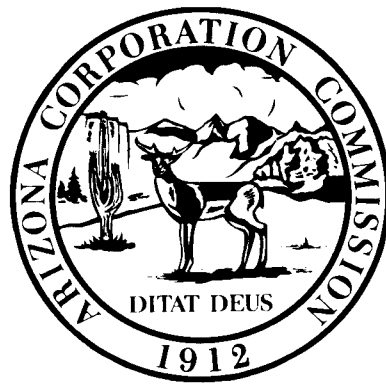


ANNUAL REPORT 1978-79



**Arizona
Corporation
Commission**

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ARIZONA CORPORATION COMMISSION

67th Annual Report

1978-79 Fiscal Year

JULY 1, 1978

TO

JUNE 30, 1979

Bud Tims, *Chairman*
Jim Weeks, *Commissioner*
John Ahearn, *Commissioner*

George C. Anderson, Jr., *Executive Secretary*

S. R. Whitfield
Utilities Director

Matthew J. Zale
Securities Director

Reuben M. Payne
Incorporating Director

Frank Bowman
Motor Transportation Director

Evo J. DeConcini
Southern Arizona Representative

David Kennedy
Chief Hearing Officer

State Office

2222 West Encanto Boulevard
Phoenix, Arizona 85009
(602) 255-3931

Southern Arizona Office

415 West Congress Street
Tucson, Arizona 85701
(602) 882-5555

BUD TIMS
CHAIRMAN
M. WEEKS
COMMISSIONER
JOHN HEARN
COMMISSIONER



GEORGE C. ANDERSON JR.
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

Bruce Babbitt, Governor
1700 W. Washington, 9th Floor
Phoenix, Arizona 85007

Dear Governor Babbitt:

Transmitted herewith is the 67th Annual Report of the Arizona Corporation Commission for the fiscal year ending June 30, 1979.

During the past year we continued our efforts to keep abreast of the ever increasing demands for services necessitated by this growing and prosperous state. We have reorganized our Utilities Division to meet the challenge of this critical energy era, and to more effectively utilize our resources.

Data processing development and implementation becomes more important as we respond to the needs of a growing economy. Faced with an ever-increasing sophistication in utility rate making and regulation, such services must continue to be expanded and effectively utilized. Increased Federal mandates of the National Energy Act impact heavily on our hearing processes and proceedings.

Although the legislature passed a bill to deregulate transportation, we must continue to carry out our assigned responsibilities until deregulation is mandated by the citizens of Arizona. There is a greater need to protect the public in hazardous materials incidents. We must respond adequately to all requests for assistance, and continue to train those other agencies that deal with hazardous materials.

All of our efforts are directed to providing the best possible service to those we serve -- the citizens of this great state.

Respectfully submitted,


Bud Tims
Chairman

Enc.

THE COMMISSIONERS



Bud Tims

Chairman

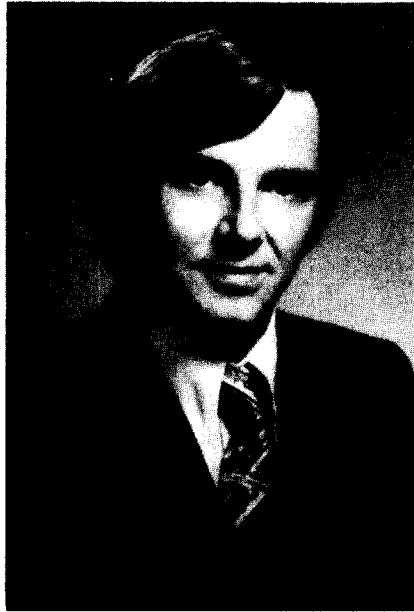
Elected:	January 1975
Term Expires:	January 1981

Bud Tims, former Mayor of Scottsdale, is a graduate of Los Angeles College of Optometry and is a Fellow of the American Academy of Optometry. He maintained a successful optometry practice in Scottsdale for many years prior to his election to the Commission.

After serving a term on the Scottsdale City Council, in January 1966 he was appointed to the Office of Mayor, a position to which he was reelected in 1966, 1968, and 1972.

From 1967 until 1974, Dr. Tims served as Chairman of the Maricopa Association of Governments. He was an active member and Past Treasurer of the League of Arizona Cities and Towns. From 1968 to 1974, he served as a Member of the Board of Directors of the National Association of Regional Councils.

Dr. Tims serves on the Administration and Personnel Committee of the National Association of Regulatory Utility Commissioners.



Jim Weeks

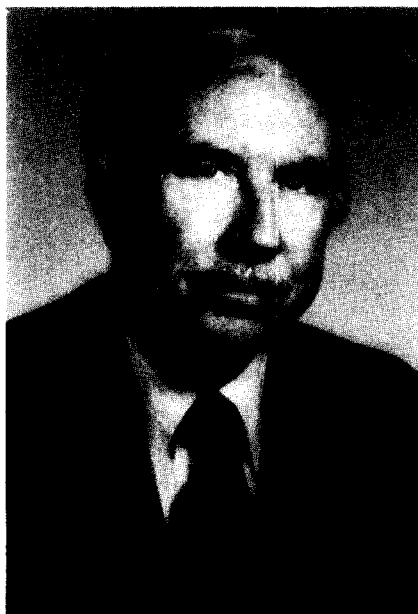
Elected: January 1977
Term Expires: January 1983

Jim Weeks served as City Councilman for the City of Phoenix from 1974 through 1976 where he served as Chairman of both the City Council Subcommittee on Responsiveness and City Council Subcommittee on Public Service Employment. Prior to his election, he served as Financial-Secretary, Business Manager eight years for the Iron Workers Local #75, encompassing all of Arizona.

A Native of Canada, he moved to Arizona 27 years ago where he completed High School and attended the University of Arizona in Tucson. He was in the National Guard from 1962 to 1971. While in Tucson he served as President of the Southern Arizona Building Trades Council and as a member of the Tucson Planning and Zoning Commission. In Phoenix he participated as a member of the State AFL-CIO Executive Board, Phoenix Construction & Building Trades Council, and the Central Trades Council.

He is interested in Youth Activities and served as Task Force Coordinator for the construction of the Boys' Clubs in Yuma and Flagstaff, and as a Board Member of Youth Opportunities Unlimited.

