

ARIZONA CORPORATION COMMISSION



ANNUAL REPORT
FISCAL YEAR 2023-2024

A Year of Transformation





Fiscal Year 2023-24

Jim O'Connor, Chairman

Kevin Thompson, Commissioner
Nick Myers, Commissioner

Lea Márquez-Peterson, Commissioner
Anna Tovar, Commissioner

Doug Clark, Executive Director

Kim Battista, Administrative Services Division

Tom Van Flein, Legal Division

Ranelle Paladino and Briton Baxter, Utilities Division

Tanya Gibson, Corporations Division

Mark Dinell, Securities Division

Chris Watson, Safety Division

Jane Rodda, Hearing and Docket Division

Ed Block, Information Technology Division



Table of Contents

Mission	3
About the Commission	3
Chairman’s Message	4
Executive Director’s Message	6
Commissioners	9
Open Meetings and Procedures	14
Legal Division	15
Administrative Services Division	16
Utilities Division	17
Corporations Division	19
Securities Division	20
Safety Division	21
Hearing and Docket Division	23
Information Technology/Media Services	24
Appendix	25





Mission

The Arizona Corporation Commission’s mission is to exercise exclusive state regulatory authority over public service corporations (public utilities) in the public interest; to grant corporate and LLC 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.

About the Commission

The Arizona Corporation Commission was established by the Arizona Constitution to regulate public utilities and business incorporation. Arizona is one of only 13 states with elected Commissioners. In the 37 other states, Commissioners are appointed by either the governor or the legislature.

The five Commissioners elected to the Corporation Commission oversee executive, legislative, and judicial proceedings on behalf of Arizonans when it comes to their water, electricity, telecommunications, and natural gas resources as well as the regulation of securities, pipeline, and railroad 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 tribunal and making decisions in contested matters.

The Arizona Commissioners serve a four-year term and can serve two consecutive terms. In case of a vacancy, the governor appoints a Commissioner to serve until the next general election.



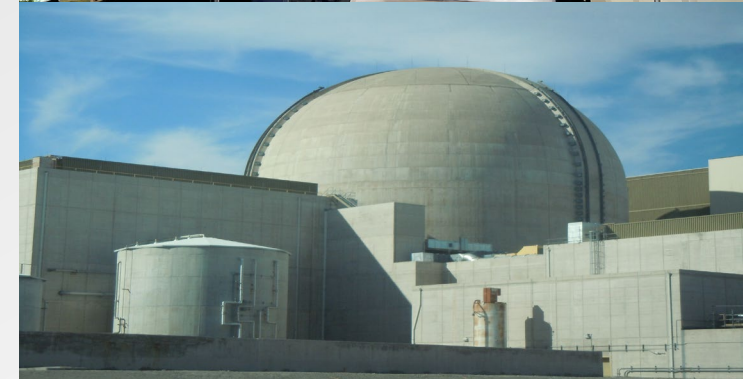
Chairman's Message

A Turnaround Year at the ACC

When elected Chairman of the Commission in January 2023, the Commission was suffering from a lack of clear direction, instability in its rate making approach, and severely under-resourced: from staffing shortages to data technology. We immediately opened the first national search for a new Executive Director, while simultaneously requesting additional funding from the State Legislature for a one-time purchase of an enterprise management system and to fully fund staffing to authorized levels. By the end of our last fiscal year, we installed our new Executive Director, Doug Clark, and received approval of our much-needed full budget request.

The inconsistent approach to rate-making resulted in the ACC being ranked last in national standing. In 2021, Regulatory Research Associates (a division of Standard & Poor's Global Markets) wrote that it "lowered its regulatory ranking of Arizona to its lowest ranking category, indicating a higher degree of regulatory risk for investors relative to other jurisdictions." Unfortunately, this low ranking caused lenders to the utilities operating in Arizona to raise interest rates on utility borrowings which negatively impacted our rate-payers.

That is why I, along with Commissioners Thompson, Myers and Marquez-Peterson, set out to get to the root of the problem and fix it. We, along with Commission staff, engaged the bond market lenders, institutional investors and rating agencies to learn how they react to our utility rate decisions. The good news is that it worked. Arizona is now ranked in the top quartile for utility investments, which has driven down our utility borrowing rates and improved their access to capital markets. In turn this has lowered the cost to ratepayers for



KEY ACCOMPLISHMENTS

the investments our utilities must make to deliver reliable, affordable electricity, water and natural gas and meet our State's growing economic demands.

By the end of 2023, S&P Global determined that Arizona's regulatory climate "demonstrated credit stability" and that "longer-term rating stability [was] also provided by the state's conservative and supportive water policies and planning guidelines..."

