
Resigned—2011

Patrice Douglas (R)
A—2011
E—2012

OKLAHOMA CORPORATION COMMISSION
June 30, 2014



Administration

In FY-14 the 3-person Human Resources Department processed almost 10,000 personnel transactions related to hiring full time, part time, temporary and contract employees; promotions, career progressions, intra-agency transfers, Detail to Special Duty, and demotions; equity based pay adjustments, market based pay adjustments, unclassified salary adjustments, and longevity pay; shared leave, Family and Medical Leave Act eligibility, leave without pay, disability leave, annual leave, sick leave, and enforced leave; employee development and training, the Performance Management Process, and the Fair Labor Standards Act; resignations, retirements, and discharges; and employee coaching and discipline.

Additionally, there were almost 3000 actions related to employee benefits, including retirement, health insurance, life insurance, disability insurance, and the SoonerSave program. The HR staff processed over 100 transactions related to internal reallocations of positions in both the classified and unclassified service and to Human Capital Management approved reclassification of classified positions. Not included in the actions listed were thousands of CORE/PeopleSoft and HR database updates, and the filing of thousands of legal source documents.

By the end of FY-14, the OCC permanent workforce rose to approximately 450 full time employees. This figure reflects the continuation of the focus on recruitment and hiring of enforcement personnel in the Transportation Division to staff the 24-hour Ports of Entry throughout the state. There was no subsequent correlation seen in the number of vacancy announcements, however, as that figure fell to 82 in FY-14, down from 134 in FY-13.

The **Office of Public Information (OPI)** continued its efforts to formulate cost effective and efficient methods of reaching the public with information and assistance. These included formulating and maintaining relationships with the general news media, trade journals and websites,

stakeholder and community groups, and officials in all levels of government.

While there were many issues of note for the agency in FY 14, the issue garnering the most concern on the part of the public, media, and government was the issue of the continuing in Oklahoma's earthquake rate, and possible links of same to oil and gas activity. The OPI worked closely with seismologists at the Oklahoma Geological Society and OCC Oil and Gas Conservation Division staff on this complex and ever-changing issue in order to ensure the latest information was being provided. An expanded outreach to the public was begun with a town hall meeting on the earthquake issue conducted in Edmond, Oklahoma, with plans for more public meetings on the matter.

Other issues of note included the growing controversy over so-called "smart meters" and complaints regarding fraud and abuse in the Federal Lifeline program.

In FY 14, the one-person Office had more than 1,000 contacts with the news media, other government agencies, industry, and the general public. In addition, the OPI met 50 requests for information under the Oklahoma Open Records Act, and responded to more than 60 consumer complaints related to Commission jurisdiction, either solely or in conjunction with the OCC Consumer Services Division.

The OPI saw demand continue to grow for its daily news update in 2014, which was originally provided only to the those within the Corporation Commission. It is now distributed by request to many other local, state, and federal officials.

The OPI continued writing, producing, and hosting the Monday - Friday Oklahoma Energy Report, aired statewide via the Radio Oklahoma Network at no cost to the taxpayer.

The OPI continued its work with the

Office of Emergency Management. In addition to working with OEM and other agencies during incidents in FY14 which required activation of the state emergency operations center, the OPI also continued working with OEM in teaching the Public Information Officer emergency training course (accredited by the Federal Emergency Management Agency), as well as joining with OEM to teach classes on emergency Joint Information Systems/Joint Information Centers.

The **Finance Office report** can be found on the next pages.

Five Year Summary

Revenue Sources and Applications

OKLAHOMA CORPORATION COMMISSION
Statement of Sources and Applications (CASH BASIS)
For the Fiscal Year Ending June 30

| SOURCES | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Revenue Fund | \$11,568,508 | \$11,583,239 | \$11,568,473 | \$10,723,167 | \$11,544,803 |
| Oil & Gas Conservation Fund | | | | | |
| Revolving Funds | 19,383,754 | 15,404,974 | 14,415,798 | 15,103,273 | 13,473,613 |
| Public Utility Assessment Fund | 8,925,302 | 8,337,993 | 7,035,829 | 6,152,022 | 5,889,096 |
| Transportation One-Stop Shop Fund | 10,522,451 | 10,152,112 | 8,646,957 | 7,333,099 | 7,083,370 |
| Indemnity Fund | 4,078,358 | 3,242,164 | 3,333,627 | 3,238,752 | 4,043,530 |
| Well Plugging Fund | 4,734,782 | 4,003,334 | 3,471,866 | 2,839,201 | 2,541,440 |
| Federal Funds | 2,604,824 | 2,768,969 | 4,244,939 | 3,254,719 | 2,873,215 |
| Other Funds | 1,337,687 | 1,245,155 | 1,397,942 | 1,057,562 | 514,648 |
| TOTAL AVAILABLE | \$63,155,666 | \$56,737,940 | \$54,115,431 | \$49,701,795 | \$47,963,715 |
| APPLICATIONS | | | | | |
| Administration | 3,668,192 | 3,339,422 | \$3,278,405 | \$3,197,148 | \$3,082,054 |
| Consumer Services Division | 990,667 | 984,349 | 920,677 | 1,031,749 | 1,040,012 |
| Petroleum Storage Tank | 4,929,414 | 3,606,353 | 4,480,229 | 4,842,289 | 4,790,514 |
| Oil & Gas Division | 8,828,310 | 8,967,257 | 8,533,278 | 7,897,754 | 8,009,238 |
| Well Plugging/Storage Pits | 1,390,374 | 1,254,940 | 1,097,629 | 730,372 | 1,291,445 |
| UIC Federal | 470,602 | 481,749 | 331,226 | 444,390 | 448,271 |
| Office of Administrative Proceedings | 2,634,468 | 2,331,214 | 2,364,791 | 2,292,776 | 2,286,574 |
| Public Utilities | 3,968,842 | 3,588,438 | 2,818,831 | 2,450,356 | 2,622,932 |
| Office of General Counsel | 1,973,114 | 1,828,065 | 1,794,307 | 1,777,354 | 1,864,410 |
| Transportation | 10,755,941 | 9,396,413 | 8,645,959 | 8,200,996 | 9,528,493 |
| Pipeline Safety | 1,582,974 | 1,513,675 | 1,347,482 | 1,092,183 | 1,056,397 |
| Data Processing | 3,336,991 | 2,748,377 | 2,538,457 | 2,367,762 | 2,474,138 |
| Expenditures | \$44,529,889 | \$40,040,252 | \$38,151,271 | \$36,325,129 | \$38,494,478 |
| Reserve for Obligations | 7,081,194 | 4,781,345 | 4,617,410 | 4,995,665 | 3,756,633 |
| *Reserve for Obligations (Well Plugging) | 2,122,499 | 1,040,796 | 1,459,965 | 1,261,774 | 524,729 |
| Lapsed Funds | | | | | |
| Transferred Funds | | | | | |
| Fund Balance | 9,422,084 | 10,875,547 | 9,886,785 | 7,119,227 | 5,187,875 |
| TOTAL APPLIED | \$63,155,666 | \$56,737,940 | \$54,115,431 | \$49,701,795 | \$47,963,715 |

*Well plugging obligations are now being reported separately.

FY14 Financial Statement—Revenue Sources and Applications

| Revenue Sources | SOURCES | AMOUNTS | % OF TOTAL |
|--|--------------------------------|-------------|------------|
| <p>The operations of the Corporation Commission are funded by the following fund types:</p> <ul style="list-style-type: none"> • General Revenue: Funds appropriated by the Legislature each year. These funds are fiscal year specific. • Revolving Funds: Payments received from regulated companies for licenses, permits, fees and fines. • Public Utility Assessment: Annual assessments to regulated utilities for the funding of the Public Utility Division and related support costs. • Well Plugging: Funds from oil and gas excise tax on gross production dedicated for plugging abandoned oil and gas wells. • Federal Funds: Grants for federal programs administered by the Oklahoma Corporation Commission. <p>The FY14 total available funds applied reflects the following distribution as a percent of total.</p> | General Revenue Fund: | | |
| | FY14 Cash Balance | \$244,081 | 0.4% |
| | General Revenue Appropriations | 11,324,427 | 17.9% |
| | Oil & Gas Revolving Fund: | | |
| | FY14 Cash Balance | 1,194,125 | 1.9% |
| | Intent to Drill Fees | \$1,296,929 | |
| | Other | 3,823,456 | |
| | | 5,120,385 | 8.1% |
| | OCC Revolving Fund: | | |
| | FY14 Cash Balance | 2,784,139 | 4.4% |
| | Unified Carrier Registration | \$2,128,266 | |
| | Pipeline Safety Fees | 1,275,166 | |
| | Filing Fees | 941,000 | |
| | Other | 4,877,759 | |
| | | 9,222,191 | 14.6% |
| | Petroleum Storage Tank: | | |
| | FY14 Cash Balance | 640,652 | 1.0% |
| | Permits | \$291,037 | |
| | Other | 131,225 | |
| | | 422,262 | 0.7% |
| Public Utility Assessment Fund: | | | |
| FY14 Cash Balance | 2,802,163 | 4.4% | |
| Assessments | 6,123,139 | 9.7% | |
| Transportation One-Stop Shop Fund: | | | |
| FY14 Cash Balance | 4,279,023 | 6.8% | |
| Transportation Fees & Fines | 6,243,428 | 9.9% | |
| Indemnity Fund: | | | |
| FY14 Cash Balance | 116,481 | 0.2% | |
| Fund Receipts | 3,961,877 | 6.3% | |
| Well Plugging Fund: | | | |
| FY14 Cash Balance | 2,748,394 | 4.4% | |
| Oil & Gas Excise Tax Receipts | 1,986,388 | 3.1% | |
| Federal Funds: | | | |
| FY14 Cash Balance | 62,532 | 0.1% | |
| Federal Funds Received | 2,542,292 | 4.0% | |
| Other Funds: | | | |
| FY14 Cash Balance | 1,192,922 | 1.9% | |
| L.U.S.T. Revolving Fund | 144,765 | 0.2% | |

| Expenditure | Total |
|--------------------------------|---------|
| Salaries & Benefits | 52.5% |
| Professional Services | 7.4% |
| Travel | 0.5% |
| Equipment | 0.8% |
| Other Operating Expenses | 9.3% |
| Funds Reserved for Obligations | 14.6% |
| Transferred/Lapsed Funds | 0.0% |
| Fund Balance | 14.9% |
| Total | 100.00% |

| SOURCES | AMOUNTS | % OF TOTAL |
|------------------------|---------------------|---------------|
| TOTAL AVAILABLE | \$63,155,666 | 100.0% |

Funding and Staffing

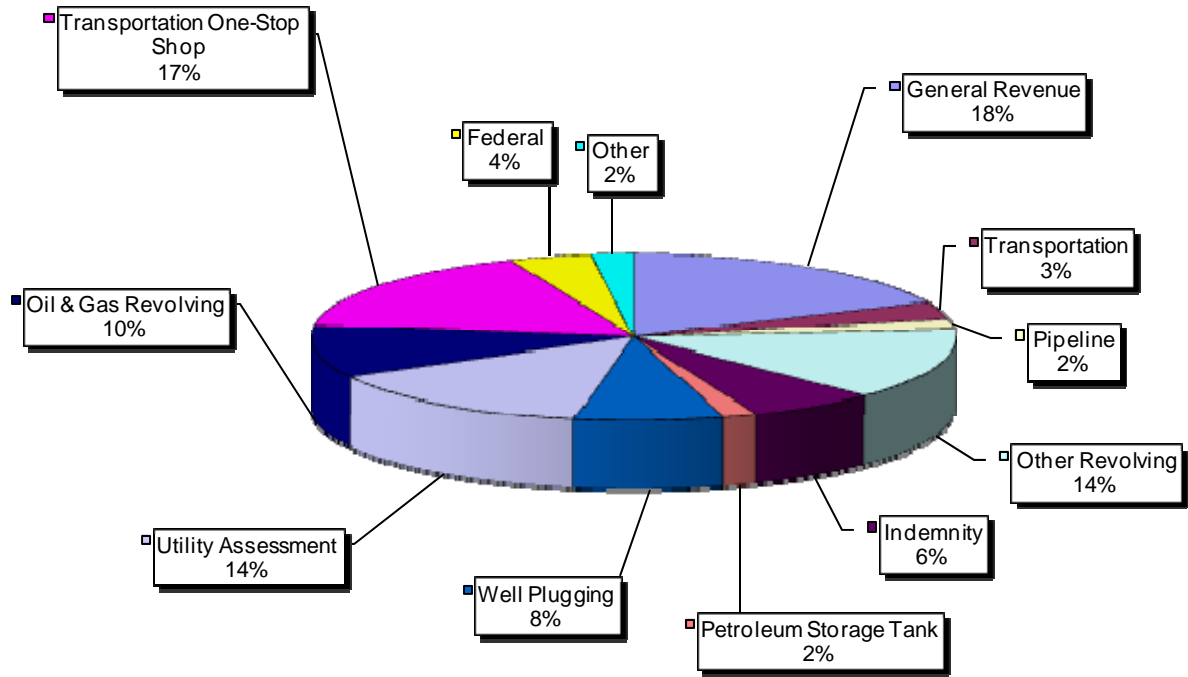
| Fiscal Year | Funding | Auth. FTE* |
|-------------|--------------|------------|
| 2004 | \$28,679,330 | 453 |
| 2005 | \$34,972,742 | 453 |
| 2006 | \$39,217,130 | 535** |
| 2007 | \$43,640,941 | 547 |
| 2008 | \$49,903,664 | 547 |
| 2009 | \$51,616,673 | 547 |
| 2010 | \$47,963,714 | 478 |
| 2011 | \$49,701,795 | 547 |
| 2012 | \$54,115,431 | 547 |
| 2013 | \$56,737,940 | 470 |
| 2014 | \$63,155,666 | 495 |

| APPLICATIONS | AMOUNTS | % OF TOTAL |
|---------------------------------------|---------------------|---------------|
| Administration | \$3,668,192 | 5.8% |
| Consumer Services Division | 990,667 | 1.6% |
| Petroleum Storage Tank | | |
| Administration | 368,129 | 0.6% |
| Claims Processing | 1,858,421 | 2.9% |
| Regulatory | 2,702,864 | 4.3% |
| Oil & Gas Division | 8,828,310 | 14.0% |
| Well Plugging/Storage Pits | 1,390,374 | 2.2% |
| UIC Federal | 470,602 | 0.7% |
| Office of Administrative Proceedings | 2,634,468 | 4.2% |
| Public Utilities | 3,968,842 | 6.3% |
| Office of General Counsel | 1,973,114 | 3.1% |
| Transportation | 10,755,941 | 17.0% |
| Pipeline Safety | 1,582,974 | 2.5% |
| Data Processing | 3,336,991 | 5.3% |
| FY14 EXPENDITURES | \$44,529,889 | 70.5% |
| Reserve for General Obligations | 7,081,194 | 11.2% |
| Reserve for Well-Plugging Obligations | 2,122,499 | 3.4% |
| Lapsed Funds | | |
| Fund Balance | 9,422,084 | 14.9% |
| TOTAL APPLIED | \$63,155,666 | 100.0% |

