

# ARIZONA CORPORATION COMMISSION

Strategic Plan 2014—2019

## Five Year Strategic Plan

FY2013 – FY2018



### MISSION STATEMENT

- ▶ Exercise exclusive state regulatory authority over public service corporations (public utilities) in the public interest;
- ▶ Grant corporate status and maintain public records;
- ▶ Ensure the integrity of the securities marketplace; and
- ▶ Foster the safe operation of railroads and gas pipelines in Arizona.

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## Strategic Plan 2014—2019

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# ARIZONA CORPORATION COMMISSION

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## **Overview**

The Arizona Corporation Commission was established in the Arizona Constitution in 1912. Only seven states have constitutionally formed Commissions. Arizona is one of thirteen (13) states with elected Commissioners. In the other thirty-seven (37) states, Commissioners are appointed by either the governor or the legislature.

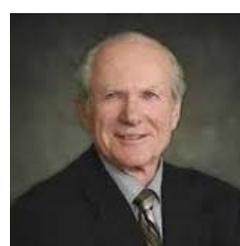
In most states, the Commission is known as the Public Service Commission or the Public Utility Commission. However, in Arizona the Commission also oversees the process of incorporating or registering a company to do business in the state, registers and oversees securities offerings and dealers, and enforces railroad and pipeline safety.

By virtue of the Arizona Constitution, the Commissioners function in an executive capacity; they adopt rules and regulations thereby functioning in a legislative capacity; and they also act in a judicial capacity sitting as a tribunal and making decisions in contested matters. The Commission is required by the Arizona Constitution to maintain its chief office in Phoenix and is required by law to conduct monthly meetings.

## **Organization**

Commissioners are elected by the people of Arizona for a four-year term, with two or three members standing for election in the statewide general election in alternating election cycles. In the case of a vacancy, the Governor appoints a Commissioner to serve until the next general election. In the 2000 General Election, the Arizona Corporation Commission was the subject of a ballot proposition expanding the Commission by two seats to a total of five members.

Ultimate responsibility for final decisions on granting or denying rate adjustments, enforcing safety and public service requirements, and approving securities matters rests with the Commissioners. The administrative head of the Commission is the Executive Director who serves at the pleasure of the Commissioners. She is responsible to the Commissioners for the day to day operations of all Divisions.



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## **D**ivision Overview

The Commission is organized into nine Divisions. They are: *Administration, Broadcast Services, Corporations, Hearings, Information Technology, Legal, Safety, Securities, and Utilities*. Each Division is headed by a Division Director who reports to the Executive Director. The Divisions are responsible for revenue generation as well as being subject to legislative appropriation.

### ***Administration***

The Administrative Services Director oversees the administrative and fiscal functions of the Commission. The Administrative Services office provides accounting, payroll, purchasing, and personnel support for the entire Commission. The Division is working towards improving efficiency through modernization of electronic processing and enhancing the Division's information technology and infrastructure.

### ***Broadcast Services***

The Broadcast Services Division is responsible for the television broadcast production of all meetings and hearings of the Commission for public viewing and for archiving. Additionally, the Division produces video tutorials and short educational segments on the many varied duties of the Commission. The Division is also responsible for the Commission's website.

### ***Corporations***

The Corporations Division is comprised of five (5) sections including Annual Reports, Corporate Filings, Records, Call Center, and Initial Processing, as well as a small satellite office in Tucson.

The Corporations Division approves for filing all articles of incorporation, amendments to articles, mergers, consolidations, withdrawals, and dissolutions for Arizona corporations; approves corporate and limited liability company (LLC) names; approves all articles of organization, amendments, changes and terminations for LLCs; grants authority to foreign corporations and LLCs transacting business in this State; propounds interrogatories when necessary; and may administratively dissolve or revoke corporations and LLCs that do not comply with specific provisions of Arizona law.