The business community has taken note as well, with the Greater Phoenix Chamber President Danny Seiden explaining that "Arizona's robust power grid is a model of reliability that sets the national standard, thanks to our utilities that have planned and prepared for even the most extreme conditions. Our utility partners—electric and gas—are driving economic growth with traditional and renewable sources, and even nuclear energy by delivering the dependability that both Arizona businesses and families count on." Further, as stated by the Chamber, "According to the non-partisan Common Sense Institute, our approach to grid management is setting a national standard and giving other states a blueprint to follow."

With the Commission at the helm of grid management, it is gratifying to see the results of better management and long-term stability. There are still improvements to make, but Arizona can be proud that its regulators have been successfully balancing the need for reliable, dispatchable power and water while maintaining affordability for our ratepayers.

Jim O'Connor
Chairman

Since January 2023, 88% of Commission decisions made during Open Meetings were decided unanimously with a 5-0 vote

Adjudicated all the state's Class A electric, gas and water utility companies

Oversaw merger and acquisition of Arizona's small water companies to bring overdue technology investments in the upgrade of water and wastewater services

Re-affirmed the ACC's Rate Case Settlement Policy and approved the first Class A utility rate case pursuant to that policy

Approved a System Reliability Benefit and exploration of Alternative Test Year mechanisms to reduce regulatory lag

Initiated termination of outdated regulatory mandates that have cost ratepayers over \$5.4 billion

Improved regulatory environment and ratings - moving Arizona from the bottom to the top of the Third Tier and continuing to climb

Continued the practice of prayer before Open Meetings, acknowledging our Creator; He has blessed the work of the Commission with great favor.



Executive Director's Message

"A Year of Transformation"

Honorable Katie Hobbs, Governor of the State of Arizona, and distinguished members of the Arizona Legislature:

I am pleased to present the Fiscal Year 2023–24 Annual Report of the Arizona Corporation Commission. It has been a year of transformational change, a year of growth, and a year of core enhancements at the Commission. Though mandated by law, this is the first Annual Report to be submitted in compliance with State Statute since 2017. The Commission is rededicating itself to professional management, core duties and transparency.

In prior years, the Arizona Corporation Commission has been consistently identified as creating the worst regulatory environment in the United States. To address identified deficiencies over the past year, we have reorganized the Utilities Division, Legal Division, the IT Division, and invested \$7 million in the Corporations Division for a modern IT operational platform. The Commission has engineered a stunning one-year turnaround with new agency leadership and elected leaders that have embraced the challenge of organizational transformation. Constructive ratemaking and positive outcomes in three major rate cases involving Arizona's largest electric utilities has led to significant improvements in Arizona's national reputation.

We have moved on from being the worst regulatory environment in the country into an era of innovation and sustained growth, resulting in reliable and affordable energy for Arizonans. As we develop our strategy to assure our state's utility infrastructure is poised to meet the future demands of customers and our booming economy, the Commission is facilitating several projects that will transform our utility infrastructure to support projected growth and endure extreme weather.

To meet the needs of Arizona's growing economy our regulated utilities are increasing generation by 1,600 megawatts of renewable energy and 1,600 megawatts of battery storage.



Collectively, Arizona utilities are set to increase total energy capacity to approximately 26,000 megawatts. Additionally, 507 Miles of new transmission and 60 miles of new interconnections are under construction to handle the increased load.

The Commission has been operating understaffed by 20% for years due to poor compensation, training and employee engagement. To address these identified issues, the five elected commissioners and I sought and received the first budget increase in 20 years. The \$13 million increase allowed for the creation of new positions, along with additional resources and support for our staff. Additionally, employee compensation has increased, and more training opportunities are being provided to enhance staff development. These improvements in staff engagement resulted in a 6% increase in employment, which will have a significant positive impact on productivity in the 2024-25 fiscal year.

The Corporation's Division is transforming the way we engage customers by investing \$7 million to upgrade our online filing system. This will include multi-lingual capabilities providing more access for individuals whose primary language is not English. The improved IT platform will be more inclusive and provide for faster, easier filings of required documents and payments and reduce the amount of paper filings.

The public, media, and our stakeholders have taken notice of the Commission's ongoing transformation as well. For example, Fitch Ratings (a credit rating agency) noted in March 2024 that it had upgraded the financial outlook for APS (Pinnacle West Capital) to "stable" because of "the improved regulatory environment in Arizona following a series of constructive rate case outcomes over the last year with increased authorized returns." Indeed, Fitch's explanation is worth setting forth in more detail:

"Fitch believes the regulatory environment improved significantly in Arizona in 2023 driven primarily by changes in the composition of the Arizona Corporation Commission (ACC). Two new commissioners were elected, Republican Jim O'Connor was elevated from commissioner to chair."



