OKLAHOMA CORPORATION COMMISSION
ANNUAL REPORT
FISCAL YEAR 2016
JULY 1, 2015 - JUNE 30, 2016
Commissioners of the Oklahoma Corporation Commission for Fiscal Year 2016:

Commissioner Bob Anthony, Chairman
Commissioner Dana Murphy, Vice Chairman
Commissioner Todd Hiett
THE OKLAHOMA CORPORATION COMMISSION

OUR MISSION

It is our mission to enforce laws, regulate, and supervise activities associated with the exploration and production of oil and gas, the storage of 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 Oklahoma Corporation Commission oversees the conservation of natural resources to abate pollution of the environment, balance the needs and rights of the public with those of the regulated entities, which provide desirable and essential services for the benefit of the State of Oklahoma and its citizens, and avoid waste.

WANT TO KNOW MORE?

Join us on the Internet for docket and meeting postings, forms, news, program updates, rules, useful consumer information, and well records.

You may also contact us at www.occeweb.com
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The History of the Oklahoma Corporation Commission
The Oklahoma Corporation Commission (“Commission”) was established in 1907 by Article 9 of the Oklahoma Constitution. The First Legislature gave the Commission the authority to regulate public service corporations.

The legal principle for such regulation had been established in 1877, when the United States Supreme Court (“U.S. Supreme Court”) ruled in *Munn vs. Illinois*, that when a private company’s business affects the community at large, it becomes a public entity, subject to regulation by the State.

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

As the State grew, the task of record collection became larger than any one agency was able to handle. The Commission kept the authority over public service companies, while the responsibility over other companies was allocated to the Oklahoma Secretary of State, along with additional State agencies and commissions, according to the type of business it was.

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

In 1914, the Commission began the regulating of oil and gas, when it restricted oil drilling and production in the Cushing and Healdton fields to prevent waste when production exceeded pipeline transport capacity. By 1915, the Legislature had passed the Oil and Gas Conservation Act. This Act expanded oil and gas regulation to include the protection of rights to all parties entitled to share in the benefits of oil and gas production. During that same year, the Legislature further declared cotton gins to be public utilities and extended authority over utility companies to the Commission, which included practices and rates.

While the Commission’s basic regulatory responsibilities have remained intact, many changes in Federal and State laws have changed what is regulated. The Commission presently regulates public utilities, except those under Federal or Municipal jurisdictions; aspects of motor carriers; cotton gins; environmental and production protection, environmental integrity of petroleum storage tank systems; most for-hire businesses, limousines, and taxis; oil and gas drilling; pipeline transportation; private water companies; rail; and those who are exempt from regulation. The Commission further has the responsibility over the proper operation of fuel dispensing unites (i.e., gas pumps) at all retail filling stations.

The Commission also enforces Federal regulations regarding the underground disposal of certain oil and gas waste fluids, and remediation of groundwater and soil pollution, which is caused by leaking petroleum storage tank products.

The Commission is comprised of three Commissioners who are elected by a statewide vote of the people, to serve a six-year term. The terms are staggered so one Commissioner vacancy occurs every two-years. The election pattern was established when the Commission was created by the Oklahoma Constitution. The first three elected Commissioners drew lots for two-year, four-year, and six-year terms. In-term vacancies are filled by gubernatorial appointment only. There have been a total of 15 Commissioners who have been seated by appointment.

Since 1907, there have been 31 Democrats appointed or elected, 8 Republicans appointed or elected, 2 Commissioners have died while in office, 1 Commissioner has been impeached, 12 Commissioners have been re-elected, and 12 Commissioners have resigned from office.

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

A complete list of Commissioners may be viewed in the Appendix of this publication.
Commissioner Bob Anthony

Commissioner Bob Anthony, Chairman of the Commission, is currently the longest serving utility Commissioner in the United States of America. He holds a Bachelors degree from the Wharton School of Finance from the University of Pennsylvania, a Masters of Science degree from the London School of Economics, a Master of Arts degree from Yale University, and a Master of Public Administration degree from Harvard University. Commissioner Anthony rose to the rank of Captain in the United States Army Reserves.

All four of Commissioner Anthony’s grandparents came to Oklahoma prior to its statehood. His father was born in Cleveland, Oklahoma, and his mother grew up in Enid, Oklahoma. In 1975, he married his wife Nancy. They are the parents of four daughters and grandparents to three grandchildren.

In 1972, he served as Staff Economist for the United States House on Interior and Insular Affairs Committee. From 1979 to 1980, Commissioner Anthony served on the Oklahoma City Council as Councilman for Ward 2 and as Vice Mayor. In 1980, at the age of 32, he became the President of C.R. Anthony Company (“Anthony’s”) retail stores, which at the time, was the largest privately-owned firm, headquartered in the State of Oklahoma. During his seven-year term as President of Anthony’s, annual sales for the retail chain increased from $256 million dollars to $411 million dollars, with dollar profits, employment, and payroll reaching an all-time record level. In 1988, Commissioner Anthony became the Chairman of the Trust Committee of the largest bank trust department in the State. In 1995, the Federal Bureau of Investigation (“FBI”) honored Commissioner Anthony with its highest award given to a private citizen who, “at great personal sacrifice, has unselfishly served his community and the nation.” Among additional recognitions, the American Association of Retired Persons of Oklahoma presented Commissioner Anthony with an award, “in appreciation of his tireless efforts on behalf of Oklahoma consumers.”

Commissioner Anthony is a member of the Board of Directors for the National Association of Regulatory Commissioners (“NARUC”) and past Chairman of the National Regulatory Research Institute (“NRRI”). Commissioner Anthony is a member of the National Petroleum Council (“NPC”), having been appointed twice by the United States Secretary of Energy. He is a past President of the Mid-America Regulatory Conference (“MARC”), a member and a past President of the Economic Club of Oklahoma, and a delegate to the worldwide General Conference of the United Methodist Church.

Commissioner Anthony has served as a statewide elected official longer than any other current Oklahoma office holder, winning his fifth consecutive six-year term with the Commission in 2012, carrying all 77 counties. Initially, he ran for the Commission in 1988, becoming the first Republican elected to that body in 60-years, receiving more votes than any Republican since statehood. In 1994, Commissioner Anthony became the first Republican incumbent in Oklahoma history to win a statewide re-election to a State office. In 2000, he was re-elected, at that time, receiving more votes than any other candidate for State office in Oklahoma history.

Commissioner Anthony’s current term began in January 2013 and will expire in January 2019.
Commissioner Dana Murphy, Vice-Chairwoman of the Commission, was born in Woodward, Oklahoma. She 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 Athletic award, she attended Oklahoma State University in Stillwater, Oklahoma, and graduated in the top 10-percent of her class with a Bachelor's degree in Geology. After practicing as a Geologist for 10-years, Commissioner Murphy obtained her Juris Doctorate cum laude, while working and attending night school at Oklahoma City University in Oklahoma City, Oklahoma.

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

Commissioner Murphy was first elected to the statewide office with the Commission on November 4, 2008, 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 Commission following election by her fellow Commissioners from January 3, 2011 to July 31, 2012.

Commissioner Murphy’s previous experience includes service for almost six-years as an Administrative Law Judge (“ALJ”) for the Commission, where she was named Co-Employee of the Year in 1997 and received the Commissioners’ Public Servant Award in 2001. In addition to her work as a Geologist, Commissioner Murphy 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.

Commissioner Murphy is a member of 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 (“SPP”). She also serves on the Oklahoma Water Resources Research Institute (“OWRRI”) Advisory Board, is the Commission’s representative on the Board of Trustees for the Oklahoma Public Employees Retirement System (“OPERS”), serves as Vice-Chair of the Advisory Board of the Financial Research Institute, and is a member of the Oklahoma Bar Association (“OBA”), American Association of Petroleum Geologists (“AAPG”), Oklahoma City Geological Society (“OCGS”), and the Oklahoma Women’s Coalition.

In 2010, Commissioner Murphy was recognized for her dedicated service by the National Association of Royalty Owners (“NARO”), and in 2011, she received the Friends of Agriculture Cooperative Award. Commissioner Murphy is also a recipient of the University of Central Oklahoma’s 2012 Distinguished Alumni Award. She was also recognized in 2013 as an outstanding woman in energy by Energy Advocates.
In 1994, at the age of 27, Commissioner Todd Hiett was elected to the Oklahoma House of Representatives ("House"). He quickly ascended into leadership and was selected by his colleagues to be the House Minority Leader in November, 2002. Two-years later, he lead the House Republicans to their first majority in eight-decades, their largest victory in nearly half a century. Marking a historic shift in power at the Capitol, he was chosen as the first Republican Speaker of the House in more than eight-decades.

During his first year as Speaker of the House, he oversaw a smooth transition and pushed through the largest tax cut in State history, the most significant right-to-life legislation in 30-years, an innovative highway-funding bill, and significant education reforms (collectively known as the “ACE Initiative”), which raised the bar for curriculum standards and graduation requirements in the State of Oklahoma.

After a successful 12-years serving in the Oklahoma Legislature, Commissioner Hiett worked for eight-years with various entities in the energy, manufacturing, and navigation industries. In this role, he enjoyed the opportunity to work with many pro-growth companies such as Webco Industries and Callidus Technologies to strengthen and expand their ability to provide jobs in the State.

Commissioner Hiett is married to Bridget Hiett and they have three children, Jimmy, John, and Hillary. The Hiett family lives on a ranch two miles south of Kellyville. Commissioner Hiett graduated from Oklahoma State University, where his son Jimmy also graduated and his son John is currently attending. His daughter Hillary currently attends Kellyville High School as a Junior and his wife is a fourth grade teacher at Kellyville Elementary. Together, the Hiett family attends First Baptist Church of Kellyville.

Commissioner Hiett and his wife continue to operate a ranch south of Kellyville. He also serves on various boards of directors including SpiritBank and Farm Bureau.
IN THIS SECTION:

The Human Resources Section
The Office of Public Information Section
The Financial Section
THE HUMAN RESOURCES SECTION

The five-person Human Resources Section (“HR”) supports approximately 470 employees across seven various Divisions throughout the State of Oklahoma. From the primary office in Oklahoma City, Oklahoma, to the secondary office in Tulsa, Oklahoma, and the Commission’s first four District Offices in Ada, Oklahoma; Bristow, Oklahoma; Duncan, Oklahoma; and Kingfisher, Oklahoma. The Section provides advice and guidance to managers, staff, and supervisors in all aspects of the human resources and personnel functions.

During Fiscal Year 2016, the Commission advertised and recruited over 100 Classified and Unclassified positions that became vacant due to resignations, retirements, and/or terminations. Each recruitment notice generated an additional 20 or more actions to bring a single applicant on board, leading to over 2000 actions related to the hiring of new employees.

The HR staff also processed:

- 30 hiring contracts or temporary employees;
- 350 career progressions, demotions, details to special duty, equity-based pay adjustments, longevity pay, market-based pay adjustments, promotions, salary adjustments, and transfers;
- Numerous transactions relating to disability insurance benefits, Family and Medical Leave Act (“FMLA”), health insurance benefits, life insurance benefits, jury duty leave, leave without pay (“LWOP”), military leave, paid leave, retirement benefits, shared leave, and SoonerSave; and
- Transactions related to coaching and discipline, workplace safety, Workers’ Compensation, employee development, the Fair Labor Standards (“FLSA”), the Performance Management Process (“PMP”), and training.

The above-referenced statistics require thousands of CORE/PeopleSoft and human resource database entries, along with the filing of legal source documents and confidential personnel records.

The Commission’s workforce dropped slightly since the end of Fiscal Year 2015, by just three full-time equivalent (“FTE”), taking the Commission to 466 employees at the close of Fiscal Year 2016. Although the Commission is heavily invested in recruitment and hiring of personnel to staff the 24/7 Ports of Entry (“POE”) throughout the State, it is losing a significant number of employees throughout the agency every month, due in large part to natural attrition factors.

The Commission is committed to ensuring that every hire is necessary to meet the legislative mandates, as well as, the strategic goals of the hiring section and the agency itself.

Human Resources Activity Indicators

Division Activity

Employment Separation
THE OFFICE OF PUBLIC INFORMATION SECTION

The Office of Public Information (OPI) continued its efforts to formulate effective and efficient methods of reaching the public with assistance and information. These methods included formulating and maintaining relationships with the general news media, trade journals, and website; community groups and stakeholders; and officials in all branches and levels of the State government.

As was the case in the past 2 fiscal years, the issue garnering the most concern on the part of the government, media, and public during Fiscal Year 2016 was the increase in earthquakes throughout the State. The Section worked closely with the Oklahoma Geological Society (OGS), the Commission’s Oil and Gas Conservation Division (OGCD) staff, and the Oklahoma Secretary of Energy and Environment’s office on this complex and ever-changing issue in an effort to ensure the public, lawmakers and stakeholders the most accurate and up-to-date information possible on the State’s evolving response to this issue. This effort included:

- Answering questions from concerned citizens on a “24-7” basis (OPI’s answering message gave the 24-hour contact number for the Public Information Manager);

- Giving presentations to and answering questions at community forums and meetings within the 11,000-square mile earthquake “Area of Interest” as well as at annual conventions of the Groundwater Protection Council and the Interstate Oil and Gas Compact Commission.

- The Public Information Manager served as one of four authors of the Public Outreach chapter of the StatesFirst Induced Seismicity Primer, a “how to” manual for states to deal with the issue of induced seismicity.

- Serving as a member of the State’s Earthquake Working Group, tasked by the Governor with developing a State emergency response plan (“ESF”) for a large earthquake;

- Working closely with international, local, and national media on the subject.

Additional issues receiving attention from Oklahoma Legislators, the media, and the public included, but were not limited to:

- Concerns regarding costs of utility services and cause filings by utility companies regarding the Federal “Clean Power Plan”;

- Concerns regarding “so-called” “Smart Meters”; 

- Seeps of natural gas from unknown sources in the Bartlesville, Owasso, Ponca City, and Tulsa areas.

During Fiscal Year 2016, the one-person OPI (with assistance from an “on loan” staffer from the Public Utility Division (“PUD”) had more than 1,000 contacts with the general public, industry, news media, and other government agencies. Additionally, OPI met approximately 90 requests for information pursuant to the Oklahoma Open Records Act, and responded to more than 40 consumer complaints related to the Commission’s jurisdiction, either in conjunction with the Consumer Services Sections or solely.