He serves as Chairman of the Arizona Occupational Safety & Health Act Review Board.



John Ahearn

An Arizona resident since 1946, John Ahearn served as a member and chairman of the State Industrial Commission for ten years. Prior to his service on the Industrial Commission, he was chairman of the Employment Security Commission.

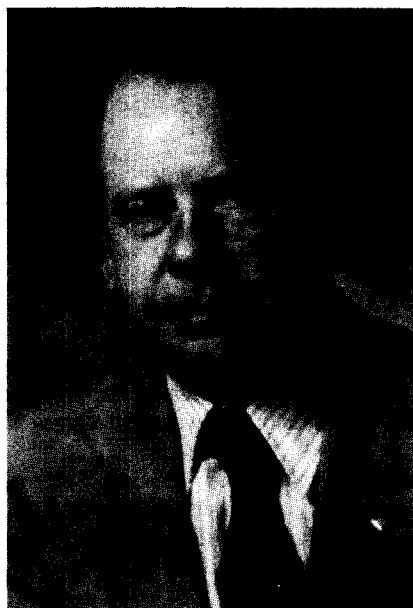
An attorney, John holds a Bachelor of Science Degree in Psychology from Arizona State University, a Masters Degree in Education from the University of Arizona, and a Bachelor of Law Degree from the University of Arizona. He is a member of the State Bar of Arizona and the American Bar Association.

In the Second World War, John served in the United States Army from November 1941 to June 1946. He was awarded the Silver Star for gallantry in action as platoon commander in Sicily. On D-Day, June 6, 1944, as a combat company commander, John led the first tank landing on Utah Beach, where he was severely wounded. He was subsequently awarded the Distinguished Service Cross and the Purple Heart, and was nominated for the Congressional Medal of Honor.

John has received numerous civic awards, including "Outstanding Disabled Veteran of the Year," the National Award for "Outstanding Contributions in the Area of Rehabilitation for Disabled Veterans," and a Civilian Citation of Merit for "Outstanding Leadership in Reorganizing and Revitalizing the State Industrial Commission."

John and his wife, Irene, have six children.

IN MEMORY OF



STAN AKERS

**RESOLUTION OF THE
ARIZONA CORPORATION COMMISSION**

WHEREAS, STAN AKERS was elected by the citizens of the State of Arizona to serve as an Arizona Corporation Commissioner commencing in January, 1979; and

WHEREAS, STAN AKERS in a brief span of time imprinted upon this Commission a sense of respect, duty and courage; and

WHEREAS, this Commission was nurtured by the honesty, integrity and care of STAN AKERS; and

WHEREAS, this Commission will forever remember the positive, beneficial impact of his manner and action on all forms of Commission business and personnel matters; and

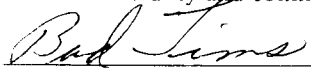
THEREFORE, BE IT KNOWN that it is with great sadness that this Commission, this State and all of its people mourn the loss of STAN AKERS from the rank and file of this earthly pilgrimage on July 29, 1979.


THEREFORE, BE IT RESOLVED BY THE ARIZONA CORPORATION COMMISSION OF THE STATE OF ARIZONA:

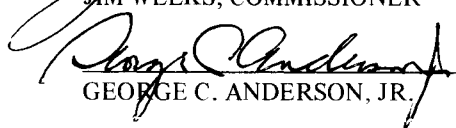
1. That STAN AKERS' wife, Sharon, his son, Stan Jr., and his daughters, Christine, Catherine, and Alyce, be extended the most heartfelt thoughts and prayers of the members and employees of the Arizona Corporation Commission; and

2. That it is recognized that STAN AKERS was a man true unto himself, his family, his colleagues, and the people of Arizona in the life that he lived, displaying integrity, honesty, justice and delight in the everyday things of life; and

3. That the memory of STAN AKERS survive forever as a reminder of the substantial and beneficial imprint that can be achieved through dedication to duty and commitment to purpose.


BUD TIMS, CHAIRMAN


JIM WEEKS, COMMISSIONER


GEORGE C. ANDERSON, JR.



Dated this 1st day of August, 1979.

