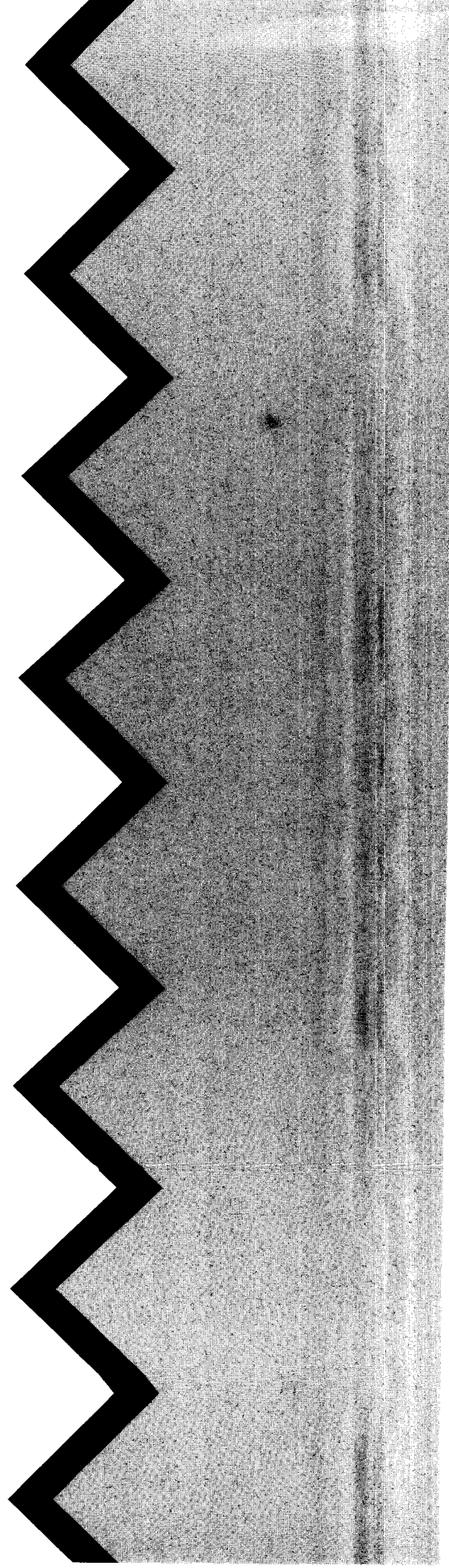


ARIZONA CORPORATION COMMISSION

85<sup>th</sup>  
Annual Report  
1996-97





## THE COMMISSIONERS

Jim Irvin, Commissioner Chairman  
Renz D. Jennings, Commissioner  
Carl J. Kunasek, Commissioner

## EXECUTIVE SECRETARY

Jack Rose 1997  
Geoffrey Gonsler 1997  
James Matthews 1985 - 1997

## DIVISION DIRECTORS

### Administration

Stuart Brackney 1997  
Philip Moulton 1985 - 1997

### Hearing

Jerry Rudibaugh

### Utilities

Carl Dabelstein 1997  
Gary Yaquinto 1987 - 1997

### Corporations

Joanne MacDonnell 1997  
Joan Adams Moore 1981 - 1997

### Legal

Lindy Funkhouser 1997  
Paul Bullis 1991-1997

### Securities

Dee Riddell Harris 1989-1997

### Main Office

1200 West Washington  
Phoenix, Arizona 85007

### Adjunct Offices

1300 West Washington  
Phoenix, Arizona 85007

### Southern Arizona Office

400 West Congress Street  
Tucson, Arizona 85701

### Services:

Commissioners  
Executive Secretary  
Administration  
Hearing  
Utilities  
Legal

### Services:

Corporations  
Securities

1400 W. Washington  
Phoenix, Arizona 85007

### Services:

Securities

### Services:

Corporations  
Hearing  
Utilities

ARIZONA CORPORATION COMMISSION

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Annual Report  
1996-97



**ARIZONA CORPORATION COMMISSION**

1200 West Washington  
Phoenix, Arizona 85007  
Phone: (602) 542-2237  
Fax: (602) 542-4111  
[www.cc.state.az.us](http://www.cc.state.az.us)

85<sup>th</sup> Annual Report



## MISSION

To exercise exclusive state regulatory authority over public service corporations (public utilities) in the public interest; to grant corporate status and maintain public records; to ensure the integrity of the securities marketplace; and to foster the safe operation of railroads and gas pipelines in Arizona.

## ALTERNATIVE FORMAT NOTICE

This document is available in alternative formats by contacting the office of the Executive Secretary, voice phone number 602/542-3931 or Cynthia Sandoval, voice phone number 602/542-0838.



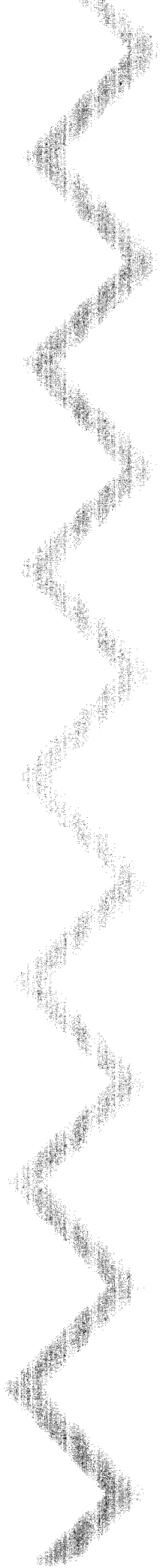
## FOREWORD

The Arizona Corporation Commission was created by Article XV of the Arizona Constitution in 1912. It is comprised of three commissioners elected by the people of Arizona, each for a six-year term, with one commissioner elected every two years. In the event a vacancy occurs, an interim commissioner is appointed by the governor to serve until the next general election.

This annual report addresses the transactions and proceedings of the Arizona Corporation Commission during the period July 1, 1996 - June 30, 1997. As required by Arizona Revised Statutes, this report was transmitted to the Governor of the State of Arizona, the President of the Senate and the Speaker of the House of Representatives.

For current updates on the Commission's activities, open meetings, hearings, job openings and press releases, visit the agency internet website: [www.cc.state.az.us](http://www.cc.state.az.us)

Additional copies may be acquired by contacting the Office of the Executive Secretary, 1200 West Washington, Phoenix, Arizona 85007.





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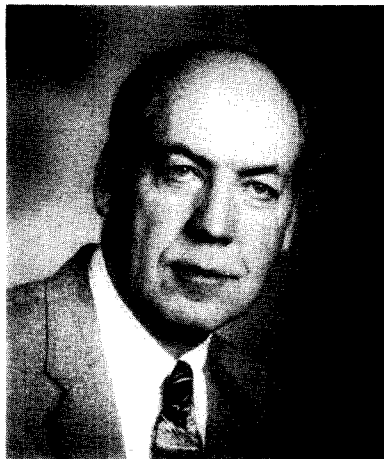
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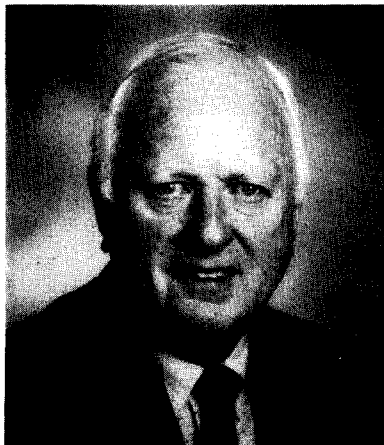
**Jim Irvin**  
**Commissioner-Chairman**

Jim Irvin is a resident of Scottsdale and was elected to the Commission in November 1996 for the term beginning January 1997. He received a Bachelor of Science degree from the University of Southern California and a Masters of Business Administration from Loyola Marymount University. He served in the private sector as President and CEO of C.S.G. Security Service, Inc. until his election as commissioner. He currently serves as the chairman of the Commission. His current term runs through January 2003.