Corporation Commission got it right on recent rate case

 Danny Seiden  March 19, 2024  3 min read  Add comment

The Arizona Corporation Commission's decision to approve Arizona Public Service's rate case last month was the right one. It was not only justified on the facts but also crucial for the continued economic prosperity and development of our state.



ARIZONA NEWS

Arizona Corporation Commission orders company to pay \$8 million for stock fraud scheme

Mar 20, 2024, 4:05 AM | Updated: 9:11 am



In stabilizing the regulatory environment, the Commission has lowered additional costs that are ultimately passed down to utility customers. The credit ratings of our utilities make an incredible difference—just like purchasing a car or home — the difference between 2% and 5% interest has a substantial impact on a monthly payment. If utilities pay more in interest on billion-dollar loans, these extra fees and costs increase customers' bills.

The Commission has made great strides in the past fiscal year in finding solutions to reduce regulatory lag. To further decrease costly regulatory lag the Commission will be focused on cutting the current 24-month rate case timeline to 18 months. I will be restructuring the process to aid in meeting this goal. The Commission has already utilized a new cost recovery mechanism called the System Reliability Benefit (SRB). The financial benefit to customers of the SRB is reduced interest payments to banks over the course of project completion.

Additionally, the Commission approved the first general rate case settlement since the reaffirmation of the Settlement Policy. In this first settlement case, only 12 months were required to establish the Recommended Opinion and Order. Twenty-one days later the Recommended Opinion and Order was voted on and approved unanimously by the Commission. By utilizing the settlement policy regulatory lag was reduced by 50%, saving regulated utility customers a significant amount of money on their monthly bills.

Leadership of the Commission will continue to evolve and transform our policies, procedures, training, and technology to ensure Arizona is poised to successfully manage the extraordinary growth in our population and economy – which show no signs of slowing down.

Sincerely,
Douglas R. Clark
Executive Director



KEY RATING DRIVERS

Improved Regulatory Environment in Arizona: Fitch believes the regulatory environment improved significantly in Arizona in 2023 driven primarily by changes in the composition of the Arizona Corporation Commission (ACC). Two new commissioners were elected, Republican Jim O'Connor was elevated to chair, **RATING ACTION COMMENTARY**

Fitch Rates Arizona Public Service Co.'s Sr. Unsecured Bonds 'A-'; Outlook Stable

Mon 06 May, 2024 - 3:20 PM ET

Fitch Ratings - Chicago - 06 May 2024: Fitch Ratings has assigned an 'A-' rating to Arizona Public Service Company's (APS; Issuer Default Rating BBB+) issuance of \$450 million of 5.7% 10-year senior notes due 2034. The senior unsecured notes rank pari passu with the company's existing senior unsecured debt.



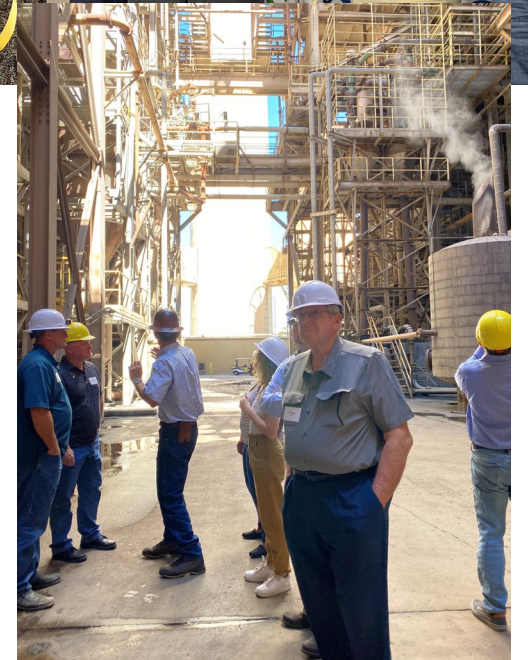
Jim O'Connor, Chairman

Jim O'Connor is honored to be serving as Chairman since elected by his fellow Commissioners in January 2023.

Jim brings over forty years of experience in the financial securities sector to his role as Chairman and Commissioner. His understanding of finance and securities has served the ACC well, working to reduce regulatory lag and bring stability to the regulatory investment climate in Arizona.

Jim has a long history of public service volunteering for leadership positions in the Republican Party. He served for years on bylaw committees for the Arizona Republican Party, Maricopa County Republican Committee and his legislative district in Scottsdale. He served as a member of the electoral college in 2016.