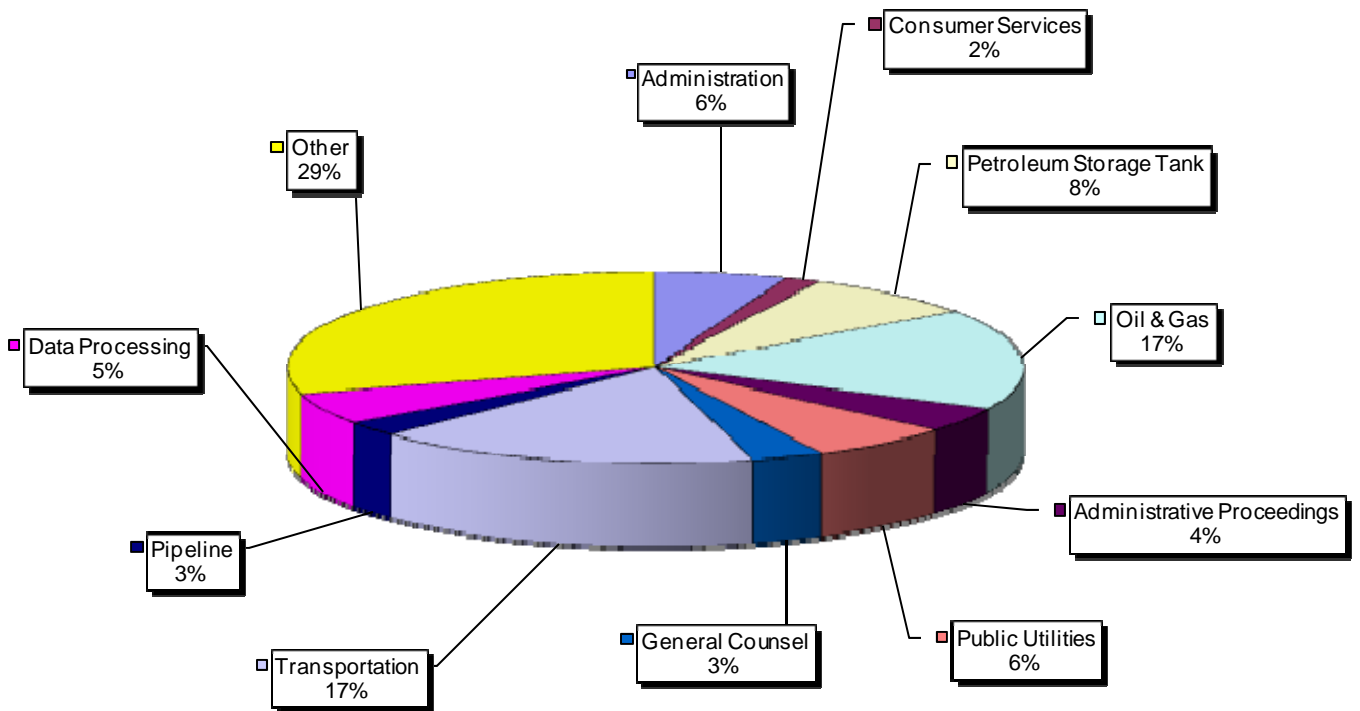
*Denotes maximum authorized Full Time Employee (FTE) positions, not the actual number of FTE's - (actual average number of FTE's in FY14 was 458).

**Increase the result of legislatively-mandated transfer of Oklahoma Tax Commission sections to the Oklahoma Corporation Commission.

SOURCES



APPLICATIONS



OKLAHOMA CORPORATION COMMISSION
Applications Filed, Orders Issued

DOCKET LEGEND: CD-Conservation, PD-Pollution, GD-General Docket, (Discontinued FY95), MC-Motor Carrier, MCC-Motor Carrier Citation, EN-Enforcement, FD-Fuel (Petroleum Storage Tank), FDC-Fuel Docket Citation, TD-Transportation, PUD-Public Utility, RM-Rulemaking, SF-State Funds, CS-Consumer Service, OGC-Oil Gas Citation, *1997 MC/MCC and FD/FDC Separated. 2000 GG-Gas Gathering

FISCAL YEARS - 1991-2014

| YEAR | CD | PD | GD | GG | MC | MCC | EN | FD | FDC | TD | PUD | RM | SF | CS | OGC | TOTAL | ORDERS |
|-------|--------|-------|----|----|-------|--------|-----|-----|-----|-----|-----|----|-----|----|-----|--------|--------|
| 1992 | 4,226 | 936 | 5 | | 4,151 | | 160 | 2 | | 138 | 220 | 11 | | | | 9,849 | 8,441 |
| 1993 | 3,834 | 1,099 | 12 | | 6,540 | | 274 | 4 | | 123 | 186 | 19 | | | | 12,091 | 8,258 |
| 1994 | 4,543 | 868 | 5 | | 7,159 | | 297 | 4 | | 121 | 203 | 18 | 52 | | | 13,270 | 9,566 |
| 1995 | 4,760 | 818 | 1 | | 6,653 | | 457 | 272 | | 79 | 237 | 19 | 81 | | | 13,377 | 9,168 |
| 1996 | 4,893 | 898 | 0 | | 7,801 | | 398 | 154 | | 59 | 512 | 23 | 86 | | 29 | 14,853 | 9,395 |
| *1997 | 5,645 | 614 | 0 | | 4,604 | 4,404 | 308 | 24 | 21 | 120 | 516 | 22 | 99 | 3 | 91 | 16,471 | 10,697 |
| 1998 | 5,324 | 574 | 0 | | 5,421 | 5,149 | 432 | 60 | 163 | 92 | 675 | 26 | 111 | 13 | 140 | 18,180 | 10,949 |
| 1999 | 4,789 | 456 | 0 | | 5,937 | 5,968 | 254 | 43 | 56 | 64 | 727 | 23 | 85 | 12 | 43 | 18,457 | 9,081 |
| 2000 | 5,489 | 414 | 0 | 3 | 6,220 | 6,032 | 145 | 111 | 39 | 68 | 736 | 16 | 106 | 18 | 31 | 19,428 | 9,087 |
| 2001 | 6,594 | 409 | 0 | 3 | 6,128 | 6,754 | 259 | 9 | 37 | 42 | 683 | 19 | 131 | 15 | 63 | 21,146 | 11,220 |
| 2002 | 6,152 | 491 | 0 | 0 | 5,999 | 7,340 | 185 | 2 | 0 | 54 | 662 | 18 | 118 | 23 | 71 | 21,115 | 11,447 |
| 2003 | 7,536 | 486 | 0 | 1 | 6,489 | 10,496 | 316 | 2 | 1 | 95 | 844 | 9 | 75 | 26 | 84 | 26,460 | 12,494 |
| 2004 | 9,022 | 502 | 0 | 1 | 6,796 | 9,832 | 322 | 36 | 2 | 61 | 698 | 12 | 94 | 17 | 46 | 27,441 | 14,239 |
| 2005 | 9,891 | 547 | 3 | 3 | 6,504 | 22,750 | 349 | 21 | 1 | 78 | 582 | 13 | 120 | 9 | 83 | 40,954 | 15,903 |
| 2006 | 12,365 | 576 | 0 | 7 | 2,330 | 26,823 | 384 | 45 | 1 | 57 | 480 | 22 | 135 | 3 | 59 | 43,287 | 18,954 |
| 2007 | 8,728 | 619 | 0 | 0 | 89 | 21,009 | 445 | 46 | 7 | 60 | 520 | 6 | 128 | 6 | 20 | 31,683 | 14,560 |
| 2008 | 8,714 | 606 | 0 | 2 | 17 | 17,606 | 326 | 47 | 0 | 61 | 428 | 11 | 126 | 8 | 11 | 27,963 | 15,092 |
| 2009 | 6,086 | 521 | 0 | 0 | 14 | 23,463 | 251 | 76 | 0 | 63 | 343 | 12 | 103 | 15 | 17 | 30,964 | 12,712 |
| 2010 | 4,683 | 187 | 0 | 2 | 14 | 19,301 | 160 | 59 | 0 | 36 | 210 | 7 | 72 | 19 | 8 | 24,758 | 7,945 |
| 2011 | 6,214 | 124 | 0 | 0 | 2 | 20,592 | 127 | 43 | 3 | 43 | 244 | 7 | 35 | 14 | 14 | 27,462 | 10,338 |
| 2012 | 7,938 | 193 | 0 | 0 | 0 | 19,003 | 136 | 42 | 0 | 36 | 231 | 6 | 55 | 6 | 4 | 27,650 | 12,553 |
| 2013 | 8,858 | 180 | 0 | 4 | 0 | 25,555 | 119 | 32 | 0 | 79 | 256 | 11 | 53 | 4 | 6 | 35,157 | 14,074 |
| 2014 | 9,171 | 220 | 0 | 0 | 0 | 25,216 | 145 | 33 | 0 | 37 | 332 | 17 | 50 | 4 | 4 | 35,229 | 14,110 |

CALENDAR YEARS - 1991-2013

| YEAR | CD | PD | GD | GG | MC | MCC | EN | FD | FDC | TD | PUD | RM | SF | CS | OGC | TOTAL | ORDERS |
|------|--------|-------|----|----|-------|--------|-----|-----|-----|-----|-----|----|-----|----|-----|--------|--------|
| 1992 | 4,084 | 1,035 | 13 | | 4,152 | | 215 | 1 | | 112 | 248 | 16 | | | | 9,876 | 8,511 |
| 1993 | 4,181 | 990 | 4 | | 9,439 | | 276 | 6 | | 129 | 181 | 17 | 15 | | | 15,238 | 8,097 |
| 1994 | 4,691 | 810 | 11 | | 5,432 | | 418 | 203 | | 103 | 225 | 14 | 78 | | | 11,985 | 10,109 |
| 1995 | 4,686 | 806 | 0 | | 6,119 | | 438 | 217 | | 62 | 435 | 24 | 68 | | | 12,855 | 8,426 |
| 1996 | 5,445 | 823 | 0 | | 7,849 | | 336 | 97 | | 88 | 441 | 18 | 100 | 0 | 61 | 15,258 | 9,961 |
| 1997 | 5,457 | 663 | 0 | | 5,278 | 4,802 | 397 | 17 | 35 | 104 | 616 | 29 | 114 | 11 | 115 | 17,638 | 11,447 |
| 1998 | 5,190 | 503 | 0 | | 5,423 | 5,377 | 342 | 82 | 172 | 84 | 693 | 36 | 96 | 10 | 127 | 18,135 | 9,964 |
| 1999 | 4,650 | 380 | 0 | | 6,194 | 6,142 | 133 | 15 | 32 | 80 | 770 | 12 | 91 | 16 | 9 | 18,524 | 8,414 |
| 2000 | 6,069 | 447 | 0 | 5 | 6,342 | 5,732 | 222 | 111 | 52 | 44 | 712 | 15 | 118 | 10 | 57 | 19,936 | 10,232 |
| 2001 | 6,606 | 446 | 0 | 0 | 5,911 | 7,084 | 218 | 6 | 17 | 42 | 661 | 13 | 134 | 28 | 77 | 21,243 | 11,539 |
| 2002 | 6,347 | 492 | 0 | 1 | 6,374 | 9,462 | 277 | 2 | 0 | 87 | 779 | 17 | 94 | 21 | 87 | 24,040 | 11,840 |
| 2003 | 8,510 | 515 | 0 | 1 | 6,533 | 9,561 | 340 | 2 | 2 | 74 | 792 | 10 | 81 | 21 | 36 | 26,478 | 13,443 |
| 2004 | 9,427 | 526 | 2 | 4 | 6,408 | 14,187 | 312 | 43 | 1 | 60 | 636 | 15 | 95 | 20 | 66 | 31,802 | 14,724 |
| 2005 | 11,977 | 584 | 1 | 4 | 5,230 | 24,747 | 344 | 30 | 0 | 66 | 540 | 18 | 71 | 4 | 54 | 43,670 | 17,901 |
| 2006 | 9,915 | 601 | 0 | 3 | 97 | 28,561 | 478 | 41 | 1 | 63 | 448 | 13 | 147 | 4 | 38 | 40,410 | 16,562 |
| 2007 | 8,533 | 606 | 0 | 1 | 25 | 17,701 | 363 | 56 | 7 | 49 | 466 | 12 | 108 | 10 | 17 | 27,954 | 14,952 |
| 2008 | 8,704 | 626 | 0 | 1 | 15 | 20,256 | 282 | 67 | 0 | 72 | 417 | 12 | 123 | 11 | 12 | 30,598 | 15,567 |
| 2009 | 4,060 | 321 | 0 | 0 | 14 | 21,763 | 217 | 62 | 0 | 45 | 276 | 6 | 107 | 16 | 13 | 26,900 | 8,821 |
| 2010 | 5,649 | 146 | 0 | 2 | 8 | 20,653 | 142 | 54 | 3 | 36 | 220 | 8 | 45 | 19 | 12 | 26,997 | 9,141 |
| 2011 | 7,135 | 125 | 0 | 0 | 0 | 18,073 | 105 | 43 | 0 | 51 | 205 | 5 | 46 | 10 | 8 | 25,806 | 10,982 |
| 2012 | 8,527 | 229 | 0 | 1 | 0 | 21,344 | 144 | 33 | 0 | 33 | 284 | 14 | 54 | 3 | 5 | 30,671 | 13,603 |
| 2013 | 8,779 | 182 | 0 | 3 | 0 | 26,732 | 130 | 31 | 0 | 74 | 240 | 15 | 56 | 2 | 5 | 36,249 | 13,842 |

