Commissioners Issue Milestone Decisions in the March Open Meeting

PHOENIX — The Arizona Corporation Commission held its monthly meeting this week as Commissioners voted to adopt a Code of Ethics, hear utility resource plans, and pass federal tax savings on to ratepayers. Here’s a recap of the March 13 Open Meeting:

Commissioners Adopt First Code of Ethics

In a unanimous vote, Commissioners approved the Commission’s first Code of Ethics. Commissioner Dunn, who led the effort to create the code, called the document “the most comprehensive in the country.” The document has been in development over the past year as Commissioner Dunn and Corporation Commission staff prepared a comparative analysis of local, state, regional, and national codes of ethics before drafting language for public input. Commissioner Dunn held three workshops to present those findings and gather input from stakeholders as he worked to draft the document.

During Tuesday’s Open Meeting, all five Commissioners provided input on the adoption of the Code of Ethics. Chairman Tom Forese acknowledged the magnitude of the Commissioner’s vote. “The Commission has gone through some dark days and this (Code) was absolutely necessary,” said Chairman Forese.

The Arizona Corporation Commission Code of Ethics covers eight main categories starting with the general ethical duties for Corporation Commissioners to be in full compliance with applicable laws concerning ethical conduct. The document also covers a prohibition on harassment, how to avoid conflicts of interest, financial disclosure, public access to information, the designation of an Ethics Officer within the Corporation Commission, and an enforcement provision.

Federal Tax Reform Benefits Arizona Water Company Customers

Commissioners continue to ensure federal tax reform law directly benefits utility customers by passing federal tax savings onto the ratepayer. In its third Commission vote within two months, Commissioners voted to award federal tax reform money directly to utility customers. Arizona Water Company presented its plan to Commissioners Tuesday to reduce customer rates in its western and northern group. Commissioners approved $1.4 million in tax savings which results in a one-time bill credit ranging from $2.26 to $4.26 in the northern group and a $2.90 to $3.69 bill credit in the western group for the month. Going forward, Commissioners voted to ensure a 3.6-percent rate reduction in monthly rates for the western group and a 4-percent reduction in monthly rates for the northern group.

The utility’s Eastern Group came before the Commissioners in February to gain approval for a total of $154,257 in income tax expense credit to ratepayers.

The new federal tax reform law affects every regulated utility that maintains a corporate tax liability. Commissioner Justin Olson led Corporation Commission efforts to require all regulated utilities to pass tax reform savings onto customers by utilizing his background as a tax expert in both the private and public sector.

In February, Commissioners enacted a requirement of all public service corporations listed in the docket to address ratemaking impacts resulting from recent federal tax reform. Affected utility companies must file appropriate information with the Corporation Commission by April 7, 2018, to address how they will incorporate the impacts of the Tax Cuts and Jobs Act signed into law last year. All documents related to the Corporation Commission’s Utility Tax Reform efforts may be found in the Corporation Commission’s online docket at http://azcc.gov. Go to eDocket and enter docket number AU-00000A-17-0379.
Commissioners Ask for More Options in Utility Resource Planning

For the first time, Commissioners voted to not acknowledge utility resource plans for Tucson Electric Power, APS, and UNS Electric Inc. citing non-compliance with the rules. The goal is to come up with a more coherent, comprehensive, and coordinated resource plan. An Integrated Resource Plan, or IRP, is the utility's plan to meet the future electric needs of its customers. The plan is to consider many factors including the total cost of electric energy services, consumer demand, utility supply, and any environmental impacts. A complete list of resource plan requirements may be found in the Arizona Administrative Code, R14-2-704, section B.

Commissioners voted to approve several amendments including one by Commissioner Bob Burns which detailed why Commissioners would not acknowledge the plans stating, “the APS load forecasts were not proper because they are ‘too aggressive.’” Commissioner Andy Tobin also offered an amendment stating each of the utilities “next IRPs shall analyze, along with their preferred portfolio, at least one portfolio that includes, as a fifteen year forecast, all of the following: at least 1,000 MWs of energy storage capacity or at least 20% of the load, whichever is less; at least 50% of ‘clean energy resources,’ which are resources that operate with zero net emissions beyond that of steam, of which 25 MWs of nameplate capacity running at no less than 60% capacity factor are renewable biomass resources; and at least 20% of Demand Side Management.”

Commissioners also passed an amendment offered by Commissioner Tobin requesting Corporation Commission staff to open a formal rulemaking docket and begin the process of stakeholder workshops “to completely revise and reform the existing Resource Planning and Procurement rules, A.A.C Title 14, Chapter 2, Article 7, to include but not be limited to staff recommendations in Finding of Fact 267 and all other necessary and prudent reformations.”

All documents related to the Integrated Resource Planning agenda item may be found in the Corporation Commission’s online docket at http://azcc.gov. (Go to eDocket and enter docket number E-00000V-15-0094).

Eugene D. Anderson Registration and Licensed Revoked

The Commission revoked the securities salesman registration and investment adviser representative license of Apache Junction resident Eugene D. Anderson based upon his dishonest and unethical conduct. The Commission found Anderson borrowed a total of $36,850 from six clients, $12,400 of which remains unpaid. In addition to revoking his registration and license, the Commission ordered Anderson to pay $12,400 in restitution and a $1,000 administrative penalty to the state of Arizona.

Howard M. Price III Ordered to Pay for Defrauding Arizona Investors

The Commission ordered Howard M. Price of Scottsdale and his affiliated company to pay $574,700 in restitution and a $75,000 administrative penalty for defrauding four Arizona investors. The Commission found that through Howard Price Wealth Management, LLC, Price offered and sold unregistered securities and provided unlicensed investment advisory services. Price was found to have used a substantial portion of investor funds on personal expenses not related to their investments. In one instance, the Commission found Price provided one client with a fraudulent investment report, stating a brokerage account had been opened in the client’s name when, in fact, there was no such brokerage account.

A complete list of agenda items and a broadcast of the Commissioner’s March Open Meeting is available on the Corporation Commission’s website: http://azcc.gov/live/(livebroadcast.asp).

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About us:
The Arizona Corporation Commission was established by the state’s constitution to regulate public utilities and business incorporation. 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, telephone, and natural gas resources as well as the regulation of securities, pipeline, and railroad safety. To learn more about the Arizona Corporation Commission and its Commissioners, visit http://azcc.gov/