Jim also served on the board of Grace Line Ministries, a non-profit Christian mentor organization. He enjoyed four years of enrichment studies at Phoenix Seminary and was a partner at Pinnacle Forum in Phoenix. Jim brings wisdom, integrity, and experience for the good of all citizens of Arizona.



Meet the Commissioners



**Lea Márquez
Peterson**

Lea Márquez Peterson currently serves on the Arizona Corporation Commission and is the past Chairwoman. During her tenure, she has fought hard for affordable utility rates and has focused on ensuring energy reliability. She was appointed by the Governor in 2019 and later won election to a four-year term in 2020. Lea is the first Hispanic woman to serve in a statewide seat in the history of Arizona and is the only Commissioner based outside the Phoenix area.

Lea has established a reputation on the Commission as a knowledgeable commissioner who is known for her fairness to consumers and utilities. She has focused on ensuring that Arizona has a reliable energy grid at the most affordable rates. She is concerned with any vote at the Commission that will impact the ratepayer- especially those who are vulnerable and who may be facing financial challenges.

Lea received her undergraduate degrees in Marketing and Entrepreneurship from the University of Arizona and her Master's in Business Administration from Pepperdine University.

Lea previously owned a chain of gas stations and convenience stores in the Tucson area putting many people to work. Additionally, she served nearly ten years as the President of the Tucson Hispanic Chamber – one of the largest chambers in the state.

In her role as Commissioner, Lea co-chairs a national advanced nuclear taskforce and is vice chair of a national water utility committee. Additionally, she is the Vice chair of the board that works on regional interconnection on the west coast (WIRAB).

Lea has served her community and state in a number of other positions. She lives in Tucson with her husband and 2 children.

Meet the Commissioners



**Kevin
Thompson**

Kevin Thompson has over three decades of utility, regulatory, and public service experience, including representing the citizens of Mesa as a twice-elected City Councilman and a United States Air Force combat veteran, serving in Operation Desert Storm.

Kevin was sworn in to a four-year term as a Corporation Commissioner in January 2023. He currently sits on the Western Energy Imbalance (WEIM) Body of State Regulators (BOSR), an independent, self-governing states committee. BOSR advises the WEIM Governing Body and ISO Board of Governors on matters of interest to western state regulators, including the anticipated transition to a day-ahead market and addressing the need for greater transmission and generation in the west. Kevin was selected by his peers in the Western States as one of three regulators to represent the “Launch Committee.” Kevin also serves on the National Association of Regulatory Utility Commissioners (NARUC) Electricity Committee, which helps develop and advance policies that promote reliable, adequate, and affordable supply of electricity.

Since being elected to the Commission, Kevin has worked tirelessly to promote greater fiscal responsibility among utilities and has pushed reforms to eliminate outdated and costly energy mandates, saving ratepayers millions of dollars. Kevin has also advocated to reduce regulatory lag and improve the overall regulatory environment in the state. Prior decisions from recent Commissions have contributed to Arizona consistently being designated as below average or near the bottom of state regulatory climate rankings. By improving the regulatory environment, borrower interest rates are reduced resulting in lower rates for consumers.

Kevin remains focused on ensuring Arizona doesn’t suffer from the same poor regulatory decisions of states like California, where ratepayers have witnessed frequent power outages and some of the highest electricity rates in the country. He maintains his commitment to a reliable, resilient, safe, and affordable electric grid and water system for the state.

Meet the Commissioners



**Nick
Myers**

Commissioner Myers was elected to the Arizona Corporation Commission in 2022 and began his work as commissioner in January of 2023. Nick ran a campaign on wanting to bring back regulatory stability, keeping rates low, and keeping our utilities resilient and reliable. These can be accomplished by removing unnecessary mandates and subsidies, modifying rules before forcing policy on utilities (i.e., stop changing the rules in the middle of the game), and putting statewide policy making back into the legislature where it belongs.

Nick spent almost 20 years in the software engineering industry. He then branched out into small business where he and his family started and sold several businesses. Nick's involvement with the Commission started when he had a major dispute with a utility. This led to Nick being a community advocate in a multi-year process that was very successful. Following that, he became a Policy Advisor for Commissioner Justin Olson until being elected as a commissioner himself. Nick's engineering mindset, technical background, utility and policy work, and business experience bring a rare combination of skills to the Commission.