OPI continued working with the Oklahoma Department of Emergency Management (“OEM”) on related activities, representing the Commission as a voting member of the Governor’s State Hazard Mitigation Team and in the State Emergency Operations Center during times of activation. OPI has continued to work with OEM in teaching the Public Information Officer Emergency Training Course, which is accredited by the Federal Emergency Management Agency (“FEMA”), and served as a teacher OEM staff instructing classes on Emergency Joint Information Systems/Joint Information Centers.

In Fiscal Year 2016, OPI further continued to anchor, produce, and write the Commission’s Oklahoma Energy Report, a daily two-minute radio program report on energy topics. It is distributed at no cost by the Radio Oklahoma Network (“IRON”) to affiliates in three states.
THE FINANCE SECTION

The Mineral Owners Escrow Account

The Mineral Owners Escrow Account (“MOEA”) keeps records of monies owed to unknown or unlocated royalty mineral owners as a result of oil and gas forced pooling. The money is collected and deposited into an interest-bearing account by the Oklahoma State Treasurer’s Office (“Treasurer”), where the funds are held in escrow until the unknown or unlocated royalty mineral owner is found, or for a maximum of five-years. After five-years, any unclaimed monies are transferred to the Unclaimed Property Section of the Treasurer’s Office.

Unclaimed Property Reimbursement Report

During Fiscal Year 2016, there were a total of:

- 19 new reporting holder/operators;
- 582 pooling orders;
- 5,310 forced pooling orders involving unlocated mineral owners
- 5,367 unknown or unlocated royalty mineral owners.

The Commission collected and deposited a total of $18,042,656.60, a decrease of 18 percent from Fiscal Year 2015. Reimbursements to the located royalty mineral owners or their heirs totaled $5,021,996.39, a decrease of $634,187.86 from Fiscal Year 2015. The five-year transfer to the Treasurer’s Office totaled $6,706,736.00. The end of Fiscal Year 2016 MOEA fund balance totaled $68,688,614.61.

Additional Administration Details and Information

Financial Statements

The operations of the Commission are funded by the following types of funds:

- **The General Fund**, in which funds are appropriated by the Legislature each fiscal year and are therefore, fiscal year specific;
- **The Revolving Fund**, in which payments are received from regulated companies for fees, fines, licenses, and permits;
- **The Public Utility Assessment**, in which annual assessments to regulated utilities for the funding of PUD are related support costs;
- **Well Plugging**, in which funds from oil and gas excise tax on gross production dedicated for plugging abandoned oil and gas wells; and
- **Federal Funds**, in which grants for Federal programs are administered by the Commission.

Please noted that well plugging obligations are now being reported separately.
Financial Statements

Five-Year Summary of Revenue Sources and Expenditures and Obligations

Commission Statement of Sources and Expenditures and Obligations (Cash Basis) for the 2016 Fiscal Year ending on June 30th.

### Revenue Sources

<table>
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<td>General Revenue Fund</td>
<td>$5,834,589</td>
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<td>Oil and Gas Conservation Fund</td>
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<td>Transportation One-Stop Shop Fund</td>
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<td>$10,522,451</td>
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<td>Indemnity Fund</td>
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<td>Well Plugging Fund</td>
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<td>$5,204,804</td>
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<td>Federal Funds</td>
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<td><strong>TOTAL REVENUE SOURCES</strong></td>
<td><strong>$60,041,655</strong></td>
<td><strong>$64,745,645</strong></td>
<td><strong>$63,155,666</strong></td>
<td><strong>$56,737,940</strong></td>
<td><strong>$54,115,431</strong></td>
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### Expenditures and Obligations

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<td>Administration</td>
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<td>Petroleum Storage Tank Division</td>
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<td>Oil and Gas Division</td>
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<td>Well Plugging / Storage Pits</td>
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<td>$1,390,374</td>
<td>$1,254,940</td>
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<td>UIC Federal</td>
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<td>Public Utility Division</td>
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<td>Office of the General Counsel</td>
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<td>Transportation</td>
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<td><strong>TOTAL EXPENDITURES</strong></td>
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<td><strong>$38,151,271</strong></td>
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<td>Reserve for Obligations</td>
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<td>Reserve for Obligations (Well Plugging)</td>
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<td>$1,550,408</td>
<td>$2,122,499</td>
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<td>Lapsed Funds</td>
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<td>Transferred Funds</td>
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<td><strong>TOTAL EXPENDITURES AND OBLIGATIONS</strong></td>
<td><strong>$60,041,655</strong></td>
<td><strong>$64,745,645</strong></td>
<td><strong>$63,155,666</strong></td>
<td><strong>$56,737,940</strong></td>
<td><strong>$54,115,431</strong></td>
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## Revenue Sources and Expenditures and Obligations for Fiscal Year 2016

### Revenue Sources for Fiscal Year 2016

<table>
<thead>
<tr>
<th>Source</th>
<th>Fees and Other</th>
<th>Amount</th>
<th>% of Total</th>
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<tr>
<td><strong>General Revenue Fund</strong></td>
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<tr>
<td>Fiscal Year 2016 Cash Balance</td>
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<td>$901,906</td>
<td>1.5%</td>
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<td>General Revenue Appropriations</td>
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<td>$4,932,683</td>
<td>8.2%</td>
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<td><strong>Oil and Gas Revolving Fund</strong></td>
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<td>Fiscal Year 2016 Cash Balance</td>
<td></td>
<td>$1,283,694</td>
<td>2.1%</td>
</tr>
<tr>
<td>Intent to Drill Fees</td>
<td></td>
<td>$660,028</td>
<td>1.1%</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>$4,071,632</td>
<td>7.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$4,731,660</td>
<td></td>
</tr>
<tr>
<td><strong>PETRORO Storage Tank</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Year 2016 Cash Balance</td>
<td></td>
<td>$1,121,102</td>
<td>1.9%</td>
</tr>
<tr>
<td>Permits</td>
<td></td>
<td>$392,915</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>$107,595</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$500,510</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>Public Utility Assessment Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Year 2016 Cash Balance</td>
<td></td>
<td>$979,831</td>
<td>1.6%</td>
</tr>
<tr>
<td>Assessments</td>
<td></td>
<td>$8,267,783</td>
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</tr>
<tr>
<td><strong>Transportation One-Stop Shop Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Year 2016 Cash Balance</td>
<td></td>
<td>$2,594,398</td>
<td>4.3%</td>
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<tr>
<td>Transportation Fees and Fines</td>
<td></td>
<td>$7,171,409</td>
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</tr>
<tr>
<td><strong>Indemnity Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Year 2016 Cash Balance</td>
<td></td>
<td>$141,558</td>
<td>0.2%</td>
</tr>
<tr>
<td>Fund Receipts</td>
<td></td>
<td>$3,915,259</td>
<td>6.5%</td>
</tr>
<tr>
<td><strong>Well Plugging Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Year 2016 Cash Balance</td>
<td></td>
<td>$3,402,323</td>
<td>5.7%</td>
</tr>
<tr>
<td>Oil and Gas Excise Tax Receipts</td>
<td></td>
<td>$1,382,532</td>
<td>2.3%</td>
</tr>
<tr>
<td><strong>Federal Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Year 2016 Cash Balance</td>
<td></td>
<td>$24,600</td>
<td>0.1%</td>
</tr>
<tr>
<td>Federal Funds Received</td>
<td></td>
<td>$1,883,164</td>
<td>3.1%</td>
</tr>
<tr>
<td><strong>Other Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Year 2016 Cash Balance</td>
<td></td>
<td>$984,166</td>
<td>1.6%</td>
</tr>
<tr>
<td>L.U.S.T. Revolving Fund</td>
<td></td>
<td>$23,083</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>TOTAL AVAILABLE</strong></td>
<td></td>
<td>$60,041,655</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Expenditures and Obligations for Fiscal Year 2016

The Fiscal Year 2016 total available funds applied reflects the following distribution as a percent of total.

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Budgeted FTE</th>
<th>Average FTE</th>
<th>Amount</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>486</td>
<td>467</td>
<td>$34,778,677</td>
<td>57.92 %</td>
</tr>
<tr>
<td>Professional Services</td>
<td></td>
<td></td>
<td>$4,249,213</td>
<td>7.08 %</td>
</tr>
<tr>
<td>Travel</td>
<td></td>
<td></td>
<td>$195,348</td>
<td>0.33 %</td>
</tr>
<tr>
<td>Equipment</td>
<td></td>
<td></td>
<td>$372,109</td>
<td>0.62 %</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td></td>
<td></td>
<td>$6,667,416</td>
<td>11.10 %</td>
</tr>
<tr>
<td>Funds Reserved for Obligations</td>
<td></td>
<td></td>
<td>$6,136,848</td>
<td>10.22 %</td>
</tr>
<tr>
<td>Transferred / Lapsed Funds</td>
<td></td>
<td></td>
<td>$1,924</td>
<td>0.01 %</td>
</tr>
<tr>
<td>Fund Balance</td>
<td></td>
<td></td>
<td>$7,640,120</td>
<td>12.72 %</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>$60,041,655</strong></td>
<td><strong>100.00 %</strong></td>
</tr>
</tbody>
</table>
### Fiscal Year 2016 Annual Report

#### Administration Division

<table>
<thead>
<tr>
<th>Division</th>
<th>Amount</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>$4,012,271</td>
<td>6.7%</td>
</tr>
<tr>
<td>Consumer Services Division</td>
<td>$594,524</td>
<td>1.0%</td>
</tr>
<tr>
<td>Petroleum Storage Tank Division</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>$147,461</td>
<td>0.3%</td>
</tr>
<tr>
<td>Claims Processing</td>
<td>$809,980</td>
<td>1.3%</td>
</tr>
<tr>
<td>Regulatory</td>
<td>$3,340,209</td>
<td>5.6%</td>
</tr>
<tr>
<td>Oil and Gas Division (Includes Brownfields)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Well Plugging / Storage Pits</td>
<td>$958,149</td>
<td>1.6%</td>
</tr>
<tr>
<td>UIC Federal</td>
<td>$439,274</td>
<td>0.8%</td>
</tr>
<tr>
<td>Office of Administrative Proceedings</td>
<td>$2,630,431</td>
<td>4.4%</td>
</tr>
<tr>
<td>Public Utility Division</td>
<td>$4,034,109</td>
<td>6.7%</td>
</tr>
<tr>
<td>Office of the General Counsel</td>
<td>$2,164,777</td>
<td>3.6%</td>
</tr>
<tr>
<td>Transportation Division</td>
<td>$11,431,320</td>
<td>19.0%</td>
</tr>
<tr>
<td>Pipeline Safety</td>
<td>$1,682,115</td>
<td>2.8%</td>
</tr>
<tr>
<td>Data Processing</td>
<td>$5,068,531</td>
<td>8.4%</td>
</tr>
<tr>
<td>FISCAL YEAR 2016 EXPENDITURES</td>
<td>$46,262,763</td>
<td>77.1%</td>
</tr>
<tr>
<td>Reserve for General Obligations</td>
<td>$5,004,558</td>
<td>8.3%</td>
</tr>
<tr>
<td>Reserve for Well-Plugging Obligations</td>
<td>$1,132,290</td>
<td>1.9%</td>
</tr>
<tr>
<td>Lapsed Funds</td>
<td>$1,924</td>
<td>0.0%</td>
</tr>
<tr>
<td>Revolving Fund Balance</td>
<td>$7,640,120</td>
<td>12.7%</td>
</tr>
<tr>
<td>TOTAL APPLIED</td>
<td>$60,041,665</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

#### Pie Chart Representation

- Administration: 7%
- Consumer Services: 1%
- Oil & Gas: 17%
- Administration Division: 6.7%
- Petroleum Storage Tank: 7%
- Oil & Gas Division: 14.9%
- Transportation Division: 19%
- Pipeline: 3%
- Other: 23%
- Data Processing: 8%
- General Counsel: 4%
- Public Utilities: 7%
- Administrative Proceedings: 4%
Office of Administrative Proceedings

IN THIS SECTION:
- The Court Clerk’s Office and Court Reporters Section
- The Oil and Gas Conservation and Petroleum Storage Tank Section
- The Public Utility and Consumer Services Section
- The Transportation Section
Office of the Administrative Proceedings

The Office of the Administrative Proceedings ("OAP") is the judicial division of the Commission. OAP's staff includes the:

- Administrative Law Judges ("ALJ's");
- Court Reporters;
- Legal Secretaries; and
- The Court Clerk's Office ("Clerk's Office").

Adjudicative proceedings are conducted in two offices:

- The Eastern Regional Service Office, located in Tulsa, Oklahoma ("Tulsa Office"); and
- The Western Regional Service Office, located in Oklahoma City, Oklahoma ("OKC Office").

Both locations maintain a Clerk's Office, which accepts filings of applications, affidavits, hearing exhibits, notices, and other pleadings in Causes brought for relief from the Commission, pursuant to its regulatory jurisdiction.

The Tulsa Office's Court Clerk receives only court documents and permit filings, which relate to oil and gas conservation matters. Pursuant to statutes, to maximize the convenience of the parties, public, and witnesses, evidence and testimony may be presented in the court of record proceedings telephonically, as opposed to requiring personal appearances before an ALJ and Court Reporter. Telephonic hearings are conducted in both the Tulsa and OKC Offices. The Tulsa Office provides telephonic connections to OAP's courtrooms at the OKC Office, along with a teleconferencing connection to the Commission's primary courtroom. Likewise, the OKC Office provides telephonic connections to the Tulsa Office. During Fiscal Year 2016, testimony was telephonically presented in 2,363 hearings.

**How It Works**

Most applications that require the Commission to take action are first considered by the ALJs, who then conduct:

- Evidentiary hearings;
- Interpret and apply the law;
- Make oral and written recommendations to the Commissioners for their action and consideration;
- Review proposed orders prior to submission to the Commission's Signing Agendas; and
- Rule on emergency applications, motions, and objections.

Exceptions to the recommending of an ALJ may be filed with the full Commission, which has the option of entertaining oral arguments. However, in certain matters, the Commission also has the option of referring oral arguments on exceptions to the Oil and Gas Appellate Referee, who then files an additional recommendation report regarding a course of action. Orders of the Commission may be appealed to the OK Supreme Court.