**Renz D. Jennings**  
**Commissioner**

Renz Jennings, an Arizona native, was first elected to the Commission in November 1984 for the term beginning January 1985. Commissioner Jennings has a J.D. from the ASU College of Law and served three terms in the Arizona House of Representatives prior to his election to the Commission. He chairs the Committee of the Energy Resources and the Environment of the National Association of Regulatory Utility Commissioners and is past president of the Western Conference of Public Service Commissioners. He is currently serving in his third term on the Commission, which ends January 1999.



**Carl J. Kunasek**  
**Commissioner**

Carl J. Kunasek was elected commissioner in November 1994 for the term beginning January 1995. He received a Bachelor of Science degree from Creighton University, Omaha, Nebraska in 1955 and has been an Arizona resident since 1961. He was appointed by President Bush and confirmed by the U.S. Senate to be a Commissioner of the Navajo and Hopi Relocation Commission from 1990 - 1994. He was a member of the Arizona State Senate from 1983 - 1989 where he served as President of the Senate 1987 - 1989. He also served in the Arizona House of Representatives from 1972 - 1982. His current term runs





## EXECUTIVE SECRETARY

### Jack Rose

Jack Rose has served as executive secretary since June 1997. He holds a Bachelor of Arts degree in political science from Yale University and a J. D. from Harvard Law School. Mr. Rose served as an elected member of the Mohave County Board of Supervisors from 1985 to 1989, and chairman of the Budget, Finance, and Audit Subcommittee of the Maricopa County Charter Committee in 1996. He has worked as a management consultant and as CEO and co-founder of a small company, which developed, built and financed low-income housing.

The executive secretary is the chief executive officer for the Arizona Corporation Commission. He is responsible for daily operations in all divisions and the development and implementation of commission policies. The executive secretary's powers and duties are listed in A.R.S. § 40-105.

The executive secretary coordinates activities for each division, provides overall agency management and planning, coordinates public and media information and serves as inter-governmental liaison for the Corporation Commission.



## ADMINISTRATION DIVISION

**Stuart Brackney**  
**Director/Deputy Executive Secretary**

**Mission:** To provide the executive leadership and decision-making authority for the timely resolution of matters coming before the Commission; to plan, coordinate and direct the administrative and fiscal activities necessary to support the commissioners and all the divisions of the Commission.

The Administration Division is composed of the three elected commissioners and their staffs, the executive secretary's office and the administrative functions which provide the fiscal and administrative service necessary to support all divisions of the Corporation Commission. The division director oversees the administrative and fiscal functions and also serves as the Deputy Executive Secretary, performing the duties of the Executive Secretary during the incumbent's temporary absences.

The executive secretary's staff performs many administrative functions in conjunction with the division. These include: preparation of the open meeting agendas and keeping records of all proceedings of the Commission, coordination of civic activities, and projects of benefit to the Commission.

### OPEN MEETING AND OTHER PROCEEDINGS

The Commission meets in five types of forums. In all instances the activities of the Commission are controlled by the Arizona Open Meeting Law, the Commission's ex-parte rule on unauthorized communications, and the Arizona Administrative Procedures Act.

The Commission conducts formal hearings on contested matters such as rate requests, complaints, and securities

violations. Evidence is collected at hearing, but no vote is taken. All decisions of the Commission are made in open meetings. Open meetings are conducted after the agenda of the meeting has been made available to the public. In some limited instances, such as legal matters and personnel matters, the Commission may meet in executive session. Hearings, open meetings, and executive sessions, while administrative in nature, are very formal in process. The Commission usually meets prior to its regular open meetings in a more informal special open meeting, referred to as a working session. In these publicly noticed meetings, the Commission conducts discussion on the matters to be considered at the regular open meeting. Comments may be received from the public, interested parties, and the staff of the Commission. The Commission also conducts workshops where issues are discussed. No votes are taken or decisions made at either the working session or workshops. The number of meetings of these various types are shown in the Hearing Division's section of this annual report.

### LEGISLATIVE ACTIVITIES

The Arizona Legislature enacts new laws every year which impact the Commission and the people the agency serves. Laws which affect regulated entities, consumers of regulated services, and corporate Arizona must be monitored and, in some cases, implemented by the Commission. Because of the Commission's broad ranging authority, the

Administration Division coordinates all of the Commission's legislative activities in conjunction with each division. Additionally, the agency's budget is set by the legislature each year.

#### EMPLOYEES

Commission employees have often been recognized for their personal efforts and contributions to fulfill civic needs. During FY 1996-97, the commissioners and employees:

Contributed \$8,640 to the State Employees Charitable Campaign which supports United Way agencies, national health agencies, international service agencies and local non-affiliated agencies.

Donated twenty-one pints of blood in specially arranged blood drives held at the Commission's facilities. Donated 15 cases of canned food to help brighten the Christmas of needy families in the valley.

Fully supported and actively participated in environmental improvement activities such as the "Clean Air Force" (car pools, Don't Drive One-in-Five Campaign and bus ridership), and recycling of paper and newsprint.

The Commission's affirmative action plan was updated. The plan transmitted to the Governor's Office of Affirmative Actions, demonstrates that the Commission met overall parity goals.

The Commission continued to fund a "Tuition Assistance" program for its employees. The objectives of the program include: improve job capability, performance and morale; encourage personal growth and development; and provide a source of qualified personnel for advancement as vacancies occur.

#### BUSINESS OFFICE

The Business Office is responsible for providing all accounting, payroll, purchasing and personnel support for the Commission as well as budget preparation. All but budget preparation is overseen by the business officer manager. The

Commission's budget is developed and submitted by the Administration Division director in coordination with the executive secretary and the directors of the other divisions of the Commission. Fiscal information related to the budget and expenditures is included in Appendix A.

The Business Office is also the Commission's main point of contact with other state agencies involving business activities. The office works closely with such state entities as the State Treasurer, General Accounting Office, State Human Resources and the State Procurement Office. During FY 1996-97, the Business Office received and processed \$27,590,300 in revenue to the State Treasurer, of which \$17,027,000 was deposited in the state's General Fund. The general fund receipts of the Corporation Commission were among the highest of all state agencies. In addition to revenue deposits, the business office issued 425 purchased orders; 3,097 claims; received and entered into inventory 376 items; and serviced 275 employees through personnel actions and payroll transactions.



## HEARING DIVISION

**Jerry Rudibaugh**  
**Chief Hearing Officer**

**Mission:** To conduct hearings/arbitrations, analyze the evidence and draft recommended decisions for the commissioners' consideration and approval.

The Hearing Division exercises the Commission's authority to hold public hearings/arbitrations on matters involving the regulation of public service corporations, the sale of securities and the registration of non-municipal corporations. Under the direction of the presiding hearing officer, proceedings are conducted on a formal basis through the taking of direct testimony, the cross-examination of witnesses, the admission of documentary and other physical evidence, and the submission of oral arguments or post-hearing briefs.