Administrative Proceedings

The Office of Administrative Proceedings (OAP) is the judicial division of the Oklahoma Corporation Commission (Commission or OCC). OAP's staff includes administrative law judges (ALJs), legal secretaries, court reporters, and the Court Clerk's Office. Adjudicative proceedings are conducted in two offices -- the Western Regional Office, Oklahoma City and the Eastern Regional Office, Tulsa. Both locations maintain a Court Clerk's Office, which accepts filings of applications, notices, affidavits, hearing exhibits, and other pleadings in cases brought for relief from the OCC pursuant to its regulatory jurisdiction. The Eastern Regional Service Office's Court Clerk only receives court documents and permit filings which relate to oil and gas conservation matters. Pursuant to statute, to maximize the convenience of the public, parties, and witnesses, testimony and evidence may be presented in the court of record proceedings by telephonic connection, instead of requiring personal appearances before an administrative law judge and court reporter. Telephone hearings are conducted in both Regional Service Offices. The Eastern Regional Service Office in Tulsa provides telephonic connections to OAP's Oklahoma City courtrooms and a teleconferencing connection to the Commission's primary courtroom in Oklahoma City. Correspondingly, the Western Regional Service Office provides telephone connections to the Tulsa courtrooms. In FY2014 testimony was presented by telephone in 2,282 hearings.

Hearings: Most applications requiring OCC action are considered first by ALJs, who conduct evidentiary hearings; rule on objections, motions and emergency applications; interpret and apply law; make oral and written recommendations to the

Commissioners for consideration and action; and review proposed orders prior to submission to the Commission's signing agenda. Exceptions to the ALJs' recommendations may be filed with the full Commission, which can entertain oral arguments. The Commissioners, however, may refer the oral arguments on exceptions in certain types of matters to its oil and gas appellate referee, who files an additional report recommending a course of action. Commission orders may be appealed to the Oklahoma Supreme Court. During FY2014, twelve administrative law judges and two appellate referees conducted 40,594 hearings.

Oil and Gas Conservation/Petroleum Storage Tanks: Oil and gas administrative law judges conduct hearings involving applications within the OCC's jurisdiction over oil and gas conservation, petroleum storage tanks, and natural gas gathering fees and open access. The oil and gas ALJs hear enforcement cases involving these areas of regulatory authority. The Oklahoma City office's oil and gas ALJ staff consists of seven full-time members who conduct hearings exclusively on oil and gas conservation/petroleum storage tank dockets. The Tulsa office's oil and gas ALJ staff consists of one full-time member and one part-time member who conduct hearings exclusively on oil and gas conservation dockets. The division director also serves as an oil and gas ALJ in both offices. There is one primary oil and gas appellate referee who hears exceptions arising from the Regional Service Offices. Also, one public utility administrative law judge serves as an oil and gas appellate referee; and when necessary, hears some exceptions arising from the Regional Service Offices. During FY2014, there were hearings concerning 12,340 initial applications and 2,653 motions brought before the OCC's oil and gas administrative law judges, while 62 protested initial applications and

motions were the subject of exception proceedings conducted by the oil and gas referee. There were 376 initial oil and gas conservation applications heard and processed to final order pursuant to the optional hearing procedure for uncontested spacing-related causes.

Transportation: Transportation and railroad cases are heard as part of the caseload of one administrative law judge in the Oklahoma City office, who also conducts public utility hearings. The administrative law judge also hears applications regarding grade crossings. The ALJ hears enforcement proceedings in this area of the OCC's jurisdiction. During FY2014, the Transportation Docket experienced 25,216 docketed causes resulting in hearings from which 230 final orders issued in EN, MC, MCC, and TD cases.

Public Utility/Consumer Services: Three administrative law judges in the Oklahoma City office conduct public utility and consumer services related hearings. One of the ALJs also conducts hearings as an oil and gas appellate referee when necessary. Hearings are held for applications to provide local exchange telephone service; arbitration proceedings regarding interconnection agreements, mergers and acquisitions of public utilities; rate cases; territorial boundary disputes; tariff filings; purchase fuel adjustment clauses; and cotton gins. Consumer service complaints and enforcement proceedings are conducted within the OCC's public utility regulatory authority. During FY2014, there were 234 public utility and consumer services cases heard.

Court Reporters/Court Clerk Office: Court reporters transcribe hearings and prepare transcripts upon request by case participants or other interested persons. The OCC's court

reporting staff consists of six full-time and two part-time court reporters. The court reporters provide services in both Oklahoma City and Tulsa. The Court Clerk's Office is the official repository of the agency's court documents and is responsible for accepting and processing applications for the OCC's action. The Court Clerk's Office maintains court files, and public records relating to the application, hearing and order process, including both paper copies and digital images of these documents. The Court Clerk's Office also responds to public requests to view and/or copy official records. During FY2014, the Court Clerk's Office, staffed by six full-time docket clerks, two temporary docket clerks, and one administrative program officer/court clerk in Oklahoma City, and one full-time docket clerk and one part-time docket clerk in Tulsa, processed 9,520 applications and 14,079 Commission orders.

**ADMINISTRATIVE LAW JUDGE HEARINGS
CASELOAD (FY95 - FY13)**

| fiscal Year | Oil/Gas Initial | Referee Exceptions | Trans | Public Utility | Fuel Initial | Total Hearings |
|--------------------|------------------------|---------------------------|--------------|-----------------------|---------------------|-----------------------|
| 1995 | 5,654 | 133 | 3,422 | 405 | 230 | 9,844 |
| 1996 | 5,340 | 106 | 3,772 | 607 | 229 | 10,054 |
| 1997 | 5,118 | 226 | 5,270 | 1,248 | 101 | 11,963 |
| 1998 | 5,297 | 266 | 6,190 | 984 | 389 | 13,126 |
| 1999 | ,157 | 125 | 6,695 | 893 | 161 | 13,031 |
| 2000 | 5,567 | 106 | 6,148 | 705 | 25 | 12,551 |
| 2001 | 7,084 | 110 | 7,679 | 827 | 126 | 15,826 |
| 2002 | 6,273 | 139 | 8,798 | 624 | 5 | 15,839 |
| 2003 | 5,430 | 159 | 11,800 | 800 | 2 | 18,191 |
| 2004 | 7,475 | 126 | 11,143 | 1,089 | 60 | 19,893 |
| 2005 | 9,579 | 115 | 23,216 | 1,476 | 57 | 34,443 |
| 2006 | 11,037 | 126 | 27,332 | 562 | 90 | 39,147 |
| 2007 | 11,615 | 10 | 21,130 | 561 | 115 | 33,523 |
| 2008 | 13,582 | 62 | 17,764 | 631 | 131 | 32,170 |
| 2009 | 11,280 | 89 | 23,560 | 483 | 170 | 35,582 |
| 2010 | 6,997 | 83 | 19,357 | 402 | 142 | 26,981 |
| 2011 | 9,373 | 84 | 20,642 | 314 | 91 | 0,504 |
| 2012 | 12,197 | 89 | 19,040 | 414 | 65 | 31,805 |
| 2013 | 14,468 | 88 | 25,103* | 327 | 66 | 40,052 |
| 2014 | 14,993 | 62 | 25,216* | 234 | 89 | 40,594 |

* This calculation for FY 2014 is based on 25,216 docketed applications/citations on the Transportation Docket, from which 230 final orders issued involving EN, MC, MCC and TD cases

Consumer Services

THE CONSUMER SERVICES DIVISION is the Oklahoma Corporation Commission's primary contact with consumers and industry. The division provides information to consumers about utility services, oil and gas issues and unclaimed mineral owners accounts. Complaint investigators receive and help resolve thousands of consumer complaints against public utilities and oil and gas companies. Utility investigators ensure that regulated utilities provide quality service. The MOEA department maintains records of payments due unlocated mineral owners who have been force-pooled by a Commission order. The Consumer Education Department of the division is the outreach office of the Commission. Through the Consumer Education Department, consumers learn the latest developments in regulated industries and how the most recent rule changes affect them. Consumer Education also works with industry to help it learn how Commission rules are applied.\

Public Utilities Complaints and Information Department

During FY 2014, Public Utility Investigators mediated over 2,654 complaints, resolved 7,084 questions or inquires without the assistance of utility companies, and saved Oklahoma consumers \$121,843. Additional assistance was provided by processing 22,093 utility disconnection notices for elderly and handicapped customers.

As a result of recent revisions in the Federal Lifeline Program, staff fielded many calls from consumers regarding various issues with recertification of Lifeline service, working diligently to educate consumers on how to maintain telephone service through this program.

Oil and Gas Complaints and Information Department

The Oil & Gas Complaints & Information

Department acts as the OCC contact for mineral and surface owners in their dealings with petroleum companies as well as serving as an information center for oil and gas matters. Mineral and surface owners and members of the oil and gas industry call the department with a wide variety of questions and complaints ranging from royalty payments and leasing to spacing, pooling, production volumes, and OCC rules and regulations.

The department presented their sixth annual "OCC Workshop for Non-resident Oklahoma Royalty Owners" in Indianapolis, Indiana in September. Forty-six paid registrants attended. Presentations were made by OCC Director of Administration, Lori Wrotenbery, and several oil and gas experts from Oklahoma City and Tulsa. The workshop was very well received and staff received positive workshop evaluations and comments.

Staff provided an exhibit and OCC database demonstration at the annual convention of the Oklahoma Chapter of the National Association of Royalty Owners in Norman in April, with approximately 350 mineral owners in attendance, as well as at several smaller events throughout the year.

Mineral Owners Escrow Account (MOEA)

The Mineral Owners Escrow Account (MOEA) keeps records on money that is owed to Unknown or Unlocated Royalty Mineral Owners as a result of oil and gas forced pooling. The money is collected and deposited into interest-bearing accounts by the State Treasurer's Office where the funds are held in escrow until the Unknown or Unlocated Royalty Mineral Owners are found or for a maximum of five years. After five years, unclaimed funds are transferred to the Unclaimed Property Section of the State Treasurer's office. In fiscal year 2014, there were a total of 28 new reporting holder/operators, 1,097 pooling orders, 11,401 forced pooled

unknown mineral owners and 33,272 unknown or unlocated royalty mineral owners with 8,514 located. The Oklahoma Corporation Commission collected and deposited \$18,553,414, an increase of 52% over FY 2013. Reimbursements to 8,514 newly located mineral owners totaled \$6,563,591, an increase of 41% over the previous fiscal year. Five Year transferral to the Unclaimed Property Section of the State Treasurer's Office reached \$7,768,464. The final FY 2014 MOEA fund balance totaled \$60,161,459.

Consumer Education and Public Outreach

Public outreach in the Consumer Education Department spoke to 15 groups across the state reaching 1,885 consumers. The audiences ranged from professional, fraternal and civic groups to presentations of the Commission's Science and Engineering Fair awards at Oklahoma regional and state final awards programs. The manager was also asked to coordinate the Corporation Commission presentations to the Tanzanian Delegation as part of their visit to the Commission for the Tanzanian Energy and Power Conference.

FY 2014 saw the final development and publication of the first CSD bi-lingual, English/Spanish brochure to provide information to consumers about how to contact public utilities and help resolve some of the common billing and service issues between utilities and their customers.

