

**CORPORATION COMMISSION**

The Honorable Carl Kunasek, Commissioner/Chairman

A.R.S. § 40-101

JLBC Analyst: Paul Shannon

<b>General Fund and Other Appropriated Funds</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Estimate</b>	<b>FY 2001 Approved</b>
<u>Program Summary</u>			
Administration/Hearings	1,952,200	2,108,400	2,160,900 <sup>1/</sup>
Corporations	3,558,700	4,578,700	4,090,000
Legal	1,144,000	1,211,000	1,244,600
Railroad Safety	487,600	647,900	694,400
Securities	3,970,700	4,362,600	4,647,700
Utilities	5,625,600	6,591,200	6,556,100
<b>Total Appropriations</b>	<b>16,738,800</b>	<b>19,499,800</b>	<b>19,393,700</b>
<u>Expenditure Detail</u>			
FTE Positions	283.0	296.5	296.5 <sup>2/</sup>
Personal Services	7,848,200	9,116,500	9,291,900 <sup>1/</sup>
Employee Related Expenditures	1,659,300	1,889,300	1,928,600 <sup>1/</sup>
Professional and Outside Services	558,900	907,900	907,900
Travel - In State	195,800	177,800	215,300
Travel - Out of State	86,500	71,400	71,400
Other Operating Expenditures	1,949,400	2,338,400	2,337,800
Equipment	1,287,800	1,225,800	433,000
<b>Operating Subtotal</b>	<b>13,585,900</b>	<b>15,727,100</b>	<b>15,185,900</b>
Utility Audits, Studies, Investigation and Rate Hearings	452,600	250,000	250,000 <sup>3/</sup>
Investment Management Act	666,600	696,800	711,700
Railroad Warning Systems	79,100	192,000	192,000 <sup>3/</sup>
Securities Revolving Fund	1,954,600	2,633,900	2,681,900
<b>Total</b>	<b>16,738,800</b>	<b>19,499,800</b>	<b>19,021,500</b>
<b>Additional Appropriations -</b> Corporation Commission; Appropriation, Ch. 197	<b>0</b>	<b>0</b>	<b>372,200 <sup>4/</sup></b>
<b>Total Appropriations</b>	<b>16,738,800</b>	<b>19,499,800</b>	<b>19,393,700 <sup>5/</sup></b>
<u>Fund Summary</u>			
General Fund	5,714,500	6,170,800	6,105,400
General Fund Set-Aside	0	0	11,000 <sup>1/</sup>
General Fund Total	5,714,500	6,170,800	6,116,400
Arizona Arts Trust Fund	29,800	34,100	34,900
Investment Management and Regulatory Enforcement Fund	666,600	696,800	711,700
Public Access Fund	1,480,100	1,981,100	1,670,400
Securities Regulatory and Enforcement Fund	1,954,600	2,633,900	2,881,900
Utility Regulation Revolving Fund	6,893,200	7,983,100	7,978,400
<b>Total Appropriations</b>	<b>16,738,800</b>	<b>19,499,800</b>	<b>19,393,700</b>

## CORPORATION COMMISSION (Cont'd)

**Agency Description** — *The Arizona Corporation Commission was established by Article 15 of the Arizona Constitution and consists of 3 statewide elected Commissioners, each serving 6-year terms. The commission's primary responsibilities are divided among divisions including Corporations, Securities, and Utilities. The Corporations Division administers the corporations code and provides public access to corporate annual reports, articles of incorporation, and corporate status change documents. The Securities Division regulates securities dealers and investment advisers, investigating possible violations of the Arizona Securities Act. The Utilities Division monitors approximately 500 public service corporations operating in Arizona. This division acts as an independent party in reviewing and establishing public utility rates, and monitoring compliance with commission regulatory decisions. Other functions of the commission include inspecting gas pipelines, operating the pipeline safety program, inspecting railroad track and hazardous cargo transport along railways, and also erecting warning devices at potentially dangerous railroad crossings throughout the state.*

**Additional Appropriations:** Corporation Commission: Appropriation (Chapter 197) — Appropriates \$200,000 from the Securities Regulatory and Enforcement Fund in FY 2001 for the investigation and prosecution of Internet crimes. The act also appropriates \$42,200 from the Utility Regulation Revolving Fund in FY 2001 to annualize a FY 2000 salary adjustment for hearing officers. Finally, the act appropriates an additional \$130,000 from the Utility Regulation Revolving Fund to the Utility Audits, Studies, Investigations and Rate Hearings Special Line Item. The monies are to be used to hire additional consultants to analyze 4 unexpected utility merges and to complete a legislative reporting requirement concerning the adequacy of electrical power transmission facilities.

**Additional Legislation:** Corporation Commission Members (SCR 1005) — Senate Concurrent Resolution 1005 puts a constitutional amendment on the statewide ballot in November 2000 to increase the number of commissioners on the Corporation Commission from 3 to 5. The 2 additional commissioners would be elected at the 2002 General Election. The resolution also extends the allowed number of consecutively served terms from 1 to 2 and reduces the term served from 6 years to 4 years.

**Other Issues:** Elected Official Salary Adjustments — With the exception of legislators, elected official salaries are determined by the recommendation of the Governor and the Commission on Salaries for Elective State Officers. As part of the Executive supplemental budget recommendations, the Governor recommended that the salary of the 3 Corporation Commissioners be increased from \$73,000 to \$79,500 on January 1, 2001. The FY 2001 set-aside estimate includes \$11,000 in General Fund monies to provide half-year funding for the commissioners' salary adjustment. This set-aside amount is not formally added to the Corporation Commission's budget but reflects the current estimate of a potential

FY 2001 supplemental. (See the salary adjustment discussion in the General Provisions section of this report for additional information.)

[Click here for more information from the initial biennial appropriations report \(June 1999\)](#)

- 1/ The General Fund Set-Aside includes \$9,800 for Personal Services and \$1,200 for Employee Related Expenditures for Corporation Commissioners salary increases, effective January 1, 2001. The set-aside is not formally appropriated to the budget but reflects the current estimate of a potential FY 2001 supplemental.
- 2/ Includes 51 FTE Positions funded from Special Line Items in FY 2001.
- 3/ 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)
- 4/ Of this amount, \$330,000 are continuing appropriations and exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations.
- 5/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.