Evidentiary and procedural rulings are made by the presiding hearing officer from the bench. Rate applications are processed under the procedural schedule established by the hearing officers, in order to ensure that proposed Opinion and Orders are issued in a timely manner within the framework of the Commission's "timeclock" rules.

During FY 1996-97, the six hearing officers in the division conducted 207 public hearings/arbitrations, encompassing a total of 232 days. A summary of hearings/arbitrations follows.

### PUBLIC HEARINGS CONDUCTED FOR FISCAL YEAR 1996-97

TYPE OF HEARING	NO.
Rate Case .....	26
Transfers/Sales.....	13
Certificates of Convenience and Necessity.....	25
Orders to Show Cause and Complaints .....	20
Financing .....	5
Rules (new and amended).....	2
Adjudications.....	0
Deletions.....	1
Securities Division .....	18
Railroad/Safety Group .....	15
Tariff .....	1
Pre-Hearing Conference.....	30
Public Comments .....	9
CC&N Extensions.....	15
Miscellaneous (oral arguments, motions to compel, etc.).....	5
<u>Arbitration .....</u>	<u>22</u>
<b>TOTAL.....</b>	<b>207</b>

Based upon the record evidence presented at public hearings, or filings made in non-hearing matters, the presiding hearing officer prepares a recommended order

which sets forth the pertinent facts, discusses applicable law, and proposes a resolution of the case for the commissioners' consideration. The Commission regularly holds open meetings to deliberate and vote upon the recommended orders. During the FY 1996-97, the Hearing Division prepared a total of 237 recommended orders, 153 for cases involving a hearing and 84 for non-hearing matters, mainly expedited rate applications for small water companies, coin-operated pay telephones, and municipal LATA resellers.

Throughout the pendency of cases before the Commission, the presiding hearing officer may issue procedural orders to govern the preparation and conduct of the proceedings, including: discovery, intervention, the hearing date, filing dates, public notice, and motions. During FY 1996-97, the Hearing Division issued 478 such orders.

In addition to its regular workload, the Hearing Division conducted arbitrations pursuant to the 1996 Federal Telecommunications Act. The arbitrations concerned interconnection agreements

between the incumbent local exchange carrier, U S West, and other telecommunication companies that wished to provide local exchange service. The arbitrators also conducted proceedings to set costs, to establish quality of service standards, and to review electronic interfaces. These arbitrations implemented new federal legislation and involved very complex, technical issues.

As to FY 97-98, the Hearing Division anticipates continuation in the workload related to arbitrations. At the same time, the Hearing Division anticipates an increase in the workload related to electric restructuring. Further, workload increases in the areas of securities (major rule changes) are anticipated as well as increases in the number of small to medium-sized water company rate cases and financing applications.



## CORPORATIONS DIVISION

**Joanne MacDonnell**  
**Director**

**Mission:** To grant corporate or limited liability company status to companies organizing under the laws of Arizona; to issue licenses to foreign corporations and limited liability companies who propose doing business in this state; and to maintain their files for benefit of public record and service of process.

The Corporations Division approves for filing all articles of incorporation for Arizona businesses; all articles of organization for limited liability companies; grants authority to foreign corporations to transact business in this state; propounds interrogatories when necessary to determine a company's lawful purpose; and revokes the corporate charters of those corporations which choose to not comply with Arizona law. The division collects from every corporation an annual report which reflects its current status, business, and depending upon certain criteria, financial condition; maintains this information in a format conducive to public access; responds to public questions concerning Arizona businesses and corporation law; and responds to the needs of the business sector by disseminating whatever information is mission.critical to them in the most expedient and cost effective manner possible.

Any significant changes to Articles of Incorporation or Articles of Organization for limited liability companies in the form of amendments, mergers, consolidations, dissolutions or withdrawals are also filed with the division. All filings are public record and available for inspection. Copies of documents may be secured for a nominal fee.

The Corporations Division has limited investigatory powers and no regulatory authority. However, the articles of incorporation of an Arizona corporation

may be revoked or administratively dissolved if certain statutory requirements are not met. Likewise, the authority of a foreign (non-Arizona) corporation to do business in Arizona may be revoked.

The Corporations Division is comprised of six sections, with each Section designed to perform specific functions. The division also provides staffing in the Tucson Office of the Corporation Commission for service to the residents of Southern Arizona.

### **CORPORATE FILINGS SECTION**

The Corporate Filings Section approves and processes all filings directly related to Articles of Incorporation and Organization. The section determines availability of corporate/LLC names, processes applications filed by foreign corporations seeking authority to transact business in Arizona. As of June 30, 1997, there were a total of 168,237 corporations and limited liability companies transacting business in the State of Arizona.

This section works in conjunction with the Departments of Real Estate, Insurance, Banking and the Registrar of Contractors to ensure consistency between agencies relative to filing requirements. It also works closely with the office of the Secretary of State. Laws pertaining to corporate and limited liability company names are similar to those governing trade names, which are administered by the Secretary of State.

The number of documents processed by the Corporate Filings Section during FY 1996-97 were as follows:

Domestic Articles of Incorporation ..	13,260
Foreign Applications for Authority .....	3,571
Amendments .....	6,150
Domestic and Foreign Mergers .....	895
Domestic LLC's .....	6,644
Foreign Applications for LLC's.....	451

**ANNUAL REPORTS SECTION**

The Annual Reports Section is responsible for processing all annual reports filed by corporations transacting business in Arizona. The reports are checked to ensure all statutory requirements have been met. During FY 1996-97, this section processed over 95,000 Annual Reports.

The Annual Reports Section is further responsible for recording statutory agent changes and any changes to general corporate information which occur during the year. Additionally, this section is responsible for carrying out the provisions of A.R.S. § 10-1420 & 10-1530 relating to the administrative dissolution of a domestic corporation or revocation of a foreign corporation's authority to transact business in Arizona for failure to meet filing requirements. This action is taken after due process including the issuance of a notice of delinquency sixty days prior to revocation.

**RECORDS SECTION**

The Records Section is responsible for maintaining all corporation and limited liability company documents filed with the Commission, and certifies copies of any and all corporate and limited liability company documents on file for introduction into court and private business transactions. All corporate files are public record. Microfilmed files may be viewed by the public at the customer service counter. Hard copies of documents can be purchased at a minimal cost per page.

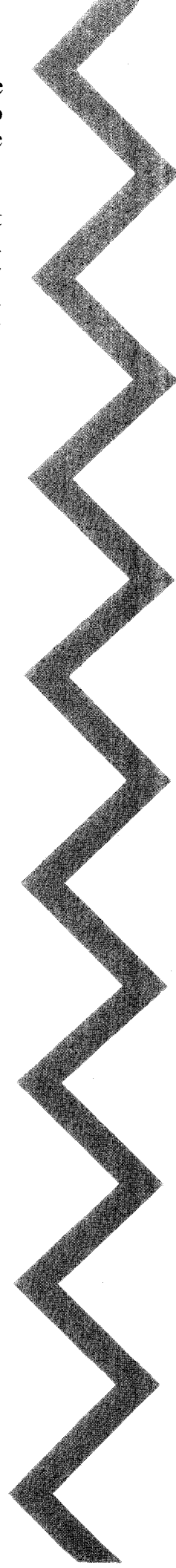
This Section also provides a telephone information service for public inquiries regarding corporate status and general information. The recorded number of corporate status calls during FY 1996-97

exceeded 500,000. An incoming WATS line is available to provide toll free service to Arizona residents living outside the metropolitan Phoenix and Tucson areas.