**ROSTER OF CORPORATION COMMISSIONERS
SINCE STATEHOOD**

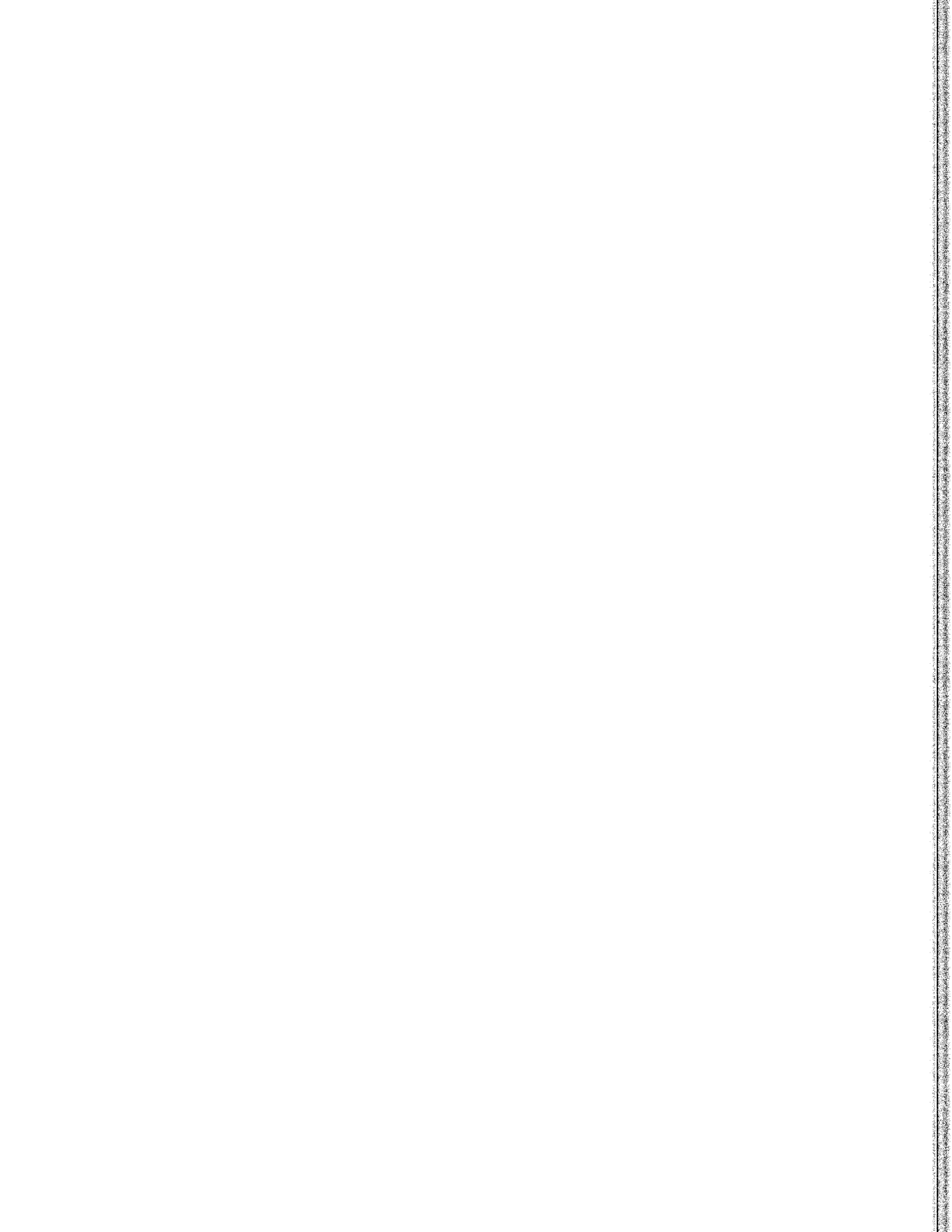
A.W. Cole	1912 – 1918
W.P. Geary	1912 – 1918
F.A. Jones	1912 – 1920
Amos A. Betts	1917 – 1933
David F. Johnson	1919 – 1924
Loren Vaughn	1921 – 1932
W.D. Claypool	1925 – 1930
Charles R. Howe	1931 – 1936
Wilson T. Wright	1933 – 1953
John Cumnard	1933 – 1934
W.M. Cox	1935 – 1940
Amos A. Betts	1937 – 1945
William Peterson	1941 – 1946
William Eden	1944 – 1947
Yale McFate	1947 – 1948
William T. Brooks	1947 – 1958
Mit Simms	1949 – 1958
Timothy D. Parkman	1953 – 1954
John H. Barry	1955 – 1956
E.T. Williams, Jr.	1957 – 1968
George F. Senner, Jr.	1958 – 1962
A.P. Jack Buzard	1959 – 1964
John P. Clark	1963 – 1964
Milton J. Husky	1965 – 1970
Dick Herbert	1965 – 1971
Charles H. Garland	1969 – 1975
Russell Williams	1970 – 1973
Al Faron	1971 – 1977
Ernest Garfield	1973 – 1978
Bud Tims	1975 – present
Jim Weeks	1977 – present
Stan Akers	1979 – 1979
John Ahearn	1979 – present

PREFACE

The Arizona Corporation Commission was created by Article XV of the Arizona Constitution at statehood in 1912. It is composed of three Commissioners elected by the people for a six year term, with one Commission seat standing for election every two years. In the case of a vacancy the Governor appoints a Commissioner who must stand for election at the next general election to fulfill the unexpired term. Such is the case in which John Ahearn was appointed to fill the vacancy created by the death of Stan Akers. The Commission is required to maintain its chief office at the State Capitol and is currently located at 2222 W. Encanto Boulevard. A regional office is also located in Tucson at 415 West Congress Street.

The Commission has five areas of responsibility. They are: Administration, Utilities, Incorporating, Securities, and Motor Transportation. This report further outlines the scope and authority of each of these jurisdictional areas.

The functional scope of authority stretches from internal administration, including the various budgetary and personnel considerations inherent in any of the State agencies, to the strict regulatory requirements of Motor Carriers and Utilities. Within these parameters are the full realm of administration, filing, registration, investigation, authority, review and regulation matters.



ADMINISTRATIVE DIVISION

The Chief Executive Officer of the Arizona Corporation Commission is the Executive Secretary. His office is responsible to the three Commissioners for the day-to-day operations of all divisions and for providing administrative support necessary for the Commissioners and the Divisions. The secretary serves at the pleasure of the Commissioners and is the chief law enforcement officer, through whom all Commission enforcement personnel derive their police authority.

The Executive Secretary coordinates the divisions' efforts, provides management, planning, personnel and accounting services, prepares and presents the budget, coordinates public information, intergovernmental liaison and legislative relations of the Commissioners and provides to the divisions and the Commissioners whatever other administrative support they require.

Year of Activity

FY 1978-79 was a year which required ever increasing efforts to keep abreast with an expanding demand for services necessitated by a growing and prosperous state. Increasing utility rates and public awareness made it essential the Commission staff had the expertise to effectively accomplish its assigned regulatory responsibilities. Increased federal mandates of the National Energy Act and a greater sophistication in utility rate making and regulation impacted heavily on our hearing processes and proceedings.

Data Processing continues to be more important as it allows us to meet the need for timely, accurate and detailed data. We maintain constant liaison with the Data Center to ensure optimal progress and maximum utilization of personnel, monies and equipment.

Staff capabilities have been upgraded throughout the Commission. Internal controls have been implemented to ensure effective utilization of resources at minimal expenditure.

The legislature passed a bill to deregulate the transportation industry; it will become effective on July 1, 1982 if the Constitution of Arizona is amended by a vote of the people in the general election of 1980. Meantime, we continue to carry out our assigned responsibilities until deregulation is mandated. Due to a reduction in force directed by the legislature the enforcement section has discontinued its manning of the "ports of entry"; however, it has increased the number of road patrol units.

This year the legal representation provided by the Attorney General was greatly increased by the assignment of one full time Assistant

Attorney General to our staff. The availability of this person proved without question the value of such service.

A contract has been awarded for a new building to house the Commission. The new facility is scheduled for completion in July 1980. All employees look forward to the return of the Commission to the Capitol complex.

