FOR IMMEDIATE RELEASE: 8/17/2016       MEDIA CONTACT: MATT GRESS (602) 542-3625

Arizona Corporation Commissioner Andy Tobin Unveils Scope of Work to Reform Commission Practices

PHOENIX – Corporation Commissioner Andy Tobin released a reform package yesterday for further evaluation that can improve Commission procedures, making them more efficient and cost effective. In a letter to Executive Director Jodi Jerich (included below), the commissioner included key areas of focus in his proposed “Scope of Work” for independent consultants to review.

“I am disappointed with the Scope of Work that Commissioner Burns unilaterally presented without any intervening discussion or debate from his colleagues,” said Commissioner Tobin in the letter. “If we are to truly have an agency-wide evaluation of how we do work here at the Commission, all commissioners must have an opportunity to express their priorities. Otherwise, there will be a disjointed, piece-meal approach that keeps the status quo in place and unnecessarily costs the taxpayers for services that go unheeded.”

The commissioner’s Scope of Work suggests hiring a professional consultant(s) to conduct inquiries into various areas of the Commission including creating a Policy Manual, partnering with the Secretary of State and the Clean Elections Commission to review best practices and guidelines for participation in elections for regulated and unregulated entities, restructuring some of the Commission’s divisions by moving them to other state agencies, and reviewing Commission budget and staffing procedures.

“This Friday will mark 200 days since being appointed commissioner, and in that time, it has become very clear to me that the size and scope of the Corporation Commission needs to be significantly reviewed and evaluated on how it carries out its most vital function: utility regulation….These proposals might require voter approval. Arizonans have taken powers away from the Commission before, and the time may be ripe to do it again,” said Commissioner Tobin.

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ARIZONA CORPORATION COMMISSION

August 16, 2016

Jodi Jerich
Executive Director
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Dear Ms. Jerich,

Throughout my career in the private sector and public service, I have always strived to make business and government work more efficiently. The job of elected leaders is not to protect government. It’s to protect the taxpayer. As Speaker of the Arizona House, I shepherded through significant government efficiency reforms, rolled back employment protections for government bureaucrats and ended political pensions for elected officials. As part of Governor Doug Ducey’s Cabinet, I worked to eliminate my own job at the Department of Weights and Measures and transition functions of the department to various agencies. When arriving at the Department of Insurance, I immediately began exploring opportunities to coordinate duties with the Department of Financial Institutions and considered consolidating the two agencies. After being appointed to the Commission, I led the way to adopt Governor Ducey’s “Lean Government” initiative, which has saved Commission staff and taxpayers time and money. My goal is to expand those efforts.

This Friday will mark 200 days since being appointed commissioner, and in that time, it has become very clear to me that the size and scope of the Corporation Commission needs to be significantly reviewed and evaluated on how it carries out its most vital function: utility regulation.

Since taking office in February, I have been developing ideas that can help improve the Commission. They are included in the enclosed Scope of Work. Among the proposals is the examination of potentially transitioning duties that may be extraneous to the core mission of this agency to other, better suited places. These proposals might require voter approval. Arizonans have taken powers away from the Commission before, and the time may be ripe to do it again.

In an August 2, 2016 letter to Docket No. AU-00000E-16-0270, Commissioner Burns submitted a Scope of Work that proposed to examine “how the Commission’s processes and results are impacted by stakeholders’ strategies and actions employed to achieve their objectives” (Scope of Work, at 1). The Scope of Work contemplated a review of the
Commission’s “substantive orders and rules” as well its “procedures and practices and its scope of authority pursuant to Arizona’s Constitution, statutes, and rules” (Ibid, at 3). Following this review, a report would be issued offering “options for changes in practices, rules, or statutes” (Ibid, at 4) presumably with the effect of making the Commission work again.

As previously stated in last Thursday’s Staff meeting, I am disappointed with the Scope of Work that Commissioner Burns unilaterally presented without any intervening discussion or debate from his colleagues. Indeed, there are many ideas in my proposed Scope of Work that can contribute greatly to the overall functioning of this institution. My fellow commissioners may have their own ideas to add as well. If we are to truly have an agency-wide evaluation of how we do work here at the Commission, all commissioners must have an opportunity to express their priorities. Otherwise, there will be a disjointed, piece-meal approach that keeps the status quo in place and unnecessarily costs the taxpayers for services that go unheeded. Ultimately, there should be a consolidated, single Scope of Work, possibly performed by multiple firms and is competitively bid upon by qualified, irreproachable, and neutral third parties.

Please find enclosed a Scope of Work that encompasses my priorities for Commission reforms.

Sincerely,

[Signature]

Andy Tobin
Commissioner

Enclosures: 1. Copy of Commissioner Tobin’s proposed Scope of Work

cc: Doug Little, Chairman
    Bob Stump, Commissioner
    Bob Burns, Commissioner
    Tom Forese, Commissioner
COMMISSIONER TOBIN'S PROPOSED SCOPE OF WORK

Making the Arizona Corporation Commission Work Again

A. Internal Commission Review
   a. The professional consultant will create, in consultation with the client, a set of tasks and deadlines that will include:
      
      i. Creation of a Policy Manual that can be reviewed annually and amended by a majority of commissioners as necessary. This manual may include, but is not limited to:
         1. Commission practices and protocols in the ratemaking process;
         2. Developing a process that allows commissioners to be more engaged in the ratemaking process (e.g., assigning commissioners to cases similar to Commission Staff);
         3. The Open Meeting Act and how it applies to commissioners and Commission Staff (e.g., the adequacy of the “A Team” and “B Team”);
         4. Commission response to public records requests; and
         5. Organizational culture and staffing expectations.

      ii. Corporation Commission Elections
           1. A review of best practices and guidelines for participation in Corporation Commission Elections pursuant to existing law for:
              a. Commission regulated entities; and
              b. Unregulated entities that have a substantial interest, directly or indirectly, in Commission proceedings.
           2. This review may include a partnership with the Secretary of State, Clean Elections Commission, and the Salt River Project to develop suggested guidelines.

      iii. Consolidation Review that will examine, but is not limited to, the following duties of the Commission and the potential opportunities for moving these functions to other, more efficient agencies:
           1. Securities Division to the Department of Insurance and Department of Financial Institutions;
           2. Safety Division – Railroad Safety to the Department of Transportation and Pipeline Safety to the Department of Agriculture; and
           3. Corporations Division to the Office of the Secretary of State.

      iv. Evaluation of the existing “Lean Government” initiative and suggested next steps on expanding the program to other divisions.
v. A review of Commission Rules and recommendations on making the ratemaking process more efficient and timely, including a legal review of the time frame for rate cases.

vi. Improvements to budgeting and fiscal accountability that include:
   1. Auditor General review;
   2. All travel published, including purpose, destination, and cost;
   3. A description of all Commission expenditures published by division and by fund;
   4. A public display of commissioners’ office budgets, including a description and amount of expenditures;
   5. An ADOA salary survey for Commission Staff in order to retain and attract quality talent at the Commission; and
   6. A review of job descriptions and staffing procedures, from entry-to director-level.