During Fiscal Year 2016, 12 ALJs and two Appellate Referees conducted 44,269 hearings.

**THE COURT CLERK AND COURT REPORTER SECTION**

**The Court Clerk’s Office**

In the OKC Office, the Clerk’s Office is staffed with one Administrative Program Officer (also known as the Court Clerk), six full-time Docket Clerks, and one temporary Docket Clerk. In the Tulsa Office, the Clerk’s Office is staffed with one full-time Docket Clerk and one part-time Docket Clerk.

The Clerk’s Office is the repository of the Commission’s court documents and has the responsibility for accepting and processing applications for Commission action. The Clerk’s Office maintains court files and public records relating to applications, hearings, and order processes, including both digital image and paper copies of these documents, and responds to requests by the public to view and/or copy official court records.

During Fiscal Year 2016, the Clerk’s Office processed...
6,182 applications and 12,191 Commission orders.

**The Court Reporters Office**

Court Reporters transcribe hearings and prepare transcripts upon request by Cause participants or other interested parties. The Commission’s Court Reporting staff consists of six full-time and two part-time Court Reporters. The Court Reporters provide services in both the OKC and Tulsa Offices.

**THE OIL AND GAS CONSERVATION AND PETROLEUM STORAGE TANK SECTION**

Oil and gas ALJs conduct hearings involving applications within the Commission’s jurisdiction over natural gas gathering fees and open access; oil and gas conservation; and petroleum storage tanks.

The oil and gas ALJs hear EN Causes involving these areas of regulatory authority. In the OKC Office, the oil and gas ALJ staff consists of six full-time members who conduct hearings exclusively on oil and gas conservation and petroleum storage tank dockets. Another ALJ in the OKC Office conducts hearings on both the initial unprotested oil and gas conservation and public utilities dockets. In the Tulsa Office, the oil and gas ALJ staff consists of one full-time member and one part-time member who conduct hearings exclusively on the oil and gas conservation docket. When necessary, one OKC Office oil and gas ALJ will serve as a “back-up” ALJ for the Tulsa Office.

The OAP Division Director also serves as an oil and gas ALJ in both Regional Service Offices. There is one primary oil and gas Appellate Referee who hears...

**Hearing Caseload for the Administrative Law Judges Since Fiscal Year 2010**

<table>
<thead>
<tr>
<th></th>
<th>Fuel Initial</th>
<th>Oil &amp; Gas Initial</th>
<th>Public Utility</th>
<th>Referee Exceptions</th>
<th>Transportation</th>
<th>Total Hearings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>142</td>
<td>6,997</td>
<td>402</td>
<td>83</td>
<td>19,357</td>
<td>26,981</td>
</tr>
<tr>
<td>2011</td>
<td>91</td>
<td>9,373</td>
<td>314</td>
<td>84</td>
<td>20,642</td>
<td>30,504</td>
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<tr>
<td>2012</td>
<td>65</td>
<td>12,197</td>
<td>414</td>
<td>89</td>
<td>19,040</td>
<td>31,805</td>
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<tr>
<td>2013</td>
<td>66</td>
<td>14,468</td>
<td>327</td>
<td>88</td>
<td>25,103</td>
<td>40,052</td>
</tr>
<tr>
<td>2014</td>
<td>89</td>
<td>14,993</td>
<td>234</td>
<td>62</td>
<td>25,216</td>
<td>40,594</td>
</tr>
<tr>
<td>2015</td>
<td>89</td>
<td>15,168</td>
<td>323</td>
<td>58</td>
<td>28,004</td>
<td>43,642</td>
</tr>
<tr>
<td>2016</td>
<td>116</td>
<td>13,441</td>
<td>294</td>
<td>66</td>
<td>30,352</td>
<td>44,269</td>
</tr>
</tbody>
</table>

**Total Applications Filed and Orders Issued Since Fiscal Year 2010**

<table>
<thead>
<tr>
<th></th>
<th>CD</th>
<th>CS</th>
<th>EN</th>
<th>FD</th>
<th>FDC</th>
<th>GG</th>
<th>MC</th>
<th>MCC</th>
<th>OGC</th>
<th>PD</th>
<th>PUD</th>
<th>RM</th>
<th>SF</th>
<th>TD</th>
<th>TOTAL</th>
<th>ORDERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
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<td>19</td>
<td>160</td>
<td>59</td>
<td>0</td>
<td>2</td>
<td>14</td>
<td>19,301</td>
<td>8</td>
<td>187</td>
<td>210</td>
<td>7</td>
<td>72</td>
<td>36</td>
<td>24,758</td>
<td>7,945</td>
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<tr>
<td>2011</td>
<td>6,214</td>
<td>14</td>
<td>127</td>
<td>43</td>
<td>3</td>
<td>0</td>
<td>2</td>
<td>20,592</td>
<td>14</td>
<td>124</td>
<td>244</td>
<td>7</td>
<td>35</td>
<td>43</td>
<td>27,462</td>
<td>10,338</td>
</tr>
<tr>
<td>2012</td>
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<td>6</td>
<td>136</td>
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<td>0</td>
<td>0</td>
<td>19,003</td>
<td>4</td>
<td>193</td>
<td>231</td>
<td>6</td>
<td>55</td>
<td>36</td>
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<td>12,553</td>
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<tr>
<td>2013</td>
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<td>4</td>
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<td>0</td>
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<td>53</td>
<td>79</td>
<td>35,157</td>
<td>14,074</td>
</tr>
<tr>
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<td>0</td>
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<td>50</td>
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<td>14,110</td>
</tr>
<tr>
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<td>146</td>
<td>32</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>28,004</td>
<td>1</td>
<td>213</td>
<td>418</td>
<td>12</td>
<td>53</td>
<td>27</td>
<td>36,686</td>
<td>15,368</td>
</tr>
<tr>
<td>2016</td>
<td>5,891</td>
<td>5</td>
<td>215</td>
<td>60</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>30,958</td>
<td>3</td>
<td>173</td>
<td>520</td>
<td>11</td>
<td>52</td>
<td>48</td>
<td>37,938</td>
<td>11,510</td>
</tr>
</tbody>
</table>

Docket Legend: CD = Conservation, CS = Consumer Services, EN = Enforcement, FD = Fuel (Petroleum Storage Tank), FDC = Fuel Docket Citation, GG = Gas Gathering, MC = Motor Carrier, MCC = Motor Carrier Citation, OGC = Oil and Gas Citation, PD = Pollution, PUD = Public Utility, RM = Rule Making, SF = State Funds, TD = Transportation
exceptions arising from both Regional Service Offices. Additionally, when necessary, one public utility ALJ serves as an oil and gas Appellate Referee, who hears some exceptions arising from both Regional Service Offices.

During Fiscal Year 2016, there were 10,862 initial applications hearings and 2,579 motions brought before the Commission's oil and gas ALJ, with 66 protested initial applications and motions being the subject of exception proceedings conducted by the oil and gas Appellate Referee. There were 333 initial oil and gas conservation applications heard and processed to final order, pursuant to the optional hearing procedure for uncontested spacing-related Causes.

THE PUBLIC UTILITY AND CONSUMER SERVICES SECTION

There are four ALJs in the OKC Office, who conduct public utility and consumer services related hearings. Hearings are held for applications to provide:

- Arbitration proceedings regarding Interconnection Agreements and Mergers and Acquisitions, of public utilities;
- Cotton gins;
- Local exchange telephone services;
- Purchase fuel adjustment clauses;
- Rate Causes;
- Reconsideration applications involving the OUSF;
- Tariff filings; and
- Territorial boundary disputes.

Consumer services complaints and enforcement proceedings are conducted within the Commission's public utility regulatory authority.

During Fiscal Year 2016, there were 294 public utility and consumer service Causes heard.

THE TRANSPORTATION SECTION

Transportation and railroad Causes are heard as part of the cause load of one ALJ in the OKC Office, who also conducts public utility hearings. This particular ALJ hears causes for applications regarding grade crossings and enforcement proceedings.

During Fiscal Year 2016, the Transportation Docket heard 30,352 Causes, of which 66 final orders were issued in EN, MC, MCC, and TD Causes.

OAP Fiscal Year 2016 Highlights

STARS PSC Case Management System

During Fiscal Year 2015, OAP staff members participated in several aspects of the continuing effort to develop the STAR PCS case management system (“STAR PCS”). January through March, 2016, OAP staff members participated in training sessions regarding STAR PCS, provided by the Commission’s IT Division in Oklahoma City. In February, 2016, Commission staff members in Tulsa participated in the training.

From March 21 to March 24, 2016, OAP in Oklahoma City participated in several additional training sessions provided by MicroPact programmers, who were present at the Commission throughout the week. Additionally, throughout the months of February through March, 2016, the ALJ staff assisted the IT Division with a draft “User Agreement,” needed to implement online document filing through the system and the Commission’s Rules of Practice, OAC 165:5-1-11 through OAC 165:5-1-14.

During the fourth quarter of Fiscal Year 2016, OAP continued to review STAR PCS in cooperation with the IT Division. Several Docket Clerks and additional staff members worked on testing protocols for the system. Efforts included by the Docket Clerk’s and the ALJ’s were to conduct test runs of several types of applications and notices through the complete digital filing system.
2015 Oil and Gas Institute

On October 02, 2015, OAP oversaw the successful presentation of the “2015 Oil and Gas Institute,” which was entitled, “Exploring Our Resources: Current Issues Impacting Oklahoma’s Energy Economy.” The Institute, which attracted approximately 275 attendees, was held in the Kerr-McGee Auditorium, Meinders School of Business, at Oklahoma City University. It involved an all-day schedule of speakers and panel discussions covering important issues impacting Oklahoma’s energy industry.

Oklahoma Energy Resources Board

Throughout Fiscal Year 2016, OAP maintained an on-going contact with representatives of the Oklahoma Energy Resources Board (“OERB”), which agreed beginning in Fiscal Year 2015 to periodically provide speakers on topics suggested by Commission staff.

As part of OERB’s speaker series, on August 03, 2015, during Desk Week, the OERB sponsored Mr. Jeff Miller, President of Oakspring Energy. Mr. Miller presented an informative presentation regarding methods and utilization of core samples in the oil and gas industry.

On September 18, 2015, OERB sponsored Mr. Brent Halldorson, CEO of Fountain Quail Water Management in Roanoke, Texas and the current President of the Texas Water Recycling Association. Mr. Halldorson’s presentation was on “Water Recycling in Unconventional Oil & Gas Development - The Past, Present, and Future.” Mr. Halldorson provided an informative presentation, which was the subject of the September 21, 2015, Journal Record newspaper article.

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### OAP Activity Indicators

#### Average Days from Filing to Final Order for Fiscal Year 2016

<table>
<thead>
<tr>
<th></th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horizontal Spacing</td>
<td>75.76</td>
<td>81.04</td>
<td>103.05</td>
<td>116.76</td>
</tr>
<tr>
<td>Inc. Dens</td>
<td>154.55</td>
<td>88.51</td>
<td>73.24</td>
<td>86.84</td>
</tr>
<tr>
<td>Loc. Except</td>
<td>340.39</td>
<td>293.36</td>
<td>360.34</td>
<td>342.46</td>
</tr>
<tr>
<td>Multiple Horizontal Well</td>
<td>381.03</td>
<td>333.88</td>
<td>328.21</td>
<td>390.63</td>
</tr>
<tr>
<td>Pooling</td>
<td>95.11</td>
<td>76.68</td>
<td>76.77</td>
<td>95.46</td>
</tr>
<tr>
<td>Spacing</td>
<td>134.82</td>
<td>74.85</td>
<td>78.58</td>
<td>79.09</td>
</tr>
</tbody>
</table>

#### Average Days from Recommendation to Final Order for Fiscal Year 2016

<table>
<thead>
<tr>
<th></th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
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Four-Year Comparison of the Average Days from Filing to Final Order

Four-Year Comparison of the Average Days from Recommendation to Final Order
Initial Hearings Held for Fiscal Year 2016

Orders Signed for Fiscal Year 2016
### OAP Full-Time Equivalent Employee Information

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<table>
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<th>FTE by Working Group</th>
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Office of the General Counsel

IN THIS SECTION:
The Agency Counsel Section
The Consumer Services Section
The Deliberations Section
The Oil and Gas Section
The Public Utilities Section
The Petroleum Storage Tank and Transportation Section
The OGC provides advocacy and advisory legal services to the Commission, and represents the Commission and its staff in matters before Federal and State administrative agencies and courts. Services are provided through seven specialized sections:

- Commission counsel;
- Consumer services;
- Deliberations;
- Oil and gas;
- Petroleum storage tank;
- Public utilities; and
- Transportation.

The OGC prepares and tries Causes involving regulation of consumer services complaints, intrastate transportation, oil and gas, petroleum storage tank, and public utilities. The Division also advises the Commission on compliance with Federal and State matters and rulemaking. OGC further provides legal research and advises the Commissioners in connection with deliberation of Causes by the Commission.

THE AGENCY COUNSEL SECTION

The Agency Counsel Section of the OGC is responsible for assisting the Division on all issues of law that affect the Commission and for providing representation in Federal and State courts. During Fiscal Year 2015, Commission Counsel advised the Commission on:

- Authority for collecting and levying penalties;
- Bankruptcy and collections issues;
- Code of Judicial Conduct;
- Contracts and memorandum of understanding;
- Development of the STARS System;
- Discovery;
- District court litigation;
- Ethics rules;
- Immigration issues;
- Jurisdiction issues;
- Meetings with the Oklahoma Attorney General (OAG); and
- Notice of inquiries and rulemakings;
- Open meetings and open records laws;
- Personnel matters;
- Proposed legislation;
- Reporting requirements;
- Requirements for Federal programs;
- Risk management matters;
- Settlement negotiations; and
- Additional legal matters.

Additionally, the Agency Counsel represented the Commission in Appellate matters involving:

- Conservation Docket orders;
- Oil and gas enforcement orders; and
- Orders denying reimbursement from the Oklahoma Universal Service Fund (“OUSF”).

In those Causes requiring legal representation from outside counsel, Agency Counsel assisted with and coordinated representation of the Commission. Agency Counsel worked with the OAG on District Court litigation involving claims to recover funds on behalf of the Petroleum Storage Tank Indemnity Fund and personnel matters.