The Public Be Heard

The Commission put great emphasis in FY 1978-79 on the problem of communicating with members of the general public, both during and between rate cases. The Commissioners traveled to several communities during the year to visit with leaders and hold public sessions. Hearings were held in communities to allow local input and bring government to the people.

Hearing

The conduct of a hearing is an indispensable part of any rate making proceeding. Therefore, the Hearing Division— now part of Administration— is clearly an essential part of the Commission.

Under the supervision of a hearing officer, the hearings are designed to bring out the information and physical evidence on which the Commissioners base their ultimate decisions. During FY 78-79, this process was employed over 1,000 times and covered all regulatory matters.

Hearing officers take testimony, make rulings from the bench and determine points of law as they apply to any given proceeding. They also draft recommended orders for the Commissioners' approval.

A cooperative agreement with the U.S. Interstate Commerce Commission allows that agency to use Commission hearing facilities and to borrow Commission hearing officers from time to time for local cases.

CASHIER'S REPORT

July 1, 1978 thru June 30, 1979

Division	Revenue
Administration (Misc. Refunds)	1,100
Incorporating	1,865,800
Utilities	2,178,900
Securities	310,300
Motor Transportation	674,500
TOTAL	<u>5,030,600</u>

CONSOLIDATED BUDGET ANALYSIS

67th FISCAL YEAR

1978-1979

Division	Actual Expenditures 1978-1979	Appropriation 1978-1979
Administration/Hearing	915,904	941,400
Incorporating	477,705	492,500
Utilities	962,899	1,021,300
Motor Transportation	1,508,023	1,780,900
Securities	667,796	699,400
TOTAL	<u>4,522,327</u>	<u>4,935,500</u>

House Bill No. 2024	28,491	40,000
House Bill No. 2128	15,607	29,041
House Bill No. 2206	14,776	68,000
TOTAL	<u>58,874</u>	<u>137,041</u>

Division	Appropriated 1979-1980	Requested 1979-1980
Administration/Hearing	1,128,300	1,621,100
Incorporating	435,000	455,300
Utilities	1,428,300	1,700,700
Motor Transportation	1,613,900	1,957,800
Securities	853,100	771,500
TOTAL	<u>5,458,600</u>	<u>6,506,400</u>

SOUTHERN ARIZONA OFFICE

The Commission has a professional, well trained staff in Tucson to provide the same essential services as those in the Commission offices in Phoenix. Under the direction of the District Representative, the Tucson office serves the residents of Southern Arizona and oversees the numerous public service corporations which affect their daily lives. The demand for these services is steadily increasing as the public becomes more aware of the Commission's responsibility and of its greater ability to serve them. The availability of these services in Tucson constitute a significant saving of time and money to the people of Southern Arizona.

In its effort to "bring government to the people", the Commission also saves taxpayers thousands of dollars by utilizing its Southern Arizona Representative as a hearing officer. During the past year, this individual, sitting as a hearing officer, heard approximately 100 cases at varied locations throughout Southern Arizona. He also represents the Commission and the State of Arizona as a member of the Interstate Commerce Commission Joint Board; hearing all motor carrier cases involving the State of Arizona and its adjoining states.

The Commission strongly believes that by resolving problems at the local level both the public and the state are better served.

The Tucson office handles approximately 60,000 citizen inquiries yearly. Written inquiries of all kinds were filed and fully investigated by the Tucson Utilities Section during the past year.

The advantage of decentralized and localized service to one-third of the state's population is made more evident by the tremendous increase in service provided by the Incorporating Division segment of the Tucson office. Of the approximately 60,000 inquiries last year, about half pertained to incorporating matters. The division takes great pride in the fact that it provides computerized information, instant service and "same day" incorporating. Last year, the Tucson Incorporating Section processed approximately 5,500 filings, collected almost a quarter of a million dollars in fees and responded to over 20,000 computer data inquiries.

The Commission has repeatedly been complimented for having established the Tucson office to provide this much needed public service to the residents of Southern Arizona.

SECURITIES DIVISION

The Securities Division continues to combat stock fraud that is either based in Arizona or being perpetrated on Arizonans. During the year over 150 cases were investigated. Priority was given to the investigation of diamond fraud and a special diamond task force was formed to concentrate on this area. Public actions were taken to combat securities fraud in such areas as insurance related securities schemes, fraud in the sale of industrial revenue bonds, and fraudulent promotions involving investment in real estate.

Although one of the functions of the Securities Division is to investigate complaints of securities law violations, and recommend court actions when necessary, the old adage "an ounce of prevention is worth a pound of cure" is particularly true in the securities area. The division has built many investigations and cases, and it believes it is better to prevent the loss of an investor's savings in a stock scheme than to spend months unraveling it after the corporate barn door is closed. Accordingly, the Securities Division has begun a public education program to alert investors on how to protect their hard-earned savings from stock swindles.

One of the first steps in this educational program has been the issuance of a message to Arizona investors entitled "Ten Steps in Investigating Before You Invest." We are disseminating this message to civic and social groups. Five Securities Division staff members in a "Speaker's Bureau" have spoken to thousands of Arizona residents informing them of the "Ten Steps" message.

The Division has inaugurated an internship program with law, accounting, and criminal justice students from Arizona State University and the University of Arizona. This program has the dual benefit of educating students in the securities law field and training possible candidates for permanent positions with the division. The Securities Division continues its program of adding professional staff members with legal and accounting backgrounds to protect Arizonans making investment decisions.

The Securities Division is responsible for three areas of regulation in Arizona: registration of securities, registration of salespeople and broker-dealers, and investigation and enforcement of violations of securities laws.

Securities Registration

Any security offered for sale to an Arizona resident is examined to assure that only companies which are not "insolvent, or in an unsound financial condition" or whose sales would not be "unfair or inequitable"

are allowed to sell securities to the public. Also, applications by brokers and salespeople to sell securities in Arizona must be examined to determine financial soundness and to assure registration of those with "integrity," "good business reputation," and who are "qualified by training." All securities salespeople must pass examinations on securities laws and regulations and be fingerprinted. The division administers the examinations and fingerprinting to assure that only legitimate companies and stock brokers, selling sound securities, are registered in Arizona.

