

## Corporation Commission

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	300.9	300.9	300.9 <sup>1/</sup>
Personal Services	15,681,800	16,515,000	16,515,000
Employee Related Expenditures	6,154,900	6,254,200	6,130,200
Professional and Outside Services	473,800	264,500	264,500
Travel - In State	121,100	168,800	168,800
Travel - Out of State	114,800	87,000	87,000
Other Operating Expenditures	2,929,300	2,708,800	2,792,900
Equipment	370,800	201,500	201,500
<b>OPERATING SUBTOTAL</b>	<b>25,846,500</b>	<b>26,199,800</b>	<b>26,159,900</b>
<b>SPECIAL LINE ITEMS</b>			
Corporation Filings, Same-Day Service	0	398,500	397,300 <sup>2/</sup>
Corporations Division Database Upgrade	0	0	2,000,000 <sup>3/</sup>
Named Claimants	600	0	0
Securities Division Database Upgrade	20,000	0	0
Utilities Audits, Studies, Investigations & Hearings	0	380,000	380,000 <sup>4/</sup>
<b>AGENCY TOTAL</b>	<b>25,867,100</b>	<b>26,978,300</b>	<b>28,937,200 <sup>5/</sup></b>
<b>FUND SOURCES</b>			
General Fund	606,100	614,200	2,611,600
<u>Other Appropriated Funds</u>			
Arizona Arts Trust Fund	50,100	50,100	49,900
Investment Management Regulatory and Enforcement Fund	715,100	712,600	708,900
Public Access Fund	6,174,900	6,541,400	6,558,800
Securities Regulatory and Enforcement Fund	4,718,000	4,898,700	4,909,600
Utility Regulation Revolving Fund	13,602,900	14,161,300	14,098,400
SUBTOTAL - Other Appropriated Funds	25,261,000	26,364,100	26,325,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>25,867,100</b>	<b>26,978,300</b>	<b>28,937,200</b>
Other Non-Appropriated Funds	9,000	0	0
Federal Funds	812,100	825,000	825,000
<b>TOTAL - ALL SOURCES</b>	<b>26,688,200</b>	<b>27,803,300</b>	<b>29,762,200</b>

**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.

<sup>1/</sup> Includes 2 OF FTE Positions funded from Special Line Items in FY 2017.

<sup>2/</sup> The \$397,300 appropriated from the Public Access Fund for the Corporation Filings, Same-Day Service line item reverts to the Public Access Fund established by A.R.S. § 10-122.01 at the end of FY 2017 if the commission has not established a same-day service pursuant to A.R.S. § 10-122. (General Appropriation Act footnote, as adjusted for statewide allocations)

<sup>3/</sup> This appropriation is exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations until June 30, 2018.

<sup>4/</sup> This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act Footnote)

<sup>5/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### **Operating Budget**

The budget includes \$26,159,900 and 298.9 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

	<b>FY 2017</b>
General Fund	\$611,600
Arizona Arts Trust Fund	49,900
Investment Management Regulatory and Enforcement Fund	708,900
Public Access Fund	6,161,500
Securities Regulatory and Enforcement Fund	4,909,600
Utility Regulation Revolving Fund	13,718,400

These amounts fund the following adjustments:

#### **Risk Management Funding Increase**

The budget includes an increase of \$77,000 in FY 2017 for a Risk Management funding increase. This amount consists of:

Public Access Fund	45,000
Securities Regulatory and Enforcement Fund	32,000

#### **Statewide Adjustments**

The budget includes a decrease \$(116,900) in FY 2017 for statewide adjustments. This amount consists of:

General Fund	(2,600)
Arizona Arts Trust Fund	(200)
Investment Management Regulatory and Enforcement Fund	(3,700)
Public Access Fund	(26,400)
Securities Regulatory and Enforcement Fund	(21,100)
Utility Regulation Revolving Fund	(62,900)

*(Please see the Agency Detail and Allocations section.)*

### **Corporation Filings, Same-Day Service**

The budget includes \$397,300 and 2 FTE Positions from the Public Access Fund in FY 2017 for Corporation Filings, Same-Day Service. These amounts fund the following adjustments:

#### **Statewide Adjustments**

The budget includes a decrease of \$(1,200) from the Public Access Fund in FY 2017 for statewide adjustments.

A footnote in the General Appropriation Act specifies that monies in this line item revert to the Public Access Fund if the commission has not established a same-day service pursuant to A.R.S. § 10-122. The fee for same-day and next-day services must be determined by a supermajority vote of the Commissioners. To date, such a fee has not

been set and same-day and next-day services have not been implemented.

### **Corporations Division Database Upgrade**

The budget includes \$2,000,000 from the General Fund in FY 2017 for an upgrade to the Corporations Division database software. This amount funds the following adjustments.

#### **One-Time Database Upgrade Funding**

The budget includes an increase of \$2,000,000 from the General Fund in FY 2017 for one-time funding to replace database software.

Monies will be used to replace 2 outdated database and document imaging systems in the Corporations Division. The new software will include imaging and accounting components which will allow the public to submit documents and payments online. The General Appropriation Act exempts this funding from lapsing until June 30, 2018.

Laws 2016, Chapter 322 requires the Corporation Commission to create a searchable database of documents filed within the past 90 days at the Corporations Division by business entities located in Pima and Maricopa Counties. Previously, all businesses were required to publish a copy of the document in a newspaper. Business entities located in all other counties are still required to publish these documents in a newspaper.

### **Utilities Audits, Studies, Investigations & Hearings**

The budget includes \$380,000 from the Utility Regulation Revolving Fund in FY 2017 for Utilities Audits, Studies, Investigations & Hearings. This amount is unchanged from FY 2016.

Monies in this line item allow the commission to hire outside consultants to provide professional expertise and advice to the Utilities Program staff.

#### **Other Issues**

### **Small Water Systems Fund Reporting Requirement**

The General Appropriation Act requires that the Corporation Commission and the Water Infrastructure Finance Authority (WIFA) jointly report the total expenditures from the Small Water Systems Fund in FY

2017 for emergency grants to interim operators of small water systems by August 1, 2017.

The General Appropriation Act appropriated \$500,000 to the Small Water Systems Fund in FY 2017 and this funding is displayed in the Office of Economic Opportunity agency pages. Monies in the fund are used for emergency grants to interim operators of small water systems. WIFA approves the grants on recommendation of the Corporation Commission. Laws 2016, Chapter 372 transfers WIFA to the Office of Economic Opportunity.

#### ***Additional Legislation***

##### ***Distributed Energy Generation Systems***

Laws 2016, Chapter 56 makes changes to statutory requirements relating to the sale, warranty, and interconnection of distributed energy generation systems, such as solar panels. The Environment Budget Reconciliation Bill (Laws 2016, Chapter 120) further amends Laws 2016, Chapter 56 by allowing individuals to connect their distributed energy generation system to their utility's power grid using their utility's effective interconnection requirements, instead of using the interconnection standards developed by the Corporation Commission.