Consumer Complaint Trends

1st Quarter: Some individual property owners and community organizations expressed concerns for compensation or increased compensation for eminent domain for electric towers and lines across rural and urban properties. A trend in oil and gas complaints came from landowners adjacent to injection well sites where there was a lot of truck activity. The issue of drilling and injection wells possibly causing earthquakes was also prominent.

2nd Quarter: An upward trend in complaints from solar panel owners wanting to feed their excess power back into the grid.

Complaints continued regarding a possible relationship between injection wells and earthquakes. Another upward trend was over pipeline construction and leaks.

3rd Quarter: A wide range of Telecom complaints became the largest public utility category. Other complaint trends included customers new to Oklahoma wanting an "opt-out" provision for smart meters, electricity feedback to the grid by residential and small business customers buying their own solar power systems, and complaints about oil and gas operators. Complaints also rose due to three proposed electric and gas utility rate increases. Public concern continued over the study of injection wells and earthquakes.

4th Quarter: Recent changes in Federal Lifeline rules and enforcement resulted in numerous queries by customers unable to re-qualify for Lifeline service. This stemmed from USAC and some ETC's failing to update their Lifeline records which resulted in cancellation of Lifeline service as customers responded to their renewal letters.

CSD DEPARTMENTAL STATISTICS

-Public Utilities Complaints and Information Department-

| Complaints by Industry | <u>Totals</u> |
|---|----------------------|
| Electric Utilities | 1,164 |
| Natural Gas Utilities | 447 |
| Telecommunication Companies | 901 |
| Water Utilities | 7 |
| Other | 135 |
| TOTAL Regulated Utility Complaints | 2,654 |
| Complaints/Calls NOT Referred to Utilities | 7,084 |
| Elderly/Handicapped Disconnection Notices Processed (submitted to electric & gas consumers by CSD) | 22,093 |
| Total Consumers Assisted | 31,831 |
| Savings to Utility Consumers Through CSD Intervention | \$121,843 |

-Oil and Gas Complaints and Information Department-

| Complaints | <u>Totals</u> |
|-------------------------|----------------------|
| Surface | 19 |
| Payment | 166 |
| Legal | 22 |
| Access | 1 |
| Unplugged Wells | 15 |
| Pipelines | 0 |
| Pits | 0 |
| Pollution | 21 |
| Seismic | 5 |
| Pooling | 23 |
| Other | 82 |
| Total Complaints | 354 |
| Total Inquiries | 7,894 |

| How Oil and Gas Complaints / Inquiries were Received | <u>Totals</u> |
|---|----------------------|
| In-Coming Calls | 7,349 |
| Letters, Fax, Email | 727 |
| Walk-ins | 172 |
| Information Sent | 672 |

-Mineral Owners Escrow Account (MOEA)-

| Unknown Mineral Owners Reporting Requirements | <u>Totals</u> |
|--|----------------------|
| New Reporting Operators | 28 |
| Pooling Orders | 1,097 |
| Forced Pooled Mineral Owners | 11,401 |
| Located Mineral Owners | 8,514 |

| Unknown Mineral Owners Who Received Bonuses/Revenues | |
|---|--------|
| Number of Bonus Payments | 5,749 |
| Number of Revenue & Interest Payments | 27,523 |
| Unknown Mineral Owners Received on “1081” Reports | 33,272 |

| MOEA Collections/Deposits | |
|----------------------------------|--------------|
| Collections/Deposits | \$18,553,414 |
| Reimbursements | \$6,563,591 |
| Five (5) Year transferral | \$7,768,464 |
| MOEA Fund Balance | \$60,161,459 |

| Owners/Operators/Purchasers Inquiries | |
|--|-------|
| Incoming Calls | 1,293 |
| Letters | 710 |
| Tracking Certified (Office of General Counsel) | 200 |
| Walk-Ins | 44 |

-Consumer Education and Public Outreach-

| | <u>Totals</u> |
|--|----------------------|
| Oklahoma Consumers Reached Through Public Speaking | 1,885 |
| Number of Statewide Speaking Engagements | 15 |
| Total Complaints and Inquiries worked/mediated (e-mail and phone) | 650 |

Information Technology

The mission of the Information Technology Division is to enhance the efficiency and effectiveness of the Commissioners and all divisions of the Commission by providing technically advanced automated tools and services. The division's goals associated with these services are as follows:

- Technically advanced, web-based database applications for the Commission that increase the effectiveness of performing mandated functions.
- Geographical Information Systems (GIS) and the use of Global Positioning Systems (GPS) for the Commission that integrate with the new client/server applications and enhance the ability to view large amounts of data in a single picture through advanced mapping tools.
- Imaging systems for the Commission that integrate with the new applications, enhance the ability to locate original records, reduce space requirements associated with manual files and eliminate duplicate files.
- Increase the effectiveness of the Commission's web page by offering access to query and download database information, locate and print imaged records, acquire established maps and perform electronic filing of information/documents required by rules and regulations.
- Educate, equip and enable the Commission's office and field personnel to utilize new advanced tools in combination with implemented projects as a standard for performing their regulatory functions.
- Coordinate development of projects with other state agencies where appropriate to eliminate duplicate processing and increase sharing of information.
- High-speed telecommunication for the internal architecture and between all field and remote offices.
- Keep up-to-date with computer operating systems and other software to stay current with the industry and ensure maintenance support.

The IT Division consists of two branches and an Administrative section. The branches are Applications Management and Computer Systems Management (CSM). Applications Management is charged with maintaining existing applications in addition to analysis, design and development of new applications. Computer Systems Management is responsible for overall network infrastructure planning and maintenance, hardware and software management on servers, workstations and mobile devices, as well as providing an IT Helpdesk service for the agency and maintaining the imaging systems.

Network and Server Maintenance/Upgrades

During this fiscal year CSM continued to monitor and optimize the core switch and the satellite switches for the Commission. Significant upgrades were done in this fiscal year with equipment purchased at the end of last fiscal year. The team also worked to monitor network printer performance and remained vigilant in identifying virus and intrusion problems on the servers and workstations.

Disaster Recovery

One key function of the team is to ensure that each server is backed up on a regular basis. This is critical in terms of disaster recovery of files, documents, etc. The CSM team backs up approximately four terabytes of data on a daily basis. These backups are performed on network servers, image servers, database servers, and GIS servers.

Network Firewall and Security

Websense enables the agency to collect information regarding Internet use, allows for blocking of unwanted sites and reduces spam. During this fiscal year OCC manually blocked 74,089 individual addresses that sent spam to the Commission via the email system.

Help Desk Operations

In this fiscal year, Helpdesk staff received 3,077 calls.

Imaging Systems

Work continued on improving the system to allow OCC staff and the public access to imaged documents. The total for images scanned in this fiscal year was 371,378.

Office of General Counsel

The Office of General Counsel provides advocacy and advisory legal services to the Corporation Commission, and represents the Commission and its employees in matters before state and federal courts and administrative agencies. Services are provided through seven specialized sections: Agency Counsel, Consumer Services, Petroleum Storage Tank, Transportation, Deliberations, Oil & Gas, and Public Utilities.

The Office of General Counsel prepares and tries cases involving oil and gas regulation, public utilities regulation, petroleum storage tank regulation, intrastate transportation, and consumer services complaints. It advises the Commission on compliance with State and Federal laws, contracting, open meetings and open records requirements, agency rulemakings, ethics laws, and personnel matters. It provides legal research and advises the Commissioners in connection with the deliberation of cases by the Commission.

Agency Counsel Section

The Agency Counsel Section of the Office of General Counsel is responsible for assisting the General Counsel on all issues of law that affect the agency and for providing representation in state and federal courts. In FY 2014, Agency Counsel advised the Commission on open records and open meetings laws, risk management matters, personnel matters, litigation and discovery, rulemakings, meetings with the Attorney General's Office, determining the need for CLEET certification of different employees, development of case management system, authority for levying penalties and collecting fees, the Code of Judicial Conduct, ride sharing laws, proposed legislation, jurisdictional issues, settlement negotiations, hearings before Supreme Court Referees, contracts and memorandums of understanding, Immigration issues, requirements for federal programs, bankruptcy and collection issues, and other legal matters.

In addition, Agency Counsel represented the Commission in appellate matters involving Oil and Gas enforcement orders, Conservation Docket orders, and an order denying reimbursement from the Oklahoma Universal Services Fund.

In those cases requiring legal representation by outside lawyers, Agency Counsel coordinated and assisted with the representation of the agency. Agency Counsel worked with the Oklahoma Attorney General's office on district court litigation involving claims to recover funds on behalf of the Petroleum Storage Tank Indemnity Fund and personnel matters.

Consumer Services Section

The Consumer Services Section is comprised of one Senior Attorney who provided legal assistance and representation to the Consumer Services Division during FY14. The objective is to effectively represent the Consumer Services Division in all matters filed at the Commission, provide legal counsel, assist with rulemakings, legislation, research, and prepare and prosecute legal matters during FY 14. Four applications were filed for the Consumer Services Division and two were closed.

Deliberations Section

The Deliberations Section consists of one Deputy General Counsel. The duties include reading all the oil and gas orders on each signing agenda, and drafting a daily memo to the Commissioners and their aides with a listing of oil and gas cases with specific interest. The daily memo includes a detailed description of each case. The Deputy General Counsel consults daily with Commissioners, Commissioners' aides, the technical staff, the oil and gas attorneys for the Commission, and outside counsel regarding orders which pose questions of concern before they are brought before the Commissioners for their approval on the signing agenda.

The Deputy General Counsel assists the Commissioners with their dockets that pertain to screenings, deliberations, en banc hearings and motions for oral argument on appeals. The Deputy General Counsel also provides legal advice on issues that pertain to these cases. In addition to reviewing 60-70 orders on a daily basis, the Deputy General Counsel advised the

Commissioners on 84 oil and gas causes appealed to the Commission.

Oil and Gas Section

The Oil & Gas Section (OGS) of the General Counsel's Office is currently comprised of two Deputy General Counsel, two Assistant General Counsel, and two support staff. In September of this year the Deputy General Counsel for Oil & Gas Deliberations resigned and this position has been filled, however the Deputy of Deliberations now reports to the General Law Division directly under the General Counsel. The Oil & Gas Conservation (OGCD) of the Oklahoma Corporation Commission (OCC) is the OGS's client, along with the Mineral Owners Escrow Account (MOEA) under the Consumer Services Department, (CSD). The OGCD partners with the Oklahoma Energy Resources Board (OERB) and the EPA Brownsfield Program which the OGS also represent.

The Oil and Gas Rulemaking responsibilities have grown over the past several years from being a two to three month duty to becoming a twelve month responsibility for the OGS Deputy who is over the Rulemaking process. With the continuous change within the oil and gas industry the Commission is working constantly updating the OCC Rules to conform to the many advancements in the industry. With the increased drilling of oil and gas wells in Oklahoma, the volume of pooling orders issued over the past two years has increased the duties for the MOEA division of the CSD of the OCC. The increase of MOEA cases causes an increase in the cases for the Oil & Gas Section.

The oil and gas industry in Oklahoma keeps growing daily within the State. This growth has brought the increase of oil and gas crime. The oil and gas crime consists of securities fraud, the stealing of oil and gas product along with stealing of oil and gas equipment, the fraudulent transferring of oil and gas leases along with stealing royalty payments of mineral owners and overcharging working interest owners. In addition it includes the sabotaging of oil and gas wells along with equipment. The Federal Bureau of Investigation (FBI) has opened an oil and gas division in its Oklahoma City and Tulsa offices

in an effort to address these crimes. The County Sheriffs and the Oklahoma State Bureau of Investigation (OSBI) have also increased their job responsibilities by responding to the increase of oil and gas crime. More mineral owners and working interest owners are becoming more educated and aware of what is happening to their interests which increases the amount of litigation over these issues. The Oil & Gas Section works with all these governmental agencies along with the owners by filing enforcement cases at the OCC and assisting them with District Court cases.

The State has seen an increase in seismicity this past year. The OCC has been proactive in responding to the public along with the Oklahoma Geological Survey to provide more information on seismic activity and to put in place more requirements upon oil and gas operators and owners of disposal and injection wells to provide the OCC continuous data on the amount of drilling, hydraulic fracturing and disposing of salt water in areas where there might be potential seismic activity.

Public Utility Section

The Public Utility Section is currently comprised of six attorneys: a Deputy General Counsel, and five Assistants General Counsel.

The Public Utility Section represents PUD in all causes filed with the Commission by the state's public utilities, including but not limited to: general rate cases, mergers and acquisitions, tariff revisions, preapproval of utility projects and other matters. In addition, the Public Utility Section represents PUD in all causes filed by PUD with the Commission, the Federal Communications Commission (FCC) or the Federal Energy Regulatory Commission (FERC). These include show cause matters, enforcement actions, annual or special fuel adjustment clause and prudence reviews, Commission notice of inquiry causes (pre-rulemakings), rulemakings and other matters as assigned. The section provides legal advice to the PUD Director and the PUD Staff and assists PUD by attending technical conferences, meetings with public utilities, and PUD managers and Staff.

During FY14, the Public Utility Section initiated six rulemakings, all of which were approved by the Governor and Legislature in FY14. The rulemakings related to each area of the Public Utility Section: Electric, Gas, Telecom, Water, and Purchases of 100kW or Less. This was one of the most extensive rulemaking seasons for this section in several years.

