

Corporation Commission

JLBC: John Malloy
 OSPB: Matt Gottheiner

DESCRIPTION	FY 2003	FY 2004	FY 2005	
	ACTUAL	ESTIMATE	OSPB	JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	300.8	300.8		302.8
Personal Services	13,297,200	13,780,400		13,826,200
Employee Related Expenditures	2,831,100	3,556,700		3,572,500
Professional and Outside Services	566,300	631,100		569,500
Travel - In State	257,400	285,600		285,600
Travel - Out of State	56,400	79,100		79,100
Other Operating Expenditures	3,003,500	2,993,100		2,997,600
Equipment	714,000	578,300		850,900
OPERATING SUBTOTAL	20,725,900	21,904,300		22,181,400
SPECIAL LINE ITEMS				
Utility Audits, Studies, Investigations & Rate Hearings	0	380,000		380,000
AGENCY TOTAL	20,725,900	22,284,300		22,561,400

FUND SOURCES				
General Fund	4,826,400	4,795,300		4,795,300
<u>Other Appropriated Funds</u>				
Arizona Arts Trust Fund	43,500	38,800		38,800
Investment Management Regulatory and Enforcement Fund	749,400	770,800		770,800
Pipeline Safety Revolving Fund	0	0		62,600
Public Access Fund	1,744,000	1,824,500		2,034,500
Securities Regulatory and Enforcement Fund	3,090,000	3,424,000		3,424,000
Utility Regulation Revolving Fund	10,272,600	11,430,900		11,435,400
SUBTOTAL - Other Appropriated Funds	15,899,500	17,489,000		17,766,100
SUBTOTAL - Appropriated Funds	20,725,900	22,284,300		22,561,400
Other Non-Appropriated Funds	32,300	0		0
Federal Funds	238,500	255,700		255,700
TOTAL - ALL SOURCES	20,996,700	22,540,000		22,817,100

CHANGE IN FUNDING SUMMARY

FY 2004 to FY 2005 JLBC

	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	277,100	1.6%
Total Appropriated Funds	277,100	1.2%
Non Appropriated Funds	0	0.0%
Total - All Sources	277,100	1.2%

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 tracks.

PERFORMANCE MEASURES	FY 2003	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Recommend.
• Average turnaround time in weeks for processing of regular corporate filings	6.5	7.0	6.5	7.0
• 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	200	NA	200	200
• Number of months required to review complaints received by Securities Division	--	1.5	1.5	1.5
• % of agency staff turnover	13	NA	13	13
• Administration as a % of total cost	8.2	11.3	11	11.3
• Customer satisfaction rating for Corporations program (Scale 1-8)	6.0	7.4	6.0	7.4

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

RECOMMENDED CHANGES FROM FY 2004

Operating Budget

The JLBC recommends \$22,181,400 for the operating budget in FY 2005. This amount includes:

General Fund	\$4,795,300
Arizona Arts Trust Fund	38,800
Investment Management Regulatory and Enforcement Fund	770,800
Pipeline Safety Revolving Fund	62,600
Public Access Fund	2,034,500
Securities Regulatory and Enforcement Fund	3,424,000
Utility Regulation Revolving Fund	11,055,400

These amounts would fund the following adjustment:

Lease Costs OF \$ 4,500

The JLBC recommends no change from the General Fund for increased lease costs. The agency would absorb a FY 2005 lease increase of \$5,800 within their Other Operating Expenditures. Within its budget, the agency has the discretion to shift these monies from other line items.

The JLBC recommends an increase of \$4,500 from the Utility Regulation Revolving Fund for lease costs.

Corporations Division

Server Replacement OF 210,000

The JLBC recommends a one-time increase of \$210,000 from the Public Access Fund for the purchase of a server for the Corporation's Division. The Division's server was last replaced in FY 2000. The Government Information Technology Agency (GITA) recommends replacing servers every 3 years. GITA has approved a Project Information Justification (PIJ) request for this issue.