Enforcement

The division is charged with responsibility to investigate any violations of the Securities Act of Arizona, Chapter 12, 44-1801 through 44-2037. This encompasses violations of the law by companies, promoters, officers and directors involving fraud or misrepresentation in the sale of securities. It includes investigating complaints received from the public, from Arizona law enforcement agencies, from U.S. Securities and Exchange Commission, securities directors of other states or any other source. After investigation, public action may be taken as follows:

1. Issuance of a Cease and Desist Order.
2. Referral to the Attorney General's Office for civil injunctive action in the courts, including appointment of a receiver.
3. Referral to the Attorney General's Office for criminal action.
4. Revocation, suspension, or denial of a broker-dealer or salesperson's registration.

Public hearings before hearing officers, the Commissioners, or the courts are necessary in connection with the above.

Goals

It is the goal of the Securities Division to review carefully each new securities filing to assure that securities of sound, solvent or non-fraudulent companies are cleared for public sale. If thorough and effective enforcement of the securities law to protect investors is to be achieved, the division requires a professional staff of securities specialists with legal and accounting backgrounds. The Commission has attained such high professional standards through legislative support for its program.

It is the further goal of this division to effectively investigate and prosecute, in conjunction with the Attorney General's office, large-scale securities frauds perpetrated on the residents of this state.

With its professional staff, joint enforcement efforts have taken place with other Arizona agencies, including the Department of Public Safety, Insurance Department, Real Estate Department, Banking Department, State Accountancy Board, municipal police officials, Attorney General's office, and county attorneys, as well as federal agencies. The number of cases investigated and the complexity of the complaints of securities law violations that are received from the public and other law enforcement agencies has increased. Several court actions in the Maricopa and Pima County Superior Courts were brought during the year by the Arizona Corporation Commission and the Securities Division as plaintiffs seeking court orders to stop securities law violations.

Registration activity by the division during the 1978-79 fiscal year was as follows:

Securities issues registered:	1,688
Billion dollar value:	14.3
Exemptions granted:	89
Broker-dealers registered:	438
Securities salespeople licensed:	3,513
Registration fees collected:	\$329,572

INCORPORATING DIVISION

The Incorporating Division provides information and incorporating services to the public. This year the division continued its conversion from manual record keeping to computerized systems; reduced the number, and simplified the forms used in the division; retained one-day filing of corporate papers; reduced the use of envelopes, utilized bulk mailing procedures, and complied with new postal mailing requirements; established an in-house training program in use of computer automated records; added four additional CRT data terminals; improved telephone answering service in response to an increasing number of calls; and conducted a study of corporate record keeping methods, procedures, and quality of submittals.

Responsibilities

The Incorporating Division is an information and regulatory division of the Arizona Corporation Commission; it is charged with carrying out and administering the Arizona General Corporation Law (A.R.S. Sections 10-002 through 10-966; and 10-1002 through 10-1099) and prescribes reasonable rules and regulations. Any organization operating as a corporation in the State of Arizona must receive its authorization to act from the division. In administering the Arizona General Corporation Law, the division:

- Approves the statutory qualifications of all corporations and certifies all profit and nonprofit corporations, domestic and foreign, seeking to do business in Arizona;

- Determines that all legal requirements set forth in the Arizona statutes have been met;

- Receives, approves, records, films and maintains files of all corporate documents required by statute;

- Ensures all corporate information is current, reproducible, available and viewable to the general public and law enforcement agencies.

All corporations registered with the Incorporating Division are required by statute to file an annual report as of the end of their fiscal year and pay the annual fee as set forth in the statute. The authority of a corporation to do business in Arizona is revoked if an annual report is not filed when due. The Incorporating Division has no investigatory power and

few regulatory powers. All filings are public information and available for inspection. Copies of documents may be secured and certified for a minimal fee.

FY 1978-79 saw the passage of Senate Bill 1280. This new nonprofit code became effective July 20, 1979, and it required substantial administrative changes in the internal operations of the division. The new code applies to all private Arizona nonprofit corporations, other than corporations sole, and associations not for profit. It deliberately and closely parallels the provisions of the 1976 Arizona Business Corporation Act. The nonprofit code governs the organization and administration of nonprofit corporations, imposes controls as the public interest requires on the formation of those corporations, and eliminates the uncertainty regarding Arizona nonprofit corporations.

Growth and Activity Report

There continues to be increased activity and revenue. During the past three years, the division's work load has increased by 125%. With \$1,865,800 in total receipts for the fiscal year 1978-79 and expenditures of \$477,705, the State netted \$1,388,095 from the operation of this division. This increase in work load and revenue has been accomplished with no added employees in the Phoenix office. With this type of growth, we must take care to see that the division is structured to render efficient, quality service to Arizonans.

The division consists of five basic sections. Each is necessary to fulfill the mandate of the Arizona Statutes and ensure the division performs its duties and responsibilities. The following information shows the volume of work accomplished by the division, and the scope of the services rendered in FY 1978-79.

Incorporating Section

Processes and approves all original filings.

Domestic Articles	10,602
Foreign Articles	1,419
Domestic Amendments	1,684
Foreign Amendments	310
Domestic Mergers	310
Foreign Mergers	127

Domestic, Intent to Dissolve	663
Foreign, Applications of Withdrawal	405
Completions - Dissolutions	497
Completions - Withdrawals	350
Name Reservations Processed	1,496
Inquiries (Letters)	3,424
Inquiries (Telephone)	26,554
Service to Walk-In Customers	2,266
Name Availability (Phone)	11,434
Name Availability (Mail)	322
Name Availability (Counter)	573
Total Name Availability	12,329
Certification	1,162
Certificate of Compliance	44
Domestic Articles	677
Foreign Articles	240
Domestic Amendments	211
Foreign Amendments	39
Domestic Merger	6
Foreign Merger	24
Total Items Received and Returned	1,197
Monies Received	\$524,687

Annual Reports Section

Responsible for processing, auditing, and approving all reports filed subsequent to incorporation.

