

Corporation Commission

JLBC: John Malloy
 OSPB: Matt Gotheiner

Subcommittee: Education

DESCRIPTION	FY 2002 ACTUAL	FY 2003 ESTIMATE	FY 2004	
			OSPB	JLBC
PROGRAM BUDGET				
Agency Support Services	4,693,200	5,227,800	5,410,900	5,447,700
Corporations	4,008,400	4,223,400	4,205,700	4,181,000
Securities	5,593,400	5,011,100	4,961,100	4,901,600
Railroad and Pipeline Safety	1,646,800	1,517,600	1,488,000	1,477,000
Utilities	5,481,600	5,703,500	5,664,000	5,636,200
Utility Audits, Studies, Investigations & Rate Hearings SLI	0	380,000	380,000	380,000
Program Subtotal - Utilities	5,481,600	6,083,500	6,044,000	6,016,200
6th SS Lump Sum Reduction SLI	0	(265,900)	(265,900)	(265,900)
AGENCY TOTAL	21,423,400	21,797,500	21,843,800	21,757,600

OPERATING BUDGET

Full Time Equivalent Positions	308.5	300.8	300.8	300.8
Personal Services	12,478,800	13,678,400	13,771,700	13,869,900
Employee Related Expenditures	2,535,300	3,064,700	2,883,600	2,904,900
Professional and Outside Services	929,500	873,400	873,400	873,400
Travel - In State	280,400	282,700	293,100	284,700
Travel - Out of State	76,000	78,800	89,800	81,800
Other Operating Expenditures	4,211,200	3,204,800	3,170,600	2,989,100
Equipment	912,200	500,600	647,500	639,700
OPERATING SUBTOTAL	21,423,400	21,683,400	21,729,700	21,643,500
Special Line Items (SLI)	0	114,100	114,100	114,100
AGENCY TOTAL	21,423,400	21,797,500	21,843,800	21,757,600

FUND SOURCES

General Fund	5,269,400	5,007,300	4,932,900	4,795,300
<u>Other Appropriated Funds</u>				
Arizona Arts Trust Fund	36,600	43,500	38,400	37,900
Investment Management Regulatory and Enforcement Fund	733,000	761,200	753,400	747,100
Pipeline Safety Revolving Fund	73,000	0	0	0
Public Access Fund	1,734,000	1,789,700	1,787,300	1,779,900
Securities Regulatory and Enforcement Fund	3,847,100	3,381,100	3,340,800	3,333,300
Utility Regulation Revolving Fund	9,730,300	10,814,700	10,991,000	11,064,100
SUBTOTAL - Other Appropriated Funds	16,154,000	16,790,200	16,910,900	16,962,300
SUBTOTAL - Appropriated Funds	21,423,400	21,797,500	21,843,800	21,757,600
Other Non-Appropriated Funds	72,900	63,000	NA	63,000
Federal Funds	168,600	162,100	NA	162,100
TOTAL - ALL SOURCES	21,664,900	22,022,600	NA	21,982,700

CHANGE IN FUNDING SUMMARY

	FY 2003 to FY 2004 JLBC	
	\$ Change	% Change
General Fund	(212,000)	(4.2%)
Other Appropriated Funds	172,100	1.0%
Total Appropriated Funds	(39,900)	(0.2%)

AGENCY DESCRIPTION — *The Arizona Corporation Commission (ACC) was established by Article 15 of the Arizona Constitution and consists of 5 statewide elected Commissioners, each serving 4-year terms. The commission has 3 primary responsibilities. The Corporations Division provides public access to corporate annual reports, articles of incorporation, and corporate status change documents. The Securities Division regulates securities dealers and investment advisers. The Utilities Division monitors approximately 500 public service corporations operating in Arizona and establishes public utility rates. Other functions of the commission include inspecting gas pipelines and railroad track.*

PERFORMANCE MEASURES	FY 2002 Appropriation	FY 2002 Actual	FY 2003 Appropriation	FY 2004 Recommend.
• Number of corporations and limited liability companies (LLC's) in Arizona	325,848	300,767	369,268	--
• Average turnaround time in weeks for processing of regular corporate filings	6.5	7	6.5	6.5
• Average turnaround time in days for processing of expedited corporate filings	2	2	2	2
• Average time in days to complete a utility rate case	195	239	200	200
• Number of complaints received by the Securities Division	420	510	450	--
• Number of months required to review complaints received by Securities Division (NEW)		1.5		1.5
• Number of railroad grade crossing accidents	35	29	35	--
• % of agency staff turnover	13	NA	13	13
• Administration as a % of total cost	8.1	NA	8.2	11
• Customer satisfaction rating for Corporations program (Scale 1-8)	6.0	NA	6.0	6.0

Comments: The agency did not submit information for any measure labeled as "NA."

RECOMMENDED CHANGES FROM FY 2003

		FY 2004
Standard Changes	GF	\$(125,000)
	OF	(212,600)
Administrative Cost	GF	(237,800)
Reallocation Plan	OF	237,800

The JLBC recommends a General Fund decrease and corresponding Utility Regulation Revolving Fund increase for an administrative cost re-allocation plan. This amount includes a General Fund decrease of (5.0) FTE Positions and a Utility Regulation Revolving Fund increase of 5.0 FTE Positions in FY 2004 above FY 2003.