Pipeline Safety Equipment OF 62,600

The JLBC recommends an increase of \$62,600 from the Pipeline Safety Revolving Fund in order to purchase training supplies and loan-out equipment for its Master

Meter Training Class. Master meter operators are individuals that purchase metered gas from a public service corporation to provide gas service to 2 or more buildings other than a single-family residence.

Master Meter Training classes assist operators in complying with the regulations of the State of Arizona. The equipment loan-out program enables operators to monitor and maintain their gas distribution equipment. The recommended increase would enable the agency to enhance its training seminars as well as expand its current classes to outlying areas of the state. It would also enable the agency to replace older equipment from its loan-out program.

Corporations Division FTE Positions

The JLBC recommends an increase of 2 FTE Positions in the Corporations Division, using monies normally utilized for temporary employees. The FTE Positions would be used to hire 2 Customer Service Representative II employees in order to address increased workload. The number of active corporations and Limited Liability Companies (LLC's) has increased from 300,800 in FY 2002 to 342,400 in FY 2003 (an increase of 14%). The recommended item would allow the Division to place less reliance on the use of temporary workers.

Special Line Items

Utility Audits, Studies, Investigations & Rate Hearings

The JLBC recommends \$380,000 from the Utility Regulation Revolving Fund for Utility Audits, Studies, Investigations & Rate Hearings in FY 2005. This amount is unchanged from FY 2004.

Monies in this Special Line Item allow the commission to hire outside consultants who provide professional expertise and advice to the Utilities Program staff.

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Standard Footnotes

Monies in the Utility Audits, Studies, Investigations and 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 2003 Actual	FY 2004 Estimate
Arizona Arts Trust (CCA3014/A.R.S. § 41-983.01)		Appropriated
<i>Source of Revenue:</i> One-third of the filing fees for the annual report of domestic and foreign corporations.		
<i>Purpose of Fund:</i> 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	43,500	38,800
Year-End Fund Balance	0	0
Federal (CCA2000/A.R.S. § 40-441)		Non-Appropriated
<i>Source of Revenue:</i> U.S. Department of Transportation grants.		
<i>Purpose of Fund:</i> 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	238,500	255,700
Year-End Fund Balance	489,200	503,500
Investment Management Regulatory and Enforcement (CCA2404/A.R.S. § 44-3298)		Appropriated
<i>Source of Revenue:</i> Fees from licensing of investment advisors and investment advisor representatives, and from costs recovered from enforcement actions associated with the licensing.		
<i>Purpose of Fund:</i> For education, regulatory, investigative and enforcement operations in the Securities Division.		
Funds Expended	749,400	770,800
Year-End Fund Balance	565,600	561,200
Pipeline Safety Revolving (CCA2174/A.R.S. § 40-443)		Appropriated
<i>Source of Revenue:</i> Revenues from 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. Pursuant to the FY 2004 Public Finance Omnibus Reconciliation Bill (ORB), these revenue sources are now deposited in the state General Fund.		
<i>Purpose of Fund:</i> For expenses associated with gas and hazardous liquids pipeline facilities safety, including public education, training, purchasing equipment, and inspections.		
Funds Expended	0	0
Year-End Fund Balance	395,200	395,200
Public Access (CCA2333/A.R.S. § 10-129.01)		Appropriated
<i>Source of Revenue:</i> Fees for expedited service for the filing of articles of incorporation and other documents.		
<i>Purpose of Fund:</i> 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	1,744,000	1,824,500
Year-End Fund Balance	993,400	790,800
Securities Regulatory and Enforcement (CCA2264/A.R.S. § 44-2039)		Appropriated
<i>Source of Revenue:</i> Registration and transfer of registration fees for securities dealers and salesmen, and from registration fees for securities exchanges established in the state.		
<i>Purpose of Fund:</i> For education, regulatory, investigative, and enforcement operations in the Securities Division.		
Funds Expended	3,090,000	3,424,000
Year-End Fund Balance	2,314,800	1,562,000

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
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	10,272,600	11,430,900
Year-End Fund Balance	2,858,900	11,711,600
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	32,300	0
Year-End Fund Balance	20,100	20,100

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