Annual Reports Filed (Profit and Nonprofit)	45,714
Corporate Address Changes Filed	7,800
Fiscal Date Changes Filed	2,160
Preprinted Annual Reports Sent Out	49,592
Annual Reports Returned for Correction	6,469
Statutory Agent Changes	10,320
Inquiries (Letter)	6,800
Inquiries (Telephone)	27,960
Service to Walk-In Customers	2,647
Monies Received	\$972,266

Records Control Center

“Storage” of all records and the “furnishing of information” to the public regarding 60,000 active and 140,000 inactive corporations.

Preparation of Hard Copies	252,000
Preparation of Diazo Copies	30,705
Acceptance of Service of Process	217
Acceptance of Subpoenas	25
Inquiries by Letter	6,010
Counter Customers	16,100
Documents Microfilmed and Inserted	300,000
Monthly Billings: Diazo Copies	9,102
Monthly Billings: Hard Copies	207,000
Monies Received	\$112,602
Telephone Service Rendered on Inquiries by Phone*	
1. Actual Completed Calls	224,172
2. Call-Ins Receiving Busy Signal	336,960
3. Total Telephone Call-Ins	561,132

**The above figures are provided by the telephone company and do not reflect the number of out-going business calls made by employees.*

Revocation and Delinquency

Responsible for processing all revocations, delinquencies and certifications.

Certificates of Compliance Issued	3,382
Certification to Articles, Amendments and Mergers	2,086
Revocations	4,571
Reinstatements	484
Revocations Set Aside	1,225
Inquiries Answered (Telephone)	4,463
Inquiries Answered (Letters)	2,424
Annual Reports Sent	1,092
Delinquencies Researched for Addresses	1,208
Delinquency Letters Sent to Statutory Agents	1,010
Delinquency Cards Sent - Research	534
Affidavits of Publication Received	15,065
Service to Walk-In Customers	1,299
Delinquency Cards Mailed	12,604

Revocation Cards Mailed	6,802
Monies Received (Reinstatement Fees Only)	\$48,400
Total Monies Received	\$98,564

Computer Data

Responsible for providing "all technical information and data" necessary for conversion of manual record keeping system to an "input and retrieval on-line computer bank." The Computer Data Section trains all employees in the operation of computer terminals to maintain their efficiency at a high level.

Computer Entries	1,040,000
Error Corrections	3,600
Documents Prepared for Microfilming	318,000

Tucson Section

Residents of Southern Arizona are able to file all original filings of corporate documents and receive corporate information from the Tucson Incorporating Division.

Articles of Incorporation	1,417
Amendments	231
Restated Articles	3
Annual Reports	2,531
Name Reservation	193
Certifications	465
Service of Summons	5
Certificate of Compliance	443
Reinstatements	66
Xeroxing Copies	1,039
A.R.S. Sales	78
Intents to Dissolve	33
Articles of Dissolution	16
Revocation of Dissolution	2
Mergers	2
Telephone Inquiries	23,350
Walk-Ins	6,250
Penalties	\$12,702
Total Monies Received	\$157,681

Plans

Fiscal Year 1979-80 will see implementation of the new nonprofit corporation code passed during the first session of the 34th Arizona Legislature. Our priorities have been structured to allow greater and more sophisticated use of data processing in the revocation, name reservation, and telephone answering services. The division continuously seeks "ways of being more responsible to the general public at a minimum cost of operation."

UTILITIES DIVISION

The Utilities Division is responsible for regulation of public utilities in a manner that is just, reasonable and beneficial to ensure the continuation of quality utility service to the people of Arizona while allowing the public utility corporations to earn a fair rate of return on their investments pursuant to the constitution and laws of the State of Arizona.

This regulative power is divided into two areas: enabling powers, under which the utility companies must secure Commission approval before specified actions may be initiated; and directing powers, by which the Commission is authorized to exercise continuous supervision over the operations of utilities and to intervene when necessary in the public interest.

Program Development

The Arizona State Legislature appropriated additional monies for the continuing development and enhancement of Utilities Division programs. During the year the division increased its utility audit program, doubled its engineering program, and instituted a utility financial analysis section. These added resources have increased the division's effectiveness in planning for Arizona's energy future and in reviewing applications submitted by utilities for new certificates, rate review, or long term financing.

Electric Utility Fuel Costs

The Commission, by Decision No. 49438, suspended the electric utility company's use of the automatic fuel adjustment clauses and requested the Utilities Division to prepare monthly reporting forms. Electric utility companies' fuel mix, fuel costs and use of their generative facilities are monitored monthly by the division.

The Commission established a monthly fuel surveillance program and the Utilities Division in recommending to the Commission when hearings should be established to review a utility's fuel costs.

Arizona Public Service Company

Early in 1979, Arizona Public Service filed notice of its intent to seek rate increases and a determination of step III rate level adjustment to be made permanent.

The staff maintained that the request by Arizona Public Service should be denied because the company was presently exceeding the operating revenues which it asked the Commission to approve. The Commission, through Decision No. 49972, ordered: (1) that the staff motion to dismiss Arizona Public Service Company's application for higher rates be granted; and (2) that the five percent increase implemented by Arizona Public Service Company in January, 1979 be made permanent.

Natural Gas Exploration

Arizona Public Service Company, through its wholly owned subsidiary, Bixco, Inc., was authorized to conduct exploration and development of natural gas sources. The costs, to be accounted for on a "Full Cost" basis and amortized on a unit of production basis, provided that the delivered unit cost of Bixco gas will not exceed the delivered unit cost of gas which is procured from El Paso Natural Gas Company.

The Commission allowed \$14,000,000 for exploration and development; expenditures not recovered from the same gas and/or properties are to be recovered from gas customers over a ten year period without a direct or indirect return.

Public Utility Regulatory Policies Act

Congress in 1978 set forth standards which state public utility commissions must consider in their review of electric and gas utilities under their jurisdiction. Included under the standards are: Arizona Public Service, Tucson Electric Power, Southern Union Gas and Southwest Gas Companies.

The issues to be considered in future hearings of the Commission with regard to electric utilities are: cost of service, billing block rates, time of day rates, seasonal rates, interruptible rates, load management techniques, master metering, fuel adjustment clauses, information to consumers, termination of service and utility advertising.

Termination of service and utility advertising are the only issues that Congress requires the Corporation Commission consider for natural gas utility companies.