Commissioner Myers is involved in a variety of leadership roles including: Southwest Power Pool (SPP) Markets+ State Committee, Chair; SPP Markets+ Greenhouse Gas and Resource Adequacy task forces; NARUC Subcommittee on Nuclear Issues-Waste Disposal, Vice Chair; Wildfire Mitigation Town Hall, Moderator; Committee of State Representatives (COSR); Advanced Nuclear State Collaborative; NARUC Committee on Critical Infrastructure; congressional testimony before the Subcommittee on Energy, Climate & Grid Security of the Energy & Commerce Committee; and panelist at EUCI Wildfire Mitigation for Utilities Conference.

Meet the Commissioners



**Anna
Tovar**

To learn more about Commissioner Tovar, her key accomplishments, or for assistance you can contact her office at (602) 542-3935 or by e-mail at Tovar-Web@azcc.gov.



Open Meetings and Procedures

Arizona Corporation Commission decisions are made during Open Meetings, which are conducted at least once a month. It takes a majority of the Commission (at least 3 votes) to approve an item. Open Meetings must be noticed at least 24 hours in advance and notice is usually disseminated much sooner than that. Notices of upcoming Open Meetings can be found on the Commission's calendar on its website and are posted at the Commission's offices in Phoenix and Tucson. All Commission action is subject to the Arizona Open Meeting Law and the Commission's ex parte rules apply to all contested matters.

Open Meetings and Hearings are open to the public and are broadcast live on the Commission's website. Past Open Meetings, Hearings, and Procedural Conferences are archived and can be accessed through the Commission's website at www.azcc.gov.



Engaging with the Public

In the last fiscal year, the Commission held **126** public hearings, procedural, and prehearing conferences and public comment meetings at the Commission Hearing Rooms in Phoenix and Tucson. All proceedings are available online for live viewing and are archived online for viewing.

51 public hearings
15 public comment meetings

280

**Agenda Items Voted
on During Open
Meetings**

245

**(88%) Items
PASSED with
5/0 vote**

22

**(8%) Items
PASSED
with 4/1
vote**



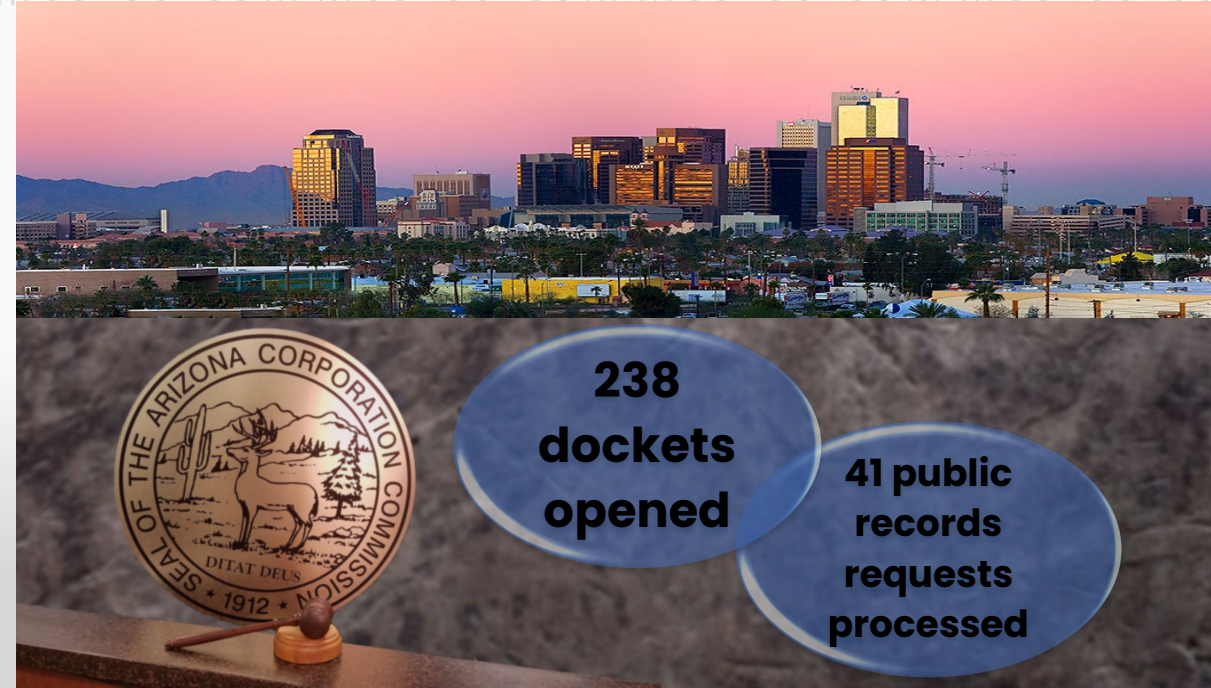
LEGAL DIVISION

The Legal Division functions as the in-house law firm for the Arizona Corporation Commission (“Commission”), the Commissioners and the Commission’s various Divisions. The Legal Division’s responsibilities include acting as the counsel, advisor and advocate for the Commission, each Division (except for the Securities Division), and each of the Commissioners, when acting in their official capacities.