THE CONSUMER SERVICES SECTION

The Consumer Services Section is comprised of one Deputy General Counsel, who provides legal assistance and representation to the Consumer Services Sections of the Oil and Gas Conservation Division and PUD.

The objective is to effectively represent these Sections in all matters filed at the Commission, provide legal counsel, assist with rulemaking, legislation, research, and prepare and prosecute legal matters.

During Fiscal Year 2016, four applications were filed on behalf of the Consumer Services Sections and one was closed.
THE DELIBERATIONS SECTION

The Deliberations Section consists of one Deputy General Counsel. This Section’s responsibilities include:

- Drafting a daily memorandum to the Commissioners and their aides with a listing of oil and gas Causes, with specific interests; and
- Reading all the oil and gas orders on each Signing Agenda.

The daily memorandum includes a detailed description of each Cause. The deliberating attorney consults daily with the Commissioners, their aides, technical staff, Commission oil and gas attorneys, and outside counsel; regarding orders which pose questions of concern before they are brought before the Commissioners for their approval.

The deliberating attorney assists the Commissioners with respect to deliberations, *en banc* hearings, motions for oral argument on appeal, and screenings, which during Fiscal Year 2016, averaged approximately 60 orders per business day.

During Fiscal Year 2016, in addition to reviewing a plethora of daily orders, the deliberating attorney also advised the Commissioners on 88 oil and gas Causes appealed to the Commission.

THE OIL AND GAS SECTION

The Oil and Gas Section is currently comprised of two Deputy General Counsel, three Assistant General Counsel, and two support staff. The Oil and Gas Section represents the Oil and Gas Conservation Division and advises staff on matters related to the MOEA, the OERB, and the Environmental Protection Agency Brownfield Program. The Oil and Gas Section works with County, Federal, and other government agencies on environmental issues.

THE PUBLIC UTILITY SECTION

The Public Utility Section is currently comprised of eight attorneys; three Deputy General Counsel, five Assistant General Counsel, and two support staff.

This Section represents PUD in all Causes filed with the Commission by the State’s public utility companies, including but not limited to:

- General rate Causes;
- Mergers and acquisitions;
- Pre-approval of utility projects;
- Tariff revisions; and
- Other matters.

Additionally, this Section represents PUD in all Causes filed by PUD with the Commission, the Federal Communications Commission (“FCC”), and the Federal Energy Regulatory Commission (“FERC”). These Causes include:

- Annual or special fuel adjustment clauses and prudence reviews;
- Commission notice of inquiries;
- Enforcement actions;
- Rulemakings;
- Show cause matters; and
- Other matters.

The Public Utility Section provides legal advice to the Director of PUD and staff, and further assists PUD by attending Technical Conferences, meetings with industry, and meetings with PUD management and staff.
THE PETROLEUM STORAGE TANK SECTION

The Petroleum Storage Tank section is represented by one Deputy General Counsel and one Senior Attorney who provide legal assistance and representation to the Petroleum Storage Tank Division ("PSTD"). Responsibilities of this Section include:

- Assistance with all matters filed at the Commission;
- Assistance with rulemaking;
- Drafting Legislation;
- Interpretation of continued affects of past legislation;
- Legal counsel;
- Monitoring the legislative process for agency interested legislation;
- Preparation and prosecution of legal matters; and
- Research.

THE TRANSPORTATION SECTION

The Transportation Section is comprised of one Deputy General Counsel with the assistance of a part-time Assistant General Counsel. Together, they handled approximately 47 new Causes and closed 37 Causes, which included but were not limited to:

- Application for hearing notice of assessment of motor vehicle excise tax;
- Crossing upgrades;
- Installation of crossing safety improvements or permanent closures;
- Reviews of railroad crossings;
- Revocations of International Registration Plan ("IRP") registration, International Tax Agreement ("IFTA") permit, and intrastate authority to operate; and
- Waiver of penalty and disposition of motor carrier citations.

OGC Fiscal Year 2016 Highlights

Consumer Services

On January 13, 2016, Mr. James Prater filed a Complaint against Public Service Company of Oklahoma ("PSO"), alleging the installation of defective meters and billing errors. Mr. Prater and PSO reached a settlement resolving all issues contained therein. On April 13, 2016, the Commission issued the Final Order Granting Motion to Dismiss with Prejudice.

Oil and Gas

The Commission has been proactive in addressing the concerns of the public and the Oklahoma Geological Survey ("OGS") about seismic activity. The Oil and Gas Conservation Division has issued a series of directives to operators of wells in efforts to reduce the risk of seismicity in geological areas of interest.

Public Utility

In late July 2016, the Public Utility Section filed its annual fuel adjustment clause and prudence reviews of all regulated electric and gas companies, to review Calendar Year 2015. These annual audits examine the amount and cost of fuel purchased by companies, and passed along to customers, for mathematical accuracy and prudence of the purchases at the time they were made.

On August 25, 2016, the Commission's Chapter 35 - Electric Utility Rules became effective. Of particular note, is the addition of Subchapter 45 - Wind Energy Rules, which set forth requirements for submissions of notices of intent ("NOI") to construct new wind energy facilities in the State of Oklahoma.
On December 01, 2016, the Commission issued its Order Modifying Order No. 657877 in Cause Number PUD 201500208, in the matter of PSO’s request for a rate increase. The order marked the conclusion of this cause and the Commission’s approval of a rate increase of approximately $14 million dollars for the utility.

On December 21, 2016, the Empire District Electric Company filed its request for a rate increase. This filing is the company’s first request for a rate increase in the State of Oklahoma since 2011.

During Fiscal Year 2016, the Commission issued approximately 427 OUSF final orders. The OUSF attorneys during the month of December 2015 (the second quarter) processed 65 causes. As the number of OUSF applications increase, so do the opportunities for this Public Utility Section to represent the PUD at contested hearings before the ALJ’s and hearings on exceptions to ALJ reports before the Commission en banc.

The Public Utility Section filed its annual OUSF Assessment Factor Cause, Cause Number PUD 201500466, which established the OUSF factor for the fiscal year beginning on July 02, 2016. The hearing on the merits was May 05, 2016. The Order Closing Cause, Order Number 663840 was filed with the Commission on May 18, 2017.

The Public Utility Section also initiated rulemakings covering Chapter 55 - Telecommunications Services, as well as, Chapter 59 - Oklahoma Universal Service and Oklahoma Lifeline, due to the Oklahoma Legislature passing HB 2616, which amended portions of the Oklahoma Telecommunications Act of 1997 (“Act”). The Commission withdrew its permanent Chapter 59 rulemaking and initiated an emergency Chapter 59 rulemaking to adopt emergency rules that reflected the changes made under the new amendments to the Act. of the Commission rules. A hearing before the Commission en banc was held and the Commission approved the amendments to both Chapters.

The Public Utility Section further represented PUD in approximately 508 new Causes that were filed. These Causes included:

- 32 Energy Causes;
- 427 OUSF Causes; and
- 179 Telecommunications Causes.

Energy Causes included, but were not limited to:

- Annual Fuel Adjustment Clauses and Prudence Reviews for each regulated electric and gas utility;
- Annual Performance Based Rate Change (“PBRC”) applications, which are similar to a rate cause for regulated gas utilities;
- Major electric utility rate causes; and
- Water rate causes.

Telecommunications Causes included, but were not limited to:

- Annual OUSF factor setting causes, in which the appropriate annual OUSF factor is calculated for payment by contributing companies beginning July 01, 2014;
- Applications for Certificates of Convenience and Necessity (“CCN”);
- Enforcement actions against telecommunications companies in violation of the OLF;
- OUSF applications;
- Requests for Approval of Interconnection Agreements (“ICAs”) and/or amendments to ICAs; and
- Tariff revisions.

**Petroleum Storage Tank Causes**

The Petroleum Storage Tank and Transportation Section handled approximately 60 new Causes and closed 42 Causes, which included but were not limited to:

- Applications for access to off-site property;
- Assignment of release case to the LUST Fund;
- Closure of active Causes;
- Cost recoveries, which resulted in files of approximately $250 dollars;
• Determination of signatory authority;

• Determination that the Indemnity Fund applicant is an appropriate party;

• Eligibility for the LUST Trust Fund and payment of the Indemnity Fund co-pay;

• Judicial determinations of applicants who are not owners or operators of former service stations;

• Judicial determinations of Installment Payment Plan;

• Judicial determinations of ownership and disposition of existing tank system;

• Judicial determinations of non-ownership;

• Judicial determinations of private well plugging to support corrective action Cause closure;

• Judicial determinations of storage tank ownership and financial and environmental responsibility;

• Judicial determinations of tank ownership and responsibility for tank removal;

• Modification of orders;

• Proper handling of Indemnity Fund cost reimbursement;

• Reimbursement for personal and property injuries; and

• Requests for variances to Commission rules.

The PSTD Section filed approximately 69 new complaints and closed 26 complaints, which resulted in fines of approximately $55,025 dollars. Additionally, 33 new applications for otherwise ineligible tank owners were filed through the eligibility process outlined by SB 342, and 22 applications were closed resulting in fines of approximately $29,180 dollars. Fines collected for the PSTD for Fiscal Year 2016 total approximately $84,455 dollars.

During Fiscal Year 2016, there were five PSTD rulemakings, which were forwarded to the Oklahoma Legislature and approved by the Governor.

Transportation Causes

The Transportation Section filed approximately one new complaint and closed three complaints resulting in fines of approximately $4,000 dollars.

Furthermore, the Section oversaw the issuance and successful prosecution of 31,515 motor carrier citations totaling approximately $6,490,626 dollars in fines. Highly contested Transportation rules were also moved through the rulemaking process for Chapter 30.
Since 1915, it has statutorily been the responsibility of the Commission to regulate oil and gas exploration and production industries within the State of Oklahoma. The Oil and Gas Division’s ("O&G") primary regulatory mission is to:

- Abate and prevent any pollution that may result from oil and gas exploration and production activities;
- Prevent the waste of the State’s oil and gas resources; and
- Protect the correlative rights of all entities entitled to share in the proceeds, which are generated from the production and sale of oil and gas.

The Division’s mission statement clarifies its focus for our people and consumers:

"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 O&G Division is organized into three sections:

- Field Operations ("Field Ops");
- Pollution Abatement; and
- Technical Services ("Tech Services").

The Division’s staff consists of:

- Administrative Support;
- Field Personnel;
- Management staff; and
- Technical Specialists.

**THE FIELD OPERATIONS SECTION**

The Field Ops Section is responsible for overseeing all of the oil and gas drilling and production activities in the State of Oklahoma.

The purpose of the Field Operations Section is to provide assistance, enforcement, and investigation services to the oil and gas industry, mineral owners, the general public, and surface owners, so they can access information, correct problems, and resolve issues.

The Section’s primary objective is the prevention of pollution. When pollution *does* occur however, the investigation and remediation of such occurrences are given first priority. The Section’s work has many additional facets, such as:

- Conducting underground inspection control ("UIC") inspections;
- Ensuring that good housekeeping practices are followed;
- Ensuring proper plugging of wells;
- Running initial production tests on newly drilled wells; and
- Witnessing well mechanical integrity tests ("MITs").

Field Ops is also responsible for identifying and prioritizing wells that need to be plugged using State funds and identifying and referring abandoned oil field sites to the OERB. To date, almost all of the sites the OERB has remediated were referred by Field Ops.

Field Ops has four field office located in:

- Ada;
- Bristow;
- Duncan; and
- Kingfisher.

**THE POLLUTION ABATEMENT SECTION**

The Pollution Abatement Section is organized into two Sub-Sections, the:

- Underground Injection Control Sub-Section; and
- Waste Management Sub-Section.
The purpose of the Pollution Abatement Section is to provide underground injection control and environment management services to O&G Field Inspectors, industry, landowners, and State and Federal agencies, so that they may ensure reasonable measures are being taken to protect the environment, while protecting the State's oil and gas resources.

**Underground Injection Control Sub-Section**

The Sub-Section administers the Federal program, that under the Safe Drinking Water Act, regulates the underground disposal of waste products and the injection fluids to enhance recovery of oil and gas. The EPA provides oversight and some funding for this program. Oklahoma’s Underground Injection Control Program has one of the most sophisticated databases and well monitoring programs to be approved by the EPA.

**Waste Management Sub-Section**

It is the Waste Management Sub-Section’s responsibility to:

- Monitor disposal activities;
- Oversee necessary clean-up and restoration efforts; and
- Respond to pollution complaints.

**THE TECHNICAL SERVICES SECTION**

The Tech Services Section is organized into three Sub-Sections:

- Compliance;
- Document Handling (“Doc Handling”); and

*The Brownfields Program provides a process for companies, individuals, and organizations to voluntarily clean-up, investigate, 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.*

Compliance Sub-Section

The Compliance Sub-Section is responsible for:

- Analysis and recommendations;
- Compilation and presentation of data, indicating the trends in the industry, and supporting filings;
- Ensuring compliance with testing;
- Ensuring that all operators in the State maintain surety for plugging wells and remediating sites;
- Regulating production reporting from approximately 65,500 gas wells and 117,000 oil wells; and
- Reporting requirements for oil and gas wells completed in the State.

These assurances are essential to the State and are required pursuant to Title 52, O.S. §318.1.

Document Handling Sub-Section

The Doc Handling Sub-Section is responsible for maintaining and processing the majority of all documents filed with the O&G Division. These documents include, but are not limited to:

- Certificates or record search;
- Confidential well logs;
- Drill completion reports;
- Plugging reports; and
- Well transfers.

One major function of the Sub-Section is customer service. Surface and mineral owners, oil and gas company representatives, and other interested parties, rely on this Sub-Section for much of the information concerning individual wells in Oklahoma.
Technical Review Sub-Section

The Tech Review Sub-Section is responsible for ensuring that the various applications and orders meet the criteria for approval pursuant to Commission rules.

As part of the Commission’s goal to assist operators who qualify for vital tax relief incentives, the Tech Review Sub-Section handles applications pertaining to requests for tax relief. These applications may be filed by the operators of wells that qualify pursuant to the provisions enacted by Title 68, O.S. §1001.