The Division collects from every corporation an annual report reflecting the current statutory agent, corporate address, amount of stock issued (for profits), lists of officers and directors, Certificate of Disclosure, Statement of Bankruptcy. The Division updates the corporation's public record with information provided by the annual report and also when amendments or changes are submitted by the corporation. The Division must maintain all information on corporations and LLCs in a data format conducive to public access; respond to public questions concerning Arizona corporations and LLCs; and respond to the needs of the business sector by disseminating information. The Division has limited investigatory powers and no regulatory authority. Arizona corporations and LLCs, however, may be administratively dissolved if certain statutory requirements are not met. Likewise, the authority of foreign (non-Arizona) corporations or LLCs to transact business in Arizona may be administratively revoked.

### **D**ivision Overview (cont.)

#### ***Corporations*** (cont.)

The Division acts as an 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 entity are accepted by the Records Section on behalf of the entity. The Division is working toward improving efficiency through modernization of electronic processing and enhancing the Division's information technology and infrastructure.

#### ***Hearings***

The Hearing Division exercises the Commission's authority to hold public evidentiary hearings on matters involving the regulation and deregulation of public service corporations, the sale of securities and the registration of non-municipal corporations. Under the direction of the presiding Administrative Law Judge ("ALJ"), proceedings are conducted on a formal basis through the taking of sworn 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 Administrative Law Judge. Rate and Certificate of Convenience and Necessity ("CC&N") applications are processed under the procedural schedule established by the Administrative Law Judges, in order to ensure that recommended Opinion and Orders are issued in a timely manner within the framework of the Commission's rules.

The Division is also responsible for Commission record-keeping through its Docket Control Center. The Division is working toward improving efficiency through modernization of electronic processing and enhancing the Division's information technology and infrastructure.

#### ***Information Technology***

The Information Technology Division provides technology services and support such as application development, network services, hardware support, and project management for the entire Commission. The Division is working toward improving efficiency through modernization of electronic processing and enhancing the Commission's information technology and infrastructure.

#### ***Legal***

Matters handled by the Legal Division fall into five general categories: Commission dockets; federal regulatory dockets; litigation; other administrative matters; and special projects. Most of the division's resources are devoted to Commission proceedings and to litigation. The Legal Division represents the Commission in all matters relating to public utility-rate setting, and in other areas not associated with the Securities Division. Securities-related legal cases are litigated by the Securities Division. The Legal Division is working toward improving efficiency through modernization of electronic processing and enhancing the Division's information technology and infrastructure.

### **D** ivision Overview (cont.)

#### ***Safety***

The Safety Division consists of two sections—*Pipeline Safety* and *Railroad Safety*. The *Pipeline Safety Section* enforces the Arizona Underground Facilities Law and oversees the construction, operations 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. Pursuant to authorization from the US DOT Office of Pipeline Safety, the ACC's Pipeline Safety Section performs the required federal inspections and audits of interstate operators with facilities in Arizona. The *Railroad Safety Section* oversees the operation and maintenance of all railroad operations, transportation of hazardous materials by rail (including compliance with applicable Federal regulations), track maintenance (railroad tracks, locomotives and railcars, railroad crossing warning signals, and train control signals and devices) and railroad/street grade crossings. The Division is working toward improving efficiency through modernization of electronic processing and enhancing the Division's information technology and infrastructure.