The Corporation Commission acts as agent for Arizona corporations and limited liability companies whenever either entity does not maintain a statutory agent or when the agent cannot be located. In these instances, services of process directed to the Commission are accepted and processed by the Records Section.

**STARPAS OPERATION**

The State of Arizona Public Access System (STARPAS) project was mandated in FY 1992-93 by A.R.S. 10129.01 and 101085.01. STARPAS provides online public access to corporate records on file with the Commission. The STARPAS project was completed in FY 1994-95, and serves 285 private sector customers, 60 government agencies and over 60 commission staff members. The STARPAS operations section is responsible for the management and enhancement of this system, and a similar system, which supports the Secretary of State's office, as well as all computer related issues for the corporations, administration and legal divisions.





## SECURITIES DIVISION

**Dee Riddell Harris**  
**Director**

**Mission:** To ensure the integrity of the securities marketplace through investigative actions as well as the registration and/or oversight of securities, securities dealers and brokers, investment advisers and their representatives; to enhance legitimate capital formation; and to minimize the unnecessary burden and expense of regulatory compliance on legitimate business.

The division reviews prospective offerings of securities to ascertain that full and fair disclosure is made to potential securities investors and that the terms of offerings are not inherently fraudulent. Securities dealers and salespersons are required to register, and investment advisers and investment adviser representatives are required to license with the division. The division reviews these applications and monitors the conduct of investment advisers and investment adviser representatives, dealers and salespersons; investigates possible violations; where the evidence warrants, brings administrative, civil or criminal enforcement actions; and conducts programs to educate investors to protect themselves. The division consists of five sections: Corporation Finance, Trading and Markets, Office of the General Counsel, Enforcement and Financial Analysis.

**CORPORATION FINANCE SECTION**  
Corporation Finance is involved in the review of applications for registration of securities under the Arizona Securities Act. The section also reviews applications for exemption from the registration provisions of the Act. The section participates in the early stages of the capital formation process through its pre-filing conferences with issuers. The division makes its staff available to issuers through pre-filing conferences in which a potential issuer meets with members of the staff to discuss

applications to register securities. The time a filing spends in the review process is significantly reduced by this program. Section staff participated in 11 pre-filing conferences last year.

The Corporate Finance Section processed 11,395 applications for securities registration, 1,563 filings for various exemptions from registration and 1,736 name change requests during FY 1996-97.

The division participated in a national committee which developed and implemented a system for coordinating the registration of corporate securities between all but four states which register securities. Arizona is the coordinating state in the system which effects substantial cost savings for small companies going public.

### **ENFORCEMENT SECTION**

The division's enforcement section maintains an active program in order to ensure integrity in the marketplace and to preserve the investment capital formation process, rather than permitting capital to be lost to swindles or deceptive practices.

The Arizona Corporation Commission is granted the authority to issue an Order to Cease and Desist, apply to the Superior Court of Maricopa County for an injunction, transmit evidence to the Attorney General who may petition the Superior Court of



Maricopa County for the appointment of a conservator or receiver, and transmit evidence to the Attorney General who may directly institute, or cause to be instituted, criminal proceedings. During FY 1996-97, the section initiated 44 investigations and had a total of 81 cases under investigation. It instituted 13 administrative proceedings and transmitted evidence to the Attorney General which resulted in 4 civil cases involving 44 defendants and 8 criminal cases involving 16 defendants. The Securities Division makes a substantial commitment to its cases once litigation is commenced. Its investigators and certified public accountants become essential factors in the litigation in terms of marshaling witnesses and providing expert testimony. Because of their familiarity with the facts in the case they have investigated, the division attorneys are appointed Special Assistant Attorneys General to assist during litigation. A total of 137 subpoenas were issued and 70 examinations under oath were taken during the year.

**REGULATORY MARKETS SECTION**

This section is responsible for the administration of the registration and licensing provisions of the Securities Act and the Investment Management Act. Staff conducts on-site examinations of dealers and investment advisers to ensure compliance with these Acts. The Corporation Commission is authorized to deny, suspend, or revoke a registration or license, to assess fines and to order restitution. During FY 1996-97 the section processed 1,585 dealer and 78,333 agent registrations. During FY 1996-97, the section initiated 25 investigations and had a total of 6 cases under investigation. It instituted 2 administrative proceedings and transmitted evidence to the Attorney General which resulted in 3 criminal cases involving 6 defendants. A total of 36 subpoenas were issued and 22 examinations under oath were taken during the year.

**FINANCIAL ANALYSIS SECTION**

The Financial Analysis Section is staffed by certified public accountants (CPA) who provide financial analysis and forensic

accounting support to the other four sections. The accounting staff is called upon to review financial statements submitted by applicants for registration of securities or as dealers. The CPAs also play an integral role in developing cases for trial. Such cases, to a large degree, involve the findings, conclusions and expert testimony that the CPAs provide as a result of their forensic accounting efforts.

**OFFICE OF GENERAL COUNSEL**

The responsibilities of the Office of General Counsel include: the No-Action (interpretive) letter program, administrative rule making, supervision of the duty officers responding to inquiries from the public, drafting legislation and providing assistance to other sections as requested by the director or assistant director. Additionally, the general counsel staff works with the business and financial communities on capital formation issues.

**ADMINISTRATIVE MATTERS:**

The division's investor education program consists of a year-round speakers bureau for civic and consumer groups, distribution of investor education brochures, bulletins and videos, and on-going dissemination of investor information to local regional and national media to reach our primary audience, the individual investor. These efforts strive to equip Arizonans to make informed investment decisions and to protect themselves from falling prey to investment scams perpetuated by dishonest con men. In addition, the division's public reference room is open to the general public and provides extensive electronic information on public companies which have Arizona securities holders.

**NEW LAWS RELATING TO SECURITIES**

**SB 1097**

The legislation addressed the capital formation needs of small companies going public by: (1) providing the commission with the authority to expand various exemptions from securities registration (2) permitting issuers to test market their potential securities offerings prior to

incurring the expenses associated with the preparation of a prospectus (3) allowing the commission to establish investor suitability standards in lieu of meeting merit review standards for public offerings (4) allowing issuers of securities to make electronic filings with the division (5) authorizing exemption from the dealer registration and investment adviser licensure requirements for "Angel Networks"; which are groups of wealthy individuals who are willing to invest in small businesses, and (6) allowing for Coordinated Equity Review ("CER") participation by Arizona. CER, employs a uniform set of standards for reviewing applications for registration of corporate offerings. States participating in the program would submit their comments to a lead state, which will produce one comment letter on behalf of all participating states.

The legislation also makes Arizona law consistent with the National Securities Markets Improvement Act (NSMIA), signed into law at the federal level on October 11, 1996. Most importantly, the Arizona Securities Act now provides for notice filings for mutual funds in lieu of the application of the full registration requirements. Finally, the legislation gives the commission the authority to apply to federal court for injunctions and orders.



## UTILITIES DIVISION

**Carl Dabelstein**  
**Director**

To provide the Commission well researched and sound regulatory policy, and rate recommendations through a focused analysis on the benefits and impacts on all stakeholders, consistent with the public interest, in an evolving marketplace.

The Utilities Division monitors the operations of 1103 public service corporations providing utility service within the State of Arizona. The division reviews utility company financial records and recommends to the Commission the revenue requirement and rates and charges to be collected.