Mountain States Telephone and Telegraph

The Commission in 1975 issued Decision No. 46599A which granted the company's request to increase charges for the installation and transfer of telephones to their customers. This decision was later appealed by

Bruce Meyerson who was representing two customers; Rozella Castillo and Edward G. Scates. On September 27, 1976 the Maricopa County Superior Court upheld the Commission's decision.

An appeal was taken from the Superior Court judgment to the Court of Appeals which reversed the Superior Court judgment and directed the lower court to set aside the Commission decision.

On September 6, 1978 the Commission ordered the company to return these charges to their previous level and to refund those additional monies collected under those increased charges.

Statistics

Orders Issued:

During the 1978-79 fiscal year, the division spent 180 hearing days and 360 man days in 342 hearings on rates, certificates, fuel escalations, financing and show cause orders.

Number of financing orders	48
Orders to Show Cause	50
Numbers of transfers	23
Rate matters	105
Fuel/Purchased Power Adjustments	3
Miscellaneous orders	<u>113</u>
Total number of orders issued	342

Open Meetings:

During the year, the division submitted to the Commission the following items to be heard in open meetings:

Rate matters	98
Transfers	11
Fuel/Purchased Power Adjustments	87
Certificates	35
Orders to Show Cause	49
Gas variances	14
Contracts	29
Financing matters	27
Others	<u>470</u>
Total	820

Revenue Collected:

The division collects revenue by means of an annual assessment from the utilities. The assessment of net revenue is established at 1/10 of one percent of the 1st \$250,000 and 2/10 of one percent of all additional net revenue after \$250,000. There is no assessment if net revenue is under \$1,000.

Gas	\$ 361,454
Telephone	698,556
Electric	1,438,164
Sewer	4,407
Water	<u>36,384</u>
Total	\$2,538,965

Customer Inquiries:

The number of utility customer inquiries has increased by 25 percent over last year. With the inflationary influence and the general economic conditions, a similar increase is expected in 1978-79.

Water	1,481
Telephone	1,079
Gas	371
Electric	807
Sewer	<u>66</u>
Total	3,804

MOTOR TRANSPORTATION DIVISION

The Motor Transportation Division is responsible for administering the Commission's jurisdiction concerning motor carrier, railroad, emergency vehicle, air carrier operations and authority matters. The division is divided into five functional sections: Tariff and Rate, Enforcement, Railroad and Hazardous Materials, Emergency Services, and Authorities.

The Division's duties are mandated by Sections 2, 10 and 15 of the Arizona Constitution, a multiplicity of State Statutes, principally those found in Title 40, and Corporation Commission rules and regulations promulgated thereunder.

Railroad Safety

The Railroad Safety Section is responsible for: enforcing track, freight car, rail-highway, railroad construction safety and railroad accident reporting; managing and administering the state rail-highway improvement fund; providing technical support, and railroad service, safety and economic data to the Department of Transportation's Rail Planning Section; providing hazardous material transportation training and emergency advisory assistance, and regulating private fire protection corporations.

The goals of the Railroad Safety Section are: improved safety in all areas of railroad operations and reduced railroad-related accidents, reduced deaths and injuries to persons and damage to property caused by accidents involving any carrier of hazardous materials, and to ensure adequate private fire protection services are provided to Arizona's vast rural, unincorporated areas.

The Railroad Safety Section's hazardous materials transportation program is responding to an ever increasing demand for training of interested shippers, carriers and emergency response personnel. It provides emergency advisory assistance at the scene of transportation accidents involving hazardous materials, establishes procedures to certify the training of fire fighters employed by private fire protection corporations and participates in the Railroad Safety and Hazardous Materials Control Act of 1970.

RAIL-HIGHWAY GRADE CROSSINGS IMPROVEMENT	1977-78	1978-79
Appropriation	\$200,000	\$400,000
Encumbered	199,218	331,078
Expended	0	68,922

Orders Issued	37	40
Projects Completed	9	15
Projects Underway	1	4
Projects Pending	27	20

RAILROAD INSPECTIONS

Track (Miles)	1,336	3,445
Freight Cars	3,628	5,417
Industry Spurs	221	375
Rail-Highway	208	201
Other	13	21

RAIL INVESTIGATIONS

Accidents	98	319
Complaints	21	36
Variance	3	45
Special	6	5

RAILROAD ACCIDENTS REPORTED

Derailments	31	31
Collisions	1	8
Rail-Highway	66	65
Injuries	266	326
Fatalities	20	15

PRIVATE FIRE INSPECTIONS

Stations	3	10
Equipment	16	45

HAZARDOUS MATERIALS VIOLATIONS REPORTED

Rail	6	10
Highway	1,290	3,410
Air	0	0
Shipper	198	103
Other	3	4

**HAZARDOUS MATERIALS
TRAINING SEMINARS**

Rail carrier	0	1
Highway carrier	15	26
Air carrier	0	3
Shipper	17	14
Police	3	7
Firefighters	14	27
Others	10	20

Tariff and Rate

The Tariff and Rate Section is responsible for establishment of reasonable rates, schedules and levels of service of public service common carriers. The section ensures proper filings, investigates consumer complaints and provides technical advice to the general public and regulated carriers.

The section's goals are to: ensure adequate public transportation at reasonable rates with convenient dispatch; promote safe, comfortable and adequate passenger transportation; be responsive to customer complaints; conduct periodic audits to ensure compliance with established tariffs and schedules.

The Tariff Section's program to formalize standard accounting procedures has resulted in more regulated carriers utilizing uniform accounting procedures and has increased the number of audits conducted in response to rate requests. A more thorough review of rate increase applications results in greater protection to consumers of these services. The following statistics compare program results during the past two fiscal years.

DOCKETED MATTERS	ACTUAL 1977-78	ACTUAL 1978-79
Rate Increase	63	101
Financing	4	2
Order to Show Cause	8	12
Suspended Matter	7	4
Short Notice Application	13	11
Change of Service	9	3
Total	<u>104</u>	<u>133</u>

CONSUMER COMPLAINTS

No. of complaints, all types	126	231
No. of complaints investigated	*	185
No. forwarded to other agencies	*	19

**figures not maintained*

AUDIT UNIT ACTIVITY

Audits conducted	31	53
Audits - Other than Rate Increases		2

Safety Enforcement

The Enforcement Section is responsible for assuring the safe operation of common, contract and private motor carrier traffic upon the highways within the State in compliance with adopted Federal Motor Carrier Safety Regulations.