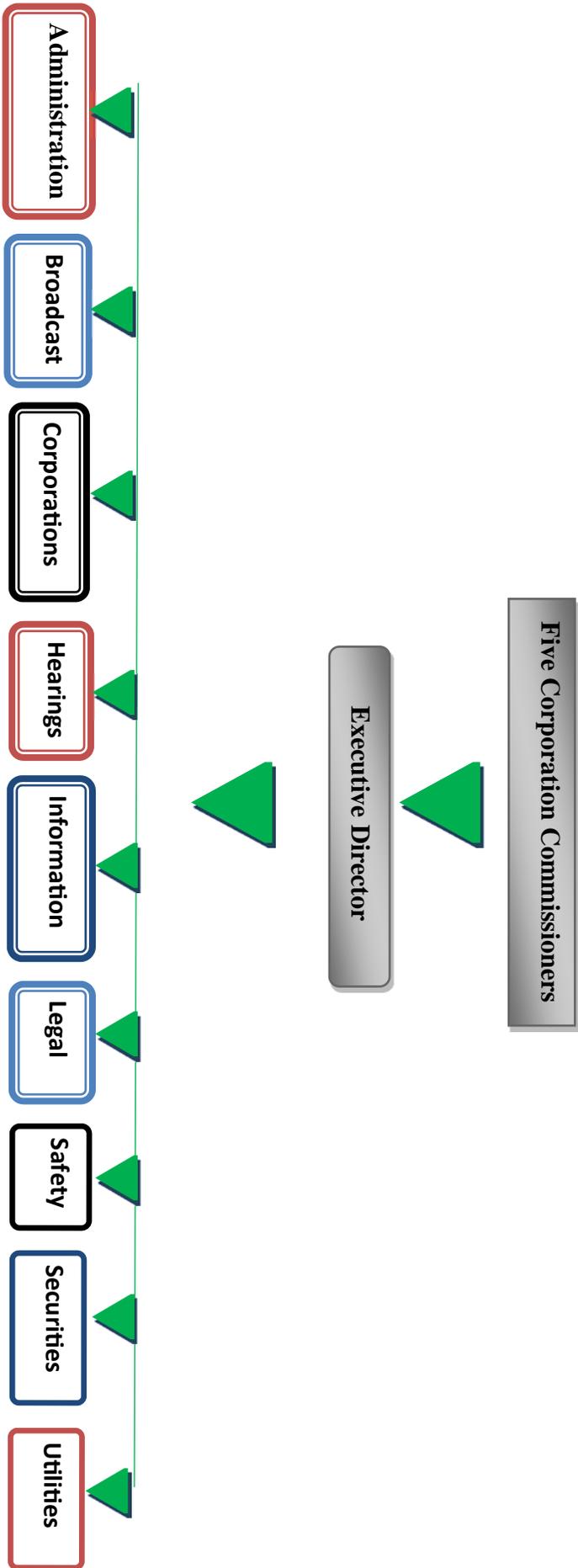
#### ***Securities***

The Division is responsible for licensing and registration of investment advisers, investment adviser representatives, dealers and salesmen; the enforcement of the Securities Act and Investment Act; and Investor Education Outreach. The Division also 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 with the Division. Investment advisers and their representatives are required to be licensed by the Division unless exempt. The Division reviews these applications and monitors the conduct of dealers and salespersons, investment advisers, and their representatives and investigates possible violations. Where the evidence warrants, the Division brings administrative, civil, or criminal enforcement actions. The Division is working toward improving efficiency through modernization of electronic processing and enhancing the Division's information technology and infrastructure.

#### ***Utilities***

The Utilities Division carries out its responsibilities through five organizational sections: Finance and Regulatory Analysis, Telecom and Energy, Engineering, Compliance, and Consumer Services.

The Utilities Division makes specific recommendations to the Commissioners to assist them in reaching decisions regarding public utility rates, financial condition and quality of service for approximately 670 traditional utilities. The Division implements the Commission rules for deregulation of segments of the telecommunications and electric industries. The Division conducts research, presents evidence in hearings, and contracts with utility rate analysts and expert witnesses in carrying out its responsibilities. The Division also monitors compliance with Commission decisions. The staff conducts public workshops and other public proceedings on various regulatory topics. The Division is working toward improving efficiency through modernization of electronic processing and enhancing the Division's information technology and infrastructure.



# ARIZONA CORPORATION COMMISSION

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## **D** **ivision Mission Statements**

### **Administration**

**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 divisions of the Commission.

### **Broadcast Services**

**Mission:** To produce and broadcast all meetings and hearings of the Commission for public viewing and for archiving. To produce video tutorials and short educational segments on the many varied duties of the Commission. To develop and maintain the Commission's website.