The Legal Division welcomed Mr. Thomas Van Flein as its new Director in March 2024. Assistant Director, Mike Dailey joined the Division in May 2024. Both come with a wealth of experience to ensure robust representation of the Commission and its various Divisions. In addition, there are currently seven lawyers and two paralegals in the Division, plus support staff.

Under the Legal Division’s new leadership an emphasis has been placed on core legal skills, prompt client service, professionalism, the pursuit of excellence and efficient procurement of just and positive case outcomes. The Division’s new Director has also prioritized education and training of Legal Division staff, ensuring open lines of communication with entities regulated by the Commission, and ensuring that the Commission is carrying out its constitutional and legislative mandates as intended.

The Legal Division’s work is wide-ranging and its workload includes involvement in hundreds of complex and voluminous electric, water and wastewater, telecommunications, line-sighting, railroad and pipeline safety and corporations cases and matters. The Legal Division often provides advice and support to Commission Divisions on a myriad of routine and novel issues. The Legal Division also provides guidance, interpretation and advice to the Executive Director, the Commission during Open Meetings and Executive Sessions and provides guidance and advice to each individual Commissioner’s Office when requested to do so.



The Legal Division’s work also includes participation in federal cases on behalf of the Commission and representing the Commission in various state and federal courts in a myriad of cases and matters. In the last year, the Legal Division filed comments in several important Federal Energy Regulatory Commission (“FERC”) proceedings, including filing a recent request for rehearing which if granted would benefit Arizona ratepayers. The Legal Division participated in several state appeals on behalf of the Commission including a recent successful appeal before the Arizona Court of Appeals in Division Two which addressed an appeal of a Commission line-siting case.



ADMINISTRATIVE SERVICES DIVISION

The Administrative Services Division provides the fiscal and administrative services to support all divisions of the Corporation Commission. The Administrative Services Director also serves as the Deputy Executive Director, performing the duties of the Executive Director during the incumbent's temporary absences.

The Administrative Services Division processes funds received by all Commission Divisions, but primarily from fees paid to the Corporations division for corporate filings and Securities Division for securities dealer and salesperson or agent registrations.



Fiscal Resources

The Commission is a revenue generating agency and contributes more to the state's general fund than it receives. In Fiscal year 2023-24, the Administrative Services Division received and processed more than

\$73,500,000

in revenue to the State Treasurer.



UTILITIES DIVISION

Ensuring safe, reliable, affordable utility services

In Fiscal Year 2023-24, the Utilities Division underwent a transformation in leadership, structure, and operations. The former hierarchy was flattened, and two new project manager positions were created. The goal is to operate more efficiently and implement application-based processes that are automated. This shift has created more opportunities for Division Leadership to focus on mentoring, coaching, training, and overall development of Staff.

Ranelle Paladino and Briton Baxter were named the new Co-Directors of the Utilities Division. They have been empowered to embark on new goals with support from the Executive Director's Office and have furthered their own development through undergoing professional training to enhance their management and communications skills. The Co-Directors are focused on empowering Staff and retaining outstanding employees.

The Utilities Division is proud to have improved the team's work culture, creating a more inclusive, collaborative, and supportive atmosphere. Staff are encouraged to voice their opinions and provide meaningful feedback, which has strengthened dialogue and collaboration, which in turn, has increased learning and attendance at weekly Staff meetings. Open communication, and clear and concise guidance from the Co-Directors and other Division leaders has streamlined workflow and vastly increased productivity among Staff.

Additionally, the Co-Directors are committed to providing the tools and support for Staff to excel in their positions, including making improvements to their physical work environment.

The Utilities Division has had an exceptionally busy year with the number of cases and volume of workload they were tasked with in 2024. The following page provides a snapshot of all that was accomplished from July 1, 2023 to June 15, 2024.