These regulatory responsibilities and authorities are fully defined in Article XV of the Arizona Constitution and Section 40-101 et seq. Arizona Revised Statutes; they are further defined in the Arizona Administrative Code Title 14, Chapter 2. Article XV of the Arizona Constitution defines "Public Service Corporations" as those furnishing gas, oil, electricity, or light, fuel or power; water for irrigation, the protection, or other public purposes; or those transmitting messages or providing telegraph or telephone service.

One of the major responsibilities of the Division will be to provide both leadership and support to the Commissioners in the arduous and difficult effort to achieve a restructuring of the electric industry.

A large portion of the Utilities Division's responsibilities is rate review and determination of a reasonable return on fair value for public service corporations. A.R.S. Section 40-250 requires that all

public service corporations obtain commission approval before establishing or changing any rate, fare, toll, rental charge, classification, contract, practice, rule or regulation. With the exception of small public service corporations with gross operating revenues derived from intrastate operations of less than \$250,000, all such authority granted must be determined in a public hearing before the Commission. Regardless of the dollar amount of gross operating revenue, all rate changes require approval of the Commission in an open meeting. Staff preparation for a major rate hearing begins at the time of the utility's initial filing, and takes approximately four to six months before the hearing takes place. Work efforts between the time of filing and a hearing include a review of past commission actions, a review of documents on file with the Commission, an audit of the books and records of the utility, discussions with utility personnel and other interested parties, formulation of staff recommendation, and an analysis of the impacts of the recommendation and preparation of written testimony and schedules.

The Utilities Division consists of six sections through which the staff performs its responsibilities: Accounting and Rates, Economics and Research, Engineering, Safety, Consumer Services and Administrative Services.

**ACCOUNTING AND RATES SECTION**

The staff of the Accounting and Rates Section provided recommendations to the Commission regarding public utility applications for approval of rates, tariffs, issuance of debt and equity, mergers, transfers of assets, purchased power and gas adjuster revisions, special accounting requests and Certificates of Convenience and Necessity. The section provided recommendations on the various applications only after considering the impact of the recommendation on ratepayers, utility owners, the long-run financial integrity of the utility, the economic conditions present in the service territory, and the quality, reliability and safety of the utility's service.

Section members provided expert testimony concerning the reasonable level of rates, cost of capital, rate design and other issues. Additionally, the section members interacted with outside expert consultants who supplement their work. The section fully participated in the Citizens Utilities Company water, wastewater, electric and gas division rate cases by providing rate design and cost of capital testimony. Section members similarly participated in the Southwest Gas Company rate case, the Tucson Electric Power Company debt restructuring and holding company docket and the ongoing Arizona Telephone Company and Southwestern Telephone Company rate cases. Several members of the section participated to varying degrees in workshops related to electric restructuring.

Because water utilities comprise over 80 percent of the utilities regulated by the Commission, much of this Section's focus was on the special needs of the water industry in Arizona. During this fiscal year a Small Water Assistance Team (SWAT), led by Accounting and Rates Section staff, held workshops in ten cities and towns across the state. These workshops, held in cooperation with the Arizona Department of Environmental Quality, and the Arizona Department of Water Resources, served to inform Arizona's water utilities about state

and federal regulations and to assist the utilities in their compliance efforts.

Other Section members worked closely with the Water Infrastructure Finance Authority (WIFA) to coordinate efforts to provide water companies with debt funds to be used to improve service to the customers and meet safe drinking water standards. Section members also worked with WIFA to formulate loan qualification criteria. Participation in these special projects was accomplished while performing the more traditional roles of auditors and analysts of water company rate cases.

In the next fiscal year the section expects to process many applications for approval of WIFA loans. Also, section staff will be prepared to respond to applications resulting from new legislation which allows water utilities to pass-through certain expenses directly to customers.

**ECONOMICS AND RESEARCH SECTION**

The Economics and Research Section analyzes economic and policy issues pertaining to the Commission's regulation of investor-owned utilities and rural electric cooperatives. The section also analyzes and implements telecommunications policies adopted by the Commission. The staff uses a variety of computer models, quantitative techniques, and qualitative methods in its evaluations and research. Recommendations are presented to the commissioners through staff reports, sworn testimony, memos, and recommended orders.

The section held a two-day workshop on Integrated Resource Planning (IRP) in September 1996 and then issued its staff report, *The Electric Industry in Arizona*, later that fall as part of the three-year IRP cycle. The Section then began organizing a task force to address modifications to the resource planning rules, in light of impending electric retail competition and other changes in the industry.

Also, during FY 1996-97, the Economics and Research Section continued its

investigation into the introduction of retail competition in the electric industry. The section led in the development, drafting, and refinement of the draft Retail Electric Competition Rule. The staff participated in all public comment hearings on the rule, as well as in public information seminars sponsored by outside organizations.

The Economics and Research Section participated in meetings of five of the working groups established in the Retail Electric Competition Rule. The section provided leadership in three of the working groups (Reliability and Safety; Customer Selection, and Stranded Costs) as well as in one key subcommittee of the Unbundled Services and Standard Offer Working Group.

Energy conservation activities were carried out by electric and gas utilities over the year and the Economics and Research Section reviewed program proposals and monitored ongoing conservation programs. Major ongoing conservation programs that were reviewed included efficient lighting, efficient motors, efficient chillers, shade trees, energy efficient new homes, residential retrofit measures and education programs.

Staff members of the Economics and Research Section continued to monitor renewable energy plans and activities of Arizona electric utilities and participated in activities of several industry organizations, including the South West Regional Transmission Association (SWRTA), the Arizona Photovoltaics for Utilities Cooperative, and Desert STAR (Southwest Transmission and Reliability Operator).

With the introduction of greater competition in the telecommunications market, the Economics and Research Section reviewed and provided recommendations on ten applications to provide facilities-based competitive local exchange service and five applications to provide local exchange service as a reseller. In addition, the section reviewed and provided recommendations on ten voluntarily negotiated interconnection and resale agreements

between competitive local exchange companies and incumbent local exchange companies. Additionally, the section participated in the implementation of telecommunications rules regarding universal service and interconnections among telephone companies.

The Economics and Research Section received and processed applications for over two hundred long distance resellers. A total of 47 long-distance resellers were certificated during FY 1996-97 and 92 staff reports were generated. Staff developed new forms and procedures for a new category of reseller called Local Exchange Resellers.

The Section prepared analysis and recommendations on approximately 90 tariffs, special contracts and requests for Certificates of Convenience and Necessity submitted by telecommunications, electric and natural gas utilities.

#### **SAFETY SECTION**

The safety section consists of two groups: Pipeline Safety and Railroad Safety. The Pipeline Safety Group enforces the Arizona Underground Facilities Law, and oversees the construction, operation and maintenance of all intrastate and interstate natural gas, other gases, liquefied natural gas, and hazardous liquid pipeline facilities operating within the State of Arizona. The Railroad Safety Group oversees the operation and maintenance of all railroad operations, track maintenance and railroad/street at-grade crossings.

#### **PIPELINE SAFETY GROUP**

The Pipeline Safety Group operates its main office in Phoenix. The group also staffs offices in Tucson and Prescott.