### **Corporations**

**Mission:** To approve corporate names and grant corporate or limited liability company status to entities organizing under the laws of the State of Arizona; to approve applications from foreign corporations and limited liability companies to transact business in this State; to collect annual reports from all corporations of record; and to maintain corporate and limited liability company records for the benefit of public record and service of process

### **Hearings**

**Mission:** To preside over administrative hearings and procedural conferences concerning complex utility and securities matters, and to write and submit Proposed Opinion and Orders for the Commissioners' consideration at Open Meeting.

### **Information Technology**

**Mission:** To provide accurate, efficient, and timely technology design, development, implementation, communications and maintenance support services to the agency and its respective divisions.

### **Legal**

**Mission:** To provide 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.

### **Safety**

#### *Railroad*

**Mission:** To ensure that the citizens of Arizona as well as railroad employees throughout the State have a Railroad System that is operated and maintained in as safe a manner as possible.

#### *Pipeline*

**Mission:** To enforce federal and state pipeline safety regulations and to provide training and guidance to pipeline operators to ensure safe operation of pipeline facilities. To enforce the Arizona Underground Facilities Law and to provide training to facility owners and excavators in an attempt to reduce damage to underground facilities and to eliminate personal injuries and deaths associated with underground facilities.

### **Division Mission Statements**

(cont.)

#### **Securities**

**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 by legitimate businesses.

#### **Utilities**

**Mission:** To conduct research and analysis and provide recommendations to the elected commissioners on all matters relating to the regulation of public service corporations (public utilities) under the state constitution and statutes to ensure their actions are consistent with the public interest.

### **Goals**

#### **Administration**

1. To ensure all matters coming before the Commission are resolved in a timely manner, in accordance with administrative procedures.
2. To manage the day to day operations of the Commission.

#### **Broadcast Services**

1. Maintain high standards of broadcast and production services for the Commission and the viewing public.
2. Develop and maintain an informative and easily accessed internet website for the public doing business with Commission Divisions or participating in Commission business.

#### **Corporations**

1. To provide customers with timely processing of their business documents.
2. To provide customers the most expedient public information services possible.
3. To streamline and improve internal customer-related administrative/ operational functions.
4. To expand training opportunities for division staff members.
5. To continually improve customer service and customer satisfaction.

#### **Hearings**

1. To conduct fair and impartial hearings, and to propose timely, factually, and legally sound Orders for the Commissioners' consideration.
2. To provide timely and efficient docket services to regulated utilities and consumers.

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## **G** oals (cont.)

### **Information Technology**

1. To provide electronic interaction effectively with the public and other governmental entities. In addition, to implement effective protocols, software, and communication with the public to allow them to retrieve and submit data, forms, and all other documents.
2. To use information technologies effectively to enhance intra-agency Communications.
3. To improve employees' preparation to use technology and react to their job-specific needs.

### **Legal**

1. To provide efficient, high-quality legal representation.
2. To provide high-quality representation in administrative matters before the Corporation Commission
3. To provide high-quality representation in Judicial matters before various courts.
4. To provide high-quality legal advice to the Commission.

### **Safety**

#### *Railroad*

1. To promote and ensure the safe operation of Arizona railroads.
2. To ensure rail/highway grade crossings safety.

#### *Pipeline*

1. To protect the public and the environment by providing the highest level of pipeline safety awareness
2. To ensure the pipeline operators in Arizona operate gas pipeline systems as safely as possible.
3. To receive and maintain an interagency agreement with the Federal Dept. of Transportation to ensure safe operations of interstate pipeline.
4. To maintain and improve the professional skills of the ACC pipeline staff.

### **Securities**

1. To ensure that registered securities offered to public investors are structured fairly and equitably and fully disclose all information necessary for an investor to make an informed decision.
2. To reduce the public investor losses and protect Arizona's reputation from damage caused by fraudulent sales and services peddled to victims by unlicensed and unregistered frauds.
3. Continue to monitor the integrity of the investment marketplace to allow for enhanced capitol formation while deterring and adjudicating fraudulent practices.