O&G Fiscal Year 2016 Highlights

Active Rig Counts

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<tr>
<td>2015</td>
<td>180</td>
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<tr>
<td>2014</td>
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<td>+ 3</td>
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<tr>
<td>2013</td>
<td>183</td>
<td>- 12</td>
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<tr>
<td>2012</td>
<td>195</td>
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Pollution Related Citizen Complaints

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<tr>
<td>2015</td>
<td>334</td>
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<td>2014</td>
<td>326</td>
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<td>2013</td>
<td>1,028</td>
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<td>2012</td>
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Industry Related Incidents

On-Site Inspection Violations

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<td>2013</td>
<td>535</td>
<td>+ 220</td>
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<tr>
<td>2012</td>
<td>315</td>
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Non-Pollution Related Complaints

Field Ops Field Inspectors witnessed approximately 1,798 MITs during Fiscal Year 2016.

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<td>2015</td>
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<td>2014</td>
<td>1,403</td>
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<td>2012</td>
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Abandon Oil Field Sites

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<td>2013</td>
<td>384</td>
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</tr>
<tr>
<td>2012</td>
<td>598</td>
<td>+ 61</td>
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Plugging Contracts

Field Ops issued a total of 45 contracts during Fiscal Year 2016, to plug approximately 167 abandoned wells at a cost of $2,620,986 dollars.

There are currently 540 wells pending plugging contracts, which will cost an estimated $5,863,320 dollars.
Compliance Sub-Section

During Fiscal Year 2016, the Compliance Sub-Section processed gas volume reports containing monthly production information on the approximately 65,500 gas wells in Oklahoma. The Sub-Section also reviewed 276 well tests.

The Sub-Section saw 257 new companies file Financial Assurance Mechanisms and Operator Agreements with the State. As of June 15, 2016, the State of Oklahoma had approximately 3,075 active operators.

Document Handling Sub-Section

During Fiscal Year 2016, the Doc Handling Sub-Section processed:

- 719 Certificates of Record Search;
- 1,040 Completion Reports;
- 7,840 Transfers of Operations; and
- 817 Well Logs.

Pollution Abatement Section

During Fiscal Year 2016, the Brownfields Program issued a Certificate of Completion for the property at 17 N Hudson in Oklahoma City, Oklahoma. A subsurface plume discovered during demolition was remediated, and the site is currently under construction.

Currently, there are five sites enrolled in and not yet closed through the Brownfield Program.

- The Roaring Fork site located at 150th and Pennsylvania Avenue in Oklahoma City, Oklahoma, has received an Environmental Protection Agency (“EPA”) Targeted Brownfields Assessment (“TBA”), and the responsible party and landowner are currently negotiating a clean-up plan, which will then undergo a final review by Brownfields Program staff.
- The Former Prime Oil site is in the process of creating a redevelopment plan, so that it may receive and EPA TBA.
- The Eastern Sheridan Redevelopment Project has had the oil and gas remediation portion of its clean-up completed and closure of the site is imminently pending the concurrent closure of the site by the Oklahoma Department of Environmental Quality (“DEQ”) Brownfields Program.
- The Creek County Landfill has completed remediation activities, and Brownfields Program staff will review the Phase II results upon receipt.
- The newest enrollee is a gas station at 800 Frank Phillips Boulevard in Bartlesville, Oklahoma.

In addition to site-specific projects, the Brownfield Program is also gathering, scanning, and georeferencing all of the historic aerial photographs in the State of Oklahoma from the 1930s to the 1980s, in an attempt to create a permanent digital record of how the State’s surface has changed over time, as well as, increasing the functionality of the online Brownfield Program site tracking database.

Technical Review Sub-Section

During Fiscal Year 2016, the Tech Review Sub-Section continued to conduct geological and technical reviews. The Sub-Section’s workload involved 5,155 requests for reviews of surface casing requirements to ensure that the State’s ground water resources were properly protected. The Sub-Section also received:

- 3,403 Applications to Drill, Recomplete, and Reenter wells;
- 161 Commingling and Dual Competition Applications;
- 462 Increased Density Applications;
- 2 Applications for Installation of Vacuum Pumps
- 2,841 Location Exception Applications;
- 1,287 Spacing Applications;
- 1,329 Tax-Relief Applications;
- 9 Applications for Venting or Flaring of Casinghead Gas; and
- 1,001 applications for other forms of technical relief.

E-permitting was also implemented in Fiscal Year 2016 to assist operators by streamlining the processing on Intents to Drill.

**O&G Full-Time Equivalent Employee Information**

The Division began Fiscal Year 2016 with 121 FTE positions. Out of these, the Division had 117 employees with 4 funded vacancies. Of the 121 funded positions, 110 were state funded, 5.2 were federally funded through the Underground Injection Control Program, 1.8 were federally funded through the Brownfields Program, and 4 were funded through a special Oklahoma Governor’s grant.

Of the 110 state funded employees, 4 were assigned to Administration, 72 were assigned to the Field Operations Section, 9 were assigned to the Pollution Abatement Section, and 25 were assigned to the Technical Services Section. The 7 federally funded employees were assigned to the Pollution Abatement Section.

In December 2016, a fourth Section in the O&G Division was added. The Induced Seismicity Section consisted of four employees that were funded through the Oklahoma Governor’s grant.
Petroleum Storage Tank Division

IN THIS SECTION:
The Accounting Section
The Administrative Section
The Compliance and Inspection Section
The Indemnity Fund Administrator
The Technical Section
The PSTD was created by a merger of the Fuel and Indemnity Fund Divisions on July 1, 1998. PSTD is comprised of four Sections: Accounting, Administration, Compliance and Inspection, and Technical, which enforce Federal and State regulations and administer certain assistance programs applicable to the delivery, storage, and quality of refined petroleum products (i.e., gasoline and other fuels), in lieu of Federal administration.

The PSTD administers the Oklahoma Storage Tank Release Indemnity Fund (“Indemnity Fund”), which was created by the Legislature in 1989 to assist petroleum storage tank owners in meeting a Federal requirement for $1.5 million dollars of liability insurance to pay for remediation of damage caused by leaking petroleum storage tank sites, while at the same time maintaining the solvency of its Indemnity Fund. The Oklahoma Indemnity Fund has always met its goals and maintained solvency, in stark contrast to the plight of many other states, which have seen similar funds bankrupted without meeting site clean-up goals.

Pursuant to State statutes, tank owners are required to be substantially compliant with applicable regulations in order to be eligible for reimbursement from the Indemnity Fund for corrective action, which is required following a release from their storage tank system. In 1997, SB 342 was passed, which provided an additional opportunity to obtain access to the Indemnity Fund when tank owners are not compliant with all rules. Fine amounts for compliance violations are recommended to an ALJ and once they are paid and the violation is corrected, if applicable, the tank owner may obtain a Substantial Compliance Certificate, thus becoming eligible for reimbursement from the Indemnity Fund.

The Division works to:

- Remediate confirmed releases;
- Determine the potential effects of exposure after a leak is confirmed;
- Develop and enforce corrective actions;
- Identify suspected releases; and
- Provide safe drinking water.

Established in 1987, the Oklahoma Leaking Underground Storage Tank Trust Fund (“LUST Trust”), can be utilized when prompt action is required at leaking underground storage tank sites when the individual responsible for the contamination is unknown, unwilling, or unable to perform corrective action. Funding to support the LUST Trust program is provided by the EPA and administered by the Commission.

Performance improvements in Oklahoma’s petroleum storage tank program during Fiscal Year 2016 was the result of the cooperative effort by PSTD staff to implement electronic submission of petroleum release case work, estimate all Division processes, become more efficient and transparent, and ensure the program is in compliance with statutes.

THE ACCOUNTING SECTION

The Accounting Section administers the Indemnity Fund by:

- Conducting audits of purchase orders and claims to ensure the efficient use of the Indemnity Fund and EPA grant monies;
- Managing the transactions and expenses of the Division;
- Processing payments for Indemnity Fund claims and purchasing; and
- Reimbursing a portion of the costs of cleaning water and soil contaminations by leaking petroleum storage tanks.

Monies for reimbursements come from a one cent ($0.01) per gallon assessment on blending materials.
diesel fuel, and gasoline at the distributor level.

THE ADMINISTRATION SECTION

The Administration Section provides administrative support functions for the PSTD and is responsible for:

- Assisting owners with operator training and other customer service issues;
- Meeting public information requests and overseeing personnel matters for the Division;
- Imaging all documents and records;
- Invoicing, permitting, and registration of petroleum storage tanks;
- Licensing of environmental consultants and other professionals who install, monitor, or remove storage tanks; and
- Scheduling of tank installations, removals, and repairs.

THE COMPLIANCE AND INSPECTION SECTION

The Compliance and Inspection Section protects the public from inferior antifreeze and motor fuels through inspections and product testing.

It is the responsibility of the PSTD Fuel Specialists to:

- Assist owners and operators with understanding the operation and maintenance of their storage tank system;
- Inspect storage tank facilities; and
- Perform calibrations and octane testing.

The Section’s Compliance Analysts:

- Assist Fuel Specialists on regulation enforcement;
- Perform facility file reviews for substantial compliance;
- Provide testimony in court proceedings;
- Resolve complaints; and
- Respond to calls from consumers, field personnel, and licensees.

THE INDEMNITY FUND ADMINISTRATOR

The Administrator of the Indemnity Fund ensures adequate funds are available for necessary corrective actions to take place and mitigate environmental, health, and safety threats to the public; and oversees all expenditures relating to reimbursement of claims for the benefit of those persons determined to be eligible.

THE TECHNICAL SECTION

The Technical Section’s Project Environmental Analysts work directly in administering the Indemnity Fund to reimburse tank owners for eligible costs of corrective action performed at leaking petroleum storage tank sites. Each Project Environmental Analyst manages approximately 68 active release cases.

PSTD Technical staff have direct environmental oversight for remediation technologies that are implemented in the course of cleaning up a contaminated site and must be proficient in regulatory issues, remediation technologies (both in design and operations), as well as, risk-based corrective action environmental assessments. Technical staff must also be well versed in Indemnity Fund operations and are responsible for reviewing and approving corrective action expenditures associated with fuel release sites.

This Section works with licensed environmental consultants in determining the most appropriate corrective actions at each site and pre-approve all work plans and associated reasonable costs that are eligible for reimbursement through the Indemnity Fund.

At the close of Fiscal Year 2016, PSTD had 440 active petroleum release cases in various stages of assessment,
monitoring for natural attenuation of contamination, or more aggressive clean-up by remediation.

**PSTD Fiscal Year 2016 Highlights**

**Enforcement, Fines, Substantial Compliance, and Variances**

To ensure consistency and uniformity, formal enforcement is evaluated and determined by the Manager of Compliance and Inspection. Prior violations for the same offense, habitual negligence, or flagrant disregard for Commission rules may support seeking an administrative penalty after notice and hearing before an ALJ. In determining the amount of the penalty, the PSTD will consider the circumstance, gravity, and nature of the violation. During Fiscal Year 2016, 65 enforcement actions were brought before an ALJ. During Fiscal Year 2016, PSTD collected:

- $85,406 in fines;
- $29,430 through SB 342; and
- $55,975 through enforcement actions.

Tank owners are required to be substantially compliant with applicable regulations to be eligible for reimbursement from the Indemnity Fund for corrective action that is required following a release from their storage tank system. Fine amounts for compliance violations are recommended to an ALJ and once paid and the violation corrected, if applicable, the tank owner may obtain a Substantial Compliance Certificate allowing them to be eligible for reimbursement from the Indemnity Fund. During Fiscal Year 2016, 32 Causes were filed and became eligible for reimbursement.

A variance to any provision of petroleum tank storage regulations may be sought by a tank owner through an application, notice, and hearing. PSTD Compliance Analysts researched and witnessed approximately 14 variance applications during Fiscal Year 2016.

**Federal Underground Storage Tank Program State Program Approval (“SPA”)**

PSTD staff conducted a permanent and an emergency rulemaking for Chapter 25 Underground Storage Tank rules in Fiscal Year 2016. Revisions were needed to incorporate newly revised federal requirements for underground storage tanks into OCC rules so that staff could submit an application to EPA for SPA.

EPA previously gave approval for Oklahoma to operate the underground storage tank program in 1992 (61 FR 1220, January 18, 1996), however, states that administer and enforce the program in lieu of federal regulation must adopt any changes that are made in the federal program and reapply for approval to operate whenever there are significant revisions in the federal regulations. The new federal regulations became effective October 13, 2015, and states have just three-years from that date to revise their rules and submit a SPA application. PSTD must submit substantial documentation which demonstrates the general operating requirements for its program are no less stringent than the corresponding federal requirements; and there are provisions in place for adequate enforcement of compliance with those requirements. PSTD's program criteria is then submitted to the Attorney General and the Governor for their review and approval prior to submitting the application package to the EPA.

![PSTD Quarterly Assessment Amounts](image)

**Indemnity Fund**

During Fiscal Year 2016, the Indemnity Fund provided a total of $19,413,597 dollars in reimbursements on approximately 1,057 claims. Title 17, O.S. §350 – §365, which governs the Indemnity Fund’s operations, requires that initial claims be reimbursed within 90-days and supplemental claims be reimbursed within 30-days. The average time for payment of an initial
claim during Fiscal Year 2016, was 6.71-days, and the average time for supplemental claims was 7.90-days. The Indemnity Fund closed the Fiscal Year 2016 with an unencumbered balance of approximately $114,108. Throughout the Fiscal Year, the Indemnity Fund received approximately:

- $21,165,104 dollars from assessments;
- $90,658 dollars from co-pays; and
- $348,735 dollars earned by investing reserve revenue in interest-bearing cash management accounts.

**Inspections and Violations**

During Fiscal Year 2016, 20 Fuel Specialists performed approximately 5,830 service station inspections, which represented 100% of the retail facilities operating in Oklahoma. There were 84,865 pump calibrations checked and 636 pumps were identified being out of calibration.

Additionally, Fuel Specialists conducted 4,384 annual inspections of motor fuel facilities, identified 445 water violations, and investigated 754 consumer complaints regarding gasoline purchases.

**Installations, Licenses, and Removals**

During Fiscal Year 2016 approximately 344 underground storage tanks and 63 aboveground storage tanks were removed from service. Concurrently, 111 underground storage tanks and 53 aboveground storage tanks were installed.

At the end of the Fiscal Year, 38,113 underground storage tanks and 7,349 aboveground storage tanks were registered, 469 antifreeze licenses were issued, and there were 282 storage tank professionals licensed. In Fiscal Year 2016, PSTD collected $361,238 in licensing and permit fees.