The Pipeline Safety Group enforces pipeline safety standards and operating practices applicable to the transportation of gas and hazardous liquids by pipeline and for the operation of two liquefied natural gas facilities. Inspections are conducted on all interstate gas transmission and interstate hazardous liquid pipeline facilities. Inspections and operations audits are

conducted on all intrastate natural gas transmission/distribution pipelines, interstate hazardous liquid pipelines and master meter gas systems operations, such as apartments, mobile home parks, schools and other gas distribution systems at the point beyond the gas company meter. The Pipeline Safety Group also enforces the Arizona Underground Facilities, or "Blue Stake" Law.

As a result of these responsibilities, the Pipeline Safety Group monitors the activities of three interstate natural gas transmission pipelines, two liquefied natural gas facilities three interstate hazardous liquid pipelines, fourteen major intrastate gas pipeline operations, eleven intrastate gas transmission pipelines, four intrastate hazardous liquid pipelines, and 1,201 master meter natural gas operations.

During FY 1996-97, the Pipeline Safety Group inspected twelve major intrastate gas pipeline operators, three interstate gas transmission operators, four intrastate hazardous liquid pipeline operators, three interstate hazardous liquid pipeline operations. The Pipeline Safety Group completed 980 comprehensive inspections, 238 specialized inspections, 758 follow up inspections and 197 construction inspections of master meter, natural gas distribution systems.

Also during FY 1996-97, the Pipeline Safety Group investigated 115 reported violations of the Underground Facilities Law, 48 notices of violations were issued and \$14,000 in fines were collected. Staff also received 403 notices of incidents from pipeline operators, and pipeline operators shut off gas service to 68 master meter gas systems requiring repair.

The Pipeline Safety Group provided 13 training workshops during the year for operators of master meter gas systems, and assisted master meter operator personnel by making available to them pipe location and leak detection equipment. During FY 1996-97, the group also conducted 24 Blue Stake training classes.

The Pipeline Safety Group and the U. S. Department of Transportation, Transportation Safety Institute, presented a pipeline safety-training seminar for pipeline operators.

## **RAILROAD SAFETY GROUP**

The Railroad Safety Section enforces signal, track, freight car, motive power equipment, railroad operating practices, hazardous material shipments by rail and other railroad safety standards of the Federal Railroad Administration (FRA). The Railroad Safety Group is also responsible for inspection and review of industrial track, rail-highway crossings and new railroad construction projects. In addition to its main office in Phoenix, two railroad safety inspectors are located in the Tucson office. They provide the Commission and the citizens of southern Arizona with quick response to any rail incident, as well as direct contact for more routine matters.

During FY 1996-97, The group's inspectors inspected 1,657 miles of track, 4,644 freight cars, 239 locomotives, 927 crossings and 39 industrial track facilities. They also made 247 operating practices inspections and 788 inspections of manufacturers that ship and receive hazardous materials by rail. The group investigated 105 railroad accidents and 53 complaints received from other governmental agencies, railroad employees and the public.

The Commission administers the state's share of monies dedicated to improving rail highway crossing safety devices. Since the inception of this federal/state program in July 1977, about \$32,549,400 in federal funds and \$2,799,583 in state funds have been spent or encumbered to improve safety warning devices on public rail-highway crossings throughout the state. Commission staff, with the Federal Highway Administration and the Arizona Department of Transportation, conducts an annual review of certain public rail-highway crossings throughout the state and prepares a list of crossings to be considered for improvement using federal and state funds. From the list, the Commission

publishes an array of 15 - 20 of those crossings. The array is then submitted to the cities, towns, and/or counties to make applications for funding.

The group is also very active in the National Operation Lifesaver Program, a public awareness program that promotes rail/highway crossing and trespasser safety. The Commission's award winning video, "Operation Lifesaver", is widely used in the Arizona High School Driver Education and Driver Survival Programs, as well as other driver safety programs, throughout the country.

**ADMINISTRATIVE SERVICES**

The Administrative Services Section provides general administrative and clerical support to all sections in the Utilities Division. During the winter and spring of 1997, the Administrative Services Section provided support for the successful implementation of computer upgrades, installation of new software, development of computer training and conversion of systems databases. Administrative support staff provide the following services: design and maintain databases, design and maintain computerized filing systems, provide research, distribute mail and internally generated documents, copying and binding of all division testimony and filings. The Administrative Services Section is responsible for the administration of the assessment program from which the Utilities Division and Legal Division's funds are provided. The Administrative Services Section also maintains tariffs and other filings for all regulated utilities, the Division Compliance Program and the Division library.

The Division oversees the following numbers of utilities:

City-owned Electric Utilities	5
Electric Cooperatives	11
Gas Utilities	7
Telecommunications Companies	700
Water Utilities Companies	346
Sewer Companies	33
Irrigation Companies	1

**COMPLIANCE AND OTHER ITEMS**

Through a computerized database designed and established by the Administrative Services Section, Staff monitored 685 compliance items and generated 342 compliance documents.

Other items processed by the Administrative Services Section during FY 1996 include:

Staff Reports	224
Testimony	15
Open Meeting Items	370
Central File Items	1,142

**LIBRARY**

The Administrative Services Section also maintains a multi-media library used by Commission employees and the public, containing research materials which include legal, technical and reference publications, as well as federal and state documents, with special emphasis on utility-related issues. In addition, the library has videotapes on telecommunications, computer programs and self-improvement courses. Over 30,000 periodicals and resource materials have been catalogued.

**DOCKET CONTROL CENTER**

In FY 1980-81, the Commission requested and obtained legislative approval to establish a docket control function to ensure the integrity and security of the official commission record. The Docket Control Center was officially established in 1981, operating under the Office of the Executive Secretary. In July 1990, the responsibilities of the Docket Control Center were transferred to the Utilities Division.

The Docket Control Center maintains the official records for the utilities and securities divisions of the Corporation Commission. In this regard, Docket Control's functions are similar to a court clerk's office. The Docket Control Center also assists the public and staff in retrieving the files and transcripts of cases for use in research. Effective October 1, 1997, a new computerized case management system for processing all dockets was designed and implemented by Staff. Major activities

accomplished during FY 1996 include the following:

Hearing Notices Processed.....	340
New Applications for Hearings Processed	
Utilities .....	595
Securities .....	27
Filings Docketed and Distributed.....	6,556
Responses to Inquiries/Research	
Assistance.....	9,001
Certifications .....	136
Open Meeting Items Processed .....	545
Opinion and Orders Mailed .....	532
Transcripts Logged & Microfilmed	
Utilities .....	189
Securities .....	24
Other Dockets Prepared for Microfilming...	446
Case Management System	
Maintenance .....	34,204
Daily Updates of Pending	
Matters Report .....	23,128





## LEGAL DIVISION

**Lindy Funkhouser**  
**Chief Legal Counsel**

**Mission** To provide professional, high-quality legal representation to the Corporation Commission in the performance of all of its powers and duties, except for matters pertaining to the activities of the Securities Division.

The Legal Division represents the Commission in all matters relating to public utility regulation and in other areas not associated with the Securities Division. Securities-related legal cases are litigated by the Attorney General's Office. Matters handled by the Legal Division fall into five general categories: Commission dockets, federal regulatory dockets, litigation, other administrative matters, and special projects.

A brief description of the matters handled, by category, is listed below, followed by some of the more important proceedings in which the Legal Division participated during FY 1996-97.

### COMMISSION DOCKETS

Utility companies throughout the state apply to the Commission for approval before undertaking certain activities such as the provision of service to the public, the modification of service territory or the implementation of rate increases. The commission is also authorized to exercise continual review over the operations of public service corporations and to act when necessary to further the public interest.