### **Utilities**

1. To ensure that utility service within the Commission's jurisdiction is available to all consumers at authorized rates.
2. To promote the transition of the telecommunications and electricity generation markets from the current regulated monopoly structure to one of competition while ensuring safe and reliable service.
3. To maximize the Division's operating efficiency through modernization of electronic processing and enhancing the Division's information technology.
4. To maintain public involvement, accessibility, and regulatory oversight by conducting workshops, forums, and community outreach programs.

# **Performance Measures**

### **Administration**

1. Increase rate-case efficiencies by reducing the interval between “sufficiency” and final disposition.
2. Monitor the number of division purchase orders issued.

### **Broadcast Services**

1. Monitor the quality of audio and video broadcasts for public access.
2. Develop and evaluate the effectiveness of a newly designed internet website..

### **Corporations**

1. Measure processing times of regular and expedited filings.
2. Compare the number of public information requests by type and response time.
3. Measure internal agency document processing activities.
4. Maintain and promote professional staff development.
5. Evaluate and utilize feedback from customer satisfaction surveys

### **Hearings**

1. Monitor the number of re-hearings due to Hearing Officer error.
2. Maintain efficient processing times and protect the integrity of all public record papers.

### **Information Technology**

1. Monitor electronic public access and electronic filings.
2. Monitor internal agency electronic usage.
3. Maintain updated staff development through IT training courses.

### **Legal**

1. Maintain current attorney/staff continuing legal education.
2. Monitor legal activities by task and caseload.
3. Monitor appeals of commission decisions and related pleadings.
4. Monitor attorney caseload by the number of appearances and by type of hearing.

### **Safety**

#### ***Railroad***

1. Track the frequency of inspections (by type), violations, derailments, complaints, safety presentations; monitor Hazmat accidents/incidents.
2. Monitor grade crossings and signal/train control inspections.

#### ***Pipeline***

1. Monitor violations and inspections (by type), and track public awareness seminars.
2. Measure the number of intrastate violations and master meter violations corrected; maintain safety training classes for Master Meter and Blue Stake, and track class attendance.
3. Maintain renewal of interstate agreements for gas and liquids.
4. Maintain professional staff development and training.

### **P** Performance Measures (cont.)

#### **Securities**

1. Examine all incoming applications/filings, registrations/exemptions, examinations, dealer and salesmen registrations and measure internal agency review time.
2. Measure and monitor the number of enforcement actions/proceedings by type and outcome.

#### **Utilities**

1. Measure the annual number of rate cases and tariff applications against the number of utilities regulated.
2. Monitor the number of filings, applications and interconnection agreements.
3. Track of the number of consumer complaints/requests submitted electronically.
4. Track the number of public programs conducted.

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### **S** trategic Issues

#### **Strategic Issue 1: Electronic filing agency-wide at the Arizona Corporation Commission**

**Description:** Electronic filing at the Commission will allow the public to submit and access different types of filings regarding proceedings, rulemakings, licensing, authorizations, complaints, annual reports and other official forms.

**Objective:** To complete the process of transitioning to an agency-wide electronic filing platform by FY2018.

**Strategies:**

- Beginning in FY2013 and continuing through FY2018, the Commission will:
- Perform a detailed review of all filings at the Commission.
- Make an assessment of the transition process to electronic filing platform agency-wide.
- Develop and integrate the necessary databases so that all public information is gathered and processed in a streamlined manner so as to provide easy access to filings, information and reports.

#### **Strategic Issue 2: Update Division database reporting capabilities**

**Description:** Updating the database reporting capabilities of the Utilities and Securities Divisions will better enable staff to meet the needs and demands of their customers, and the citizens of Arizona whom they serve.

**Objective:** Beginning in FY 2015, the Commission will initiate the process of assessing and updating the software needs of the Utilities and Securities divisions.

**Strategies:**

- Review the current needs of the Divisions.
- Plan and develop the requirements and configurations of the necessary software.
- Install and test the new software.
- Evaluate the software to rate its success.