Also during FY14, this section represented PUD in 315 new causes filed, including 30 Energy and 285 Telecom related applications. The Energy matters included, but were not limited to: annual fuel adjustment clause and prudence reviews for each of the regulated electric and gas companies; one major electric utility rate case; two annual Performance Based Rate Change (“PBRC”) applications—similar to rate cases—for regulated gas companies; and two water rate cases. The Telecom matters included, but were not limited to: the annual Oklahoma Universal Service Fund (“OUSF”) factor setting case in which the appropriate annual OUSF factor is calculated for payment by contributing companies beginning July 1, 2014; four enforcement actions against Lifeline providers (the first enforcement actions of their type filed by the Public Utility Section); Certificate of Convenience and Necessity (CCN) applications; tariff revisions; requests for approval of Interconnection Agreements (ICAs) and amendments to ICAs; and most notably, a significant increase in OUSF applications—165 were opened. Finally, during FY14 this section represented PUD in closing 254 causes, including 37 Energy and 217 Telecom related matters.

As the number of OUSF applications increase and “novel” issues arise in Telecom, opportunities for this section to represent PUD at contested hearings before Administrative Law Judges and Exceptions hearings before the Commission *en banc* also increase. Likewise, with anticipated changes in EPA regulations similar opportunities are expected in Energy related matters. FY14 saw an increase in such hearings.

Transportation & Petroleum Storage Tank Divisions Section

The PSTD and Transportation Sections are comprised of one Deputy General Counsel and a Senior Attorney, who provided legal assistance and representation to the Petroleum Storage Tank (PSTD) and Transportation Divisions during FY14. Their objective is to effectively represent the Transportation and Petroleum Storage Tank divisions in all matters filed at the Commission, provide legal counsel, assist with rulemakings, legislation, research, and prepare and prosecute legal matters for the represented divisions.

This section represented the Petroleum Storage Tank Division (PSTD) in a variety of ways including interpreting the continued effects of past legislation, drafting legislation and monitoring the legislative process for agency interest bills. This Section handled 33 new causes for PSTD, including four applications for access to off-site property, ten requests for variances to Commission rules, one determination of unavailable owner and establishing Indemnity Fund cost reimbursement, four determinations of unavailable or unwilling owner and establishing Indemnity Fund cost reimbursement, one determination of unavailable and unable owner and establishing Indemnity Fund cost reimbursement, five determinations of unwilling owner and establishing Indemnity Fund cost reimbursement, three determinations of unwilling or unable owner and establishing Indemnity Fund cost reimbursement, one emergency authorization for disposal of contaminated soil, one temporary waiver as it pertains to marinas, two orders compelling approval to remove underground storage tanks and allowance of applicant to sit for examination for said license and one vacate or modification of order. This Section closed 31 causes for PSTD, including nine requests for variances for Commission rules, five applications for access to off-site property, one determination of unavailable owner and establishing Indemnity Fund cost reimbursement, three determinations of unavailable or unwilling owner and establishing Indemnity Fund cost

reimbursement, one determination of unable owner and establishing Indemnity Fund cost reimbursement, two determinations of unavailable and unable owner and establishing Indemnity Fund cost reimbursement, three determinations of unwilling or unable owner and establishing Indemnity Fund cost reimbursement, four determinations of unwilling owner and establishing Indemnity Fund cost reimbursement, one determination of status or storage tank ownership, one emergency authorization for disposal of contaminated soil and one order compelling approval to remove underground storage tanks and allowance of applicant to sit for examination for said license. This Section also filed seven new complaints and closed six complaints resulting in fines of \$27,500. Additionally, 25 new applications for otherwise ineligible tank owners were filed through the SB 342 eligibility process and 21 applications were closed resulting in fines of \$59,100. Total fines collected for the Petroleum Storage Tank Division (PSTD) this year equaled \$86,600. Six rulemakings for the Petroleum Storage Tank Division were initiated and five rulemakings for the Petroleum Storage Tank Division were approved by the Governor and Legislature in FY14. During the last legislative session, Compressed Natural Gas (CNG) regulation was transferred from PSTD to the Department of Labor; therefore, the rulemaking initiated for Compressed Natural Gas was not submitted to the Governor and Legislature for approval in FY14.

Representing the Transportation Division at administrative hearings continues to be a high priority for this Section. During FY14, this Section participated in 17 new railroad matters filed by railroad companies. 16 matters involved the upgrade or installation of railroad crossing safety equipment at specified locations and one matter involved an order authorizing the permanent closure of a railroad crossing. 21 railroad matters were closed in FY14. Two new DPS enforcement cases were filed during the year and six were closed. The division received \$11,500.00 in fines through its enforcement actions. Modifications of prior orders issued by the Commission were performed under five

applications and five were closed. Revocations of IRP registration, IFTA permit, and intrastate authority to operate were performed under two applications and 12 operators were revoked. Seven operators were revoked under applications filed prior to this fiscal year for revocations of IRP/IFTA commercial motor vehicle registrations and Intrastate authority to Operate. One application to re-open Motor Carrier citation was opened and one was closed. One application for Pipeline Safety was opened and one was closed. One disposition of Motor Carrier citation was opened and one was closed. Staff prosecuted approximately 25,629 motor carrier citations resulting in fines approximating \$3,780,277.50. One rulemaking amending the Commission's Motor Carrier Rules was initiated and approved by the Governor and Legislature in FY14.

Oil and Gas Conservation Division

Since 1915 the statutory responsibility for regulating the oil and gas exploration and production industries of Oklahoma has been delegated to the Corporation Commission. The primary regulatory missions are to:

- 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.
- Prevent and abate any pollution that may result from oil and gas exploration and production activities.

The Division's mission statement clarifies the division's focus for our people and customers: *"The mission of the division is to provide information, permitting, investigation, and compliance services to the oil and gas industry, mineral interests, landowners 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 public safety."*

To accomplish this mission, the division is organized into three departments: Technical Services, Pollution Abatement, and Field Operations. The division's staff consists of technical specialists, field personnel, administrative support, and management staff. The division started FY14 with 118 FTE positions. Out of these, the division had 111 employees with 7 funded vacancies. Of the 118 funded positions, 110 were state-funded, 6 were federally funded through the Underground Injection Control program, and 2 were federally funded through the Brownfields program. Of the 110 state-funded employees, 27 (25%) were assigned to Technical Services, 8 (7%) to Pollution Abatement, 72 (65%) to Field Operations and 3 (3%) to administration. The 8 federally funded employees were assigned to Pollution Abatement.

The active rig count averaged 180 rigs per month in FY14 compared to 183 in FY13, 195 in FY12, 159 in FY11, and 99 in FY10.

The **Technical Services Department** is organized into three sections: **Technical Review**, **Document Handling**, and **Compliance**. *The purpose of the Technical Services Department is to provide permitting, document handling and compliance services to the oil and gas industry and the general public so they can have timely information and authorization to drill and produce oil and gas wells.*

The **Technical Review Section** is responsible for ensuring that the different types of applications and orders meet criteria for approval under Commission rules. This section continued to conduct geological and technical reviews in FY14. The section's FY14 workload involved 6,510 requests for reviews of surface casing requirements to ensure that the state's ground water resources are properly protected. The section also received: 2,003 spacing applications (compared to 1,881 in FY13); 6,162 location exception applications (compared to 5,605 in FY13); 1,212 increased density applications (compared to 1,097 in FY13); and 698 applications for other forms of technical relief (compared to 1,052 in FY13).

In addition, this section received 4,340 applications to drill, recomplete and reenter wells (compared to 4,098 in FY13). E-permitting has been implemented to help operators by streamlining the processing of intents to drill.

The Technical Review Section continues to handle applications for tax relief as part of the Commission's goal to help operators qualify for this vital incentive. These applications may be filed by the operators of wells that qualify under the provisions enacted under Title 68 O.S., Section 1001. During FY14, the Technical Review Section received 1,506 tax-relief applications. This section also handled 458 commingling and dual completion applications;

and 133 applications for venting or flaring of casinghead gas. There were no applications for the installation of vacuum pumps.

The **Document Handling Section** is responsible for processing and maintaining the majority of all documents filed with the division. These documents include permits to drill, completion reports, plugging reports, well transfers, certificates of record search, confidential well logs, and other vital documents.

One major function of the Document Handling Section is customer service. Surface and mineral owners, oil and gas company representatives, attorneys, and other interested parties rely on this section for much of the information concerning individual wells in Oklahoma. Efficient scanning of documents provides timely, easy Internet access. In FY14, the Document Handling Section processed 6,920 completion reports, 1,998 certificates of records search, 2,401 well logs, and 11,428 transfers of operatorship.

The **Compliance Section** is responsible for ensuring compliance with testing and reporting requirements for oil and gas wells completed in the state. In addition, this section regulates the production reporting from approximately 65,500 gas wells and 117,000 oil wells. In FY14, this section processed gas volume reports containing monthly production information on the approximately 65,500 gas wells in Oklahoma. The section also reviewed 1,292 well tests. The Compliance Section is also responsible for the compilation and presentation of data indicating the trends in the industry and supporting the findings, analysis and recommendations of the division. This section also ensures that all operators in the state maintain surety for plugging wells and remediating sites. These assurances are essential to the state and are required under Title 52 O.S., Section 318.1. During FY14, 419 new companies filed financial assurance mechanisms and operator agreements with the state.

The **Pollution Abatement Department** has two sections: **Underground Injection Control (UIC)** and **Waste Management Services**. *The Purpose of the Pollution Abatement Department*

is to provide underground injection control and environmental management services to division field inspectors, the oil and gas industry, landowners and state/federal agencies so they can ensure reasonable measures are being taken to protect the environment while protecting the state's oil and gas resources.

The **UIC Section** administers the federal program that, under the Safe Drinking Water Act, regulates the underground disposal of waste products and the injection of fluids to enhance recovery of oil and gas. The U.S. Environmental Protection Agency (USEPA) provides oversight and some funding for this program. Oklahoma's UIC program has one of the most sophisticated databases and well monitoring programs in the nation, and was the first state UIC program to be approved by the USEPA. The UIC Section monitors 11,664 active wells, 8,434 inactive, unplugged wells with terminated orders, and 6,814 plugged and abandoned wells for 26,765 past and present injection and disposal wells. In FY14, the UIC Section approved 211 non-commercial disposal wells, 36 commercial disposal wells, and 270 enhanced recovery injection wells. In addition, 69 exceptions orders were issued.

The **Waste Management Services Section** monitors disposal activities, responds to pollution complaints, and oversees the necessary cleanup and restoration efforts. In FY14, the Waste Management Services Section made 18 inspections of 15 active commercial pit operations, 9 inspections of 8 inactive commercial pit sites, and 16 inspections of one-time, non-commercial, soil-farming operations. It also conducted 20 stream water quality tests as checks for the 303d federal list of (potentially) impaired sites.

The Brownfields Program provides a process for individuals, companies and organizations to voluntarily investigate, clean up, and receive a release of liability for any pollution found on properties that may have been contaminated by historic oil field exploration and production activities or petroleum tanks. Between January and December 2014, the Brownfields Program issued certificates of No Further Action for two sites: the former Parton Garage, in Grandfield;

and the MV Purchasing Parcel #2, in Harper. A current list of enrolled and closed sites can be found here: <http://www.occeweb.com/og/brownfields/New%20BF%20Public%20list.pdf>.

As of the end of FY 14, nine sites were currently enrolled in and not yet closed through the Brownfields Program. In 2014, the Kelly Mud Pits underwent assessment by the OERB; the Roaring Fork site developed and had a hydrocarbon remediation plan approved; the two Deep Fork Pipeline sites, the American Indian Cultural Center, and the Ben Hill Tires site were given EPA Phase II Targeted Brownfields Assessments; the Program was notified of updated Phase I and Phase II reports for the 1828 E. 36th St. North site in Tulsa available for review; the Program discussed potential redevelopment plans with the landowner of the Former Prime Oil site; and the Program finished work on its portion of the East Sheridan Redevelopment site.

In addition to site-specific projects, the Program is also scanning, and georeferencing all of the historic aerial photos in the state from the 1930s to the 1980s to create a permanent digital record of how the state's surface has changed over time. This project has resulted in a growing inventory of all historical aerial photograph county-year datasets available for Oklahoma, the photo sets' locations, their acquisition status by OCC, their completeness, and their georectification status. Current information on this project, the Historical Aerial Digitization Project, can be found here: <http://www.occeweb.com/og/OHADP%20newsletter%202014-08%20update.pdf>

The Field Operations Department is responsible for overseeing all the oil and gas drilling and production activities in Oklahoma. *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 they can access information, resolve issues and correct problems.* The main objective is the prevention of pollution. When pollution does occur, the investigation and remediation of such

occurrences are given first priority. The department's work has many other facets, such as insuring proper plugging of wells, witnessing mechanical integrity tests, running initial production tests on newly drilled wells, conducting UIC inspections and ensuring that good housekeeping practices are followed. The department is also responsible for identifying and prioritizing wells that need to be plugged using state funds.

The Field Operations Department has four field offices: Bristow, Kingfisher, Duncan and Ada. In FY14, these 4 offices had a combined force of 70: 50 Field Inspectors, 8 Field Inspector Supervisors, 4 District Managers, and 8 administrative support employees.