UTILITIES DIVISION

Ensuring safe, reliable, affordable utility services

- 13 Open Meetings
- 4 Contingency Open Meetings
- 110 Staff items Voted on by Commissioners

SPECIAL OPEN MEETINGS & WORKSHOPS

- Investigation into Cyber Threats to Critical Infrastructure
- Biennial Transmission Assessment
- Advanced Nuclear Workshop
- Test Year Rules Workshop
- Energy Reliability Summit
- Inquiry into U.S. Environmental Protection Agency Rulemaking
- Summer Preparedness
- Winter Preparedness

REGULATED UTILITIES (497)

- 250 Telecomm
- 227 Water & Wastewater
- 15 Electric
- 5 Natural Gas

- 12 Rate Cases
- 14 Line Siting Cases
- 10 Financing Cases

PENDING CASES AS OF 6/14/24

9	Consumer Services
27	Engineering
59	Finance Regulatory Analysis
100	Telecomm & Energy
196	TOTAL

75	Tariff Filings
22	Interconnection Agreements

CONSUMER SERVICES

3,781	Consumer Inquiries
44	Public Awareness Functions

CORPORATIONS DIVISION

Growing Arizona's Economy



The Corporations Division administers the statutorily required filings of all foreign and domestic LLCs and Corporations in Arizona, issues certifications of records, responds to public record requests, and accepts service of process for corporations. Beyond its statutory mandate, the Corporations Division is committed to continuous process improvement and modernization.

Technological & Customer Service Enhancements

- Digitized over 9 million microfiche records
- Digital displays in lobby to educate the public
- Streamlined filings including auto-approvals
- Customer service scheduling feature
- Improved window traffic design and signage
- Introduced public filing kiosks in the lobby

Coming in 2025

The Corporations Division recently initiated a \$7 million project to completely overhaul and redesign its internal and online filing portal. Upon completion of the new filing system expected in Fall 2025, users will gain the benefits of streamlined filings, a user-friendly interface, robust business identity protections, English and Spanish filing options, and much more.

Total active LLCs
1,345,050

Total filings
received in
FY24
587,905

Total active
corporations
138,422



SECURITIES DIVISION

Protecting Arizona Consumers and Investors

Enforcement

- Ordered Respondents to pay more than **\$21.7 million** in restitution to investors in FY24
- Stopped 7 financial schemes with a cease and desist order
- Ordered more than **\$2 million** in penalties from Respondents to go to Arizona's General Fund

Registration

- Processed more than 260,000 active securities salesman and investment adviser representative renewals, and more than 40,000 new salesman and investment adviser representative applications
- Reviewed and approved more than 27,000 securities applications

Public Responsibilities

- Responded to more than 6,000 public inquiries
- Participated in investor education events reaching more than 5,000 people
- Received more than **\$34 million** for Arizona



SAFETY DIVISION

Ensuring the citizens of Arizona have railroad and pipeline systems that are operated and maintained in as safe a manner as possible



OFFICE OF RAILROAD SAFETY

The Railroad Safety Section assisted the Federal Railroad Administration in the investigation of 3 Incidents

- Investigated 42 train derailments, along with 22 grade crossing accidents
- Investigated 7 complaints received from other governmental agencies, railroad employees and the public.
- Recommended 28 violations for prosecution of non-compliance of federal regulations
- Inspected 46 signal and train control devices
- Inspected 3,000 miles (98%) of railroad track, 480 (69%) at-grade crossings, 2,700 freight cars, 310 locomotives, and 10 industrial track facilities
- Approved 12 public/roadway crossings for upgrades and 20 improvements for existing at-grade crossings



AZOPS: Office of Pipeline Safety



Mission: To enforce federal and state pipeline safety regulations, to enforce the Arizona Underground Facilities Law and to provide information to excavators and utility owners to eliminate damage to underground facilities and incidents that may cause injuries and deaths associated with underground facilities.

Received perfect scores on the Pipeline Safety Program Audit conducted by the Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) for the second year in a row

590 inspections on the 33 intrastate and interstate and transmission natural gas, LPG, LNG, RNG and hazardous liquid pipelines with a combined total of 51,000 miles of pipeline and 1,435,866 services

Performed 1,323 Master meter inspections

AZOPS's Damage Prevention Program included a total of 1,562 AZ 811 investigations



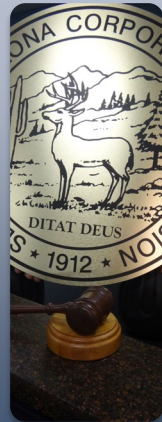
Hearing and Docket Division



Administrative Law Judges (“ALJs”) preside over Procedural Conferences, Hearings, Arbitrations and Public Comment meetings. They establish procedural guidelines, analyze evidence and draft Recommend Orders for the Commissioners’ consideration and approval at Open Meetings.