**Notable Release Causes**

In case 064-3795, located in the Town of Adams, Oklahoma, one of two municipal water supply wells was impacted by gasoline that emanated from fuel storage tanks at a facility 175 feet away. After a lengthy process of identifying a viable location for a replacement municipal water well, engineering and specifications for a new well were finalized, and approval to install the replacement well to tie into the town's distribution system was granted. Installation is underway with an expected completion date in May, 2017. When completed, this effort will provide a clean source of water to the residents of the Town of Adams.

In cases 064-2298 and 064-2900, located in Hardesty, Oklahoma, a new municipal water supply well was installed to replace the city's impacted well. Corrective action continues with the ongoing recovery of free product to prevent any potential migration and risk of impact to the City of Hardesty's water supply wells.

In case 064-2613, located in Tonnece, Oklahoma, a new water line was laid from Gentry, Arkansas to provide an alternate clean water source to multiple residents of the Town of Tonnece after several local water supply wells were found to be impacted by the gasoline from this release case.

**Petroleum Information Management System**

The PSTD's comprehensive computer project began with the development and implementation of the Petroleum Information Management System (“PIMS”) database. Maintaining data collected through inspections, evaluating records at facilities, and the records on the investigation and corrective action at suspected and confirmed release sites is required of all states that administer and enforce the federal storage tank program (40 CFR 281.40). PIMS links PSTD's Tank Registration, Compliance, Licensee, Petroleum Release Case Management System, Indemnity Fund, and the PIMS Inspection App into one centralized information management system which auto-images as information is entered. PIMS also interfaces with the OCC's central Imaging and Case Processing systems. Fuel Specialists sync inspection information directly from their tablets while in the field via WiFi or MiFi connection and it uploads into PIMS in real-time.
PIMS is so innovative in its ability to integrate information input from multiple sources into one central database with real-time reporting capability, that the EPA requested PSTD staff give presentations about the system at meetings and conferences.

In Fiscal Year 2016, the Division worked with MyConsulting Group and the Commission’s IT Division to expand PIMS and develop the Division’s online processes including:

- Electronic Fund Transfers (“EFT”) for payment of Indemnity Fund claims;
- Expanding the Licensee Portal to include electronic submission of compliance documents, Indemnity Fund applications, and registration forms;
- Licensee Portal upgrade for online submission of Indemnity Fund claims, order requests, plans, purchases, and technical reports; and
- Operator Training improvements to provide operators a more user-friendly experience, greater control over their accounts, and the capability to re-set their passwords through e-mail.

Division staff continues QA/QC of all paper records currently in-house prior to destroying, and is preparing to expand public access to facility file and release case records online. PSTD staff look forward to operating more efficiently and virtually paperless in the near future.

**Petroleum Releases**

PSTD activated 131 new petroleum release cases, closed 96 cases, and there were 3 emergency responses in Fiscal Year 2016. At the close of the 2016 Fiscal Year, PSTD had 440 active petroleum release cases in various stages of assessment, monitoring for natural attenuation of contamination, or more aggressive clean up by remediation. Each PSTD Technical Department Project Environmental Analyst manages approximately 67 active cases. By the end of Fiscal Year 2016, PSTD had closed approximately 5,048 petroleum release cases since the storage tank program began.

**Web-Based License Portal**

PSTD continued the development of its web-based Licensee Portal with the implementation of electronic submittal of regulatory reports and claims. All existing technical reports were redesigned and reformatted and several new reports were created to allow for online submittal and tracking important data. The design of the portal incorporates a series of error messages and red flags that prompt users to make any needed corrections prior to submittal and ensures all required back-up documentation is uploaded into the system.

The portal helps PSTD technical staff manage the costs of corrective action at leaking petroleum storage tank sites by ensuring costs for specific scopes of work are consistent and controlled, increasing data tracking capability, and minimizing errors. These features help to maintain and protect the integrity of the Indemnity Fund. The program also meets several federal program mandates and grant guidelines for saving money, paper, and time as well.

The next phase of the project is currently under development and includes online submission of antifreeze applications, compliance-related forms, licensing, scheduling, and tank registrations.

![PSTD Tank Installs and Removals](image)

**PSTD Statistics for Fiscal Year 2016**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tank Installs</th>
<th>Tank Closures</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>211</td>
<td>346</td>
</tr>
<tr>
<td>FY15</td>
<td>232</td>
<td>313</td>
</tr>
<tr>
<td>FY16</td>
<td>164</td>
<td>407</td>
</tr>
</tbody>
</table>
Fiscal Year 2016 Annual Report

Petroleum Storage Tank Division

PSTD Full-Time Equivalent Employee Information

### PERSONNEL STATUS

<table>
<thead>
<tr>
<th>Category</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total FTE Approved</td>
<td>43</td>
</tr>
</tbody>
</table>

### FTE BY WORKING GROUP

#### Accounting Section
- Comptroller: 1
- Process Auditor: 2

#### Administration Section
- Director: 1
- Administrative Assistant: 1
- Administrative Section Supervisor: 2
- Project Records Analyst: 5

#### Compliance and Inspection Section
- Manager of Compliance and Inspection: 1
- Environmental Compliance Analyst: 2
- Fuel Specialist Supervisor: 4
- Fuel Specialist: 16

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**PSTD Full-Time Equivalent Employee Information**
Public Utility Division

IN THIS SECTION:
- Consumer Services
- Energy
- Fuel Audits and Prudence Reviews
- Natural Gas
- Telecommunications
- Water
Public Utility Division

PUD provides technical support and policy analysis to the Commission by:

- Ensuring competitive, open, and workable markets in the transition to competition;
- Ensuring reliable public utility services are provided at the lowest reasonable cost; and
- Fulfilling constitutional and statutory obligations.

In these roles, PUD staff develops and presents fact-based, independently researched, objective findings and determinations to the Commission.

PUD’s primary duties and responsibilities include:

- Administering and enforcing Commission orders, regulations, and rules concerning public utilities (i.e., cotton gins, electric, gas, telecommunications service providers (“TSP”), and water);
- Analyzing, investigating, and researching relevant regulatory data to make determinations on matters such as:
  - Changes in conditions and terms of services;
  - Establishment of, or changes to, public utility policies, regulations, and/or rules;
  - Establishment of rates or rate adjustments;
  - Transfer of utility ownership; and
  - Utility competition implementation.
- Assisting the Consumer Service Section with seeking resolution of payment and service issues of utility customers; and
- Monitoring fuel procurement procedures of each utility, to include but not limited to, the price paid by same for fuel.

PUD Fiscal Year 2016 Highlights

**Consumer Services**

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>FISCAL YEAR TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints by Industry</td>
<td>1,331</td>
</tr>
<tr>
<td>Electric Utilities</td>
<td>318</td>
</tr>
<tr>
<td>Natural Gas Utilities</td>
<td>977</td>
</tr>
<tr>
<td>Telecommunication Companies</td>
<td>374</td>
</tr>
<tr>
<td>Lifeline Audits</td>
<td>16</td>
</tr>
<tr>
<td>Water Utilities</td>
<td>125</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,767</td>
</tr>
</tbody>
</table>

**Enforcements**

April 1, 2016 – June 30, 2016: 5,357

**Non Utility Referred Complaints/Calls**

12,105

**Elderly/Handicapped Notification**


**Disconnection Notices Processed (sent to electric & gas consumers by CSD)**

**Total Consumers Assisted**

20,229

**Documented Savings to Utility Consumers by CSD Intervention**

$127,566.76

**SOURCE OF COMPLAINT**

<table>
<thead>
<tr>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Referral</td>
</tr>
<tr>
<td>E-Mail</td>
</tr>
<tr>
<td>Enforcement</td>
</tr>
<tr>
<td>Letter</td>
</tr>
<tr>
<td>Telephone</td>
</tr>
<tr>
<td>Walk-In</td>
</tr>
<tr>
<td>Unknown</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>

PUD and CSD reached an agreement with Assist Wireless in two enforcement actions pending against Assist Wireless. Assist Wireless modified operating procedures and paid fines to the Commission to resolve the violations because of this agreement. PUD investigated potential abuse of the
Federal Lifeline Program. PUD improved and strengthened its efforts to audit mobile marketing locations to protect the public interest and to enforce the Commission’s rules regarding mobile marketing.

**Energy**

On July 1, 2015, PSO, under Cause No. PUD 201500208, filed a base rate case requesting an increase in rates of $137 million. This amount includes $61 million to recover the costs of environmental control investments and expenses directly related to PSO’s Environmental Compliance Plan.

On July 8, 2015, Oklahoma Natural Gas Company, under Cause No. PUD 201500213, filed its base rate case requesting a $50.4 million increase in rates. On January 6, 2016, the Commission issued Order No. 648326 approving a Joint Stipulation and Settlement Agreement authorizing just under $30 million rate increase.

PUD worked with the DEQ, the Secretary of Energy and Environment, the OAG, and numerous stakeholders in assessing the Clean Power Plan (“111d”) and proposed rules announced in late summer 2015.

On December 18, 2015, OG&E under Cause No. PUD 201500273, filed a base rate case requesting an increase in rates of $92.5 million.

On February 12, 2016, under Cause No. PUD 201600059, OG&E requested approval to install two dry scrubbers at its Sooner Plant to comply with the U.S. Environmental Protection Agency’s Regional Haze rule under its Clean Air Act. The Commission issued its Order granting the Company’s relief. The Order was appealed to the Oklahoma Supreme Court and the matter is pending.

On June 17, 2016, to fulfill its obligation of Federal Grant, PUD held a Tabletop Exercise about Oklahoma’s Energy Assurance Planning document, which deals with government response during a disaster that disrupts public utility services.

**Rulemakings**

On January 29, 2015, the Commission initiated a Notice of Proposed Rulemaking in PUD 201500004. The proposed changes addressed the following: decommissioning of wind energy facilities; development of wind energy facilities; and establishment of procedures for informational submissions related to wind energy facilities. The Commission adopted the Rules on March 15, 2016 and will become effective August 25, 2016, after publication in the Oklahoma Register.

On January 21, 2016, the Commission initiated a Notice of Proposed Rulemaking, RM 201600003. The proposed changes were to Chapter 55 and modified the requirements for information to be filed with an initial request for Certificate of Convenience and Necessity. The Commission adopted the Rules on March 23, 2016, and will become effective August 25, 2016, after publication in the Oklahoma Register.

On May 19, 2016, the Commission initiated a Notice of Proposed Emergency Rulemaking, RM 201600005. The proposed changes would have modified Chapter 59 rules and the Commission adopted the Rules on March 23, 2016. Subsequent to the adoption of the Chapter 59 modifications by the Commission, the legislature passed HB 2616, which made major changes to the processing of a request for funding from the OUSF. Therefore, the Commission initiated an emergency rulemaking regarding Chapter 59 rules on May 19, 2016, and on June 9, 2016, withdrew this rulemaking from consideration by the governor.

On May 19, 2016, the Commission initiated a Notice of Proposed Emergency Rulemaking, RM 201600005. The proposed changes to the Chapter 59 rules conform to the Commission’s processes to the changes made by the legislature to the OUSF in HB 2616. The Commission adopted Emergency rules on
June 30, 2016, and will become effective immediately upon the signature of the governor.

**Telecommunications**

PUD investigated potential abuse of the Federal Lifeline Program. PUD investigated several ETCs for receiving federal Lifeline support for customers who reside outside of the service territory designated by the Commission for that ETC, which was a violation of Commission Order. PUD amplified its efforts to audit mobile marketing locations to protect the public interest and to enforce the Commission’s rules around that form of marketing Lifeline service.

PUD audited an increasing volume of requests for funding from the OUSF. As a result of these audits, PUD recommended a reduction to many of the requests for funding for the following reasons: expenses being ineligible for OUSF funding; excessive timeframes covered by the request for funding; decisions made by recipients, schools and telemedicine providers that were not in the public interest with regard to the selected internet access provider; and funding being received by a different service provider for the same time frame requested. Some recommendations for reductions resulted from bid awards to carriers that charged more exponentially for the same bandwidth as other carriers.

Evaluation of an incredible volume of requests for funding from the OUSF continued through Fiscal Year 2016. As a result of said evaluations, PUD recommended a reduction to many of the requests for funding, due to:

- Decisions made by public schools that increased costs to the OUSF and therefore were not in the best interest of the OUSF with regard to the selected Internet access provider;
- Expenses being ineligible for OUSF funding;
- Excessive timeframes covered by the request for funding; and
- Funding being received by a different provider for the same period as the requested funding

The Governor signed HB 2616 on May 9, 2016. This legislation made major revisions to the manner in which requests for OUSF are to be processed. As a result of HB 2616, any request for OUSF funding that did not have a request for reconsideration was processed as an administrative request and an order was not required prior to funding. The credit amount for services the OUSF funded was changed to mirror the funding available from E-rate and the federal rural telehealth programs. Additionally, PUD introduced a preapproval process to allow OUSF Beneficiaries to have certainty about the funding levels they can expect to receive from the OUSF, provided certain requirements are met.

**PUD Fiscal Year 2016 Summary**

**Electric Activity Summary**

During Fiscal Year 2016, six electric utility companies filed 13 new Causes. PUD closed 17 causes during the fiscal year.

On May 14, 2015, PSO filed a Rate Application with Cause No. PUD 201500208 seeking an increase of nearly $84 million. On May 31, 2016, the ALJ issued a Recommendation Report. Parties filed appeals and various motions concerning the ALJ Report on June 14, 2016. Parties filed responses to the appeals and motions on June 21, 2106. The Commission plans to render a decision on the appeals in the next fiscal year.

On July 28, 2015, Oklahoma Gas and Electric Company (“OG&E”) filed a Rate Application with Cause No. PUD 201500273 seeking an increase of nearly $93 million. The Hearing on the Merits concluded on May 26, 2016. Parties filed Proposed Final Orders on June 21, 2016. PUD expects an ALJ Recommendation Report to the Commissioners and final order during the next fiscal year.
**Distribution Generation**

The Distributed Generation (“DG”) Tariff applications are to be filed as the result of SB 1456. PUD requested a list of items that should be included in a DG tariff. The list discussed at the technical conference was the product of suggestions provided by various stakeholders and utilities. PUD will use this checklist as guidance in structuring its review of distributed generation tariff applications. PUD held an additional technical conference in June 2015. OG&E and PSO filed DG Generation application during Fiscal Year 2016. PSO withdrew its application to gather more information. The Commission ordered OG&E’s DG information to be addressed in its pending rate case.