Additional Commissioners GF 237,800

The JLBC recommends a General Fund increase to annualize funding for 2 new commissioners and 4 new support staff as provided by Proposition 103, which was approved by voters in the November 2000 election. The 2 new commissioners will take office in January 2003. For FY 2003, the agency received an appropriation of \$347,600 and 6 FTE Positions for partial year funding of commissioners and staff. Of the \$347,600, \$87,000 was for the purchase of one-time equipment. The recommended funding amount reflects the cost of funding the positions for an entire fiscal year.

The recommended \$237,800 increase for annualization costs for commissioners and staff in FY 2004 includes \$214,500 in Personal Services and Employee Related Expenditures, \$5,000 in Travel and \$18,300 in Other Operating Expenditures. The total annual cost for 2 new commissioners and 4 accompanying staff include \$452,000 in Personal Services and Employee Related Expenditures, Travel costs of \$10,000 and Other Operating Expenditures of \$36,400.

Docket Control OF 146,900

The JLBC recommends a Utility Regulation Revolving Fund increase for the purchase of an electronic document management system.

Docket Control currently utilizes a semi-automated document management system, which results in frequent data entry errors and requires time consuming processes impacting staff productivity. The number of documents filed annually has grown from 1,925 in FY 1991 to a level of 14,500 forecasted in FY 2003. The Electronic Document Management System would help manage the increasing caseload faced by the Division more efficiently.

Equipment GF (87,000)

The JLBC recommends a General Fund decrease due to the elimination of funding for one-time equipment.

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JLBC RECOMMENDED FORMAT — Detailed Line Item by Agency. *(In the FY 2003 budget, the department had a Lump Sum by Agency with Special Line Items format.)*

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

Monies in the Utility Audits, Studies, Investigations & Rate Hearings Special Line Item are continuing appropriations and are exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
Arizona Arts Trust (CCA3014/A.R.S. § 41-983.01)		Appropriated
Source of Revenue: One-third of the filing fees for the annual report of domestic and foreign corporations.		
Purpose of Fund: For grants under the Arizona arts program and for other expenditures as authorized by the chairman of the Arizona Arts Commission. The Corporation Commission funds 1 FTE Position with these monies to assist in collecting the fee, with the remainder transferred to the Arts Commission.		
Funds Expended	36,600	43,500
Year-End Fund Balance	0	0
Federal (CCA2000/A.R.S. § 40-441)		Non-Appropriated
Source of Revenue: U.S. Department of Transportation grants.		
Purpose of Fund: To pay up to 50% of the costs associated with the inspection of interstate pipelines transporting gas and hazardous liquids, and conduction of a pipeline safety program.		
Funds Expended	168,600	162,100
Year-End Fund Balance	453,000	597,300
Pipeline Safety Revolving (CCA2174/A.R.S. § 40-443)		Appropriated
Source of Revenue: Civil penalties and fines assessed for the violation of any law, rule, or order pertaining to the safety of the transportation of gas and hazardous liquids, and pipeline facilities.		
Purpose of Fund: For expenses associated with gas and hazardous liquids pipeline facilities safety, including public education, training, purchasing equipment, and inspections.		
Funds Expended	73,000	0
Year-End Fund Balance	315,200	335,200
Public Access (CCA2333/A.R.S. § 10-129.01)		Appropriated
Source of Revenue: Fees for expedited service for the filing of articles of incorporation and other documents.		
Purpose of Fund: For an improved data processing system that allows direct, on-line access by any person at a remote location to all public records concerning corporations and associations.		
Funds Expended	1,746,800	1,818,200
Year-End Fund Balance	978,900	593,700
Securities Investment Management Regulatory and Enforcement (CCA2404/A.R.S. § 44-3298)		Appropriated
Source of Revenue: Fees from licensing of investment advisors and investment advisor representatives, and from costs recovered from enforcement actions associated with the licensing.		
Purpose of Fund: For education, regulatory, investigative and enforcement operations in the Securities Division.		
Funds Expended	733,000	761,200
Year-End Fund Balance	577,200	441,100

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
Securities Regulatory and Enforcement (CCA2264/A.R.S. § 44-2039)		Appropriated
Source of Revenue: Registration and transfer of registration fees for securities dealers and salesmen, and from registration fees for securities exchanges established in the state.		
Purpose of Fund: For education, regulatory, investigative, and enforcement operations in the Securities Division.		
Funds Expended	2,843,000	3,573,900
Year-End Fund Balance	2,485,900	1,852,200
Utility Regulation Revolving (CCA2172/A.R.S. § 40-408)		Appropriated
Source of Revenue: Assessments against public utilities regulated by the Commission, as defined by A.R.S. § 40-401.		
Purpose of Fund: For all expenses incurred by the Utilities Division, including attorneys and legal staff, auditors, economists and other staff employed by the Division.		
Funds Expended	9,793,800	11,947,800
Year-End Fund Balance	12,247,600	10,706,200
Utility Siting (CCA2076/A.R.S. § 40-360.09.10)		Non-Appropriated
Source of Revenue: Fees paid for applications to the Power Plant and Transmission Line Siting Commission for proposed and expanded power plants and transmission lines.		
Purpose of Fund: For costs incurred by the Power Plant and Transmission Line Siting Commission in connection with the activities of the Commission.		
Funds Expended	72,900	63,000
Year-End Fund Balance	63,000	0

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