Legal Division representation in these matters is varied and includes representing the Utilities Division position, advising the commissioners on legal issues, advising the Consumer Services Section on both docketed and undocketed matters involving consumer complaints, and advising the

commissioners on action that may need to be taken as a result of possible violation of the rules and regulations governing certain public service corporations.

### FEDERAL DOCKETS

The Legal Division represents the Corporation Commission before various federal agencies that have interstate or concurrent regulatory authority in the following areas: electric, gas, nuclear energy, railroads, pipelines and telecommunications. These agencies include the Federal Communications Commission ("FCC"), the Federal Energy Regulatory Commission ("FERC"), the Nuclear Regulatory Commission ("NRC"), the Department of Transportation - Office of Pipeline Safety, and the Federal Railroad Administration ("FRA").

Among the more important federal proceedings in which the Legal Division appeared on behalf of the Commission during FY 1996-97 were the ongoing series of cases involving the restructuring of the natural gas industry. El Paso Natural Gas Company ("El Paso") had proceedings related to the restructuring in which the Legal Division appeared during FY 1995-96. The proceedings continued on into FY 1996-97. The El Paso proceedings address the pending turnback of capacity on the El Paso system by the California local distribution companies, as well as encompassing general rate proceedings. A

proposed settlement of this proceeding is now pending before the FERC.

In addition, the FERC issued its Order No. 888 during FY 1995-96. Order No. 888 and its progeny affects Arizona utilities who own and operate electric transmission lines. The Legal Division has been involved in monitoring federal developments in the electric transmission industry at the same time the Commission has begun restructuring of the electric utility industry within Arizona. It is anticipated that electric restructuring efforts will consume significant resources of the Legal Division throughout the next several fiscal years.

#### LITIGATION

The Legal Division represents the Commission before a variety of courts and either has pending or has recently concluded cases before municipal and justice courts, county Superior Courts, the State Court of Appeals and the State Supreme Court, as well as before various federal district and appeals courts, including the United States Supreme Court. The large majority of cases filed or pending during FY 1996-97 involved commission decisions related to restructuring of the telecommunications and electric industries.

The Legal Division has been called upon with regularity to represent the Commission in Bankruptcy Court in matters involving regulated utilities. The complexity and time-consuming nature of bankruptcy proceedings is such that Bankruptcy Court proceedings have become a permanent part of the Legal Division's representation of the Commission. During FY 1996-97 two utilities had active bankruptcy proceedings.

#### ADMINISTRATIVE MATTERS

The Legal Division represents the Corporations Division in matters arising out of responsibilities given the Corporation Commission under Arizona Corporations Law. Such matters include the filing of Articles of Incorporations, Certificates of Disclosure, and Annual Reports, which must be submitted to the Commission by every corporation doing business within the State of Arizona. The Legal Division

counsels the Corporation Commission in the legalities of miscellaneous matters such as the Open Meeting Law, guidelines and procedures, ex-parte communications, filing requirements and a variety of similar matters. The Legal Division's involvement in representing the Corporations Division has been an area of increasing activity over the past several years. This has been driven in part by the complete revision of Arizona's statutes governing corporations, effective in 1996. The Legal Division during FY 1996-97 was involved in ongoing litigation related to implementation of the new statutes and to the Commission's obligation to prevent deceptively similar corporate names.

#### SPECIAL PROJECTS

The Legal Division participates in the revision of all rules that pertain to the Corporations Division and the Utilities Division, including the Pipeline and Railroad Safety Groups. In addition to participating in the rulemaking proceedings, the Legal Division has been responsible for representing the Commission in litigation that has occurred following the rulemakings. Rulemakings which resulted in litigation during FY 1996-97 include the rulemakings related to competitive telecommunications services.

Several of the state's major utilities had cases before the Commission during FY 1996-97, which required the commitment of all of the resources available to the Legal Division. Issues surrounding Tucson Electric Power Company ("TEP") continued to consume substantial resources during FY 1996-97, as they had during the previous fiscal year. Pursuant to the Commission's affiliated interest rules, TEP filed a Notice of Intent to Form a Holding Company and an application for approval to restructure much of its substantial debt. The notice and application were filed during FY 1996-97 and were acted on by the Commission during FY 1997-98. It is anticipated that TEP issues will require significant involvement by Legal Division for the foreseeable future. The rate application filed by U S West Communications ("US West") during FY

1992-93, was decided by the Commission during FY 1994-95. The Court of Appeals issued its decision on the US West appeal during FY 1995-96, substantially affirming the Commission's decision, but remanding the case to the Commission on one issue. The Commission's decision on remand issued in FY 1996-97 resulted in continued litigation, which was fully and finally resolved during that fiscal year.

Other major proceedings to which the Legal Division resources were devoted during FY 1996-97 include: Citizens Utilities Co.'s requests for rate increases for its Arizona Electric Division, its Northern Arizona Gas Division, and its Mojave Water and Wastewater Division. The Commission also considered Southwest Gas Co.'s request for a rate increase in both of its Arizona divisions. In addition to the Commission's resolution of TEP's holding company application, the Commission considered and approved a rate reduction for Arizona Public Service Company ("APS") during FY 1996-97. The Commission is engaged in a series of proceedings related to the restructuring of the telecommunications industry. Legal Division has represented the Commission or its Staff in a variety of proceedings related to the emergence of competition in the telecommunications industry. Included have been workshops, task forces, proceedings before federal agencies as well as rulemaking and other proceedings before the Commission itself. The pace of the emergence of competition in telecommunications heightened following passage of the Telecommunications Act of 1996, which was enacted during FY 1995-96. The Legal Division has been involved in all proceedings at the Commission to authorize competitive telecommunications providers to provide service in Arizona. Many of those proceedings have resulted in litigation in state and federal courts. In addition, proceedings held by the Commission as required by the Telecommunications Act have also resulted in litigation in state and federal courts. The Commission is also engaged in a series of proceedings related to the restructuring of the electric industry. During FY 1996-97, this included the adoption of rules to govern

the restructuring process and the creation of a number of working groups to analyze the myriad issues involved in moving to competition. One of the working groups was assigned to identifying legal issues. Legal Division has been involved in this process at every stage. Adoption of the rules has also resulted in litigation in state courts, the litigation, and the administrative proceedings necessary to implement restructuring, can be expected to continue into future fiscal years and will continue to require the commitment of significant resources from Legal Division. All the major cases before the Commission require an advisory staff to be assigned to act as a separate party in order to advise commissioners and commissioner's staff without violating the *ex parte* communications rule. Thus, in each of the above instances, in addition to the need for legal staff as counsel for Utilities Division staff, additional Legal Division personnel are assigned to advise the commissioners.

The Commission's rules relating to transactions with unregulated affiliates have been in effect since FY 1992-93. The rules create an ongoing responsibility to consider and process applications and reports under the rules. The application by TEP to form a holding company, which was acted on by the Commission during FY 1996-97, was filed under the rules, and required participation by attorneys from the Legal Division. The filings of applications and reports under the rules, all of which require scrutiny by Legal Division attorneys, can be expected to continue indefinitely.



## SOUTHERN ARIZONA OFFICE

As noted in several areas of this Annual Report, the Corporation Commission maintains a southern Arizona office in Tucson at 400 West Congress Street. This office provides many of the same services as the offices in Phoenix. Sections of the Corporations and Utilities Division as well as a hearing officer from the Hearing Division are located in Tucson.