During FY14, the department registered 326 pollution-related citizen complaints compared to 1,028 in FY13, 948 in FY12, 933 in FY11, and 926 in FY10. The majority of these complaints were resolved directly in the field or at the district office level. Staff also worked 794 incidents reported by the industry (compared to 794 in FY13, 315 in FY12, 369 in FY11, and 439 in FY10). Further, 180 violations were discovered in FY14 through on-site inspections (compared to 535 in FY 13, 315 in FY12, 369 in FY11, and 312 in FY10), and 1,403 non-pollution-related citizen complaints were investigated in FY14 (compared to 581 in FY13, 764 in FY12, 762 in FY11, and 790 in FY10). The Department's inspectors witnessed 1,272 well mechanical integrity tests (MITs) in FY14.

The Field Operations Department is also responsible for identifying and referring abandoned oil field sites to the Oklahoma Energy Resources Board (OERB). Almost all of the sites the OERB has remediated to date were referred by the Field Operations Department. For FY 14, 501 sites were referred to OERB compared to 384 in FY 13, 598 in FY12, 537 in FY11, 435 in and FY10.

The division issued a total of 758 contracts in FY14 to plug 206 abandoned wells at a cost of \$1,046,630. Additionally, 537 wells are pending plugging contracts, which will cost an estimated \$5,064,866. This compares to 31 contracts to plug 124 wells in FY13, 44 contracts to plug 160 wells in FY12, 65 contracts to plug 261 wells in

FY11, and 71 contracts to plug 168 wells in FY10. Orders authorizing the division to enter into plugging contracts are pending on an additional 134 wells. The estimated plugging costs of these wells total \$1,066,765.

Petroleum Storage Tank Division

The Petroleum Storage Tank Division was created by a merger of the Fuel and Indemnity Fund divisions on July 1, 1998.

The Division is comprised of four departments: **Accounting, Administrative, Compliance and Inspection, and Technical.** The Division enforces state and federal regulations and administers certain assistance programs applicable to the storage, quality, and delivery of refined petroleum products (i.e., gasoline and other fuels).

The Division also administers the Oklahoma Storage Tank Release Indemnity Fund, created by the Legislature in 1989 to help fuel storage tank owners meet a federal requirement for \$1.5M of liability insurance for damage caused by leaking tanks. Our structure enables Oklahoma to efficiently clean up leaking sites while at the same time maintaining the solvency of its Indemnity Fund. This is in stark contrast to the plight of many other states, which have seen similar funds bankrupted without meeting site clean-up goals.

The Division also works with the Environmental Protection Agency, whose Leaking Underground Storage Tank (LUST) Trust Fund provides emergency services and problem resolution. This program protects public health and safety when suspected leaks from underground storage tanks disrupt vital services and there is no known responsible party, or the responsible party is financially unable to remediate the problem. Funding is provided by EPA and administered by the Corporation Commission.

Performance improvements in Oklahoma's petroleum storage tank program this fiscal year were the result of the cooperative effort of Division staff and the Storage Tank Advisory Council. At the request of the EPA, the Division has continued to assist other states in improving their programs by giving presentations on the Oklahoma program.

The Accounting Department administers the Indemnity Fund, reimbursing a portion of the costs of cleaning water and soil contaminated by leaking petroleum storage tanks. Money for reimbursement comes from a one cent-per-gallon assessment on gasoline, diesel fuel and blending materials at the distributor level. In FY14 the Indemnity Fund paid out \$17,098,486 in reimbursements on 1,141 claims. The statutes that govern the Indemnity Fund's operations require that initial claims be paid within 90 days and supplemental claims within 30 days. During FY14 the average time for payment of an initial claim was 7.15 days, and the average time for settling supplemental claims was 8.58 days. The Indemnity Fund claims processing cost for FY14 was 4.37 cents per dollar paid out. The Indemnity Fund closed the fiscal year with an unencumbered balance of \$64,174. During the year, the Fund received \$21,675,428 from assessments, \$82,568 from co-pays, and earned \$426,580 by investing reserve revenue in interest-bearing cash management accounts. The Division collected \$96,500 in fines during FY14; \$59,500 through SB 342 and \$37,000 through enforcement action.

The Administrative Department handles all Division personnel matters, purchasing and provides support functions, including imaging files, supporting the technical staff, processing payments for remediation work done, registering storage tanks and maintaining all files pertaining to petroleum storage tanks. During FY14, 227 underground storage tanks and 57 aboveground storage tanks were removed from service. Concurrently, 74 underground storage tanks and 67 aboveground storage tanks were installed. At the end of the fiscal year, 37,822 underground storage tanks and 7,047 aboveground storage tanks were registered.

The Compliance and Inspection Department protects the public from inferior motor fuels and antifreeze through inspections and product

testing. During FY14, the staff of 18 fuel specialists performed 6,011 service station inspections. They checked 80,397 pump calibrations, finding 544 pumps out of calibration. In addition, fuel specialists conducted 4,247 annual inspections of motor fuel facilities, found 264 water violations and investigated 661 complaints regarding gasoline purchased by consumers.

State law requires that tank owners are substantially compliant with applicable regulations to be eligible for reimbursement from the Indemnity Fund for corrective action required following a release from their storage tank system. Compliance Analysts review facility records to make this determination. Senate Bill 342, passed in 1997 provides an additional opportunity to obtain access to the Fund when tank owners are not compliant with all rules. Fine amounts for each violation are recommended to an OCC Administrative Law Judge and once paid, the tank owner may obtain a Substantial Compliance Certificate and become eligible for the Fund. In FY14, 19 cases became eligible for reimbursement through the SB 342 process.

A variance to any provision of UST or AST regulations may be sought by a tank owner through application, notice and hearing. Compliance Analysts researched and witnessed at 8 variance request proceedings in FY14.

The Technical Department's duties and responsibilities include regulating all corrective actions performed at leaking petroleum storage tank sites, as well as remediation technologies that are implemented in the course of cleaning up release sites. Department staff work with remediation consultants in determining the most appropriate corrective actions at each site, and must pre-approve appropriate work plans and associated reasonable corrective action costs that are eligible for reimbursement by the Petroleum Storage Tank Indemnity Fund. The Technical staff is comprised of seven Project Environmental Analysts with hydrogeology or environmental science backgrounds. Each is charged with oversight of corrective actions implemented at leaking petroleum storage tank (PST) sites. The position requires staff

“Hydros” be proficient in hydrogeology issues, regulatory issues, risk-based corrective action environmental assessments and remediation technologies (both design and operation). Technical staff must also be versed in Indemnity Fund operations and are responsible for reviewing/approving corrective action expenditures associated with fuel release sites. The Petroleum Storage Tank Division currently has approximately 422 active release cases in various stages of assessment, monitoring for natural attenuation of contamination, or more aggressive cleanup by remediation. Each staff “Hydro” manages roughly 60 active cases.

Public Utility Division

The Public Utility Division provides technical support and policy analysis to the Commission in: (1) Ensuring reliable public utility services at the lowest reasonable cost; (2) Ensuring open, workable, competitive markets in the transition to competition; and (3) Fulfilling constitutional and statutory obligations. In this role, Staff develops and presents objective, independently researched, fact-based findings and recommendations to the Commission.

The Division's primary duties and responsibilities include:

- Administering and enforcing Commission rules, regulations, and orders concerning public utilities (electric, gas, water, cotton gin, and telecommunications service providers).

- Investigating, researching, and analyzing relevant regulatory data to make recommendations on matters such as establishment of rates or rate adjustments; changes in terms and conditions of service; establishment of, or changes to, public utility rules, regulations or policies; transfer of utility ownership; and utility competition implementation.

- Monitoring fuel procurement procedures of each utility, including the price paid by same for fuel.

Assisting the Consumer Services Division in seeking resolution of service and payment problems of utility customers.

Division Highlights:

- PUD completed its rulemakings process concerning electric distribution, natural gas distribution and water utilities in Oklahoma. These rules will become effective September 12, 2014.
- PUD investigated potential abuse of the Federal Lifeline Program. As a result of one of the five Lifeline providers upon which PUD filed a show cause application, Icon, filed to "Voluntary Relinquish its ETC Designations." PUD investigated several ETCs, which were not

complying with the Commission order that designated their service territory. In addition, PUD filed enforcement actions against True Wireless, Easy Wireless and TAG Mobile.

- PUD has also worked with Public Service Company of Oklahoma, the Oklahoma Department of Environmental Quality, and numerous stakeholders in reviewing the proposed EPA compliance plan related to regional haze. PUD and the Office of the Attorney General have secured the services of an independent expert to review the technical aspects of the cause. PUD anticipates a final decision from the EPA in late October.
- PUD worked with Oklahoma State University, the Oklahoma Cooperatives Association, Oklahoma-based Oil and Gas producers, and numerous other stakeholders in the development of new software to streamline requests for electric infrastructure. The Southwest Power Pool has begun a review of the software for potential applications on a regional level. This effort resulted in lower infrastructure investment demands while allowing producers to meet stringent timelines and operational requirements.
- PUD worked with the Secretary of Energy & Environment, the Petroleum Storage Tank Division; Oklahoma's regulated natural gas utilities, station operators, consumer groups and other agencies to support the Governor's Oklahoma First Energy Plan to promote compressed natural gas ("CNG"). PUD has participated in discussions of how to test CNG fill stations. Also from PUD's efforts, Oklahoma will see more regulated utility tariffs that address CNG so that more people are afforded the opportunity to rely on an alternative fuel source.
- PUD prepared several reports that include

the following: Reliability Scorecard; Electric System Planning Report; Report on Renewable Energy Goals; Annual Interest to be Paid on Customer Deposits; and the Transmission Expansion Report.

Other Details:

Telecommunications Activity Summary

Rulemaking

201300108 - On July 11, 2013, PUD initiated this Notice of Inquiry (NOI) to identify and resolve issues related to the OUSF and the Oklahoma Lifeline Fund as well as various other issues related to Chapters 55 and 56. Additionally the Commission sought input regarding the calculation of payments by Telecommunications Carriers into the Public Utility Fee Assessment.

RM 201300159 - On September 12, 2013, PUD initiated this NOI to identify and resolve additional issues specifically related to Lifeline Services. On March 6, 2014, the Commission closed this NOI and the questions or topics presented in this NOI were addressed and discussed in rulemaking RM 201400003 and RM 201400004, which were opened subsequent to the closing of this NOI.

RM 201400003 – Chapter 59 Notice of Proposed Rulemaking. Technical conferences were held February 5 and 21, 2014. A hearing on the merits was held March 4, 2014. The Commissioners voted to adopt definitions for “Hospital” and “Not-for-profit hospital.”

RM 201400004 – Chapter 55 Notice of Proposed Rulemaking. Technical conferences were held February 5 and 21, 2014. A hearing on the merits was held March 4, 2014. The Commissioners voted to add a definition for “Tribal Land” and modify the rules regarding the Link Up program, which is a federal program.

Causes

PUD worked on 285 telecom causes filed during this fiscal year. PUD closed 186 telecom causes during this fiscal year.

Oklahoma Universal Service Fund (OUSF)

Fiscal 2014 Funding and Balances

Revenues: \$12,458,701.15

Disbursements: \$46,003,790.71

End Fund Balance: \$11,546,802.58

Recertification of telemedicine recipients

Pursuant to OAC 165:59-7-6(h), no later than February 1, each eligible healthcare entity that receives OUSF telemedicine funding shall annually recertify for a determination of continued eligibility. Beginning February 1, 2014, if PUD determines that a healthcare entity is no longer eligible to receive telemedicine funding, the funding will stop on July 1, 2014, unless the Commission determines otherwise. As of January 1, 2014, PUD had determined most of the prices for the reduced bandwidths associated with OUSF telemedicine funding. As a result of the entities that will no longer receive telemedicine funding or will receive reduced funding related to reductions in bandwidth funding, the OUSF will experience a savings of more than \$5 million per year, which is a 32.5 percent reduction in the overall OUSF telemedicine funding.

Oklahoma Public School Audits

On February 28, 2014, PUD initiated a three-part data request to all Oklahoma Public Schools. PUD requested information regarding each school’s building count, E-Rate bid information, and a network diagram from each school showing their internet access configuration. PUD is currently in the process of making follow-up calls to the unresponsive schools and beginning to identify schools that warrant further audits.

Request for Proposal (RFP)

On June 26, 2014, PUD issued an RFP to perform various audit functions related to the Oklahoma Universal Service Fund. Responses for this RFP are due July 25, 2014, in the next fiscal year.

Natural Gas Activity Summary

Rulemakings

RM 201300014 – Chapter 45 Notice of Proposed Rulemaking. On January 14, 2014, PUD held its second Technical conference. On February 4, 2014, the Commission held an *en banc* hearing on the merits. The Commissioners modified the proposed rules and adopted them. On March 5, 2014, the rules were submitted to the Governor, the Oklahoma House of Representatives, and the Oklahoma Senate. On March 7, 2014, the Office of Administrative Rules accepted the adopted rules. The rules will become effective in September of the next fiscal year.

Causes

PUD worked on 10 natural gas causes filed during this fiscal year. PUD closed seven natural gas causes during this fiscal year.

Electric Activity Summary

Rulemakings

RM 201300012 – Chapter 35 Notice of Proposed Rulemaking. On January 14, 2014, PUD held its second Technical conference. On February 4, 2014, the Commission held an *en banc* hearing on the merits. The Commissioners modified the proposed rules and adopted them. On February 28, 2014, the rules were submitted to the Governor, the Oklahoma House of Representatives, and the Oklahoma Senate. On March 7, 2014, the Office of Administrative Rules accepted the adopted rules. The rules will become effective in September of the next fiscal year.