**Reliability**

Throughout the year, PUD reviewed Public Service Company of Oklahoma’s (“PSO”) System Reliability Rider (“SRR”) costs, established in Cause Nos. PUD 200500218 and PUD 200500515, and modified in Cause No. PUD 201300202.

During Fiscal Year 2016, PUD reviewed PSO’s Distribution System Reliability Expenses of $25,311,093. Also, PUD reviewed PSO’s Distribution System Reliability Capital Carrying Costs of $2,889,544. This covers the period of September 2016 through November 2016.

**Transmission**

During Fiscal Year 2016, electric utility companies filed seven transmission related Causes. PUD closed two causes during the fiscal year.

PUD actively monitored and participated in working group activities of the:

- Southwest Power Pool (“SPP”);
- Cost Allocation Working Group;
- Market Working Group;
- Transmission Group;
- Strategic Planning Committee (including task forces on FERC Order 1000 and expanding SPP membership);
- Markets and Operations Policy Committee;
- Board of Directors / Members Committee;
- Competitive Transmission Process Task Force;
- Capacity Margin Task Force Regional Allocation Review Task Force; and
- Regional Tariff Working Group.

Key transmission highlights during Fiscal Year 2016 include the Regional State Committee (“RSC”) held one of its quarterly meetings and educational session on January 25, 2016, in Oklahoma City, Oklahoma.

**Clean Power Plan**

Under the EPA’s Clean Power Plan, under Section 111(d) of the Clean Air Act, the SPP presented analysis and conclusions. For natural gas economically to displace coal, a preliminary review pertaining to the SPP region indicates the cost of carbon needs to be in the range of $30 to $45 per ton. This preliminary review was conducted on the draft rule, not the Final rule as published in the Federal Register. On February 9 2016, in a 5-4 decision the U.S. Supreme Court granted a stay, halting implementation of the Environmental Protection Agency’s Clean Power Plan pending the resolution of legal challenges to the program in court. If a writ of certiorari is sought and the Court denies the petition, this order shall terminate automatically. If the Court grants the petition for a writ of certiorari, this order shall terminate when the Court enters its judgment.” Justice Ginsburg, Justice Breyer, Justice Sotomayor, and Justice Kagan would deny the application. A decision from the US Court of Appeals is expected in late 2017.

**Integrated Marketplace**

The SPP, OG&E, and PSO plan to report on the performance of the Integrated Marketplace’s second
year to the OCC in the next fiscal year on July 28, 2016.

**Integrated Transmission Planning**

The Board of Directors approved the 2016 Integrated Transmission Planning Near-Term Scope ("ITPN") at their April 2016 meeting. The 2016 ITPN consists of 86 upgrades making up 49 projects. Total net study cost of $229.2 million consisting of $362.6 million in new NTCs, $6.8 million for change in modified NTCs and $(140.2 million) in withdrawn NTCs. The 2016 ITPN net investment for Oklahoma is $59,503,255.

**Fuel Audits and Reviews Summary**

PUD processed annual Fuel Audits and Prudence Reviews that covered calendar year 2014, for an estimated cost of $1.8 billion, which include:

- Three investor-owned electric utilities;
- Five electric cooperatives
- Seven natural gas utilities

**Natural Gas Summary**

During the fourth quarter, 11 new natural gas Causes were filed and PUD closed 13 causes.

**Telecommunication Activity Summary**

The FCC released its *Lifeline Modernization Order* on April 27, 2016, which, among other things, included broadband as a service supported by the Lifeline program. It also pre-empted the states from designating Lifeline Broadband Provider ("LBP") ETCs, leaving the FCC as the only entity that can grant such designation. NARUC, on June 3, 2016, filed a Petition for Review with the DC Circuit Court of Appeals, arguing that the FCC's pre-emption of the states is not consistent with the law. This significant change to the federal Lifeline program will require PUD to monitor the court action as well as any requests for LBP ETC designation that the FCC might receive.

During Fiscal Year 2016, PUD investigated potential abuse of the Federal Lifeline Program. PUD investigated several Eligible Telecommunications Carriers ("ETC") for receiving Federal Lifeline support for customers who reside outside of the Commission designated service territory for that ETC, which is a violation of Commission Order. PUD investigated potential duplicate enrollments in the Federal Lifeline Program as well as compliance with the Commission's mobile marketing rules.

The following pending Causes are Show-Cause actions against the following companies:

- Easy Wireless (PUD 201300012);
- True Wireless (PUD 201300014).

PUD used these Causes to investigate potential abuse, fraud, and waste in the Lifeline program. These investigations are currently ongoing, which includes the review of current subscriber data as well as review of historical subscriber data and operational processes. The Procedural Schedules for each Cause have been suspended, while settlement discussions are in process.

PUD brought Enforcement actions against the following companies:

- TAG Mobile (EN 201600037);
- True Wireless (EN 201600094);
- True Wireless (EN 201300115);
- TAG Mobile (EN 201300116); and
- Easy Wireless (EN 201300117)

PUD determined and filed enforcement causes for Lifeline Providers that have been found to be in noncompliance with Mobile Marketing rules and for providing Lifeline services outside of the ETC's service area. PUD monitored and reviewed customer lists and conduct onsite audits at various tent and retail locations in Oklahoma.

PUD determined that these specific companies have provided Lifeline services *outside* of their designated service areas, which was a violation of Commission Orders, designating them as ETCs. The Commission suspended the procedural schedules for each cause to allow settlement discussions to occur. PUD reviewed
customer lists to identify whether ETCs needed to take corrective action.

On May 26, 2016, in Cause No. EN 201600037, TAG Mobile and PUD entered into a settlement agreement, which the assigned ALJ approved during the Hearing on the Merits. TAG Mobile agreed to pay the Commission $5,000 and suspended enrollment of customers for 10 days because of the settlement agreement.

During Fiscal Year 2016, at the request of Companies no longer doing business in Oklahoma, PUD filed 23 Applications requesting cancellation of CCNs. PUD also filed 43 Applications requesting to revoke the CCNs of telecommunication companies that do not comply with the annual reporting, PUD Fee Assessment and/or the OUSF requirements of the Commission. Of the 43 revocation Applications filed, nine companies have taken steps to get into compliance with Commission rules.

Tariff revisions were filed during the fiscal year to comply with FCC rules governing switched access rates and inmate operator services. Companies filed 23 Applications for such tariff revisions during Fiscal Year 2016.

There were 10 Applications filed requesting Certificates of Convenience and Necessity (CCN) and PUD closed all of the applications by the end of Fiscal Year 2016.

During Fiscal Year 2016, companies filed 58 Applications for approval of interconnection agreements/amendments. Within the same period, the Commission issued 51 final orders approving interconnection agreements/amendments Applications.

Arbitrations and Complaints Summary

PUD monitored the trouble reports of the Oklahoma Western Telephone Company (“OWTC”) in the Show Cause Application filed by PUD in Cause No. PUD 201200150. Even though maintenance issues appear to have improved, PUD believed that continued oversight of service issues was warranted; therefore, dismissal of this Cause was not justifiable.

Eligible Telecommunications Carrier Designation Summary

During Fiscal Year 2016, companies filed four Applications requesting to relinquish ETC Designation. The Commission issued one final order granting relinquishment.

Recertification of Telemedicine Recipients Summary

Pursuant to OAC 165:59-7-6(h), no later than February 1st of each year, all eligible healthcare entities receiving OUSF telemedicine funding, are required to recertify for a determination of continued eligibility. During Fiscal Year, PUD processed 255 healthcare entity recertification Applications. Eight entities did not provide evidence of continued eligibility and funding for those entities ceases as of the end of Fiscal Year 2016.

OUSF Monthly Payment Process

Bridge Enterprises (“Bridge”), an outside contractor for OUSF processes, provided some data analysis for the 2016 Telemedicine Recertification process. As a part of the contract, Bridge will also evaluate all OUSF processes and provide recommendations to minimize risk. The contract allows personnel expense to follow caseload.

As of June 30, 2016, the Monthly Payment Team (“Team”) received 160 change requests since implementing the administrative approval process in September 2015. After evaluating each change request along with the related affidavit, the team approved 136 change requests. Only 24 requests for changes in funding required new applications because of the implementation of this administrative process, instead of 160 applications that would have been required to request new funding amounts. In the analysis of these change requests, the Team noticed a service provider trend toward lower prices without lower bandwidth, i.e., and observed price decreases for the same amount of bandwidth. One potential explanation for these price decreases was that the PUD bid evaluation process, which PUD developed for all OUSF funding requests, was positively affecting competition, and resulted in decreased prices for Internet services to schools, libraries, and healthcare entities.
**Water Activity Summary**

During Fiscal Year 2016, utilities filed two water causes and PUD closed four water causes.

**PUD Statistics for Fiscal Year 2016**

<table>
<thead>
<tr>
<th>Caseload Statistics PUD Applications and Submissions</th>
<th>Fiscal Year 2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Causes Filed</td>
<td>525</td>
</tr>
<tr>
<td>Filed Causes Closed</td>
<td>475</td>
</tr>
<tr>
<td>*Active Causes</td>
<td>398</td>
</tr>
<tr>
<td>Submissions</td>
<td>125</td>
</tr>
</tbody>
</table>

**Number of Certificated/Active Telecom Carriers by Type**

<table>
<thead>
<tr>
<th>Telecom Carriers</th>
<th>Fiscal Year 2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>ILEC</td>
<td>45</td>
</tr>
<tr>
<td>CLEC</td>
<td>140</td>
</tr>
<tr>
<td>CSP</td>
<td>1</td>
</tr>
<tr>
<td>FSC</td>
<td>1</td>
</tr>
<tr>
<td>Regulator</td>
<td>123</td>
</tr>
<tr>
<td>OISP</td>
<td>3</td>
</tr>
<tr>
<td>PSP</td>
<td>7</td>
</tr>
</tbody>
</table>

**Number of Regulated Companies by Industry**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Fiscal Year 2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>8</td>
</tr>
<tr>
<td>Gas</td>
<td>8</td>
</tr>
<tr>
<td>Water</td>
<td>10</td>
</tr>
<tr>
<td>Cotton Gins</td>
<td>17</td>
</tr>
<tr>
<td>Telecom Companies</td>
<td>353</td>
</tr>
</tbody>
</table>

**PUD Full-Time Equivalent Employee Information**

<table>
<thead>
<tr>
<th>Personnel Status</th>
<th>FTE on average for the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>4</td>
</tr>
<tr>
<td>Energy</td>
<td>14</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>19</td>
</tr>
<tr>
<td>Consumer Services</td>
<td>6</td>
</tr>
<tr>
<td>Recertification/Enforcements</td>
<td>7</td>
</tr>
<tr>
<td>Compliance</td>
<td>2</td>
</tr>
</tbody>
</table>

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Fiscal Year 2016 Annual Report 55

Public Utility Division
IN THIS SECTION:

Administrative and Regulatory Operations
IFTA and IRP
Motor Carrier
Pipeline Safety
Railroad
Transportation Division

The Transportation Division administers and enforces the following:

- Federal and State laws;
- International and Interstate Compacts; and
- Commission rules.

as they apply to:

- Commercial motor vehicles;
- Motor carriers;
- Pipeline safety; and
- Railroad safety.

The Division’s operations are carried out through five Sections:

- Administrative and Regulatory Operations Section;
- International Fuel Tax Agreement (IFTA) and International Registration Plan (IRP);
- Motor carrier enforcement (MCE);
- Pipeline safety; and
- Railroad.

THE ADMINISTRATIVE AND REGULATORY OPERATIONS SECTION

The Administrative and Regulatory Operations Section is comprised of two Sub-Sections:

- Administrative Support; and
- Enforcement Support.

Administrative Support Sub-Section

The Administrative Support Sub-Section is responsible for:

- Inventory;
- Enforcement and fleet tracking;
- Human resources and budget related functions;
- Purchasing;
- Training coordination; and
- Support of the Division’s management.

Enforcement Support Sub-Section

The Enforcement Support Sub-Section is responsible for support of all motor carrier enforcement activities, to include but not limited to:

- Processing citations and warnings to prepare for the monthly Citation Docket;
- Providing information to enforcement officers in the field; and
- Responding to motor carrier inquiries.

THE REGULATORY OPERATIONS SECTION

The Regulatory Operations Section is comprised of four Sub-Sections:

- IFTA;
- IRP;
- Motor Carrier and Transportation Network Company (TNC) Requirements; and
- Nonconsensual Towing.

IFTA and IRP Sub-Section

The IFTA is an agreement between the lower 48-states and Canada to simplify the reporting and taxation of fuel use by motor carriers that operate across state and national borders. The IRP is a reciprocity agreement, which provides apportioned payments of registration fees based upon total distance operated in participating jurisdictions.

The IFTA and IRP Sub-Section are comprised of two Units:

- IFTA/IRP Operations; and
- Audits.

IFTA and IRP Unit

The IFTA/IRP Operations Unit ensures the proper licensing and registration of commercial vehicles used
in interstate operations under the IFTA and IRP Compacts. Walk-in and mail-in applicants are served by this Unit as well.

**Audits Unit**

The Audit Unit reviews documentation to ensure compliance with the IFTA and IRP Compacts, as well as, compliance with Commission rules and Oklahoma statutes. The primary purpose of this Unit is to ensure proper payment of registration fees and fuel taxes by reviewing records to verify reported distance, distance allocations, and motor fuel purchases.

**Motor Carrier and TNC Requirements Sub-Section**

The Motor Carrier and TNC Requirements Sub-Section is responsible for:

- Administration of the Unified Carrier Registration System (UCR) for Oklahoma motor carriers;
- Certification of household goods carriers;
- Issuance of permits for the transportation of deleterious substances;
- Licensing and permitting of intrastate for-hire and private carriers, including passenger carriers; and
- Permitting of TNCs.

**Nonconsensual Towing Sub-Section**

The Nonconsensual Towing Sub-Section administers the [Nonconsensual Towing Act](#) of 2011, which assigned the Commission the authority over rates charged for nonconsensual towing and storage.