The Corporations Section continued to experience growth in most types of services to southern Arizona business entities including the filings of Articles of Incorporation, Annual Reports, processing of applications under the Limited Liability Company Act and the issuance of Certificates of Good Standing.

Tucson Personnel assigned to the Utilities Division provided many consumer-oriented services, prepared staff input to rate cases, conducted railroad safety training and inspections, and fulfilled pipeline safety requirements.

The hearing officer in Tucson conducts hearings on matters of interest to residents and utilities located in Southern Arizona. In addition to holding hearings in Tucson, the hearing officer often travels to and conducts hearings in the Southern Arizona communities affected by the proceeding.

Not only does availability of the Tucson Office provide a convenience to southern Arizona residents, it facilitates better statewide accomplishment of Corporation Commission responsibilities. Therefore, opportunities for enhanced operation are continually evaluated.



## APPENDIX A

**Fiscal Resources.** Through the budget process, the Arizona Corporation Commission has continued to identify fiscal resource requirements to meet its constitutional and statutory responsibilities. The Commission receives funding through several sources: the State General Fund, the Utility Regulatory Revolving Fund, the Arts Trust Fund, the Investment Management Act Fund, the Public Access Fund and Federal Grant Fund. All sources except the Federal Grant are subject to appropriation. The Administration, Corporations and Hearing Divisions as well as the Railroad Safety Group of the Utilities Division are funded from the General Fund. In addition to general funds, the Administration Division receives limited funding from the Utilities Regulation Revolving Fund and the Corporations Division is the recipient of funding from the Arts Trust Fund and Public Access Fund. The Securities Division receives general funds as well as a portion of the fees it collects through the Securities Regulatory and Enforcement Fund and the Investment Management Act Fund. The Utilities, excluding the Railroad Safety Group, and the Legal Divisions are funded through the Utility Regulation Revolving Fund which derives its money from assessments on public service corporations. The federal grants are obtained as a reimbursement to the Pipeline Safety Group within the Utilities Division for accomplishment of certain federal responsibilities.

**Historically, the Commission has generated significantly more revenue from securities and broker registrations, corporation filing fees, fines, and miscellaneous service charges than its General Fund requirements. All revenue of this type flows to the state General Fund and is used to defray state government operation costs.**

The following tables portray revenue and expense data for FY 1995-96 (Actual), FY 1996-97 (Report Year Actual), and FY 1997-98 (Estimated).

**TABLE 1  
REVENUE BY SOURCE**

	<b>Actual 1995-96</b>	<b>Actual 1996-97</b>	<b>Estimated 1997-98</b>
Corporation Filing Fees*	\$5,143,900	\$5,600,000	\$5,680,600
Security and Broker Fees*	7,761,400	6,900,000	9,488,100
Miscellaneous Service Charges*	64,400	80,000	83,000
Fines and Forfeitures	484,600	300,000	1,775,300
Utility Assessments	5,618,500	5,440,200	6,036,600
Pipeline Safety Revolving Fund-Fines	5,000	0	150,000
Sec. Regulatory & Enforcement Fund	1,665,300	1,925,100	2,098,300
Sec. Investment Mgt. Act Fund	825,700	847,200	782,200
Public Access Fund	1,198,400	1,286,600	1,266,200
Federal Grant	<u>184,000</u>	<u>185,000</u>	<u>230,000</u>
<b>TOTAL</b>	<b>\$22,951,200</b>	<b>\$22,564,100</b>	<b>27,590,300</b>

\* Deposited in the State General Fund

**TABLE 2**  
**EXPENDITURES BY BUDGET PROGRAM**

	<u>Actual</u> <u>1995-96</u>	<u>Actual</u> <u>1996-97</u>	<u>Estimate</u> <u>1997-98</u>
Administration & Hearing Divisions	\$1,823,500	\$2,044,000	\$1,729,500
Corporation Division	2,540,700	2,616,600	2,993,000
Securities Division	3,770,700	3,964,400	4,321,300
Railroad Safety Group (Utilities Division)	517,600	503,900	624,600
Utilities Division	4,972,200	4,959,800	5,164,700
Legal Division	<u>1,026,600</u>	<u>1,004,400</u>	<u>1,112,000</u>
<b>TOTAL</b>	<b>\$14,651,300</b>	<b>\$15,093,100</b>	<b>\$15,945,100</b>

**TABLE 3**  
**EXPENDITURES BY FUND SOURCE**

	<u>Actual</u> <u>1995-96</u>	<u>Actual</u> <u>1996-97</u>	<u>Estimate</u> <u>1997-98</u>
General Fund	\$5,174,400	\$5,155,800	\$5,730,100
Arts Trust Fund	28,500	28,000	29,400
Securities Regulatory & Enforcement	1,350,500	2,068,200	1,927,400
Securities Inv. Management Act Fund	868,100	551,500	640,700
Utility Regulation Revolving Fund	5,948,400	5,954,400	6,162,900
Public Access Fund	1,121,800	1,203,400	1,219,600
Pipeline Safety Revolving Fund	55,000	0	95,000
Federal Grant	<u>104,600</u>	<u>131,800</u>	<u>140,000</u>
<b>TOTAL</b>	<b>\$14,651,300</b>	<b>\$15,093,100</b>	<b>\$15,945,100</b>



## CORPORATION COMMISSIONERS SINCE STATEHOOD

A W Cote	Democrat	1912-1917
W.P. Geary	Democrat	1912-1915
F.A. Jones	Democrat	1912-1919
Amos A. Betts	Democrat	1917-1933/1938-1945
David F. Johnson	Democrat	1919-1924
Loren Vaughn	Democrat	1921-1932
W.D. Claypool	Democrat	1925-1930
Charles R. Howe	Democrat	1931-1936
Wilson T. Wright	Democrat	1933-1953
John Cummard	Democrat	1933-1934
W.M. Cox	Democrat	1935-1940
William Peterson	Democrat	1941-1946
William Eden	Democrat	1944-1947
William T. Brooks	Democrat	1947-1958
Yale McFate	Democrat	1947-1948
Mit Simms	Democrat	1949-1958
Timothy D. Parkman	Republican	1954
John H. Barry	Democrat	1955-1956
E.T. "Eddie" Williams, Jr.	Democrat	1957-1968
George F. Senner, Jr.	Democrat	1959-1962
A.P. "Jack" Buzard	Democrat	1959-1962
John P. Clark	Republican	1963-1964
Milton J. Husky	Democrat	1965-1970
Dick Herbert	Democrat	1965-1971
Charles Garland	Republican	1969-1974
Russell Williams	Republican	1970-1974
Al Faron	Republican	1970-1976
Ernest Garfield	Republican	1973-1978
Bud Tims	Republican	1975-1983
Jim Weeks	Democrat	1977-1982
Stanley Akers	Republican	1979-1980
John Ahearn	Democrat	1980-1981
Diane McCarthy	Republican	1981-1984
Richard Kimball	Democrat	1983-1985
Junius Hoffman	Democrat	1984
Marianne Jennings	Republican	1984
Sharon Megdal	Democrat	1985-1986
Renz Jennings	Democrat	1985-present
Marcia Weeks	Democrat	1985-1996
Dale Morgan	Republican	1987-1995
Carl J. Kunasek	Republican	1995-present
Jim Irvin	Republican	1997-present

Past Commissioners