RM 201300013 – Chapter 40 Notice of Proposed Rulemaking. On January 23, 2014, PUD held its second Technical conference. On February 20, 2014, the Commission held an *en banc* hearing on the merits. The Commissioners adopted the rules. On February 28, 2014, the rules were submitted to the Governor, the Oklahoma House of Representatives, and the Oklahoma Senate. On March 7, 2014, the Office of Administrative Rules accepted the adopted rules. The rules will become effective in September of the next fiscal year.

Causes

PUD worked on 16 electric causes filed during this fiscal year. PUD closed 10 electric causes during this fiscal year.

Reliability

- On a quarterly basis, PUD reviews and approves spending for OG&E's System Hardening Program and Vegetation Management established in Cause No. PUD 200800387 and modified in PUD 201100087. During the fiscal year, PUD approved \$1,337,488 in spending for OG&E.
- On a quarterly basis, PUD reviews PSO's Distribution Vegetation Management and Undergrounding costs established with Cause Nos. PUD 200500218 and 200500515. During the fiscal year, PUD approved \$1,775,639 in spending PSO.

Transmission

Oklahoma is an active participant in the Southwest Power Pool^[1] (SPP), as it specifically relates to public policy goals^[2] and generation resources while balancing the competitive motivations of utilities and ensuring reliable service at an affordable cost for the electric consumer.

[1] The Regional Transmission Organization (RTO) recognized by the Federal Energy Regulatory Commission (FERC) and encompassing the State of Oklahoma and all or parts of surrounding jurisdictions.

[2] FERC order no. 2000, Oklahoma Statute, Title 17, Section 801.1, Oklahoma Administrative Code 165:35, 34, 37, 38 41 & 43.

- SPP successfully launched the Integrated Market. The Integrated Market was on time and on budget.
- PUD expects a Rate Impact study to be completed in January 2015.
- SPP held one of its Regional State Committee meetings and its Annual Education Session in Oklahoma.

Fuel Audits/Reviews:

Causes

During this fiscal year, PUD opened and closed nine prudence reviews and fuel audits that covered calendar year 2012. These applications involved three investor-owned electric utilities, five electric cooperatives, and six natural gas utilities.

Water Activity Summary

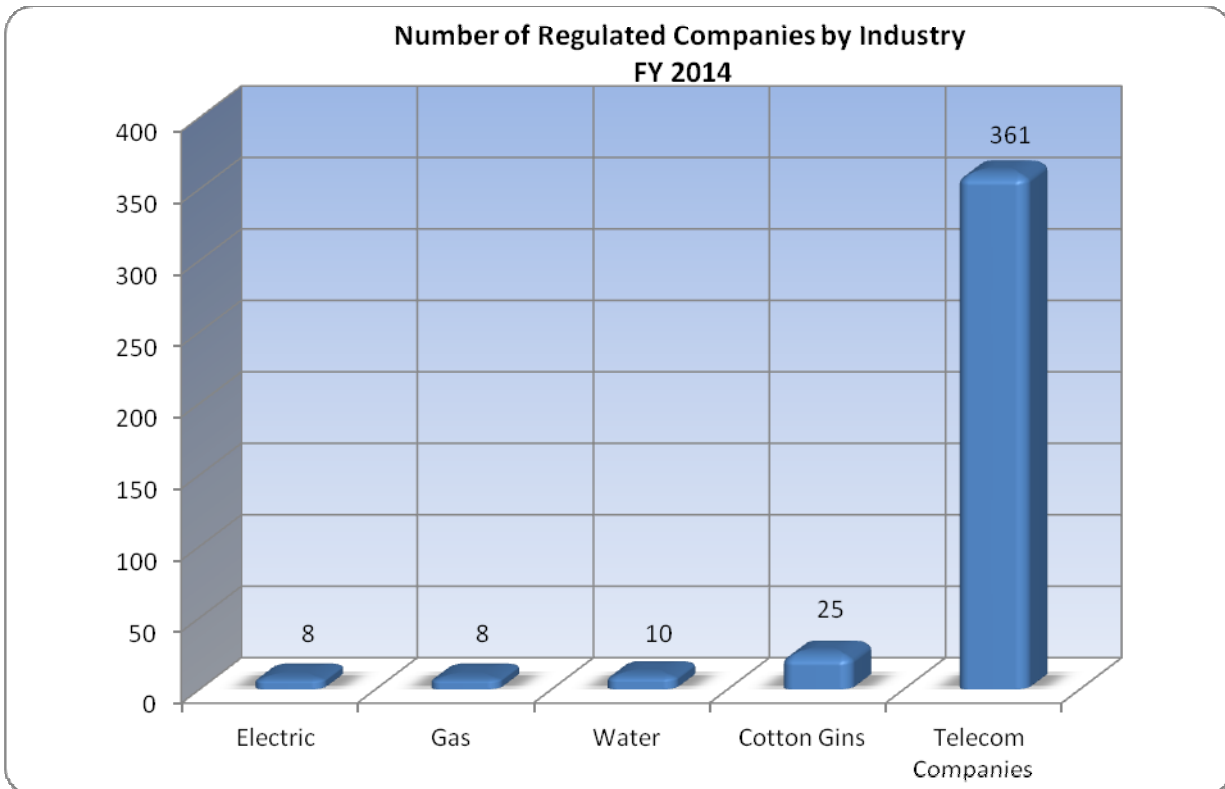
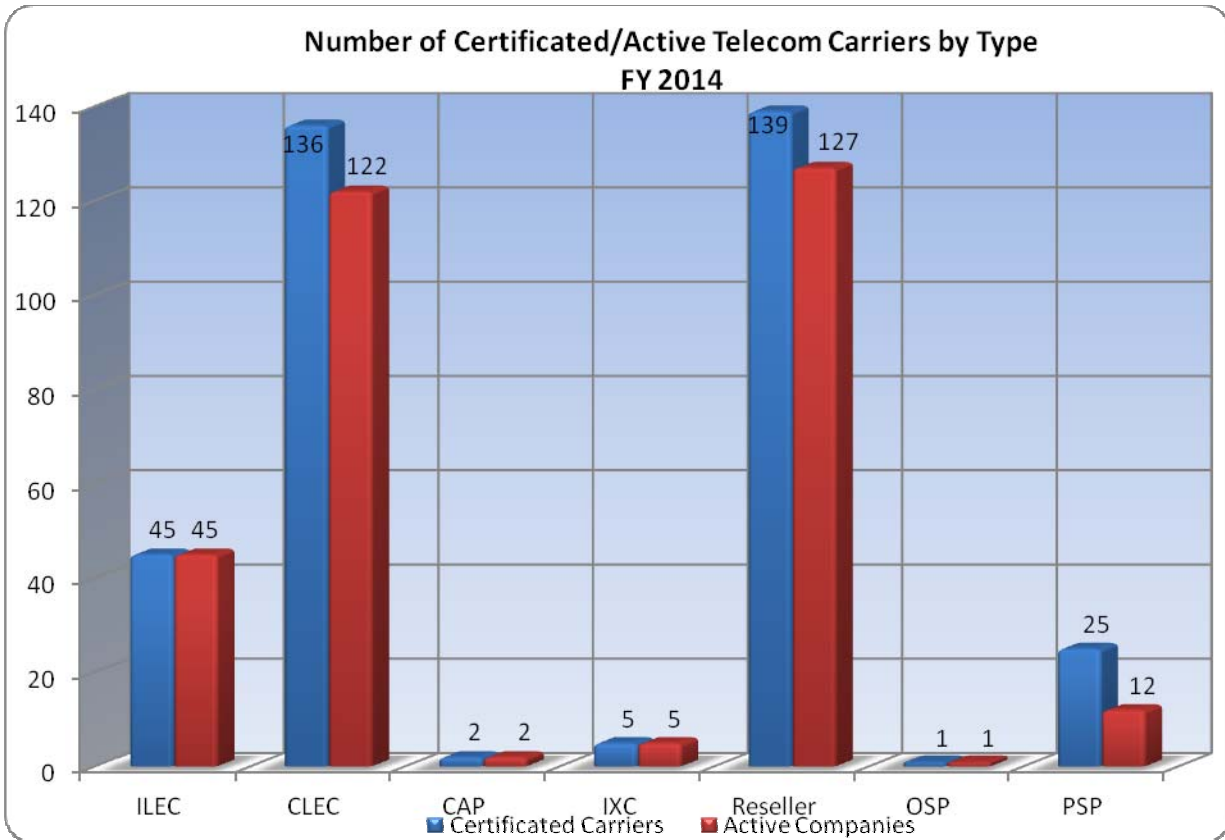
Rulemakings

RM 201300015 – Chapter 65 Notice of Proposed Rulemaking. On January 23, 2014, PUD held its second Technical conference. On February 20, 2014, the Commission held an *en banc* hearing on the merits. The Commissioners adopted the rules. On February 28, 2014, the rules were submitted to the Governor, the Oklahoma House of Representatives, and the Oklahoma Senate. On March 7, 2014, the Office of Administrative Rules accepted the adopted rules.

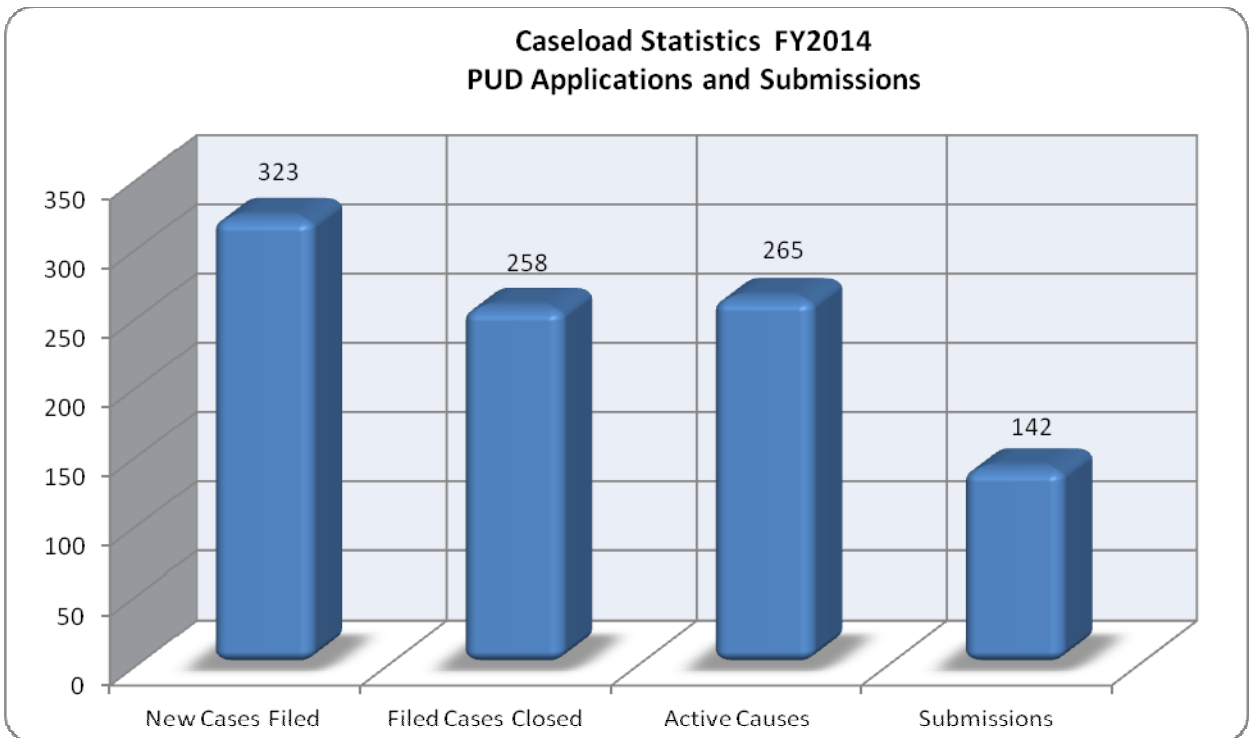
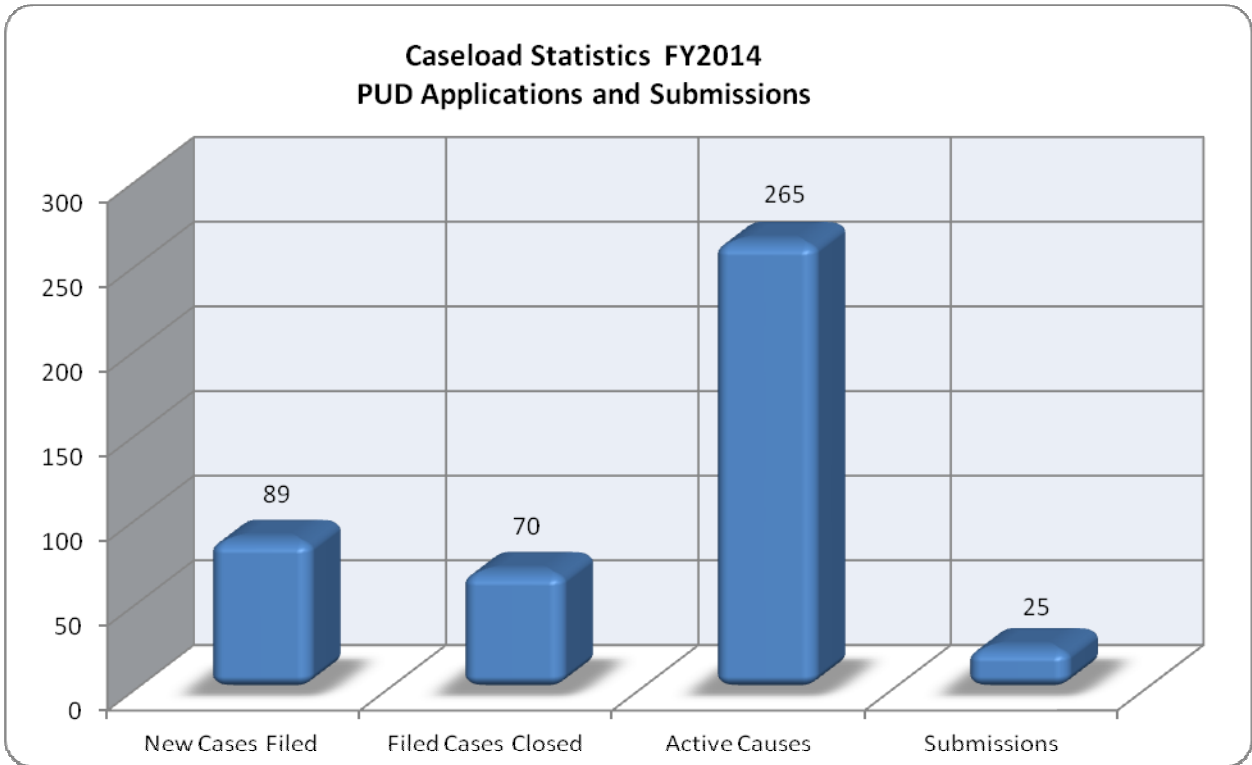
Causes

PUD worked on four water causes filed during this fiscal year. PUD closed one water cause during this fiscal year.