**THE MOTOR CARRIER ENFORCEMENT SECTION**

The MCE officers operate weigh stations and check for-hire and private motor carriers for compliance with Commission rules, Federal regulations, and State statutes, which govern commercial vehicles and interstate and intrastate motor carriers. Enforcement officers also:

- Conduct complaint investigations;
- Investigate complaints of illegal dumping of deleterious substances; and
- Perform overweight audits of motor carriers and shippers.

In 2008, the Commission and the [Oklahoma Department of Transportation](https://www.ok.gov/ot/), joined forces to develop a plan to provide ODOT with the funds to construct nine state-of-the-art, state-line weigh stations (also referred to as POEs). ODOT is responsible for the construction of the POEs and the Commission is responsible for staffing and day-to-day operations. POEs and interior weigh stations play a vital role in protecting Oklahoma’s bridges and highways from damage caused by overweight and oversized trucks.

**THE PIPELINE SAFETY SECTION**

The Pipeline Safety Section has enforcement and inspection authority over approximately 229 natural gas operators and 28 hazardous liquid operators. These companies operate over 39,160 miles of natural gas pipeline and 4,284 miles of hazardous liquid pipeline throughout the State of Oklahoma. This Section ensures the compliance with regulatory requirements by conducting on-site inspections of the pipeline operators’ facilities and records. Regulations cover the abandonment, construction, design, maintenance, and operations of operators’ pipeline facilities.

The Section is funded through an assessment levied against the pipeline operators and by a Federal reimbursement of up to a maximum of 80-percent of the program’s expenses. The [U.S. Department of Transportation’s Southwest Regional Office of Pipeline Safety](https://www.phmsa.dot.gov) oversees and supports the program.
THE RAILROAD SECTION

The Railroad Section promotes rail-crossing safety by:

- Conducting reviews of plans to close crossings or up-grade crossing signals;
- Investigating complaints concerning at-grade rail-crossing conditions; and
- Mediating between railroads and the public concerning crossings and railroad right-of-way fencing requirements.

In addition to intake, investigation, and tracking of railroad complaints, this Section has also assumed the responsibility of intake and tracking of Motor Carrier and Household Goods complaints.

Transportation Fiscal Year 2016 Highlights

Regulatory Operations Section

IFTA/IRP Operations Unit

During Fiscal Year 2016, the IFTA/IRP Operations Unit processed:

- 3,166 new and/or renewal IFTA applications;
- 4,333 new and/or renewal IRP applications; and
- 9,806 supplemental IRP applications.

The Unit also handled 788 IRP applications that were closed, denied, or withdrawn. Furthermore, there were 207,480 IFTA decals issued and 156,722 vehicles registered under the IRP.

Additionally, key staff hosted the IRP Annual Conference with more than 180 industry representatives from several states and regions, as well as, international partners from Canada.

Audit Unit

During Fiscal Year 2016, auditors from the Audit Unit conducted 68 IFTA audits, 134 IRP audits, and completed 16,998 reviews of quarterly fuel tax reports submitted to the Commission.

Motor Carrier and TNC Sub-Section

There are more than 7,760 for-hire and private motor carriers operating under Oklahoma intrastate authority and/or Oklahoma permits. All for-hire and private intrastate motor carriers must comply with insurance standards and administrative requirements to obtain and hold certificates or licenses to operate in the State of Oklahoma. There are approximately 64 carriers authorized to transport household goods within the State of Oklahoma. Two TNCs, Uber and Lyft, both received permits to operate in the State during Fiscal Year 2016.

During Fiscal Year 2016, the Motor Carrier and TNC Sub-Section received approximately 3,472 applications for authorization or change in authorization to operate in or through Oklahoma. This Sub-Section also approved approximately 8,510 insurance filings and issued approximately 395 permits for the transportation of deleterious substances, such as saltwater and other oilfield fluids. This Sub-Section also issued 60 USDOT numbers to intrastate carriers and 69 hazardous waste credentials.

Additionally, approximately 6,390 UCR applications were processed for Oklahoma based brokers, freight forwarders, interstate motor carriers, interstate private carriers, and leasing companies.

Nonconsensual Towing Sub-Section

During Fiscal Year 2016, Sub-Section staff worked approximately 77 complaints and audited 123 wrecker services for compliance with the Commission’s rate order. The Sub-Section also conducted two rate seminars to educate the wrecker community regarding the application of the rates during the Department of Public Safety Conferences.

Motor Carrier Enforcement

During Fiscal Year 2016, the electronic screening systems at the Beckham County POE (BPOE) and Kay County POE (KPOE) were fully operational. After opening on a limited basis, the Sequoyah County POE joined BPOE and KPOE, operating with full electronic screening capabilities, following successful Phase II testing. Additionally, ground was broken on the new Love County POE, which is expected to be open by the end of Fiscal Year 2017.
Enforcement Officers during Fiscal Year 2016, issued 30,963 motor carrier citations. 32-percent (9,970 citations) were for oversize or overweight violations.

Enforcement Officers also investigated 20 complaints. These investigations ranged from motor carriers operating without authority to motor carriers illegally dumping deleterious substances.

**Pipeline Safety**

During Fiscal Year 2016, the Pipeline Safety Section investigated and resolved:

- 177 inquiries or potential complaints;
- Participated in 34 hearings before the ALJs or Commission; and
- Performed 105 crossing safety reviews.

**Railroads**

The Railroad Section responded to a NOI of Oklahoma City to implement a Quiet Zone through downtown Oklahoma City, showing no opposition to the plan and advising of required Commission approval of crossing closures or upgrades. To date, no applications for crossing closures or updates have been filed by Oklahoma City.

Three crossing upgrade applications were also approved for crossings in Kingfisher, Okmulgee, and Pawnee Counties. The hearing on a crossing closure in Woods County was continued to August 2015.

During Fiscal Year 2015, this Section investigated and resolved approximately:

- 197 inquiries by the public or potential complaints;
- Participated in 10 public hearings; and
- Performed 125 crossing safety reviews.

### Transportation Fiscal Year 2016 Statistics

#### Oklahoma-Based Motor Carriers

<table>
<thead>
<tr>
<th>Year</th>
<th>Inquiries</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>7,863</td>
<td>85</td>
</tr>
<tr>
<td>2015</td>
<td>7,778</td>
<td>38</td>
</tr>
<tr>
<td>2014</td>
<td>7,740</td>
<td>297</td>
</tr>
<tr>
<td>2013</td>
<td>7,443</td>
<td>311</td>
</tr>
<tr>
<td>2012</td>
<td>7,754</td>
<td>--</td>
</tr>
</tbody>
</table>

#### Intrastate Applications Received

<table>
<thead>
<tr>
<th>Year</th>
<th>Inquiries</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3,472</td>
<td>176</td>
</tr>
<tr>
<td>2015</td>
<td>3,648</td>
<td>59</td>
</tr>
<tr>
<td>2014</td>
<td>3,707</td>
<td>148</td>
</tr>
<tr>
<td>2013</td>
<td>3,559</td>
<td>472</td>
</tr>
<tr>
<td>2012</td>
<td>4,031</td>
<td>--</td>
</tr>
</tbody>
</table>

#### Insurance Filings Processed

<table>
<thead>
<tr>
<th>Year</th>
<th>Inquiries</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>8,511</td>
<td>537</td>
</tr>
<tr>
<td>2015</td>
<td>9,048</td>
<td>310</td>
</tr>
<tr>
<td>2014</td>
<td>9,358</td>
<td>405</td>
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<tr>
<td>2013</td>
<td>8,953</td>
<td>62</td>
</tr>
<tr>
<td>2012</td>
<td>8,891</td>
<td>--</td>
</tr>
</tbody>
</table>

#### Hazardous Waste Credentials Issued

<table>
<thead>
<tr>
<th>Year</th>
<th>Inquiries</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>69</td>
<td>2</td>
</tr>
<tr>
<td>2015</td>
<td>67</td>
<td>15</td>
</tr>
<tr>
<td>2014</td>
<td>52</td>
<td>8</td>
</tr>
<tr>
<td>2013</td>
<td>60</td>
<td>1</td>
</tr>
<tr>
<td>2012</td>
<td>59</td>
<td>--</td>
</tr>
</tbody>
</table>
Deleterious Substance Transport Permits Issued

<table>
<thead>
<tr>
<th>Year</th>
<th>Permits Issued</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>396</td>
<td>↓ 25</td>
</tr>
<tr>
<td>2015</td>
<td>421</td>
<td>↑ 22</td>
</tr>
<tr>
<td>2014</td>
<td>399</td>
<td>↓ 52</td>
</tr>
<tr>
<td>2013</td>
<td>451</td>
<td>↑ 24</td>
</tr>
<tr>
<td>2012</td>
<td>427</td>
<td>--</td>
</tr>
</tbody>
</table>

UCR Applications Processed

<table>
<thead>
<tr>
<th>Year</th>
<th>Applications Processed</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>6,390</td>
<td>↓ 183</td>
</tr>
<tr>
<td>2015</td>
<td>6,573</td>
<td>↑ 125</td>
</tr>
<tr>
<td>2014</td>
<td>6,448</td>
<td>↑ 212</td>
</tr>
<tr>
<td>2013</td>
<td>6,236</td>
<td>↑ 50</td>
</tr>
<tr>
<td>2012</td>
<td>6,186</td>
<td>--</td>
</tr>
</tbody>
</table>

Identification Devices Issued

<table>
<thead>
<tr>
<th>Year</th>
<th>Devices Issued</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>17,819</td>
<td>↓ 880</td>
</tr>
<tr>
<td>2015</td>
<td>18,699</td>
<td>↑ 1,666</td>
</tr>
<tr>
<td>2014</td>
<td>17,033</td>
<td>↓ 1,572</td>
</tr>
<tr>
<td>2013</td>
<td>18,605</td>
<td>↓ 584</td>
</tr>
<tr>
<td>2012</td>
<td>19,189</td>
<td>--</td>
</tr>
</tbody>
</table>

Authority Canceled Due to Lack of Insurance of File

Implementation of the Full Reciprocity Plan reduced the number of IRP applications during Fiscal Year 2016.

<table>
<thead>
<tr>
<th>Year</th>
<th>IRP Applications</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>19,242</td>
<td>↓ 2,424</td>
</tr>
<tr>
<td>2015</td>
<td>21,666</td>
<td>↑ 2,125</td>
</tr>
<tr>
<td>2014</td>
<td>19,541</td>
<td>↑ 7,357</td>
</tr>
<tr>
<td>2013</td>
<td>12,184</td>
<td>↓ 1,102</td>
</tr>
<tr>
<td>2012</td>
<td>13,286</td>
<td>--</td>
</tr>
</tbody>
</table>

IFTA Returns Processed

<table>
<thead>
<tr>
<th>Year</th>
<th>IFTA Returns Processed</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>16,988</td>
<td>↑ 2616</td>
</tr>
<tr>
<td>2015</td>
<td>14,372</td>
<td>↑ 184</td>
</tr>
<tr>
<td>2014</td>
<td>14,188</td>
<td>↓ 32</td>
</tr>
<tr>
<td>2013</td>
<td>14,220</td>
<td>↑ 115</td>
</tr>
<tr>
<td>2012</td>
<td>14,105</td>
<td>--</td>
</tr>
</tbody>
</table>

IFTA / IRP Field Audits

The decrease in the reported number of vehicles checked from Fiscal Year 2015 to Fiscal Year 2016 is the result of a clarification/narrowing of the definition of “vehicles checked” on the officers’ activity reports.

<table>
<thead>
<tr>
<th>Year</th>
<th>Vehicles Checked</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>228,5662</td>
<td>↓ 57,900</td>
</tr>
<tr>
<td>2015</td>
<td>286,466</td>
<td>↑ 79,015</td>
</tr>
<tr>
<td>2014</td>
<td>207,451</td>
<td>↓ 7,689</td>
</tr>
<tr>
<td>2013</td>
<td>215,140</td>
<td>↑ 24,319</td>
</tr>
<tr>
<td>2012</td>
<td>190,821</td>
<td>--</td>
</tr>
</tbody>
</table>
# Transportation Division

## Citations Issued

<table>
<thead>
<tr>
<th>Year</th>
<th>Citations Issued</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>30,961</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>28,126</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>25,120</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>25,542</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>19,058</td>
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</tbody>
</table>

## Warnings Issued

<table>
<thead>
<tr>
<th>Year</th>
<th>Warnings Issued</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>8,731</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>8,446</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>6,377</td>
<td></td>
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<td>2013</td>
<td>4,359</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>2,955</td>
<td></td>
</tr>
</tbody>
</table>

## Inspection “Man-Days”

<table>
<thead>
<tr>
<th>Year</th>
<th>Man-Days</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,362</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>1,288</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1,449</td>
<td></td>
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<tr>
<td>2013</td>
<td>1,424</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>1,372</td>
<td></td>
</tr>
</tbody>
</table>

## Pipeline Operators Inspected

<table>
<thead>
<tr>
<th>Year</th>
<th>Inspectors</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>386</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>402</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>437</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>487</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>584</td>
<td></td>
</tr>
</tbody>
</table>

## Mediations and Complaints

<table>
<thead>
<tr>
<th>Year</th>
<th>Mediations</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>177</td>
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<tr>
<td>2015</td>
<td>197</td>
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<td>2014</td>
<td>173</td>
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<td>2013</td>
<td>209</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>134</td>
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</tbody>
</table>

## Crossing Inspections Performed

<table>
<thead>
<tr>
<th>Year</th>
<th>Inspections</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>105</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>125</td>
<td></td>
</tr>
<tr>
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## Transportation Full-Time Equivalent Employee Information

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### Funded FTE by Working Group

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Appendices

GREAT SEAL OF THE STATE OF OKLAHOMA
1907
# Appendix A

## Chronology of Commissioners

### Seat One

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Appendix B
Commission Organizational Chart
Oklahoma Corporation Commission

Street Address

2101 North Lincoln Boulevard
Oklahoma City, Oklahoma 73105

Mailing Address

P.O. Box 52000
Oklahoma City, Oklahoma 73152-2000
Telephone: (405) 521-2211

Tulsa Office

440 S. Houston Avenue, Suite 114
Tulsa, Oklahoma
Telephone: (918) 581-2296