This is accomplished by enforcing the provisions of Title 40, Articles 1 and 2, the Administrative Rules and Regulations of the Commission, and other laws of the state relating to public highway use by persons operating as motor carriers. Members of this section are all duly constituted peace officers.

The goal is to promote general motor carrier safety through periodic safety inspection of transport vehicles, terminal audit checks of company records and maintenance procedures, and safety checks of vehicles. To enhance the section's effectiveness, seven additional patrol vehicles were added to provide additional road patrols throughout the state. Mini-roadblocks are used to balance the effort and provide a check on the effectiveness of the overall program.

The following statistics compare program results during the past two fiscal years:

ENFORCEMENT	FY 78	FY 79
Units Safety-Inspected	62,355	72,085
Warning/Repair Orders Issued	65,839	75,194
Out-of-Service Vehicle	5,247	6,915
Out-of-Service Driver	444	321
Terminal Audits	360	235
Terminal Violations	2,921	1,994

CITATIONS ISSUED

No Identification Stamps	443	254
No Authority - Exempt	261	344
No Authority - Non-Exempt	295	236
Safety	5,538	6,580
Dangerous Drugs	312	48
Hazardous Materials	307	513
Other	1,113	1,013

Emergency Vehicles

The Emergency Vehicle Section has responsibility for establishing regulations, standards, licensing and certification procedures relating to both public and private ambulance services throughout the state. To ensure effective, sanitary and prompt service, a comprehensive vehicle inspection program is conducted. The staff is responsible for the receipt, investigation, and resolution of consumer complaints against members of the ambulance industry. Technical guidance is provided as needed. The division is responsible for conducting public hearings necessary for establishing new service, or correcting deficiencies in existing service which cannot be corrected otherwise.

The goals are to: promote and upgrade overall standards of first care service to the general public through effective regulation of such service, complete at least three inspections annually of each ambulance service, resolve consumer complaints within 90 days of filing, provide timely hearings on matters affecting transportation of the sick and injured, provide prompt action on requests for personnel certification.

Present programs ensure all ambulance services are inspected at least once during the fiscal year with reinspection conducted on those requiring follow-up action. Eighty-one percent of all consumer complaints were completed by the close of the fiscal year. Assistance was provided to numerous organizations attempting to start first-care services and to State agencies involved in State emergency medical service activity.

The following statistics reflect program results for the past two fiscal years:

	1977-78	1978-79
Number of ambulance firms regulated		
Ground	114	105
Air	67	74

Number of units inspected		
Ground	243	290
Air	150	143
Complaints investigated (ground ambulance)	67	54
Ambulance attendants certified	1,144	1,116
Ambulance vehicles licensed	*	263

**statistics not maintained*

Authority

The Authority Section administers the State's Motor Carrier Act, and rules and regulations relating thereto. Registration of all interstate exempt and I.C.C. regulated carriers, cancellation or registration of new carriers, issuance of annual identification stamps to registered and new carriers, maintenance of insurance files on all registered carriers, and acceptance for filing and scheduling for hearing all applications for intrastate common and contract authority are responsibilities of this section. Hearings on farm product applications, preparation of a recommended order for the Commissioners to consider, and administering the reciprocal agreement program between Arizona and other states are additional responsibilities.

Programs are geared to expedite the issuance of licenses to farm product haulers and to reduce time lag in the regulatory process. Preparation of transcripts on such hearings by members of the division reduces court reporting costs. Revision of current administrative rules to clarify and/or delete restrictive practices continues as does establishment of reciprocal agreements with other states. At the end of the fiscal year, over 5,000 interstate motor carriers were registered with the Commission. This activity generated \$679,532 in revenue during Fiscal Year 1978-79. Workload and activity of this section can be determined by comparing the statistics outlined below.

NUMBER OF MOTOR CARRIERS REGISTERED	1977-78	1978-79
During reporting year	7,884	7,189
End of reporting year	5,964	6,002

Intrastate Carriers

Common	686	569
Contract	123	102
Airlines	75	75
Motor Clubs		14

Interstate Carriers

Exempt	3,897	3,931
ICC Regulated	1,169	1,358

Interstate Activity

Applications filed	1,626	1,824
Interstate registrations	1,586	1,438
Applications dismissed non-compliance	212	150
Registrations amended or transferred	315	325
Cancellations at request of carrier	470	300

Intrastate Activity

Applications scheduled for hearing	198	170
Opinions and Orders-Decisions	364	348
Certificates of Convenience and Necessity	55	59
Contract carriers Permit	18	25
Certificates transferred or amended	80	20
Applications denied, withdrawn or dismissed	63	84
Records closed at request of carrier	27	23

Insurance - Interstate and Intrastate

Certificates of Insurance filed	10,983	11,654
Number of cancellation and expiration notices	31,721	32,273
Orders to show cause - non-compliance	1,786	930
Citations dismissed or reinstated	570	286
Authorities cancelled for non-compliance	968	630

Motor Vehicle Registration

Motor Vehicles registered -		
I.D. Stamps	118,952	120,508
Number of applications processed	30,062	31,931
Orders to Show Cause for		
non-compliance	610	414
Citations dismissed or reinstated	208	176
Authorities cancelled for		
non-compliance	402	234

Plans

Division plans include: decreasing the current waiting time experienced by applicants for Hazardous Materials Training Programs; providing increased awareness of State regulatory activities in Hazardous Materials, reducing the public exposure time during shipment of hazardous materials and providing a statewide response capability to requests for assistance in spills and accidents involving hazardous materials. Plans provide for increased assistance to applicants seeking authority by assisting with applications, expediting the processing, and giving general guidance concerning hearing practices and procedures before the Commission. Plans also include increased terminal audit activity to assist carriers in eliminating safety deficiencies prior to their vehicles entering the State's highways; increasing the percentage of audits performed on applications for rate increases; continuing the development of data processing programs for rapid filing and retrieval of information essential to the division; and accomplishing an overall review of the Administrative Rules and Regulations.