Environmental Indicators:



Division Activity Indicators:



Other Details:

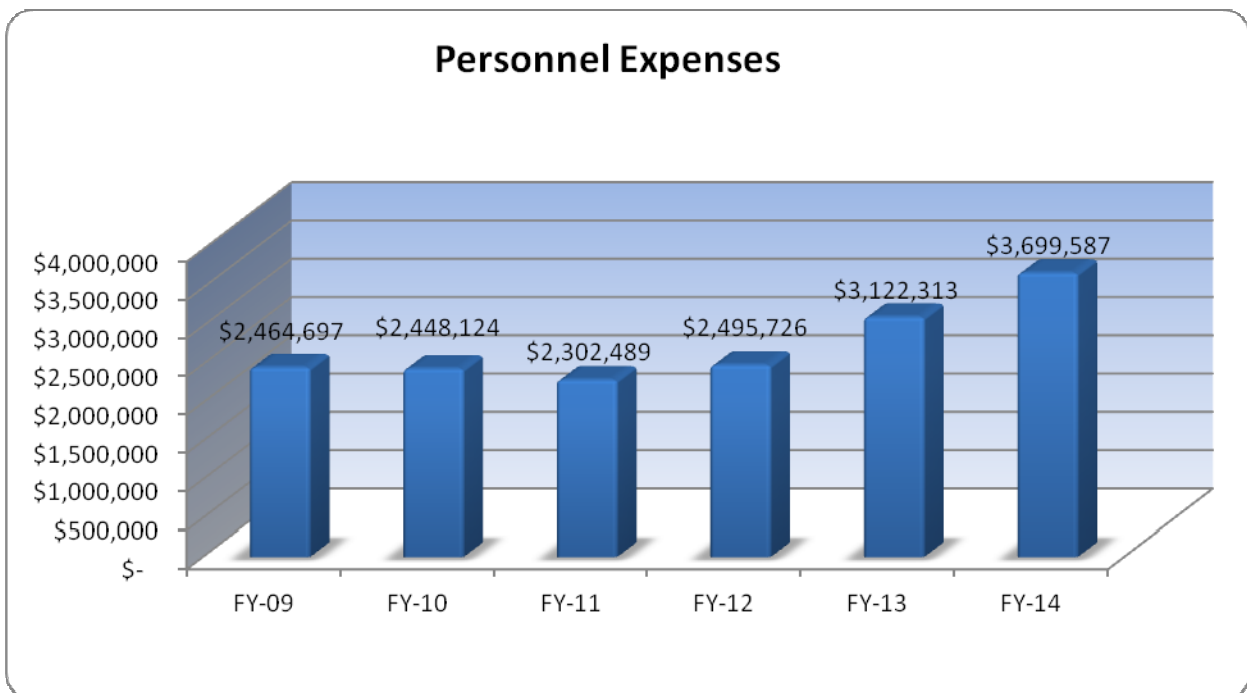
Administrative Activity:

Personnel Status:

Total FTE Approved: 46
Under consideration for FY15: 2

FTE by working group:

Energy: 17
Telecom: 15
Accounting: 6
Administration: 8 (Most support as assistant PURAs)



Transportation Division

The **Transportation Division** administers and enforces federal and state laws, interstate and international compacts, and Commission rules as they relate to motor carriers, commercial motor vehicles, pipeline safety, and railroad safety.

The Division's operations are carried out through five Departments: **Administrative and Regulatory Operations, International Fuel Tax Agreement/International Registration Plan (IFTA/IRP), Motor Carrier Enforcement, Pipeline Safety and Railroad.**

Administrative and Regulatory Operations Department

The Administrative and Regulatory Operations Department is comprised of four sections: *Administrative Support, Enforcement Support, Motor Carrier Requirements, and Compliance Support.*

Administrative Support Section

The 3-person Administrative Support Section is responsible for purchasing, supplies, inventory, leave tracking and other personnel related functions, rulebook tracking, fleet tracking, and support of Division management.

Enforcement Support Section

The 4-person Enforcement Support Section is responsible for support of all motor carrier and motor vehicle enforcement activity, including citations, warnings, complaint investigations, site visit inspections, wash pit inspections, show causes, officer activity, etc.

Motor Carrier Requirements Section

The Motor Carrier Requirements Section is responsible for the licensing of intrastate for-hire and private carriers and certification of household goods carriers. There are more than 7,791 for-hire and private motor carriers licensed to operate in interstate and intrastate commerce. All for-hire and private intrastate motor carriers must comply with insurance standards and administrative requirements to obtain and hold licenses or certificates to operate in the state. In addition, the Section issues household goods certificates for motor carriers regulated by the Corporation Commission. Oklahoma has 58 carriers

authorized to transport household goods within the state of Oklahoma. This Section also registers the Oklahoma-based interstate carriers that are required to register annually in the Unified Carrier Registration Program (UCR).

In FY14, the 5-person Motor Carrier Requirements Section received 3,482 applications for authorization or changes in authorization to operate in or through Oklahoma. This Section also approved 9,358 insurance filings and issued 399 permits for the transportation of deleterious substances, such as saltwater and other oilfield fluids. The number of intrastate carriers who lost their authorization to operate due to lack of proper liability insurance on file was 512. In addition 6,190 UCR applications were processed for Oklahoma-based interstate motor carriers, interstate private carriers, brokers, freight forwarders, and leasing companies.

Compliance Support Section

The Compliance Support Section assists Oklahoma-based motor carriers with obtaining required United States Department of Transportation (USDOT) numbers and issues hazardous waste registrations and permits. During FY14, the 1-person Section issued 202 USDOT numbers to intrastate carriers and 93 hazardous waste credentials were issued.

IFTA/IRP Department

The IFTA/IRP Department is comprised of three sections: *Registration and Licensing Services, Technical Services, Audit and Nonconsensual Towing.*

Registration and Licensing Services, Technical Services

The *Registration and Licensing Services* and *Technical Services* sections ensure the proper registration and licensing of all vehicles in Oklahoma under the International Fuel Tax Agreement (IFTA) and the International Registration Plan (IRP) compacts. Walk-in and mail-in applicants are served by these sections.

The *Technical Services Section* serves those

IRP customers who register through electronic means.

During FY14, these Sections, comprised of 15 staff members, processed 5,216 new and/or renewal IRP applications, 3,664 new and/or renewal IFTA applications, and 14,325 supplemental IRP applications. They also handled an additional 706 IRP applications that were closed, withdrawn, or denied. In FY14, a total of 201,870 vehicles were registered under IRP, while 3,641 IFTA licenses and 169,877 IFTA decals were issued.

Audit Section

The *Audit Section* audits registrants to ensure compliance with the IRP and IFTA compacts as well as compliance with Oklahoma statutes and Commission rules. The primary purpose of the 13-person Audit Section is to ensure proper payment of registration fees and fuel taxes by reviewing records to verify reported distance, distance allocations, and motor fuel purchases. During FY14, the field auditors conducted 176 IRP audits and 93 IFTA field audits. The in-house auditors completed 14,188 audits of quarterly fuel tax reports submitted to the OCC.

Nonconsensual Towing Section

The *Nonconsensual Towing Section*, staffed by 1 person, administers the 2011 Nonconsensual Towing Act, which assigned to the OCC authority over the rates charged for nonconsensual towing and storage. A “nonconsensual” tow is one in which the owner or the operator of a vehicle did not arrange for the tow. Often nonconsensual tows occur at the order of a law enforcement officer when the law enforcement officer must quickly clear an accident scene to avoid subsequent accidents. The towing of abandoned or illegally parked vehicles are other examples.

The Transportation Division proposed new rates in May 2012, resulting in a Commission Order authorizing new rates on December 6, 2012, which were a 25% increase in the previous rates. During FY14, the section worked 61 complaints and audited 25 wrecker services for compliance with the Commission’s rate order. The section also conducted 6 rate

seminars around the state to educate the wrecker community about application of Commission rates.

Motor Carrier Enforcement Department

The Motor Carrier Enforcement Department officers check private and for-hire motor carriers for compliance with state statutes, Commission rules, and federal regulations governing interstate and intrastate motor carriers and commercial motor vehicles. The Motor Carrier Enforcement Department also performs overweight audits of motor carriers and shippers, oversees the building of truck yard wash pits used to temporarily store deleterious substances, and conducts complaint investigations.

In January 2008, the Oklahoma Department of Transportation (ODOT) and the Oklahoma Corporation Commission joined together to develop a plan to provide ODOT the funds to construct nine state-of-the-art state-line weigh stations commonly referred to as Ports of Entry (POEs). ODOT is responsible for construction of the Ports of Entry and the OCC is responsible for staffing and day-to-day operations. The Kay and Beckham County POEs opened in FY12 and FY13 respectively with limited technology (internet, static scales, open/close signage, etc.). In FY14 work continued on technology installation at the Kay and Beckham POEs and construction began on the Sequoyah POE.

In FY14, 83 Motor Carrier/Vehicle Enforcement Officers and supervisors performed 207,451 vehicle checks resulting in the issuance of 25,120 citations and 5,671 warnings. Motor Carrier Enforcement Officers investigated 31 complaints against the motor carrier industry, ranging from motor carriers operating without authority to motor carriers illegally dumping deleterious substances.

Pipeline Safety Department

The Pipeline Safety Department has inspection and enforcement authority over 255 natural gas operators and 31 hazardous liquid operators. These companies operate over 39,294 miles of natural gas pipeline and 3,888

miles of hazardous liquid pipeline in Oklahoma. The Department ensures code compliance by conducting onsite inspections of the pipeline operators' records and facilities. The regulations cover the design, construction, operations, maintenance, and abandonment of operators' pipeline facilities.

The Pipeline Safety program is funded through an assessment levied against the pipeline operators and by a federal reimbursement of up to a maximum of 80% of the program's expenses. The U.S. Department of Transportation's Southwest Regional Office of Pipeline Safety oversees and supports the program. The U.S. Department of Transportation Office of State Programs evaluated the Natural Gas and Hazardous Liquid Pipeline Safety Programs and assigned a proficiency rating of 98% on each program. The two point deductions were due to the State not having the capability of levying civil penalties against excavators who violate the Underground Damage Prevention Statutes of the State of Oklahoma and exemptions provided to certain excavators and underground facility owners.

In FY14, the 15 member Department spent 1,209 man-days inspecting 244 of 255 intrastate natural gas pipeline operators and 267 man-days inspecting 27 of the 31 hazardous liquid pipeline operators. The Department spent 38 man-days investigating natural gas pipeline incidents and 20 man-days investigating hazardous liquid pipeline incidents. Inspectors identified 234 natural gas and two hazardous liquid pipeline safety rule violations.

The Department investigated five federally reportable gas incidents which resulted in either an injury requiring hospitalization or damages exceeding \$50,000. Four of the gas incidents were the result of failure to comply with the state's damage prevention statutes. The remaining natural gas incident was the result of internal corrosion. The Department investigated five federally reportable hazardous liquid accidents which resulted in damages exceeding \$50,000. Four of the hazardous liquid accidents were the result of corrosion. The remaining accident was caused by the failure of the operator to comply with the state's damage

prevention statutes which led to a contractor working for the pipeline operator to hit and rupture the operator's pipeline.

Railroad Department

The 1-person Railroad Department monitors the operations of 21 Oklahoma railroads for compliance with state statutes and at-grade rail crossing safety. In FY14, the Railroad Department investigated and resolved 173 public queries or potential complaints, participated in 18 public hearings, and performed 120 crossing safety reviews.