Conducted 126 public hearings, procedural and pre-hearing conferences encompassing a total of 189 days



Prepared 91 Recommended Orders, 42 of which involved cases requiring a hearing

10,089 filings

1,029 Open Meeting Items

366 Decisions



Information Technology and Media Services

The Information Technology Division of the Arizona Corporation Commission is empowered and maintained to determine, supply, and support all technology needs of the AZCC, strategic, tactical, and operational.

Development accomplishments:

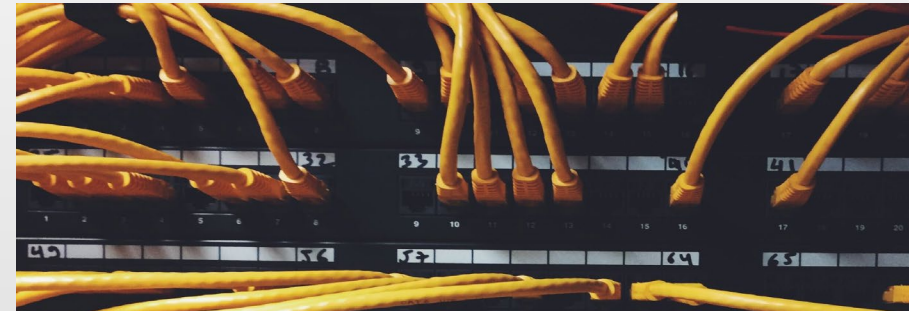
- Managed the procurement of a perpetual license for the current eCorp system allowing AZCC with AZSPO to complete an RFP. This activity cumulated in the awarding of a contract for an enhanced replacement system in March 2024 with ReFrame Solutions. The anticipated go-live is by summer of 2025. Approved budget of \$5.45M
- Digitalization of microfiche for Corporations and Docket divisions (over 130,000 documents now online)

Systems and Support accomplishments:

- Wi-Fi service updates for all three locations completed. The update provides better service to staff and offers the standard state guest Wi-Fi service to all public visitors to the AZCC locations.
- Core Network switch replacements for end-of-life hardware were installed and functional as of 6/1/2024
- Updated desktop workstations to laptops to better support staff mobility. In FY2024 the agency achieved 70% of staff on Laptops with the balance to be addressed through FY2025
- Preparation activities have completed to migrate servers and data to the Microsoft Azure cloud. A minimized presence is planned for the Phoenix Iron Mountain facility in FY2025, eliminating current power and networking issues.

Media Services

- Completed Tucson Hearing room modernization project.



IT Division Mission:

To provide efficient, accurate, performant, and timely technology and media solutions providing reliable, and easy to use services and information access to Arizona public users and Corporation Commission divisions.

Vision for IT Division:

Working with all AZCC divisions, IT designs, develops, integrates, implements, and maintains appropriate Technologies and Media services to provide reliable, accurate, public online services and information access. Further, to optimize the AZCC Division employees' ability to complete their various workloads efficiently and timely.



APPENDIX

Notes: 2023/2024 actuals as of June 23, 2024. Fiscal year end is June 30, 2024

Utility and RUCO Assessment: The assessment is sent to the utilities in mid-June. Revenues post between June and September, straddling fiscal years. This explains why revenues seem high in one year and lower in another.

In 2024/2025 Agency is moving to a managed services for credit card processing fees. Fees will be charged by the 3rd party company to the customer directly for using credit cards. ACH will be free.

Commission Revenue by Source

	Actual	Actual	Estimated
	2022-23	2023-24	2024-25
Corporation Filing Fees, Service Charges, Publications and Reproductions - General Fund	\$ 11,855,511	\$ 11,018,388	\$ 11,000,000
Miscellaneous Receipts and Credit Card Processing Fees - General Fund	\$ (308,287)	\$ (316,075)	\$ -
Restitution, Other Fines, Forfeitures & Penalties - General Fund	\$ 1,561,377	\$ 1,707,142	\$ 1,500,000
Security and Broker Fees - General Fund	\$ 1,660,354	\$ 1,319,495	\$ 1,500,000
Utility & RUCO Assessments	\$ 34,317,487	\$ 1,642,444	\$ 40,335,584
Securities Regulatory & Enforcement Fund	\$ 29,730,466	\$ 27,701,760	\$ 28,000,000
Securities Investment Management Fund	\$ 3,589,907	\$ 3,375,903	\$ 3,400,000
Public Access Fund	\$ 10,589,743	\$ 9,668,919	\$ 10,000,000
Arts Trust Fund	\$ 1,320,450	\$ 1,229,320	\$ 1,300,000
Federal Grant	\$ 1,580,251	\$ 1,516,558	\$ 1,600,000
TOTAL	\$ 95,897,259	\$ 58,863,854	\$ 98,635,584

